


**MASTER CLAIM FILED PURSUANT TO CLAIMS PROTOCOL ORDER ENTERED
FEBRUARY 8, 2010**

B 10 (Official Form 10) (12/08)

UNITED STATES BANKRUPTCY COURT Northern District of Texas		PROOF OF CLAIM
Name of Debtor: WARMINSTER CAMPUS GP, LLC		Case Number: 09-37027
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): PNC Bank, National Association		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____
Name and address where notices should be sent: PNC Bank, National Association, Mail Stop: C3-CA01-19-1 Two Hopkins Plaza, 19th Floor, Baltimore, MD 21201 Attn: Wendy Andrus, Vice President Telephone number: (410) 237-5923		
Name and address where payment should be sent (if different from above): PNC Bank, National Association Mail Stop: C3-CA01-19-1, Two Hopkins Plaza, 19th Floor, Baltimore, MD 21201 Attn: Wendy Andrus, Vice President Telephone number: (410) 237-5923		
1. Amount of Claim as of Date Case Filed: \$ <u>4,798,867.77 **</u> 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. <input checked="" type="checkbox"/> 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.		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. <input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> 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). <input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5). <input type="checkbox"/> 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). <input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8). <input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507 (a)(____). Amount entitled to priority: \$ _____ *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.
2. Basis for Claim: <u>ISDA Master Agreement, Etc. -- SEE ATTACHED</u> (See instruction #2 on reverse side.)		
3. Last four digits of any number by which creditor identifies debtor: _____ 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: <input checked="" type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other Describe: SEE ATTACHED Value of Property: \$ <u>TBD</u> Annual Interest Rate <u>SEE ATTACHED</u> % Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ <u>SEE ATTACHED</u> Basis for perfection: <u>SEE ATTACHED</u> Amount of Secured Claim: \$ <u>4,798,867.77</u> Amount Unsecured: \$ _____ plus interest, attorneys' fees and amounts accruing under the Swap Documents		
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:		
Date: <u>2/23/10</u> 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 address above. Attach copy of power of attorney, if any. PNC BANK, NATIONAL ASSOCIATION By: Wendy Andrus, Vice President		FOR COURT USE ONLY Erickson Ret. Comm. LLC  01102

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.

**** Post-petition amounts also set forth in the attached Rider.**

RIDER TO PROOF OF CLAIM

In re Erickson Retirement Communities, LLC, Case No. 09-37010

Senior Campus Services, LLC, Case No. 09-37017

Concord Campus GP, LLC, Case No. 09-37021

Dallas Campus GP, LLC, Case No. 09-37013

Warminster Campus GP, LLC, Case No. 09-37027

Erickson Group, LLC, Case No. 09-37015

Erickson Construction, LLC, Case No. 09-37016

ERICKSON RETIREMENT COMMUNITIES, LLC ("**ERC**"), SENIOR CAMPUS SERVICES, LLC ("**SCS**"), CONCORD CAMPUS GP, LLC ("**Concord GP**"), DALLAS CAMPUS GP, LLC ("**Dallas GP**"), WARMINSTER CAMPUS GP, LLC ("**Warminster GP**"), ERICKSON GROUP, LLC ("**Erickson Group**"), and ERICKSON CONSTRUCTION, LLC ("**Erickson Construction**," and, together with ERC, SCS, Concord GP, Dallas GP, Warminster GP, and Erickson Group, collectively, "**Debtors**") are each indebted to PNC Bank, National Association, Successor to Mercantile-Safe Deposit and Trust Company ("**PNC**") and Manufacturers and Traders Trust Company ("**Participant**") in their respective capacities as set forth below. PNC and the Participant are referred to collectively as the "**Banks**."

Upon information and belief, Wilmington Trust FSB has contemporaneously filed a proof of claim in accordance with the provisions of the "Order Granting Joint Motion to Establish Protocol under Federal Rules of Bankruptcy Procedure 3001 and 2019 for Filing Proofs of Claim" (the "**Claims Protocol Order**") [Docket No. 797] and solely in its capacity as successor administrative agent to PNC Bank, National Association (the "**Agent**"),¹ for all amounts due on behalf of all of the lenders (the "**Revolver Lenders**") under that certain Credit Agreement dated July 27, 2007 as amended or modified from time to time (collectively, with any modifications and amendments thereto, the "**Credit Agreement**").

Also in accordance with the Claims Protocol Order, the documents listed on "Exhibit A" to this Rider to Proof of Claim and referenced as Exhibits in this Rider to Proof of Claim and the agreements, instruments, documents, and other writings which constitute such Exhibits to this Rider to Proof of Claim have, on information and belief, been submitted to the Court in electronic format on a CD-ROM entitled "Supporting Documents of Wilmington Trust FSB as Agent for Proof of Claim filed in Erickson Retirement Communities, LLC Case no. 09-37010" enclosed with the Proof of Claim filed by the Agent ("**Exhibit CD**") and are incorporated herein by reference.

PNC files this Proof of Claim on its own behalf, in its capacity as a party to the Swap Documents (as defined below), and on behalf of the Participant under the Participation Agreement, as a "similarly situated Lender" under the Claims Protocol Order.

¹ Wilmington Trust FSB is successor in interest to PNC Bank, N.A in its capacity as Administrative Agent under the Credit Agreement. Accordingly, herein, with respect to the Credit Agreement, defined herein, the term Agent shall refer to both Wilmington Trust FSB and its predecessor PNC Bank, N.A solely in their capacity as Agent to the Revolver Lenders.

The Credit Agreement created a revolving credit facility that allowed ERC and Erickson Construction to periodically borrow money from the Revolver Lenders and obtain other credit accommodations ("**Credit Facility**"). The Credit Agreement is identified as document no. 1 and provided on the Exhibit CD. The obligations of Debtors under and in connection with the Credit Facility are evidenced by, among other things, the Credit Agreement, and by the Guaranty dated July 27, 2007 between SCS, Concord GP, Dallas GP, and Warminster GP, for the benefit of the Agent ("**Subsidiary Guaranty**", and the Limited Guaranty dated July 27, 2007 by Erickson Group for the benefit of the Agent ("**Limited Guaranty**," and together with the Subsidiary Guaranty, collectively, "**Guaranty Agreements**"). A copy of the Subsidiary Guaranty is identified as document no. 4 and provided on the Exhibit CD. The Limited Guaranty is identified as document no. 8 and provided on the Exhibit CD.

ERC and PNC entered into an ISDA Master Agreement (and related Schedule) dated as of July 27, 2007 ("**Master Agreement**"), as supplemented by a certain Confirmation Letter dated October 17, 2007, Reference No. 014c001_7246 ("**Confirmation**," and together with the Master Agreement and related Schedule, the "**Swap Documents**"). True and correct copies of the Swap Documents are attached hereto as **Exhibit 1**. Capitalized terms used in the Rider, but not defined herein, shall have the meanings set forth in the Swap Documents.

The Swap Documents constitute a "Hedge Agreement" as such term is defined in, the Credit Agreements and are secured pursuant to the "Security Agreements" and the other "Security Documents," as such terms are defined in the Credit Agreement. Any and all obligations owed by the Debtors to Banks pursuant to or in connection with a Hedge Agreement, (including but not limited to the Swap Documents), constitute "Obligations," as such term is defined in the Credit Agreement, which are guaranteed by the Guaranty Agreements and secured pursuant to the aforesaid Security Agreements and Security Documents. Copies of the Security Agreements are attached hereto as **Exhibit 2**.

Pursuant to and upon the terms and conditions set forth in the Risk Participation Agreement dated as of October 22, 2007 by and between PNC and the Participant (as amended, the "**Participation Agreement**"), PNC has sold to, and the Participant has purchased, without recourse to PNC, an 75% undivided ownership interest in the Swap Obligations (as defined below) upon the terms and conditions set forth in Participation Agreement. A true and correct copy of the Participation Agreement is attached hereto as **Exhibit 3**.

As a result of the occurrence and continuance of an Event of Default under Section 5(a)(vi) of the Master Agreement, PNC terminated the outstanding swap transaction between ERC and PNC governed by the Master Agreement and evidenced by the Confirmation (the "Transaction"), effective as of September 30, 2009. PNC notified ERC, and SCS, Concord GP, Dallas GP, Warminster GP, and Erickson Group, as guarantors, of the Early Termination Date by letter dated September 29, 2009, a copy of which attached hereto as **Exhibit 4**. PNC further notified ERC and the related guarantors of the amount (the "Early Termination Amount") owing by ERC to PNC in respect of such terminated Transaction, as required by Section 6(d)(i) of the Master Agreement by letter dated October 1, 2009, a copy of which is attached hereto as **Exhibit 5**.

The indebtedness and obligations that are owed to the Banks by the Debtors under the Swap Documents, including but not limited to obligations and indebtedness in respect of the terminated Transaction, the Early Termination Amount, interest at the default rate of interest as set forth in the Swap Documents, and all reasonable out-of-pocket expenses, including legal fees incurred by PNC as a result of the enforcement and protection of their rights under the Swap Documents and as a result of the early termination of the Transaction, including but not limited to the costs of collection (collectively, the "Swap Obligations"), are secured, *pari passu*, with all of the other "Obligations" (as such term is defined in the Credit Agreement), by, *inter alia*, various assets of the Debtors, and others (collectively, "Collateral"), including, without limitation, the following:

A. Pursuant to the "Security Agreements," executed by ERC, Erickson Construction and others, the Obligations, including but not limited to the Swap Obligations are secured, *pari passu*, by a valid, enforceable and perfected security interest in various assets of ERC, Erickson Construction, and others, as set forth therein.² The Security Agreements are identified as documents no. 2 and 5 and provided on the Exhibit CD. Specifically, pursuant to Section Two of the Security Agreement, the Agent, on behalf of PNC and other creditors, was granted a first priority security interest in the following items of Collateral of ERC and Erickson Construction:

- (i) all Accounts (including Health-Care Insurance Receivables);
- (ii) all Chattel Paper (including Electronic Chattel Paper and Tangible Chattel Paper);
- (iii) all Contracts;
- (iv) all Copyrights and Copyrights Licenses;
- (v) all Deposit Accounts;
- (vi) all Documents;
- (vii) all Equipment;
- (viii) all General Intangibles and Commercial Tort Claims;
- (ix) all Instruments;
- (x) all Inventory;
- (xi) all Investment Property (including Security Entitlement, Financial Assets, Securities Accounts, Commodity Accounts and Commodity Contracts);
- (xii) all Letter-of-Credit rights;
- (xiii) all Patents and Patent Licenses;
- (xiv) all Payment Intangibles;
- (xv) all Software (in whatever form);
- (xvi) all Supporting Obligations;
- (xvii) all Trademarks and Trademark Licenses; and
- (xviii) to the extent not otherwise included, all Proceeds and Products of any and all of the foregoing; and

² Such security interests have been duly perfected pursuant to the financing statements and control agreements referenced in Exhibit A hereto.

B. Pursuant to various Deeds of Trust, Pledge Agreements, Control Agreements, Assignments and other agreements, instruments, and documents described on "Exhibit A."³ attached hereto are identified as documents no. 3, 6, 7, 9, 10-17, and 18-27 and provided on the Exhibit CD, and incorporated herein by reference.

The Credit Agreement, the Guaranty Agreements, the Security Agreements, the Security Documents, the Swap Documents, all of the other agreements, instruments, and documents described on "Exhibit A" attached hereto, and the Participation Agreement are referred to collectively as the "Loan Documents".

Prior to October 19, 2009 (the "Petition Date"), the Debtors defaulted on their payment obligations to the Bank under the terms and conditions of the Swap Documents. As of Petition Date, the amounts owed to the Banks under the Swap Documents, exclusive of attorneys' fees and expenses, were not less than the following:

Principal:	\$4,787,000.00
Interest:	\$ 11,867.77
Legal fees and expenses (Counsel for Lender):	\$ _____
Other fees and charges:	\$ _____
Total (as of Petition Date):	<u>\$4,798,867.77</u>

(Interest rate as of Petition Date = 5.25% [PNC prime rate of 3.25% + 2.00%])

(Per diem interest as of Petition Date = \$698.10)

As of December 31, 2009, additional amounts owed to the Banks, exclusive of attorneys' fees and expenses, under Swap Documents, were not less than the following:

Interest:	\$ 50,961.60
Legal fees and expenses (Counsel for Lender):	\$ _____
Total (10/19/09 – 12/31/09):	<u>\$ 50,961.60</u>

(Interest rate as of Petition Date = 5.25% [PNC prime rate of 3.25% + 2.00%])

(Per diem interest as of Petition Date = \$698.10)

In addition to the foregoing amounts, PNC for itself and on behalf of the Participant, individually and collectively, reserves the right to collect as part of its claims against each of the Debtors, in accordance with the terms of the Loan Documents, and applicable law, (i) all post-petition interest and late charges that accrue under the Swap Documents after the Petition Date, and (ii) all pre-petition and post-petition attorneys' fees and expenses that any or all of the Banks has incurred and hereafter incurs as a result of the filing of this bankruptcy case, the termination

³ Lender reserves the right to supplement "Exhibit A" with additional documents pertaining to this Claim.

of the Swap Documents and the defaults existing under the Swap Documents and the enforcement of rights and remedies of any and all of the Banks under the Swap Documents, including but not limited to continuing interest, reasonable fees, costs and charges pursuant to 11 U.S.C. § 506(b).

PNC for itself and on behalf of the Participant, individually and collectively, reserves the right to periodically supplement and/or amend this Proof of Claim from time to time and to assert an unsecured claim in this bankruptcy case to the extent that the value of the Collateral is insufficient to satisfy the Banks' claims against the Debtors under the Loan Documents. PNC for itself and on behalf of the Participant, also reserves the right to amend and/or supplement this Proof of Claim in all other respects and to add additional claims of any nature whatsoever, including but not limited to claims entitled to administrative priority.

In accordance with the Claims Protocol Order, PNC is a "similarly situated Lender" within the meaning of the Claims Protocol Order who may file a proof of claim on for itself and on behalf of the Participant with respect to the Swap Obligations and the Swap Documents and pursuant to Federal Rule of Bankruptcy Procedures 3001(b). Notwithstanding the foregoing, any Bank may, but need not, file its own proof(s) of claim for amounts due, which may be duplicative of amounts set forth in PNC's Claim if such Bank disagrees with the amount, basis, documentation or any other assertion set forth in PNC's Claim or for any other reason.

The filing of this Proof of Claim is not an acknowledgment or admission that the Bankruptcy Court has jurisdiction over the Banks and/or the Banks' claims against any debtor or non-debtor entity, and PNC for itself and on behalf of the Participant, reserves all rights with respect thereto. Neither PNC nor the Participant waives any rights to a jury trial, arbitration or enforcement of a choice of law or venue selection clause by filing this Proof of Claim. The filing of this Proof of Claim is without prejudice to any and all claims, causes of action and remedies that PNC or the Participant may have against the debtors or any non-debtors entities, all of which are expressly preserved. This Proof of Claim shall not operate as an admission or waiver of claims, causes of action or remedies that PNC or the Participant may have against any of the debtors or non-debtor entities under applicable law. The Banks may file additional, supplemental and/or amended Proofs of Claim. Additional, supplemental and/or amended Proofs of Claim filed by PNC for itself or on behalf of the Participant shall be considered part of this Proof of Claim.

EXHIBIT A

1. Credit Agreement dated July 27, 2007 among Erickson Retirement Communities, LLC and PNC Bank, National Association with PNC Capital Markets LLC;
 - a. Revolving Credit Note among Abington Bank, Erickson Retirement Communities, LLC and Erickson Construction, LLC dated July 27, 2007.
 - b. Revolving Credit Note among Bank of America, N.A., Erickson Retirement Communities, LLC and Erickson Construction, LLC dated July 27, 2007.
 - c. Revolving Credit Note among TD Bank, N.A. as successor in interest to Commerce Bank, N.A., Erickson Retirement Communities, LLC and Erickson Construction, LLC dated July 27, 2007.
 - d. Revolving Credit Note among First Commonwealth Bank, Erickson Retirement Communities, LLC and Erickson Construction, LLC dated July 27, 2007.
 - e. Revolving Credit Note among Hillcrest Bank, Erickson Retirement Communities, LLC and Erickson Construction, LLC dated July 27, 2007.
 - f. Revolving Credit Note among Manufacturers and Traders Trust Company, Erickson Retirement Communities, LLC and Erickson Construction, LLC dated July 27, 2007.
 - g. Revolving Credit Note among PNC Bank, National Association, Erickson Retirement Communities, LLC and Erickson Construction, LLC dated July 27, 2007.
 - h. Revolving Credit Note among Provident Bank, Erickson Retirement Communities, LLC and Erickson Construction, LLC dated July 27, 2007.
 - i. Revolving Credit Note among Sandy Spring Bank, Erickson Retirement Communities, LLC and Erickson Construction, LLC dated July 27, 2007.
 - j. Revolving Credit Note among Sovereign Bank, Erickson Retirement Communities, LLC and Erickson Construction, LLC dated July 27, 2007.
 - k. Revolving Credit Note among Virginia Commerce Bank, Erickson Retirement Communities, LLC and Erickson Construction, LLC dated July 27, 2007.
 - l. Revolving Credit Note among Wilmington Trust FSB, Erickson Retirement Communities, LLC and Erickson Construction, LLC dated July 27, 2007.
2. Security Agreement dated July 27, 2007 among Erickson Retirement Communities, LLC, Erickson Construction, LLC, and PNC Bank, National Association;
3. Deed of Trust Security Agreement and Fixture Filing dated July 27, 2007 between Erickson Retirement Communities, LLC and Bruce D. McLean and D. Seward Woelper, as Trustees for the Benefit of PNC Bank, National Association;

4. Guaranty dated July 27, 2007 between Senior Campus Services, LLC, Concord Campus GP, LLC, Dallas Campus GP, LLC and Warminster Campus GP, LLC in favor of PNC Bank, National Association;
5. Security Agreement dated July 27, 2007 among Dallas Campus GP, LLC, Concord Campus GP, LLC, Warminster Campus GP, LLC, Senior Campus Services, LLC and PNC Bank, National Association;
6. Pledge Agreement dated July 27, 2007 made by Erickson Retirement Communities, LLC to PNC Bank, National Association;
7. Pledge Agreement dated July 27, 2007 by Erickson Group, LLC to PNC Bank, National Association;
8. Limited Guaranty dated July 27, 2007 by Erickson Group, LLC to PNC Bank, National Association;
9. Collateral Assignment of Contracts dated July 27, 2007 by Erickson Retirement Communities, LLC and Erickson Construction, LLC in favor of PNC Bank, National Association;
10. UCC Financing Statement-Concord Campus GP, LLC (and assignment);
11. UCC Financing Statement-Dallas Campus GP, LLC (and assignment);
12. UCC Financing Statement-Erickson Construction, LLC (and assignment);
13. UCC Financing Statement-Erickson Group, LLC (and assignment);
14. UCC Financing Statement-Erickson Retirement Communities, LLC (and assignment);
15. UCC Financing Statement-Senior Campus Services, LLC;
16. UCC Financing Statement-Warminster Campus GP, LLC;
17. List of Control Agreements:
 - a. Deposit Account and Control Agreement by and among PNC Bank, National Association, Erickson Construction, LLC and PNC Bank, National Association (Date: 4/15/09);
 - b. Notification and Control Agreement by and among Erickson Retirement Communities, LLC, PNC Bank, N.A. and PNC Bank, National Association (Date: 4/15/09);

- c. Deposit Account Control Agreement by and among PNC Bank, National Association, Erickson Retirement Communities, LLC and PNC Bank, National Association (Date: 4/15/09);
 - d. Notification and Control Agreement by and among Erickson Retirement Communities, LLC, PNC Bank, N.A., and PNC Bank, National Association (Date: 5/4/09);
 - e. Deposit Account Control Agreement by and among M&T Bank, Erickson Retirement Communities, LLC and PNC Bank, National Association (Date: 4/15/09);
18. Amendment to Credit Agreement between Erickson Retirement Communities, LLC, Erickson Construction, LLC, Concord Campus GP, LLC, Dallas Campus GP, LLC, Senior Campus Services, LLC, Warminster Campus GP, LLC, Erickson Group, LLC and PNC Bank, National Association;
19. Second Amendment to Credit Agreement and Forbearance Agreement between Erickson Retirement Communities, LLC, Erickson Construction, LLC, Concord Campus GP, LLC, Dallas Campus GP, LLC, Senior Campus Services, LLC, Warminster Campus GP, LLC Erickson Group, LLC and Wilmington Trust FSB: Entered June 1, 2009;
20. Third Amendment to Credit Agreement and Forbearance Agreement between Erickson Retirement Communities, LLC, Erickson Construction, LLC, Concord Campus GP, LLC, Dallas Campus GP, LLC, Senior Campus Services, LLC, Warminster Campus GP, LLC Erickson Group, LLC and Wilmington Trust FSB: Entered June 30, 2009;
21. Fourth Amendment to Credit Agreement and Forbearance Agreement between Erickson Retirement Communities, LLC, Erickson Construction, LLC, Concord Campus GP, LLC, Dallas Campus GP, LLC, Senior Campus Services, LLC, Warminster Campus GP, LLC Erickson Group, LLC and Wilmington Trust FSB: Entered July 10, 2009;
22. Succession Consent Letter dated May 1, 2009 from PNC Bank to PNC Bank, National Association, Hillcrest Bank, Bank of America, Sandy Spring Bank, Wilmington Trust Bank, M&T Bank, Sovereign Bank, Virginia Commerce Bank, First Commonwealth Bank, Commerce Bank, Abington Bank, Provident Bank, Erickson Retirement Communities, LLC and Erickson Construction, LLC;
23. Assignment of Deed of Trust, Security Agreement and Fixture Filing from PNC Bank, National Association to Wilmington Trust FSB;

24. Successor Agent Agreement dated May 12, 2009 between Wilmington Trust FSB and PNC Bank, National Association;
25. Assignment of Control Agreements dated May 12, 2009;
26. Assignment of UCC Financing Statements from PNC Bank, National Association to Wilmington Trust FSB; and
27. Direction Letter dated May 30, 2009 from Wilmington Trust to Erickson Retirement Communities, LLC.

EXHIBIT 1

(Local Currency-Single Jurisdiction)



International Swap Dealers Association, Inc.

MASTER AGREEMENT

dated as of July 27, 2007

PNC BANK, NATIONAL ASSOCIATION and ERICKSON RETIREMENT COMMUNITIES,
("PNC") LLC ("OBLIGOR")

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows: —

1. Interpretation

(a) **Definitions.** The terms defined in Section 12 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.

(b) **Inconsistency.** In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.

(c) **Single Agreement.** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

(a) General Conditions.

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or potential event of default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.

(b) **Change of Account.** Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the scheduled date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) **Netting.** If on any date amounts would otherwise be payable: —

(i) in the same currency; and

(ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount will be determined in respect of all amounts payable on the same date in the same currency in respect of such Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or a Confirmation by specifying that subparagraph (ii) above will not apply to the Transactions identified as being subject to the election, together with the starting date (in which case subparagraph (ii) above will not, or will cease to, apply to such Transactions from such date). This election may be made separately for different groups of Transactions and will apply separately to each pairing of branches or offices through which the parties make and receive payments or deliveries.

(d) **Default Interest; Other Amounts.** Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party that defaults in the performance of any payment obligation will, to the extent permitted by law and subject to Section 6(c), be required to pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as such overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed. If, prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party defaults in the performance of any obligation required to be settled by delivery, it will compensate the other party on demand if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

3. Representations

Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into) that: —

(a) **Basic Representations.**

(i) **Status.** It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;

(ii) **Powers.** It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;

(iii) **No Violation or Conflict.** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iv) **Consents.** All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) **Obligations Binding.** Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) **Absence of Certain Events.** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) **Absence of Litigation.** There is not pending or, to its knowledge, threatened against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) **Accuracy of Specified Information.** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

4. **Agreements**

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party: --

(a) **Furnish Specified Information.** It will deliver to the other party any forms, documents or certificates specified in the Schedule or any Confirmation by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) **Maintain Authorisations.** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) **Comply with Laws.** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

5. **Events of Default and Termination Events**

(a) **Events of Default.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes an event of default (an "Event of Default") with respect to such party: --

(i) **Failure to Pay or Deliver.** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 2(d) required to be made by it if such failure is not remedied on or before the third Local Business Day after notice of such failure is given to the party;

(ii) **Breach of Agreement.** Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 2(d) or to give notice of a Termination Event) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied on or before the thirtieth day after notice of such failure is given to the party;

(iii) **Credit Support Default.**

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document to be in full force and effect for the purpose of this Agreement (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity, of such Credit Support Document;

(iv) **Misrepresentation.** A representation made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) **Default under Specified Transaction.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party (1) defaults under a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction, (2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment on early termination of, a Specified Transaction (or such default continues for at least three Local Business Days if there is no applicable notice requirement or grace period) or (3) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) **Cross Default.** If "Cross Default" is specified in the Schedule as applying to the party, the occurrence or existence of (1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);

(vii) **Bankruptcy.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party: --

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of

an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) **Merger Without Assumption.** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer:

--

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) **Termination Events.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes an Illegality if the event is specified in (i) below, and if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to (ii) below or an Additional Termination Event if the event is specified pursuant to (iii) below: --

(i) **Illegality.** Due to the adoption of, or any change in, any applicable law after the date on which a Transaction is entered into, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful (other than as a result of a breach by the party of Section 4(b) for such party (which will be the Affected Party): --

(1) to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) to perform, or for any Credit Support Provider of such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction.

(ii) **Credit Event Upon Merger.** If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, such party ("X"), any Credit Support Provider of X or any applicable Specified Entity of X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such action does not constitute an event described in Section 5(a)(viii) but the credit worthiness of the resulting, surviving or transferee entity is materially weaker than that of X, such Credit Support Provider or such Specified Entity, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); or

(iii) **Additional Termination Event.** If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties shall be as specified for such Additional Termination Event in the Schedule or such Confirmation).

- (c) **Event of Default and Illegality.** If an event or circumstance which would otherwise constitute or give rise to an Event of Default also constitutes an Illegality, it will be treated as an Illegality and will not constitute an Event of Default.

6. Early Termination

- (a) **Right to Terminate Following Event of Default.** If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

- (b) **Right to Terminate Following Termination Event.**

(i) **Notice.** If a Termination Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction and will also give such other information about that Termination Event as the other party may reasonably require.

(ii) **Two Affected Parties.** If an Illegality under Section 5(b)(i)(1) occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice thereof is given under Section 6(b)(i) on action to avoid that Termination Event.

(iii) **Right to Terminate.** If: --

(1) an agreement under Section 6(b)(ii) has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(2) an Illegality other than that referred to in Section 6(b)(ii), a Credit Event Upon Merger or an Additional Termination Event occurs,

either party in the case of an Illegality, any Affected Party in the case of an Additional Termination Event if there is more than one Affected Party, or the party which is not the Affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

- (c) **Effect of Designation.**

(i) If notice designating an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 2(d) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Section 6(e).

(d) **Calculations.**

(i) **Statement.** On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by

Section 6(e) and will provide to other party a statement (1) showing, in reasonable detail, such calculations (including all relevant quotations and specifying any amount payable under Section 6(e)) and (2) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation obtained in determining a Market Quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.

(ii) **Payment Date.** An amount calculated as being due in respect of any Early Termination Date under Section 6(e) will be payable on the day that notice of the amount payable is effective (in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default) and on the day which is two Local Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event). Such amount will be paid together with (to the extent permitted under applicable law) interest thereon (before as well as after judgment), from (and including) the relevant Early Termination Date to (but excluding) the date such amount is paid, at the Applicable Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(e) **Payments on Early Termination.** If an Early Termination Date occurs, the following provisions shall apply based on the parties' election in the Schedule of a payment measure, either "Market Quotation" or "Loss", and a payment method, either the "First Method" or the "Second Method". If the parties fail to designate a payment measure or payment method in the Schedule, it will be deemed that "Market Quotation" or the "Second Method", as the case may be, shall apply. The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off.

(i) **Events of Default.** If the Early Termination Date results from an Event of Default: —

(1) **First Method and Market Quotation.** If the First Method and Market Quotation apply, the Defaulting Party will pay to the Non-defaulting Party the excess, if a positive number, of (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Unpaid Amounts owing to the Non-defaulting Party over (B) the Unpaid Amounts owing to the Defaulting Party.

(2) **First Method and Loss.** If the First Method and Loss apply, the Defaulting Party will pay to the Non-defaulting Party, if a positive number, the Non-defaulting Party's Loss in respect of this Agreement.

(3) **Second Method and Market Quotation.** If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect to the Terminated Transactions and the Unpaid Amounts owing to the Non-defaulting Party less (B) the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(4) **Second Method and Loss.** If the Second Method and Loss apply, an amount will be payable equal to the Non-defaulting Party's Loss in respect of this Agreement. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(ii) **Termination Events.** If the Early Termination Date results from Termination Event: --

(1) **One Affected Party.** If there is one Affected Party, the amount payable will be determined in accordance with Section 6(e)(i)(3), if Market Quotation applies, or Section 6(e)(i)(4), if Loss applies, except that, in either case, references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and the party which is not the Affected Party, respectively, and, if Loss applies and fewer than all the Transactions are being terminated, Loss shall be calculated in respect of all Terminated Transactions.

(2) **Two Affected Parties.** If there are two Affected Parties: --

(A) if Market Quotation applies, each party will determine a Settlement Amount in respect of the Terminated Transactions, and an amount will be payable equal to (1) the sum of (a) one-half of the difference between the Settlement Amount of the party with the higher Settlement Amount ("X") and the Settlement Amount of the party with the lower Settlement Amount ("Y") and (b) the Unpaid Amounts owing to X less (II) the Unpaid Amounts owing to Y; and

(B) if Loss applies, each party will determine its Loss in respect of this Agreement (or, if fewer than all the Transactions are being terminated, in respect of all Terminated Transactions) and an amount will be payable equal to one-half of the difference between the Loss of the party with the higher Loss ("X") and the Loss of the party with the lower Loss ("Y").

If the amount payable is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of that amount to Y.

(iii) **Adjustment for Bankruptcy.** In circumstances where an Early Termination Date occurs because "Automatic Early Termination" applies in respect of a party, the amount determined under this Section 6(e) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) **Pre-Estimate.** The parties agree that if Market Quotation applies an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and except as otherwise provided in this Agreement neither party will be entitled to recover any additional damages as a consequence of such losses.

7. Transfer

Neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that: --

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e).

Any purported transfer is not in compliance with this Section will be void.

8. Miscellaneous

(a) **Entire Agreement.** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

(b) **Amendments.** No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

(c) **Survival of Obligations.** Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) **Remedies Cumulative.** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) **Counterparts and Confirmations.**

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex or electronic message constitutes a Confirmation.

(f) **No Waiver of Rights.** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) **Headings.** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

9. Expenses

A Defaulting Party will, on demand, indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

10. Notices

(a) **Effectiveness.** Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see the Schedule) and will be deemed effective as indicated: —

(i) if in writing and delivered in person or by courier, on the date it is delivered;

(ii) if sent by telex, on the date the recipient's answerback is received;

(iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or

(v) if sent by electronic messaging system, on the date that electronic message is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.

(b) **Change of Addresses.** Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

11. Governing Law and Jurisdiction

(a) **Governing Law.** This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) **Jurisdiction.** With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably: --

(i) submits to the jurisdiction of the English courts, if this Agreement is expressed to be governed by English law, or to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the borough of Manhattan in New York City, if this Agreement is expressed to be governed by the laws of the State of New York; and

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

Nothing in its Agreement precludes either party from bringing Proceedings in any other jurisdiction (outside, if this Agreement is expressed to be governed by English law, the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) **Waiver of Immunities.** Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdictions of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

12. Definitions

As used in this Agreement: --

"**Additional Termination Event**" has the meaning specified in Section 5(b).

"**Affected Party**" has the meaning specified in Section 5(b).

"Affected Transactions" means (a) with respect to any Termination Event consisting of an Illegality, all Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event, all Transactions.

"Affiliate" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"Applicable Rate" means: —

(a) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(b) in respect of an obligation to pay an amount under Section 6(e) of either party from and after the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable, the Default Rate;

(c) in respect of all other obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate; and

(d) in all other cases, the Termination Rate.

"consent" includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

"Credit Event Upon Merger" has the meaning specified in Section 5(b).

"Credit Support Document" means any agreement or instrument that is specified as such in this Agreement.

"Credit Support Provider" has the meaning specified in the Schedule.

"Default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

"Defaulting Party" has the meanings specified in Section 6(a).

"Early Termination Date" means the date determined in accordance with Section 6(a) or 6(b)(iii).

"Event of Default" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"Illegality" has the meaning specified in Section 5(b).

"law" includes any treaty, law, rule or regulation and **"lawful"** or **"unlawful"** will be construed accordingly.

"Local Business Day" means, subject to the Schedule, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) (a) in relation to any obligation under Section 2(a)(i), in the place(s) specified in the relevant Confirmation or, if not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) in relation to any other payment, in the place where the relevant account is located, (c) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), in the city specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (d) in relation to Section 5(a)(v)(2), in the relevant locations for performance with respect to such Specified Transaction.

"Loss" means, with respect to this Agreement or one or more Terminated Transactions, as the case may be, and a party, an amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or

any gain resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made (assuming satisfaction of each applicable condition precedent) on or before the relevant Early Termination Date and not made, except, so as to avoid duplication, if Section 6(e)(i)(1) or (3) or 6(e)(ii)(2)(A) applies. Loss does not include a party's legal fees and out-of-pocket expenses referred to under Section 9. A party will determine its Loss as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A party may (but need not) determine its Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets.

"Market Quotation" means, with respect to one or more Terminated Transactions and a party making the determination, an amount determined on the basis of quotations from Reference Market-makers. Each quotation will be for an amount, if any, that would be paid to such party (expressed as a negative number) or by such party (expressed as a positive number) in consideration of an agreement between such party (taking into account any existing Credit Support Document with respect to the obligations of such party) and the quoting Reference Market-maker to enter into a transaction (the "Replacement Transaction") that would have the effect of preserving for such party the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under Section 2(a)(i) in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date. For this purpose, Unpaid Amounts in respect of the Terminated Transaction or group of Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included. The Replacement Transaction would be subject to such documentation as such party and the Reference Market-maker may, in good faith, agree. The party making the determination (or its agent) will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the party obliged to make a determination under Section 6(e), and, if each party is so obliged, after consultation with the other. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotations having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the Market Quotation in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.

"Non-default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the Non-defaulting Party (as certified by it) if it were to fund the relevant amount.

"Non-defaulting Party" has the meaning specified in Section 6(a).

"Potential Event of Default" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Reference Market-makers" means four leading dealers in the relevant market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding where to offer or to make an extension of credit and (b) to the extent practicable, from among such dealers having an office in the same city.

"Scheduled Payment Date" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"Set-off" means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the payer of an amount under Section 6 is entitled or subject (whether arising under

this Agreement, another contract, applicable law or otherwise) that is exercised by, or imposed on, such payers.

"Settlement Amount" means, with respect to a party and any Early Termination Date, the sum of: --

- (a) the Market Quotations (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation is determined; and
- (b) such party's Loss (whether positive or negative and without reference to any Unpaid Amounts) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result.

"Specified Entity" has the meaning specified in the Schedule.

"Specified Indebtedness" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"Specified Transaction" means, subject to the Schedule, (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"Terminated Transactions" means with respect to any Early Termination Date (a) if resulting from a Termination Event, all Affected Transactions and (b) if resulting from an Event of Default, all Transactions (in either case) in effect immediately before the effectiveness of the notice designating that Early Termination Date (or, if "Automatic Early Termination applies, immediately before that Early Termination Date).

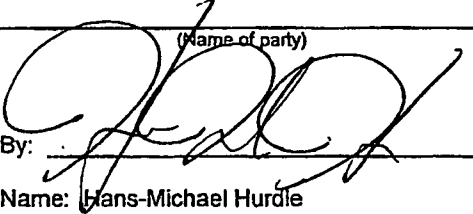
"Termination Event" means an Illegality or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"Termination Rate" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.


"Unpaid Amounts" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii)) to such party under Section 2(a)(i) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market value of any obligation referred to in clause (b) above shall be reasonably determined by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it shall be the average of the fair market values reasonably determined by both parties.

IN WITNESS WHEREOF the parties have executed this document on the respective date specified below with effect from the date specified on the first page of this document.

PNC BANK, NATIONAL ASSOCIATION

(Name of party)
By: 
Name: Hans-Michael Hurdle
Title: Senior Vice President

ERICKSON RETIREMENT
COMMUNITIES, LLC

(Name of Party)
By: 
Name: Jeffrey A. Jacobson
Title: Executive Vice President &
Chief Financial Officer

SCHEDULE

to the

Master Agreement

dated as of July 27, 2007

between

ERICKSON RETIREMENT COMMUNITIES, LLC ("OBLIGOR")

and

PNC BANK, NATIONAL ASSOCIATION ("PNC")

Part 1. Termination Provisions.

- (a) *"Specified Entity"* means in relation to PNC for the purpose of:--

Section 5(a)(v), Not Applicable
Section 5(a)(vi), Not Applicable
Section 5(a)(vii), Not Applicable
Section 5(b)(ii), Not Applicable

and in relation to OBLIGOR for the purpose of:--

Section 5(a)(v), Loan Parties
Section 5(a)(vi), Loan Parties
Section 5(a)(vii), Loan Parties
Section 5(b)(ii), Loan Parties

For purposes of this Agreement, the term "Loan Parties" will have the meaning specified under the Credit Agreement (as defined in Part 5(i) of this Schedule).

- (b) *"Specified Transaction"* will have the meaning specified in Section 12 of this Agreement and, in addition, in relation to OBLIGOR only, shall include any other contract or agreement now existing or hereafter entered into between OBLIGOR (or any Credit Support Provider) and PNC (or any Affiliate thereof).
- (c) The *"Cross Default"* provisions of Section 5(a)(vi) will apply to OBLIGOR and PNC.

If such provisions apply:--

"Specified Indebtedness" will have the meaning specified in Section 12 of this Agreement, except that, with respect to PNC, such term shall not include letters of credit issued to the extent they are not paid when due solely as a result of technical malfunction, inadvertence, administrative error or legal prohibition or obligations in respect of deposits received. In addition, with respect to OBLIGOR, *"Specified Indebtedness"* shall include, without limitation, the obligations of OBLIGOR under any Credit Facility (as defined in Part 5(i) of this Schedule).

"Threshold Amount" shall mean:

In the case of PNC, an amount (or its equivalent in other currencies) at any time equal to the greater of
(a) 3% of the consolidated stockholders' equity of The PNC Financial Services Group, Inc., a

Pennsylvania corporation, as shown in its most recent annual or quarterly financial statements prepared in accordance with generally accepted accounting principles in the United States, or (b) \$25,000,000.

In the case of OBLIGOR, an amount (or its equivalent in other currencies) at any time equal to \$500,000.00.

- (d) The "*Credit Event Upon Merger*" provisions of Section 5(b)(ii) will apply to both parties.
- (e) The "*Automatic Early Termination*" provision of Section 6(a) will not apply to either party.
- (f) *Payments on Early Termination.* For the purpose of Section 6(e) of this Agreement:--
 - (i) Market Quotation will apply.
 - (ii) The Second Method will apply.
- (g) "*Termination Currency*" means United States Dollars.
- (h) *Additional Termination Event* will apply.
 - (i) Impossibility. The occurrence of an Impossibility will be a Termination Event. The party that is subject to an Impossibility, other than as a result of its own misconduct, will be the "Affected Party". For purposes of this Agreement, the term Impossibility means the occurrence, after the date on which a Transaction is entered into, of a natural or man-made disaster, armed conflict, act of terrorism, riot, labor disruption, act of State or any other event or circumstance beyond the control of a party, which event or condition prevents (other than as a result of its own misconduct) a party (the "Affected Party"):
 - (1) from performing any absolute or contingent obligation, to make a payment or delivery or to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or
 - (2) from performing, or for any Credit Support Provider of such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction.

All terms and conditions of this Agreement applicable to an Illegality shall be equally applicable to Impossibility and the definition of Termination Event shall be amended to include Impossibility. If an Event of Default occurs and the same event or circumstances also constitutes an Impossibility, then such Event of Default will be treated as an Impossibility under this Agreement.

- (ii) Co-termination. If (A) that certain Credit Agreement (as defined in Part 5(i) of this Schedule) matures, expires, or is terminated or cancelled by any party thereto for any reason, in each case prior to the termination of all Transactions under this Agreement, or (B) PNC ceases to be a party to such Credit Agreement for any reason and such cessation occurs prior to the termination of all Transactions under this Agreement, and (C) OBLIGOR fails, within thirty (30) days of such event, to pledge and deliver pursuant to a Credit Support Annex acceptable to PNC "Eligible Collateral Support" as defined therein, then such occurrence will constitute a Termination Event under this Agreement and OBLIGOR will be the sole Affected Party.

Part 2. Tax Representations.

(i) PNC represents at all times hereunder that (A) it is a national banking association organized or formed under the laws of the United States, and (B) it is a United States resident for United States federal income tax purposes.

(ii) OBLIGOR represents at all times hereunder that (A) it is a limited liability company organized under the laws of the State of Maryland, and (B) it is a United States resident for United States federal income tax purposes.

Part 3. Agreement to Deliver Documents.

(a) Tax forms, documents or certificates to be delivered pursuant to Section 4(a).

Party required to deliver document	Form, Document or Certificate	Date by which to be Delivered	Covered by Section 3(d)
PNC and OBLIGOR	Any form or document reasonably requested by the other party that is required to enable such other party to make payments under this Agreement without deduction or withholding for or on account of Taxes or with such withholding or deduction at a reduced rate.	As soon as reasonably practicable after request.	Yes

(b) Other documents to be delivered pursuant to Section 4(a).

Party required to deliver document	Form, Document or Certificate	Date by which to be Delivered	Covered by Section 3(d)
PNC	A certified copy of the resolutions of the board of PNC evidencing PNC's authority to enter into this Agreement and each Transaction entered into under this Agreement.	Promptly after execution of this Agreement.	Yes
PNC	An incumbency certificate with respect to the signatory of this Agreement.	Upon execution of this Agreement	Yes

Party required to deliver document	Form, Document or Certificate	Date by which to be Delivered	Covered by Section 3(d)
OBLIGOR	A certified copy of the resolutions of the board of OBLIGOR evidencing OBLIGOR's authority to enter into this Agreement and each Transaction entered into under this Agreement.	Promptly after execution of this Agreement.	Yes
OBLIGOR	An incumbency certificate with respect to the signatory of this Agreement.	Upon execution of this Agreement.	Yes
OBLIGOR	Most recent annual audited and quarterly unaudited financial statements of OBLIGOR	(i) Upon execution of this Agreement, and (ii) promptly upon reasonable demand by PNC.	No
OBLIGOR	Executed Credit Support Annex (as defined in Part 4(c) of this Agreement).	Concurrently with the execution and delivery of this Agreement and the completion of the initial Transaction hereunder.	Yes

Part 4. Miscellaneous.

- (a) **Addresses for Notices.** For the purpose of Section 10(a) of this Agreement:--

Address for notices or communications to PNC:

Address: One PNC Plaza, 9th Floor
249 Fifth Avenue
Pittsburgh, PA 15222-2707

Attention: Swap Operations
Facsimile No.: 412-762-8667
Telephone No.: 412-762-1375

Address for notices or communications to OBLIGOR:

Address: Erickson Retirement Communities, LLC
701 Maiden Choice Lane
Baltimore, MD 21228

Attention: Jeffrey A. Jacobson, Executive Vice President and Chief Financial Officer

Telephone No.: (410) 737-8914

Facsimile No.: (216) 737-8828

- (b) **Calculation Agent.** Unless otherwise specified in a Confirmation in relation to the relevant Transaction, the Calculation Agent is PNC.
- (c) **Credit Support Document.** Details of any Credit Support Document:--

"Credit Support Document" means in relation to PNC, none.

"Credit Support Document" means in relation to OBLIGOR, each agreement and instrument, now or hereafter existing, of any kind or nature which secures, guarantees or otherwise provides direct or indirect assurance of payment or performance of any existing or future obligation of OBLIGOR under this Agreement, made by or on behalf of any person or entity (including, without limiting the generality of the foregoing, any agreement or instrument granting any lien, security interest, assignment, charge or encumbrance to secure any such obligation, any guaranty, suretyship, letter of credit, put option or subordination agreement relating to any such obligation and any "keep well" or other financial support agreement relating to OBLIGOR), and in any event, "Credit Support Document" in relation to OBLIGOR shall include without limitation that certain (i) Security Agreement, dated as of July 27, 2007, made by OBLIGOR and Erickson Construction, LLC in favor of PNC; (ii) Security Agreement, dated as of July 27, 2007, made by Dallas Campus GP, LLC, Senior Campus Services, LLC, Concord Campus GP, LLC and Warminster Campus GP, LLC in favor of PNC; (iii) Guaranty, dated as of July 27, 2007, made by Senior Campus Services, LLC, Concord Campus GP, LLC, Dallas Campus GP, LLC and Warminster Campus GP, LLC in favor of PNC; (iv) Deed of Trust, Security Agreement and Fixture Filing, dated as of July 27, 2007, made by OBLIGOR to Bruce D. McLean and D. Seward Woelper, as trustees thereunder, for the benefit of PNC; (v) Pledge Agreement, dated as of July 27, 2007, made by OBLIGOR in favor of PNC; (vi) Pledge Agreement, dated as of July 27, 2007, made by Erickson Group, LLC in favor of PNC; (vii) Collateral Assignment of Contracts, dated as of July 27, 2007, made by OBLIGOR and Erickson Construction, LLC in favor of PNC; (viii) Limited Guaranty, dated as of July 27, 2007, made by Erickson Group, LLC in favor of PNC; and (ix) Credit Support Annex (if any), made by OBLIGOR in favor of PNC pursuant to Part 1(h)(ii) of this Agreement (as any of the above documents may be amended, modified, supplemented or replaced from time to time).

- (d) **Credit Support Provider.**

"Credit Support Provider" means in relation to PNC, none.

"Credit Support Provider" means in relation to OBLIGOR, any person or entity (other than OBLIGOR), that now or hereafter secures, guarantees or otherwise provides direct or indirect assurance of payment or performance of any existing or future obligation of OBLIGOR under this Agreement, which shall include without limitation Erickson Construction, LLC, Concord Campus GP, LLC, Dallas Campus GP, LLC, Senior Campus Services, LLC, Warminster Campus GP, LLC, Erickson Group, LLC.

- (e) **Governing Law.** This Agreement will be governed by and construed in accordance with the law of the State of New York (without reference to choice of law doctrine).

- (f) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will not apply to the following Transactions or groups of Transactions (in each case starting from the date of this Agreement): all Transactions.
- (g) **"Affiliate"** will have the meaning specified in Section 12 of this Agreement.

Part 5. Other Provisions.

- (a) **Conditions Precedent.** The condition precedent in Section 2(a)(iii)(1) does not apply to a payment and delivery owing by a party if the other party shall have satisfied in full all its payment or delivery obligations under Section 2(a)(i) of this Agreement and shall at the relevant time have no future payment or delivery obligations, whether absolute or contingent, under Section 2(a)(i).
- (b) **Consent to Recording.** Each party (i) consents to the recording, by the other party or its agents, of telephone conversations between officers, employees or agents of the consenting party or its Affiliates and officers, employees or agents of the other party or its Affiliates who quote on, agree to or otherwise discuss terms of Transactions or potential Transactions, or other matters relating to this Agreement or any Credit Support Document, and (ii) agrees to give notice of such recording to such officers, employees and agents of it and its Affiliates.
- (c) **Change of Account.** Any account designated by a party pursuant to Section 2(b) shall be in the same legal and tax jurisdiction as the original account.
- (d) **Confirmations.** As provided in Section 8(e)(ii) of this Agreement, the parties intend that they shall be legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). The terms of a Transaction subject to this Agreement orally agreed to shall be deemed to constitute a "Confirmation" as referred to in this Agreement, even if not so specified by the parties. As promptly as practicable after any such oral agreement, the parties shall enter into a definitive Confirmation with respect to such Transaction in accordance with the Section 8(e)(ii) of this Agreement, whereupon such definitive Confirmation shall supersede and replace such oral agreement and such oral agreement shall have no further legal force or effect.
- (e) **Additional Representations and Warranties.** The specified party represents and warrants to the other party (which representations and warranties will be deemed to be repeated on each date on which a Transaction is entered into) as follows:
 - (i) In the case of PNC, PNC is a national banking association duly organized under the federal laws of the United States of America.
 - (ii) In the case of OBLIGOR, OBLIGOR is a limited liability company duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.
 - (iii) In the case of each party, such party is entering into this Agreement and each Transaction for its own account as principal (and not as agent or in any other capacity, fiduciary or otherwise).
 - (iv) In the case of each party:
 - (A) In the case of each party, it is an "eligible contract participant" as such term is defined in Section 1a(12) of the Commodity Exchange Act, as amended.
 - (B) Such party is entering into this Agreement, including all Transactions hereunder, in connection with a line of its business.

(v)

- (A) In the case of OBLIGOR: it intends and acknowledges that this Agreement, including all Transactions hereunder, shall constitute a "swap agreement" as defined in 11 U.S.C. §101(53B) as in effect on the date of this Agreement (or any successor provision of similar import).
- (B) In the case of PNC: (1) it intends and acknowledges that this Agreement, including all Transactions hereunder, shall constitute a "qualified financial contract" and a "swap agreement," as those terms are defined in 12 U.S.C. §1821(e)(8)(D) as in effect on the date of this Agreement (or any successor provision of similar import), (2) without limiting the generality of Section 3(a)(i), PNC, by corporate action, is authorized under applicable non-insolvency law to enter into and perform its obligations under this Agreement, each Credit Support Document (if any) to which it is party and each Transaction hereunder, (3) it will, at all times during the term of this Agreement, maintain as part of its official books and records a copy of this Agreement (including all Confirmations from time to time and all other supplements hereto and documents incorporated by reference herein) and each Credit Support Document (if any) to which it is party, and evidence of its authorization of the foregoing, and (4) this Agreement, each Confirmation, each Credit Support Document (if any) to which it is party, and any other documentation relating to this Agreement to which it is a party or that it is required to deliver will be executed and delivered by an officer of PNC of the level of Vice President or higher.

(vi) In the case of each party:

- (A) It is acting for its own account, and it has made its own independent decisions to enter into this Agreement and each Transaction and as to whether this Agreement and each Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Agreement or any Transaction; it being understood that information and explanations related to the terms and conditions of this Agreement or any Transaction shall not be considered investment advice or a recommendation to enter into this Agreement or such Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of this Agreement or any Transaction.
- (B) It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of this Agreement and each Transaction. It is also capable of assuming, and assumes, the risks of this Agreement and each Transaction.
- (C) The other party is not acting as a fiduciary for or an adviser to it in respect of this Agreement or any Transaction.
- (D) The economic terms of this Agreement and such Transaction have been and will be individually tailored and negotiated; the creditworthiness of the other party was a material consideration in its entering into or determining the terms of this Agreement and such Transaction. Each party has received and reviewed financial information concerning the other party and has had a reasonable opportunity to ask questions of and receive answers and information from the other party concerning such other

party, this Agreement, such Credit Support Document, and such Transaction; and the transferability of this Agreement, such Credit Support Document, and such Transaction is restricted as provided herein and therein.

- (vii) In the case of each party, such party intends and acknowledges that this Agreement, including all Transactions hereunder, shall be commercial transactions and shall not be transactions in "securities" for purposes of any securities law (including without limitation the Securities Exchange Act of 1934, as amended, and the Securities Act of 1933, as amended).
- (f) **Accuracy of Specified Information.** Section 3(d) is modified by deleting the period at the end thereof and appending thereto the following: "or, in the case of audited or unaudited financial statements, a fair presentation of the financial condition, results of operations or cash flows (as applicable) of the relevant person for the dates and periods specified therein in conformity with generally accepted accounting principles in the United States."
- (g) **Set-off.** Section 6 is modified by adding the following Section 6(f) thereto:
 - (f) **Set-off.** Any amount (the "Early Termination Amount") payable to one party (the "Payee") by the other party (the "Payer") under Section 6(e), in circumstances where there is a Defaulting Party or one Affected Party in the case where a Termination Event under Sections 5(b)(ii) or 5(b)(iii) has occurred, will, at the option of the party ("X") other than the Defaulting Party or the Affected Party (and without prior notice to the Defaulting Party or the Affected Party), be reduced by its set-off against any amount(s) (the "Other Agreement Amount") payable (whether at such time or in the future or upon the occurrence of a contingency) by the Payee to the Payer or any Affiliate of the Payer (irrespective of the currency, place of payment or booking office of the obligation) under any other agreement(s) between the Payee and the Payer or any Affiliate of the Payer or instrument(s) or undertaking(s) issued or executed by one party (or if applicable to the context hereto, any Affiliate thereof) to, or in favor of, the other party (or if applicable to the context hereto, any Affiliate thereof) (and the Other Agreement Amount will be discharged promptly and in all respects to the extent it is so set-off). X will give notice to the other party of any set-off effected under this Section 6(f).

For this purpose, either the Early Termination Amount or the Other Agreement Amount (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency.

If an obligation is unascertained, X may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) shall be effective to create a charge or other security interest. This Section 6(f) shall be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise).
- (h) **Jurisdiction.** Section 11(b) is modified by deleting the words "non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City," and replacing them with the words "non-exclusive jurisdiction of the courts of the State of New York and the Commonwealth of Pennsylvania and the United States District Courts located in the Borough of Manhattan in New York City and in Allegheny County, Pennsylvania,".

(i) ***Existing and Future Credit Facilities.***

- (i) As used in this Agreement, the following terms shall have the following meanings:

"Financing" shall mean any loan, extension of credit or financial accommodation (including, without limiting the generality of the foregoing, any commitment relating to any of the foregoing).

"Credit Facility" means (i) that certain Credit Agreement, dated as of July 27, 2007, by and among OBLIGOR and Erickson Construction, LLC, as "Borrowers" thereunder, Concord Campus GP, LLC, Dallas Campus GP, LLC, Senior Campus Services, LLC and Warminster Campus GP, LLC, as "Subsidiary Guarantors" thereunder, Erickson Group, LLC, as "Owner" thereunder, the "Lenders" party thereto and PNC (the "Credit Agreement"), and (ii) each other agreement, including any security agreement, to which OBLIGOR and PNC or any Affiliate thereof now or hereafter may become party (and to which other lenders, borrowers or other persons may be or become party), and any note or other instrument made by OBLIGOR (alone or together with other persons or entities) payable to or held by PNC or any Affiliate thereof, involving any Financing to OBLIGOR, and in the case of (i) through (ii) above, in the form existing on the date when such agreement or instrument has been initially executed and, without regard to (A) any termination or cancellation thereof, whether by reason of payment of all obligations of OBLIGOR thereunder or otherwise, or (B) unless consented to in writing by PNC or any Affiliate thereof, any amendment, modification, supplement, waiver or consent thereto or thereof.

- (ii) Until all obligations of OBLIGOR under this Agreement, now existing or hereafter arising, have been paid in cash and performed in full and all Transactions under the Master Agreement have terminated, OBLIGOR will at all times perform, comply with and observe all covenants and agreements of each Credit Facility applicable to it, which covenants and agreements, together with related definitions and ancillary provisions, are incorporated (and upon execution of any future Credit Facility shall automatically be deemed incorporated) by reference herein and, for the avoidance of doubt, shall be construed to apply hereunder for the benefit of PNC as though (A) all references therein to any party (or parties) extending Financing were to PNC and (B) for any such covenants and agreements that are conditioned on or relate to either the existence of such Financing or OBLIGOR having any obligations arising out of or in connection therewith, all references to such Financing or obligations were to OBLIGOR's obligations under this Agreement.

- (iii) Section 5(a)(vi) is amended by deleting the semicolon at the end thereof and replacing it with the following: "or (3) in respect of OBLIGOR only (and subject to any applicable grace period not to exceed 30 days), any default, event of default or similar condition or event (however described) under any Credit Facility;"

- (j) ***Default Rate.*** Notwithstanding anything to the contrary herein, the term "Default Rate" will be as defined in Section 2.7 of the Credit Agreement in the form that such section took on the date when such Credit Agreement was executed *without regard to* (A) any termination or cancellation of such Credit Agreement (whether by reason of payment of all obligations of OBLIGOR thereunder or otherwise) or (B) any amendment, modification, supplement, waiver or consent thereto or thereof unless consented to in writing by PNC or any Affiliate thereof.

- (k) ***Service of Process.*** OBLIGOR hereby irrevocably consents to service of any summons, complaint or other legal process on it in any suit, action or proceedings relating to this Agreement, any Credit Support Document or any Transaction by registered or certified U.S. mail, postage prepaid, to it at its address for notices described herein, and agrees that such service shall constitute in every respect valid

and effective service (but nothing herein shall affect the validity or effectiveness of process served in any other manner permitted by law).

- (l) **Facsimiles.** For purposes of this Agreement, any Credit Support Document or any Transaction, any execution counterparts delivered by facsimile transmission shall be effective as delivery of an original counterpart thereto and shall be deemed to be an original signature thereto.
- (m) **ERISA Representation.** In the case of each party, each party represents that it is not (i) an employee benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) a plan as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), subject to Title I of ERISA or Section 4975 of the Code, or a plan as so defined but which is not subject to Title I of ERISA or Section 4975 of the Code (each of which, an "ERISA Plan"), (iii) a person or entity acting on behalf of an ERISA Plan, (iv) a person or entity the assets of which constitute assets of an ERISA Plan, or (v) a person or entity the assets of which are or are deemed to be assets of any "employee benefit plan" or "plan" by reason of the U.S. Department of Labor's plan asset regulation 29 C.F.R. Section 2510.3-101.
- (n) **WAIVER OF JURY TRIAL.** EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDINGS RELATING TO THIS AGREEMENT, ANY CREDIT SUPPORT DOCUMENT OR ANY TRANSACTION.
- (o) **Limitation of Liability.** To the fullest extent permitted by law, no claim may be made by either party against the other or any affiliate, director, officer, employee, attorney or agent thereof for any special, indirect, consequential or punitive damages in respect of any claim arising from or relating to this Agreement, any Credit Support Document or any Transaction or any statement, course of conduct, act, omission or event in connection with any of the foregoing (whether based on breach of contract, tort or any other theory of liability); and each party hereby waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist.
- (p) **USA Patriot Act.** PNC hereby notifies OBLIGOR that pursuant to the requirement of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 27, 2001) (the "Act"), it is required to obtain, verify and record information that identifies OBLIGOR, which information includes the name and address of OBLIGOR and the other information that will allow PNC to identify OBLIGOR in accordance with the Act.
- (q) **Outstanding Specified Transactions.** Upon the effectiveness of this Agreement, unless otherwise agreed to in writing by the parties to this Agreement with respect to enumerated Specified Transactions, all Specified Transactions then outstanding between the parties shall be subject to the terms hereof.

The parties hereto have executed the Master Agreement referred to in the caption of this Schedule and have agreed to the contents of this Schedule.

PNC BANK, NATIONAL ASSOCIATION

By: 

Name: Hans-Michael Hurdle
Title: Senior Vice President

ERICKSON RETIREMENT COMMUNITIES,
LLC

By: 

Name: Jeffrey A. Jacobson
Title: Executive Vice President and
Chief Financial Officer



October 17, 2007

Erickson Retirement Communities, LLC
701 Maiden Choice Lane
Baltimore, MD 21228-5968

Attn: Sherrie Rovnan
Phone: 410-402-2301

Subject: Reference #: 014c001_7246 - Confirmation of Transaction dated as of October 17, 2007 between Erickson Retirement Communities, LLC and PNC Bank, National Association.

Dear Ms. Rovnan:

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction (the "Transaction") entered into between Erickson Retirement Communities, LLC ("ERICKSON") and PNC Bank, National Association ("PNC") on the Trade Date specified below. This letter constitutes a "Confirmation" as referred to in the ISDA Master Agreement (the "Master Agreement") specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) and any addenda or revisions thereto, are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.
2. ERICKSON and PNC are parties to an ISDA Master Agreement and related schedule dated as of July 27, 2007, that sets forth the general terms and conditions applicable to transactions between ERICKSON and PNC (a "Master Agreement"), and this Confirmation supplements, forms a part of, and is subject to, such Master Agreement. All provisions contained or incorporated by reference in such Master Agreement shall govern this Confirmation, except as modified expressly below.
3. Each party represents and warrants to agree with the other party as follows:
 - (a) Such party is fully informed of and capable of evaluating, and has evaluated, the potential financial benefits and risks, the tax and accounting implications, the appropriateness in light of its individual financial circumstances, business affairs, and risk management capabilities, and the conformity to its policies and objectives, of this Transaction.
 - (b) Such party has entered into this Transaction in reliance upon its own judgment. Neither party holds itself out as advising, or any of its employees or agents as having the authority to advise, the other party as to whether or not it should enter into this Transaction, and neither party shall have any liability whatsoever in respect of any advice of such nature given, or views expressed, by it or any such persons to the other party, whether or not such advice is given or such views are expressed at the request of the other party.
 - (c) Such party has entered into this Transaction for purposes of hedging and not for the purpose of speculation.

4. The terms of the particular Transaction to which this Confirmation relates are as follows:

Type of Transaction: Rate Swap Transaction
Notional Amount: USD 125,000,000.00
Trade Date: October 17, 2007
Effective Date: October 17, 2007
Termination Date: August 1, 2010, subject to adjustment in accordance with the Modified Following Business Day convention.

Fixed Amounts:

Fixed Rate Payer: ERICKSON
Fixed Rate Payer
Payment Dates: The 15th day of each month, commencing on November 15, 2007 and ending on the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
Fixed Rate: 4.75 %
Fixed Rate Day
Count Fraction: Actual / 360
Business Days: New York

Floating Amounts:

Floating Rate Payer: PNC
Floating Rate Payer
Payment Dates: The 15th day of each month, commencing on November 15, 2007 and ending on the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
Floating Rate for
Initial Calculation
Period: 5.045 %
Reset Dates: The 15th day of each month, commencing on November 15, 2007 and ending on July 15, 2010, subject to adjustment in accordance with the Modified Following Business Day Convention.
Floating Rate Option: USD-LIBOR-BBA (Dow Jones Page 3750 previously known as Telerate page 3750)
Designated Maturity: One (1) Month
Floating Rate Day
Count Fraction: Actual / 360
Business Days: New York

Calculating Agent: PNC
Compounding: Not Applicable

Payment Instructions: Payments to PNC shall be made in immediately available funds to:

PNC Bank, Pittsburgh
ABA #: 043-000-096
Account #: 196030010411
Account of: Investment Operations
Attn.: Derivative Products

Payments to ERICKSON shall be made in immediately available funds to:

Bank Name: PNC Bank, N.A.
ABA #: 054000030
Account #: 5501339099
Account Name: Erickson Retirement Communities

**PAYMENT ADVICE NOTIFICATION SHALL BE DELIVERED VIA
E-MAIL TO THE FOLLOWING ADDRESS:**
sherrie.rovnan@erickson.com


Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Confirmation, returning a signed copy to Chris Arnberg via fax at (412) 762-8667, returning one signed original to Chris Arnberg at One PNC Plaza – 9th Floor, 249 Fifth Avenue, Pittsburgh, PA 15222 via Overnight delivery, and retaining the other original for your records. Chris' direct telephone number is (412) 768-8647.

Yours Sincerely,

Accepted and agreed as of the date first above written:

PNC BANK, NATIONAL ASSOCIATION

ERICKSON RETIREMENT COMMUNITIES,
LLC

By: 
Name: Richard S. Pierce
Title: Vice President

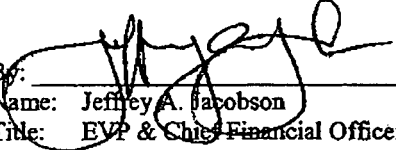
By: 
Name: Jeffrey A. Jacobson
Title: EVP & Chief Financial Officer

EXHIBIT 2

SECURITY AGREEMENT

This SECURITY AGREEMENT is made and entered into as of July 27, 2007, by and among ERICKSON RETIREMENT COMMUNITIES, LLC and ERICKSON CONSTRUCTION, LLC (collectively, the "Debtor") and PNC BANK, NATIONAL ASSOCIATION, as administrative agent (in such capacity, the "Administrative Agent") for the holders of the Obligations (as defined in the Credit Agreement referred to below) (such holders, the "Secured Parties").

WITNESSETH:

WHEREAS, the Debtor, the banks and other financial institutions parties thereto (collectively, the "Lenders") and PNC Bank, National Association, as administrative agent, are parties to the Credit Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, pursuant to the provisions of the Credit Agreement and the other Loan Documents and upon the terms and subject to the conditions set forth therein, the Lenders have severally agreed to make or participate in certain loans to the Debtor, and to issue or participate in letters of credit issued for the account of the Debtor; and

WHEREAS, it is a condition precedent to the obligation of the Lenders to make or participate in such loans, and issue or participate in such letters of credit, that the Debtor shall have executed and delivered this Security Agreement to the Administrative Agent for the ratable benefit of the Lenders and the other Secured Parties.

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent and the Lenders to enter into the Credit Agreement, continue to make and to extend credit thereunder, and to induce the other Secured Parties to extend the other Obligations, the Debtor hereby agrees with the Administrative Agent, for the ratable benefit of the Secured Parties, as follows:

1. Defined Terms. Unless otherwise defined herein, terms which are defined in the Credit Agreement and used herein are so used as so defined; the following terms which are defined in the Code are used herein as so defined: Accounts (including Health-Care-Insurance Receivables), Chattel Paper (including Electronic Chattel Paper and Tangible Chattel Paper), Commercial Tort Claims, Deposit Accounts, Documents, Equipment, Farm Products, Financial Assets, General Intangibles, Instruments, Inventory, Investment Property (including Financial Assets, Securities Entitlements, Securities Accounts, Commodity Accounts, and Commodity Contracts), Letter-of-Credit Rights, Payment Intangibles, Software, Supporting Obligations and Proceeds; and the following terms shall have the following meanings:

"Code" shall mean the Uniform Commercial Code as from time to time in effect in the State of Maryland.

"Collateral" shall have the meaning assigned to it in Section 2 of this Security Agreement.

"Contracts" shall mean all contracts and other agreements between a Debtor and any other Person, as the same may from time to time be amended, supplemented or otherwise modified, including, without limitation, (a) all rights of a Debtor to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of a Debtor to damages arising out of, or for, breach or default in respect thereof and (c) all rights of a Debtor to perform and to exercise all remedies thereunder.

"Copyrights" shall mean (a) all copyrights, registrations and applications for registration, issued or filed, including any reissues, extensions or renewals thereof, by or with the United States Copyright Office or any similar office or agency of the United States, any State thereof, or any other country or political subdivision thereof, or otherwise, including, all rights in and to the material constituting the subject matter thereof, including, without limitation, any referred to in Schedule I hereto, and (b) any rights in any material which is copyrightable or which is protected by common law, United States copyright laws or similar laws or any law of any State, including, without limitation, any thereof referred to in Schedule I hereof.

"Copyright License" shall mean any agreement, written or oral, providing for a grant to a Debtor of any right in any Copyright, including, without limitation, any thereof referred to in Schedule I hereof.

"Patents" shall mean (a) all letters patent of the United States or any other country or any political subdivision thereof, and all reissues and extensions thereof, and (b) all applications for letters patent of the United States and all divisions, continuations and continuations-in-part thereof or any other country or any political subdivision.

"Patent License" shall mean all agreements, whether written or oral, providing for the grant to a Debtor of any right to manufacture, use or sell any invention covered by a Patent, including, without limitation, any thereof referred to in Schedule II hereto.

"Security Agreement" shall mean this Security Agreement, as amended, supplemented or otherwise modified from time to time.

"Trademarks" shall mean (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and the goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and (b) all reissues, extensions or renewals thereof.

"Trademark License" shall mean any agreement, written or oral, providing for the grant by the Debtor of any right to use any Trademark.

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, the Debtor hereby grants to the Administrative Agent for the ratable benefit of the Secured Parties a security interest in all of the following property now

owned or at any time hereafter acquired by the Debtor or in which the Debtor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral");

- (i) all Accounts (including Health-Care-Insurance Receivables);
- (ii) all Chattel Paper (including Electronic Chattel Paper and Tangible Chattel Paper);
- (iii) all Contracts;
- (iv) all Copyrights and Copyright Licenses;
- (v) all Deposit Accounts;
- (vi) all Documents;
- (vii) all Equipment;
- (viii) all General Intangibles and Commercial Tort Claims;
- (ix) all Instruments;
- (x) all Inventory;
- (xi) all Investment Property, (including Securities Entitlements, Financial Assets, Securities Accounts, Commodity Accounts, and Commodity Contracts);
- (xii) all Letter-of-Credit Rights;
- (xiii) all Patents and Patent Licenses;
- (xiv) all Payment Intangibles;
- (xv) all Software (in whatever form);
- (xvi) all Supporting Obligations;
- (xvii) all Trademarks and Trademark Licenses; and
- (xviii) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, certain Liens and security interests granted hereby by Erickson Retirement Communities, LLC ("ERC") are subordinate to the Permitted Liens and security interests granted in certain Collateral pledged in connection with existing Project Debt and shall be subordinate to future Project Debt and Permitted Liens and the rights of the Administrative Agent to and in the Collateral is and will be

subject to the rights of the holders of such Liens. Specifically, the Liens created hereunder shall be subordinate to certain Liens on the Collateral securing any Project Debt incurred by or issued to a Subsidiary of Debtors, but only with respect to Collateral which is located at, or used solely in connection with, or relate solely to, or arise solely from such CCRC, its development, financing and operation; provided that such subordination shall be effective, with respect to computer systems owned by Debtors, or in which any such Debtor otherwise has rights, only to the information in (in whatever form, and on whatever media stored or retained by Debtors) related to such CCRC, the media on which information is stored or retained, and only those items of hardware, software, utilities and peripherals which are required to be used in order to retain, access, and/or process such information as stored and retained on such media. From time to time, the Administrative Agent shall upon the written request of ERC, at ERC's sole cost and expense, provide such further instruments, partial releases, subordination agreements and intercreditor agreements as may be necessary to subordinate the Liens created pursuant to this Security Agreement to future Permitted Liens and Project Debt provided the terms of any such agreement or instrument are satisfactory to the Administrative Agent in its discretion reasonably exercised.

3. Rights of Administrative Agent and Secured Parties; Limitations on Administrative Agent's and Secured Parties' Obligations.

(a) Debtor Remains Liable under Accounts and Contracts. Anything herein to the contrary notwithstanding, the Debtor shall remain liable under each of the Accounts and Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Account and in accordance with and pursuant to the terms and provisions of each such Contract. No Secured Party shall have any obligation or liability under any Account (or any agreement giving rise thereto) or under any Contract by reason of or arising out of this Security Agreement or the receipt by such holder of any payment relating to such Account or Contract pursuant hereto, nor shall any Secured Party be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any agreement giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any agreement giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) Notice to Account Debtor and Contracting Parties. Upon the request of the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, the Debtor shall notify account debtors on the Accounts and parties to the Contracts that the Accounts and the Contracts have been assigned to the Administrative Agent for the ratable benefit of the Secured Parties and shall indicate on all billings that payments in respect thereof shall be made directly to the Administrative Agent. The Administrative Agent may in its own name or in the name of others communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, amount and terms of any Accounts or Contracts.

(c) Analysis of Accounts. The Administrative Agent shall have the right to make test verifications of the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor shall furnish all such assistance and information as the Administrative Agent may require in connection therewith.

(d) Collections on Accounts. Subject to the further provisions of this Section 3(d), the Administrative Agent hereby authorizes the Debtor to collect the Accounts, subject to the Administrative Agent's written discretion and control, from the account debtors. Prior to the occurrence of an Event of Default, the Proceeds of Accounts so collected by the Debtor shall be received and held by the Debtor in trust for the Administrative Agent and the Secured Parties but may be applied by the Debtor in its discretion towards payment of the Obligations or other corporate purposes in accordance with the Loan Documents. Upon the occurrence and during the continuance of an Event of Default, the authority hereby given to the Debtor to collect the Proceeds of Accounts in trust for the Administrative Agent and the Secured Parties may be terminated by the Administrative Agent at any time if so directed by the Administrative Agent in writing and the Debtor shall deliver to the Administrative Agent on the date of receipt thereof by the Debtor all Proceeds in the form of cash, checks, drafts, notes and other remittances received in payment of or on account of a Debtor's Accounts. Following receipt by the Administrative Agent any such Proceeds shall be deposited in a special bank account (the "Cash Collateral Account") of the Debtor or the Debtor (as determined by the Administrative Agent) maintained with the Administrative Agent over which the Administrative Agent alone shall have power of withdrawal. All Proceeds other than cash shall be deposited in precisely the form in which received, except for the addition thereto of the endorsement of the Debtor when necessary to permit collection of the items, which endorsement the Debtor agrees to make. The Debtor will not commingle any such Proceeds with any of the Debtor's other funds or property but will hold them separate and apart from any other funds or property and upon an express trust for the Administrative Agent until deposit thereof is made in the Cash Collateral Account.

4. Representations and Warranties. The Debtor hereby represents and warrants that:

(a) Title; No Other Liens. Except for the Lien granted to the Administrative Agent for the ratable benefit of the Secured Parties pursuant to this Security Agreement and the Permitted Liens pursuant to the Credit Agreement, the Debtor owns or has the power to transfer rights in each item of the Collateral free and clear of any and all Liens or claims of others. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as may have been filed in favor of the Administrative Agent, for the ratable benefit of the Secured Parties, pursuant to this Security Agreement or as may be permitted pursuant to the Credit Agreement.

(b) Perfected First Priority Liens. The Liens granted pursuant to this Security Agreement constitute perfected first Liens on the Collateral (except with respect to the Permitted Liens to which the Liens granted pursuant hereto are subordinate) in favor of the Administrative Agent, for the ratable benefit of the Secured Parties, which are prior to all other Liens on the Collateral in existence on the date hereof (other than Permitted Liens) and are enforceable as such against all creditors of and purchasers from the Debtor and against any owner or purchaser

of the real property where any of the Equipment is located and any present or future creditor obtaining a Lien on such real property.

(c) Accounts. The amount represented by the Debtor to the Administrative Agent or the other Secured Parties in any accounts receivable aging and in other reports requested by or furnished to the Administrative Agent or the other Secured Parties as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount actually owing by such account debtor or debtors thereunder. No amount payable to the Debtor under or in connection with any Account is evidenced by any Instrument or Chattel Paper which has not been delivered to the Administrative Agent. As of the Closing Date, the Debtor keeps its records concerning the Accounts at the location or locations set forth in Schedule IV.

(d) Contracts. Neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any material Contract is in default or is likely to become in default in the performance or observance of any of the material provisions thereof except, with respect to any default by a party other than the Debtor, where such default would not reasonably be expected to have a Material Adverse Effect. The Debtor has fully performed in all material respects all of its obligations under each material Contract. The right, title and interest of the Debtor in, to and under each Contract are not subject to any defense, offset, counterclaim or claim which would materially adversely affect the value of such Contract as Collateral, nor have any of the foregoing been asserted or alleged against any Debtor as to any material Contract. No amount payable to the Debtor under or in connection with any Contract is evidenced by any Instrument or Chattel Paper which has not been delivered to the Administrative Agent.

(e) Inventory. The types, amounts and valuations of the Inventory or any other information regarding the same represented by the Debtor in any reports requested by or furnished to the Administrative Agent, the Lenders or the other Secured Parties will at such time be accurate to the best of the Debtor's knowledge. As of the Closing Date, the Debtor keeps records concerning the Inventory at the location or locations listed on Schedule V. As of the Closing Date, each location in the United States where Inventory having a value in excess of \$100,000 is kept is listed on Schedule VI hereto.

(f) Equipment. As of the Closing Date, each location in the United States where Equipment having a value in excess of \$20,000 is kept is listed on Schedule VII hereto.

(g) Chief Executive Office; Place of Organization. As of the Closing Date, the locations of the Debtor's chief executive office, chief place of business, form of and place of organization are set forth on Schedule VIII.

(h) Commercial Tort Claims. As of the Closing Date, the Debtor's Commercial Tort Claims are set forth on Schedule IX.

(i) Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

(j) Patents, Trademarks and Copyrights. Schedule I hereto includes all registered Copyrights and applications for registration of Copyrights owned by the Debtor in its own name as of the date hereof. Schedule II hereto includes all Patents and applications for registration of Patents owned by the Debtor in its own name as of the date hereof. Schedule III hereto includes all registered Trademarks and applications for registration of Trademarks owned by the Debtor in its own name as of the date hereof. To the best of the Debtor's knowledge, each Copyright, Patent and Trademark is valid, subsisting, unexpired, enforceable and has not been abandoned, provided that Debtor may abandon any Copyright, Patent or Trademark if it determines in its business judgment that such Copyright, Patent or Trademark is not material. Except as set forth in any such Schedule, none of such Copyrights, Patents or Trademarks is the subject of any licensing or franchise agreement. No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of any material Copyright, Patent or Trademark. Except as set forth in any such Schedule, no action or proceeding is pending (i) seeking to limit, cancel or question the validity of any material Copyright, Patent or Trademark, or (ii) which, if adversely determined, would have a material adverse effect on the value of any material Copyright, Patent or Trademark.

(k) Power and Authority; Authorization. The Debtor has the corporate or other power and authority and the legal right to execute and deliver, to perform its obligations under, and to grant the Lien on the Collateral pursuant to, this Security Agreement and has taken all necessary corporate or other action to authorize its execution, delivery and performance of, and grant of the Lien on the Collateral pursuant to, this Security Agreement.

(l) Enforceability. This Security Agreement constitutes a legal, valid and binding obligation of the Debtor enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

(m) No Conflict. The execution, delivery and performance of this Security Agreement will not violate any provision of any Requirement of Law or Material Agreement of the Debtor and will not result in the creation or imposition of any Lien on any of the properties or revenues of the Debtor pursuant to any Requirement of Law or Material Agreement of the Debtor, except as contemplated hereby.

(n) No Consents, etc. No consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority and no consent of any other Person (including, without limitation, any stockholder or creditor of a Debtor), is required in connection with the execution, delivery, performance, validity or enforceability of this Security Agreement (except for the filing of the UCC financing statements and consents that have been obtained).

5. Covenants. Debtor covenants and agrees with the Administrative Agent, the Lenders and the other Secured Parties that, from and after the date of this Security Agreement until the Obligations are paid in full, and the Revolving Credit Commitments are terminated, and there are no Letters of Credit outstanding it will:

(a) Notices; Further Documentation; Authorization to File Financing Statements. Notify the Administrative Agent in writing at any time that it opens, acquires, obtains, or becomes the beneficiary of any type of Collateral (or rights therein) to the extent the Administrative Agent and the Secured Parties will not at that time have, and continuously thereafter (subject to the filing of continuation statements, if necessary) maintain, a perfected first priority security interest in (subject to Permitted Liens) such Collateral, including in any event but not limited to: all Deposit Accounts, Securities Accounts and Commodity Accounts and other Investment Property; all Commercial Tort Claims; all Instruments, Documents, Tangible Chattel Paper and Electronic Chattel Paper; all other Collateral in the possession of a third party; and all Letter-of-Credit Rights and other Supporting Obligations. At any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of the Debtor, promptly (i) deliver to the Administrative Agent all letters of credit and other Supporting Obligations, Instruments, Chattel Paper, Documents and Investment Property (including any necessary endorsements) that at any time is part of the Collateral or becomes Proceeds of any Collateral, and (ii) execute and deliver such further instruments, agreements and documents and take such further action as the Administrative Agent may reasonably request for the purpose of obtaining, preserving, and enforcing the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, executing and delivering and using commercially reasonable efforts to cause third parties to execute and deliver to the Administrative Agent landlord waivers, customer letters, security agreements, pledge agreements, control agreements, bailee acknowledgments, assignments and waivers, all in form and substance reasonably satisfactory to the Administrative Agent. The Debtor will mark all Chattel Paper with a legend indicating that the Administrative Agent has a security interest in the Chattel Paper.

The Debtor also hereby authorizes the Administrative Agent to file any Uniform Commercial Code financing or continuation statement without the signature of such Debtor to the extent permitted by applicable law. The Debtor hereby ratifies any filing by the Administrative Agent of financing statements prior to the date hereof with respect to the Collateral. A carbon, photographic, facsimile or other reproduction of this Security Agreement shall, to the extent permitted by applicable law, be sufficient as a financing statement for filing in any jurisdiction.

(b) Indemnification. Pay, and save the Administrative Agent, the Lenders, the other Secured Parties and their directors, officers, employees, advisors and agents (collectively, the "Indemnified Parties") harmless from, any and all liabilities, costs and expenses (including, without limitation, reasonable legal fees and expenses) (i) with respect to, or resulting from, any delay in paying any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (ii) with respect to, or resulting from, any delay in complying with any Requirement of Law applicable to any of the Collateral or (iii) in connection with any of the transactions contemplated by this Security Agreement. In any suit, proceeding or action brought by the Administrative Agent, any Lender or any of the other Secured Parties under any Account or Contract for any sum owing thereunder, or to enforce any provisions of any Account or Contract, the Debtor will save, indemnify and keep the Administrative Agent, each Lender, each other holder of the Obligations and each other Indemnified Party harmless from and against all expense, loss or damage suffered by reason of any defense, setoff,

counterclaim, recoupment or reduction of liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by the Debtor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from the Debtor.

(c) Maintenance of Records. Keep and maintain at its own cost and expense true, correct and complete records of the Collateral in all material requests, including, without limitation, a record of all payments received and all credits granted with respect to the Accounts. For the Administrative Agent's and the other Secured Parties' further security, the Administrative Agent, for the ratable benefit of the Secured Parties, shall have a security interest in the Debtor's books and records pertaining to the Collateral, and, at any time during which an Event of Default shall have occurred and be continuing, the Debtor shall, subject to the holders of superior liens, grant access to such books and records to the Administrative Agent or to its representatives during normal business hours at the request of the Administrative Agent.

(d) Limitation on Liens on Collateral. Not create, incur or permit to exist, will defend the Collateral against, and take such other action as is necessary to remove, any Lien or claim on or to the Collateral, other than Permitted Liens, and will defend the right, title and interest of the Administrative Agent, the Lenders and the other Secured Parties in and to any of the Collateral against the claims and demands of all Persons whomsoever.

(e) Limitations on Dispositions of Collateral. Not sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so except as expressly permitted pursuant to the Credit Agreement.

(f) Limitations on Modifications, Waivers, Extensions of Contracts and Agreements Giving Rise to Accounts. Not (i) amend, modify, terminate or waive any provision of any Contract or any agreement giving rise to an Account in any manner which would reasonably be expected to materially adversely affect the value of the Contracts or Accounts as Collateral except, if no Event of Default shall exist, in the ordinary course of business based on its reasonable business judgment, (ii) fail to exercise promptly and diligently each and every material right which it may have under each Contract and each agreement giving rise to an Account (other than any right of termination) except, if no Event of Default shall exist, in the ordinary course of business based on its reasonable business judgment or (iii) fail to deliver to the Administrative Agent a copy of each material demand, notice or document received by it relating in any way to any Contract or any agreement giving rise to an Account and which would individually or in the aggregate reasonably be expected to have a Material Adverse Effect.

(g) Limitations on Discounts, Compromises, Extensions of Accounts. Not grant any extension of the time of payment of any Accounts, compromise, compound or settle the same for less than the full amount, or release wholly or partially any Person liable for the payment thereof, or allow any credit or discount whatsoever thereon other than in the ordinary course of business as generally conducted by the Debtor over a period of time.

(h) Further Identification of Collateral. Furnish to the Administrative Agent and the other Secured Parties from time to time statements and schedules further identifying and

describing the Collateral and such other reports in connection with the Collateral as the Administrative Agent may reasonably request, all in reasonable detail.

(i) Notices. Advise the Administrative Agent promptly, in reasonable detail, at its address set forth in the Credit Agreement, (i) of any Lien (other than Permitted Liens) on, or claim asserted against, any of the Collateral and (ii) of the occurrence of any other event which would reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the Liens created hereunder.

(j) Changes in Locations, Name, Place of Organization, etc. Unless it shall have given the Administrative Agent at least 30 days prior written notice thereof, the Debtor will not (i) change the location of its chief executive office or chief place of business from that specified in Schedule VIII attached hereto or remove its books and records from the location specified in Schedule VIII hereto, (ii) permit any of the Inventory having a value in excess of \$100,000 or Equipment having a value in excess of \$20,000 to be kept at a location in the United States other than those listed on Schedules VI and VII hereto, (iii) change its name, identity or corporate structure to such an extent that any financing statement filed by the Administrative Agent in connection with this Security Agreement would become seriously misleading or (iv) change the state of its organization.

(k) Patents, Trademarks and Copyrights.

(i) Except with respect to any Trademark or Copyright that it shall reasonably determine is not of material economic value to it (either itself or through licenses) (A) continue to use each Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (B) maintain as in the past the quality of products and services offered under such Trademark, (C) employ such Trademark or Copyright with the appropriate notice of registration, (D) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Administrative Agent, for the ratable benefit of the Secured Parties, shall obtain a perfected security interest in such mark pursuant to this Security Agreement, and (E) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark or Copyright may become invalidated.

(ii) Not, except with respect to any Patent that it shall reasonably determine is not of material economic value to it, do any act, or omit to do any act, whereby any Patent may become abandoned or dedicated.

(iii) Notify the Administrative Agent immediately if it knows, or has reason to know, that any application or registration relating to any material Patent, Trademark or Copyright may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding its ownership of any material Patent, Trademark or Copyright or its right to register the same or to keep and maintain the same.

(iv) Whenever the Debtor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, report such filing to the Administrative Agent within five Business Days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Administrative Agent, the Debtor shall execute and deliver any and all agreements, instruments, documents, and papers as the Administrative Agent may reasonably request to evidence the Administrative Agent's and the Secured Parties' security interest in any Patent, Trademark or Copyright and the goodwill and general intangibles of the Debtor relating thereto or represented thereby, and the Debtor hereby constitutes the Administrative Agent, its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest is irrevocable until the Obligations are paid in full and the Revolving Credit Commitments are terminated and there are no Letters of Credit outstanding. The Administrative Agent shall provide the Debtor a complete and correct copy of any such writings executed and/or filed pursuant to the foregoing power of attorney unless an Event of Default shall have occurred and is continuing; provided that the failure to do so shall in no way affect, limit or invalidate the execution or filing by the Administrative Agent of such writings for the foregoing purposes.

(v) Take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the Patents, Trademarks and Copyrights, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability, except to the extent that the Debtor has determined in its business judgment that such Patent, Trademark or Copyright is not material.

(vi) In the event that any Patent, Trademark or Copyright included in the Collateral is infringed, misappropriated or diluted by a third party, promptly notify the Administrative Agent after it learns thereof and shall, unless it shall reasonably determine that such Patent, Trademark or Copyright is not of material economic value to it, which determination it shall promptly report to the Administrative Agent, promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as it shall reasonably deem appropriate under the circumstances to protect such Patent, Trademark or Copyright.

6. Administrative Agent's Appointment as Attorney-in-Fact.

(a) Powers. Subject to the rights of holders of Permitted Liens in certain of the Collateral pledged in connection with Project Debt, the Debtor hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to

time in the Administrative Agent's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement, and, without limiting the generality of the foregoing, the Debtor hereby gives the Administrative Agent the power and right, on behalf of the Debtor, without notice to or assent by the Debtor, to do the following:

(i) in the case of any Account, at any time when the authority of the Debtor to collect the Accounts has been curtailed or terminated pursuant to Section 3(d) hereof, or in the case of any other Collateral, at any time when any Event of Default shall have occurred and is continuing, in the name of the Debtor or its own name, or otherwise, to take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Account, Instrument, General Intangible or Contract or with respect to any other Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Administrative Agent for the purpose of collecting any and all such moneys due under any Account, Instrument, General Intangible or Contract or with respect to any other Collateral whenever payable;

(ii) to pay or discharge taxes and Liens levied or placed on or threatened against the Collateral (other than Permitted Liens), to effect any repairs or any insurance called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof; and

(iii) upon the occurrence and during the continuance of any Event of Default, (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall direct; (B) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any proceeds thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action or proceeding brought against the Debtor with respect to any Collateral; (F) to settle, compromise or adjust any suit, action or proceeding described in clause (E) above and, in connection therewith, to give such discharges or releases as the Administrative Agent may deem appropriate; (G) to assign any Patent or Trademark (along with the goodwill of the business to which any such Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Administrative Agent shall in its sole discretion determine; and (H) to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, and to do, at the Administrative Agent's option and the Debtor's expense, at any time, or from time to time, all acts and things which the Administrative Agent deems necessary to protect, preserve or realize upon the Collateral and the Administrative Agent's and the Secured Parties'

Liens thereon and to effect the intent of this Security Agreement, all as fully and effectively as the Debtor might do.

The Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable. The Administrative Agent shall provide Debtor a copy of any writing executed and/or filed pursuant to the foregoing unless an Event of Default shall have occurred and is continuing; provided the failure to do so shall in no way affect, limit or invalidate the execution and/or filing by the Administrative Agent of such writings for the foregoing purposes.

(b) Other Powers. The Debtor also authorizes the Administrative Agent, the Lenders and the other Secured Parties, at any time and from time to time, to (i) execute, in connection with the sale provided for in Section 8 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral and (ii) file such UCC financing statements, forms and similar instruments as the Administrative Agent may from time to time deem reasonably necessary or desirable to protect the security interests of the Lenders and the other Secured Parties.

(c) No Duty on Administrative Agent or Holders' Part. The powers conferred on the Administrative Agent, the Lenders and the other Secured Parties hereunder are solely to protect the Administrative Agent's, the Lenders' and the other Secured Parties' interests in the Collateral and shall not impose any duty upon the Administrative Agent or any Lender or any Secured Party to exercise any such powers. The Administrative Agent, the Lenders and the other Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to the Debtor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

7. Performance by Administrative Agent of Debtor's Obligations. If the Debtor fails to perform or comply with any of its agreements contained herein and the Administrative Agent, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of the Administrative Agent incurred in connection with such performance or compliance, together with interest thereon at a rate per annum equal to the Default Rate, shall be payable by the Debtor to the Administrative Agent on demand and shall constitute Obligations secured hereby.

8. Remedies.

(a) If an Event of Default shall occur and be continuing and all applicable notice and cure periods shall have expired, the Administrative Agent, on behalf of the Secured Parties may exercise, in addition to all other rights and remedies granted to it or them in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, the Administrative Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon the Debtor or any other Person (all and each of which

demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Administrative Agent, any Lender or any other Secured Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Any Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Debtor, which right or equity is hereby waived and released. The Debtor further agrees, at the Administrative Agent's request, to assemble the Collateral and make it available to the Administrative Agent at places which the Administrative Agent shall reasonably select, whether at the Debtor's premises or elsewhere. The Administrative Agent shall apply the net proceeds (to the extent actually received in cash) of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Parties hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in such order as the Administrative Agent may elect, and only after such application and after the payment by the Administrative Agent of any other amount required by any provision of law, including, without limitation, Section 9615 of the Code, need the Administrative Agent account for the surplus, if any, to the Debtor. To the extent permitted by applicable law, the Debtor waives all claims, damages and demands it may acquire against the Administrative Agent or any Secured Party arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition. The Debtor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Obligations and the fees and disbursements of any attorneys employed by the Administrative Agent, any Lender or any other Secured Party to collect such deficiency.

(b) The Debtor agrees, upon the occurrence and during the continuation of an Event of Default, to take any actions that the Administrative Agent may request in order to enable the Administrative Agent to obtain and enjoy the full rights and benefits granted to the Administrative Agent (for itself and for the ratable benefit of the Secured Parties) under this Agreement, the other Loan Documents and any other document relating to the Obligations. Without limiting the generality of the foregoing, the Debtor shall upon the occurrence and during the continuation of an Event of Default, at the Debtor's sole cost and expense, assist in obtaining all approvals which are then required by law for or in connection with any action or transaction contemplated by this Agreement or Article 9 of the Uniform Commercial Code as in effect in any applicable jurisdiction.

(c) For the purpose of enabling the Administrative Agent to exercise rights and remedies under this Agreement at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, the Debtor hereby grants to the Administrative

Agent an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Debtor), to use, license or sublicense any of the Collateral consisting of Intellectual Property then owned or thereafter acquired by the Debtor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof, subject, in the case of Trademarks, to the observance of standards of quality and inspection in connection with the use of such Trademarks as are sufficient to maintain the validity and enforceability of such Trademarks. The use of such license by the Administrative Agent shall be exercised, at the option of the Administrative Agent, only upon the occurrence and during the continuation of an Event of Default; provided, however, that any license, sublicense or other transaction entered into by the Administrative Agent in accordance therewith shall be binding upon the Debtor notwithstanding any subsequent cure of any Event of Default.

9. Limitation on Duties Regarding Preservation of Collateral. The Administrative Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9207 of the Code or otherwise, shall be to deal with it in the same manner as the Administrative Agent deals with similar property for its own account. No Secured Party, nor any of their respective directors, officers, employees or agents, shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Debtor or otherwise.

10. Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

11. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12. Paragraph Headings. The paragraph headings used in this Security Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

13. No Waiver; Cumulative Remedies. No Secured Party shall by any act (except by a written instrument pursuant to Section 14 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which such holder would otherwise have on any future occasion. The rights and remedies herein provided

are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

14. Waivers and Amendments; Parties Bound; Governing Law. None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Debtor and the Administrative Agent, provided that any provision of this Security Agreement may be waived by the Administrative Agent in a written letter or agreement executed by the Administrative Agent or by telex or facsimile transmission from the Administrative Agent. This Security Agreement shall be binding upon the successors and permitted assigns of the Debtor and shall inure to the benefit of the Administrative Agent and the other Secured Parties and their respective successors and assigns. **THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE SUBSTANTIVE LAWS OF THE STATE OF MARYLAND.**

15. Notices. All notices hereunder to the Debtor, the Administrative Agent or any of the other Secured Parties to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered or sent in the manner and to the respective addresses as provided in subsection 9.2 of the Credit Agreement.

16. Authority of Administrative Agent. The Debtor acknowledges that the rights and responsibilities of the Administrative Agent under this Security Agreement with respect to any action taken by the Administrative Agent or the exercise or non-exercise by the Administrative Agent of any option, right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Security Agreement shall, as between the Administrative Agent and the Secured Parties, be governed by the Credit Agreement and by such other agreement with respect thereto as may exist from time to time among them, but, as between the Administrative Agent and the Debtor, the Administrative Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or refrain from acting, and the Debtor shall not be under any obligation, or entitlement, to make any inquiry respecting such authority.

17. Submission to Jurisdiction; Waivers.

(a) The Debtor hereby irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Security Agreement, or for recognition and enforcement of any judgment in respect thereof to the non-exclusive general jurisdiction of the courts of the State of Maryland, the courts of the United States of America for the District of Maryland, and appellate courts from any thereof;

(ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such

action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the address referred to in Section 15 hereof or at such other address of which the Administrative Agent shall have been notified;

(iv) waives and hereby acknowledges that it is estopped from raising any objections based on forum non conveniens, any claim that any of the above-referenced courts lack proper venue or any objection that any of such courts lack personal jurisdiction over it so as to prohibit such courts from adjudicating any issues raised in a complaint filed with such courts against such Debtor concerning this Security Agreement;

(v) acknowledges and agrees that the choice of forum contained in this paragraph shall not be deemed to preclude the enforcement of any judgement obtained in any forum or the taking of any action under this Security Agreement to enforce the same in any appropriate jurisdiction;

(vi) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this subsection any special, exemplary or punitive or consequential damages; and

(vii) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

(b) Each party hereto hereby unconditionally waives trial by jury in any legal action or proceeding referred to in paragraph (a) above.

18. Counterparts. This Security Agreement may be executed by one or more of the parties to this Security Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Security Agreement signed by all the parties shall be lodged with the Debtor and the Administrative Agent.

19. Further Assurances. The parties acknowledge their intent that, upon the occurrence and during the continuation of an Event of Default, the Administrative Agent shall receive, to the fullest extent permitted by all Requirements of Law and governmental policy, all rights necessary or desirable to obtain, use or sell the Collateral, and to exercise all remedies available to it under this Agreement, the Uniform Commercial Code as in effect in any applicable jurisdiction, or other applicable law. The parties further acknowledge and agree that, in the event of any change in law or governmental policy occurring subsequent to the date hereof that affects in any manner the Administrative Agent's rights of access to, or use or sale of, the Collateral, or the procedures necessary to enable the Administrative Agent to obtain such rights of access, use or sale, the Administrative Agent and the Debtor shall amend this Agreement in such manner as the Administrative Agent shall request, in order to provide to the Administrative

Agent such rights to the greatest extent possible consistent with all Requirements of Law and governmental policy.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Debtor and the Administrative Agent have caused this Security Agreement to be duly executed and delivered as of the date first above written.

ERICKSON RETIREMENT COMMUNITIES, LLC

By: _____
Gerald F. Doherty
Executive Vice President

ERICKSON CONSTRUCTION, LLC

By: Erickson Retirement Communities, LLC
Sole Member

By: _____
Gerald F. Doherty
Executive Vice President

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: _____
Name:
Title:

SCHEDULE I TO
Security Agreement

COPYRIGHTS AND COPYRIGHT LICENSES

NONE

SCHEDULE II TO
Security Agreement

PATENTS AND PATENT LICENSES

NONE

SCHEDULE III TO
Security Agreement

TRADEMARKS AND TRADEMARK LICENSES

SEE ATTACHED LIST

SCHEDULE III TO
SECURITY AGREEMENT

Erickson Retirement Communities LLC - Trademark Matters - July 23, 2007									
DRNG	Mark	Country	Status	Owner	Appl. No.	App. Date	Reg. No.	Reg. Date	
237731	CHAMPIONS PERSON TO PERSON and Design	United States	Filed	Erickson Retirement Communities LLC	77/030748	10/27/2006			
225241	MOVING HOME	United States	Filed	Erickson Retirement Communities LLC	76/652687	12/23/2005			
230801	TALLGRASS CREEK	United States	Filed	Erickson Retirement Communities LLC	78/869662	4/26/2006			
211602	ERICKSON RETIREMENT COMMUNITIES. LIVE BETTER. LIVE BETTER. ERICKSON	United States	Filed	Erickson Retirement Communities LLC	76/624210	12/9/2004			
211603	RETIREMENT COMMUNITIES.	United States	Filed	Erickson Retirement Communities LLC	76/624212	12/9/2004			
225238	ERICKSON HEALTH	United States	Filed	Erickson Retirement Communities LLC	76/652668	12/23/2005			
236142	ASHBY PONDS	United States	Filed	Erickson Retirement Communities LLC	78/971329	9/11/2006			
234522	RIDERWOOD	United States	Filed	Erickson Retirement Communities LLC	76/666655	9/26/2006			
225239	ERICKSON	United States	Filed	Erickson Retirement Communities LLC	77/072407	12/28/2006			
234524	FOX RUN	United States	Filed	Erickson Retirement Communities LLC	76/666652	9/26/2006			
234528	RENAISSANCE GARDENS and Design	United States	Filed	Erickson Retirement Communities LLC	76/666656	9/26/2006			
234527	WIND CREST	United States	Filed	Erickson Retirement Communities LLC	76/666729	9/27/2006			
219700	ERICKSON RETIREMENT COMMUNITIES and Design	United States	Registered	Erickson Retirement Communities LLC	75/867417	12/10/1999	2532802	1/22/2002	
167633	ERIKSON RETIREMENT COMMUNITIES	United States	Registered	Erickson Retirement Communities LLC	75/867416	12/10/1999	2545345	3/5/2002	
219702	ANN'S CHOICE	United States	Registered	Erickson Retirement Communities LLC	76/335489	11/7/2001	2607528	8/13/2002	
219706	THE ERICKSON TRIBUNE	United States	Registered	Erickson Retirement Communities LLC	76/476109	12/11/2002	2775333	10/21/2003	
219696	BROOKSBY VILLAGE	United States	Registered	Erickson Retirement Communities LLC	75/649818	3/1/1999	2321534	2/22/2000	
201780	FOX RUN VILLAGE	United States	Registered	Erickson Retirement Communities LLC	76/474315	12/2/2002	2875442	8/17/2004	
219690	RIDERWOOD VILLAGE	United States	Registered	Erickson Retirement Communities LLC	75/649817	3/1/1999	2394263	10/10/2000	
207272	INFORM INSPIRE INVOLVE and Design	United States	Registered	Erickson Retirement Communities LLC	76/611510	9/15/2004	3012771	11/8/2005	
201873	EAGLE'S TRACE	United States	Registered	Erickson Retirement Communities LLC	76/581428	3/17/2004	3021541	11/29/2005	
202962	LINDEN PONDS	United States	Registered	Erickson Retirement Communities LLC	76/586829	4/15/2004	3021558	11/29/2005	

26198-1 07/23/07

SCHEDULE III TO
SECURITY AGREEMENT

Erickson Retirement Communities LLC - Trademark Matters - July 23, 2007									
DK No.	Mark	Country	State	Owner	Appl. No.	Appl. Date	Reg. No.	Reg. Date	
204084	MARIS GROVE	United States	Registered	Erickson Retirement Communities LLC	76/593391	5/21/2004	3021575	11/29/2005	
206694	MONARCH LANDING	United States	Registered	Erickson Retirement Communities LLC	76/607746	8/19/2004	3021589	11/29/2005	
202984	SEDGEBROOK	United States	Registered	Erickson Retirement Communities LLC	76/586830	4/15/2004	3021559	11/29/2005	
208316	ERICKSON ADVANTAGE	United States	Registered	Erickson Retirement Communities LLC	76/615300	10/12/2004	3136339	8/29/2006	
225706	HIGHLAND SPRINGS	United States	Registered	Erickson Retirement Communities LLC	76/652249	12/20/2005	3170498	11/14/2006	

26198-1 07/23/07

SCHEDULE IV TO
Security Agreement

LOCATIONS OF ACCOUNT RECORDS:

Erickson Retirement Communities
701 Maiden Choice Lane
Baltimore, MD 21228

SCHEDULE V TO
Security Agreement

LOCATIONS OF INVENTORY RECORDS

NOT APPLICABLE

SCHEDULE VI TO
Security Agreement

LOCATIONS OF INVENTORY

NONE

SCHEDULE VII TO
Security Agreement

LOCATIONS OF EQUIPMENT

SEE ATTACHED LIST

SCHEDULE VII TO
SECURITY AGREEMENT

<u>Name of City or Location (Campus/Community)</u>	<u>Mailing Address</u>	<u>County</u>	<u>State</u>	<u>Record Owner of Real Estate</u>
Erickson Corporate Headquarters	701 Maiden Choice Lane Catonsville, MD 21228	Baltimore	Maryland	
Carriage House/Development	703 Maiden Choice Lane Catonsville, MD 21228	Baltimore	Maryland	
Medical Building	813 Maiden Choice Lane Catonsville, MD 21228	Baltimore	Maryland	
Ashby Ponds (Ashburn)	21051 Loudon County Parkway Ashburn, VA 20147	Loudon	Virginia	
Ann's Choice (Warminster)	20000 Ann's Choice Way Warminster, PA 18974	Bucks	Pennsylvania	
Brooksby Village (Peabody)	100 Brooksby Village Drive Peabody, MA 01960	North Shore	Massachusetts	
Cedar Crest (Pompton Plains)	1 Cedar crest Drive Pompton Plains, NJ 07444	Northern New Jersey	New Jersey	
Charlestown (Baltimore)	715 Maiden Choice Lane Catonsville, MD 21228	Baltimore	Maryland	
Eagle's Trace (Houston)	14703 Eagle Vista Drive Houston, TX 77077	Harris	Texas	
Fox Run (Novi)	41000 13 Mile Road Novi, MI	Oakland	Michigan	
Greenspring (Springfield)	7410 Spring Village Drive Springfield, VA 22150	Northern VA	Virginia	
Henry Ford Village (Dearborn)	15101 Ford Road Dearborn, MI 48126	Southeast MI	Michigan	
Hickory Chase (Hilliard)	4383 Davidson Road Hilliard, OH 43026	Franklin	Ohio	
Highland Springs (Dallas)	8000 Frankford Road Dallas, TX	Collin	Texas	
Linden Ponds (Hingham)	300 Linden Ponds Way Hingham, MA 02043	South Shore	Massachusetts	
Maris Grove (Glen Mills)	100 Maris Grove Way Glen Mills, PA 19342	Lower Delaware	Pennsylvania	
Monarch Landing (Naperville)	2255 Erickson Drive Naperville, IL 60563	DuPage	Illinois	
Oak Crest (Parkville)	8820 Walther Boulevard	Baltimore	Maryland	

SCHEDULE VII TO
SECURITY AGREEMENT

	Parkville, MD 21234			
Riderwood (Silver Spring)	3140 Gracefield Road Silver Spring, MD 20904	Montgomery/Prince Georges Counties	Maryland	
Seabrook (Tinton Falls)	3000 Essex Road Tinton Falls, NJ	Monmouth	New Jersey	
Sedgebrook (Lincolnshire)	800 Audubon Way Lincolnshire, IL 60069	Lake County	Illinois	
Tallgrass Creek (Overland Park)	13800 Mercalf Avenue Overland Park, KS 66223	Johnson County	Kansas	
Wind Crest (Highlands Ranch)	3480 West County Line Road Highlands Ranch, CO 80129	Douglas	Colorado	

SCHEDULE VIII TO
Security Agreement

LOCATIONS OF CHIEF EXECUTIVE OFFICE, STATE OF ORGANIZATION

Name of Debtor	Form of Organization	Chief Executive Office/Chief Place of Business	Location of Books and Records	Place of Organization	Organization Number
Erickson Retirement Communities, LLC	LLC	701 Maiden Choice Lane Baltimore, MD 21228	701 Maiden Choice Lane Baltimore, MD 21228	Maryland	W04550497
Erickson Construction	LLC	701 Maiden Choice Lane Baltimore, MD 21228	701 Maiden Choice Lane Baltimore, MD 21228	Maryland	W04591137

SCHEDULE IX TO
Security Agreement

LIST OF COMMERCIAL TORT CLAIMS

NONE

SECURITY AGREEMENT

This SECURITY AGREEMENT is made and entered into as of July 27, 2007, by and among DALLAS CAMPUS GP, LLC, CONCORD CAMPUS GP, LLC, WARMINSTER CAMPUS GP, LLC and SENIOR CAMPUS SERVICES, LLC (collectively, the "Debtor") and PNC BANK, NATIONAL ASSOCIATION, as administrative agent (in such capacity, the "Administrative Agent") for the holders of the Obligations (as defined in the Credit Agreement referred to below) (such holders, the "Secured Parties").

WITNESSETH:

WHEREAS, the Debtor, the banks and other financial institutions parties thereto (collectively, the "Lenders") and PNC Bank, National Association, as administrative agent, are parties to the Credit Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, pursuant to the provisions of the Credit Agreement and the other Loan Documents and upon the terms and subject to the conditions set forth therein, the Lenders have severally agreed to make or participate in certain loans to the Debtor, and to issue or participate in letters of credit issued for the account of the Debtor; and

WHEREAS, it is a condition precedent to the obligation of the Lenders to make or participate in such loans, and issue or participate in such letters of credit, that the Debtor shall have executed and delivered this Security Agreement to the Administrative Agent for the ratable benefit of the Lenders and the other Secured Parties.

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent and the Lenders to enter into the Credit Agreement, continue to make and to extend credit thereunder, and to induce the other Secured Parties to extend the other Obligations, the Debtor hereby agrees with the Administrative Agent, for the ratable benefit of the Secured Parties, as follows:

1. Defined Terms. Unless otherwise defined herein, terms which are defined in the Credit Agreement and used herein are so used as so defined; the following terms which are defined in the Code are used herein as so defined: Accounts (including Health-Care-Insurance Receivables), Chattel Paper (including Electronic Chattel Paper and Tangible Chattel Paper), Commercial Tort Claims, Deposit Accounts, Documents, Equipment, Farm Products, Financial Assets, General Intangibles, Instruments, Inventory, Investment Property (including Financial Assets, Securities Entitlements, Securities Accounts, Commodity Accounts, and Commodity Contracts), Letter-of-Credit Rights, Payment Intangibles, Software, Supporting Obligations and Proceeds; and the following terms shall have the following meanings:

"Code" shall mean the Uniform Commercial Code as from time to time in effect in the State of Maryland.

"Collateral" shall have the meaning assigned to it in Section 2 of this Security Agreement.

"Contracts" shall mean all contracts and other agreements between a Debtor and any other Person, as the same may from time to time be amended, supplemented or otherwise modified, including, without limitation, (a) all rights of a Debtor to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of a Debtor to damages arising out of, or for, breach or default in respect thereof and (c) all rights of a Debtor to perform and to exercise all remedies thereunder.

"Copyrights" shall mean (a) all copyrights, registrations and applications for registration, issued or filed, including any reissues, extensions or renewals thereof, by or with the United States Copyright Office or any similar office or agency of the United States, any State thereof, or any other country or political subdivision thereof, or otherwise, including, all rights in and to the material constituting the subject matter thereof, including, without limitation, any referred to in Schedule I hereto, and (b) any rights in any material which is copyrightable or which is protected by common law, United States copyright laws or similar laws or any law of any State, including, without limitation, any thereof referred to in Schedule I hereof.

"Copyright License" shall mean any agreement, written or oral, providing for a grant to a Debtor of any right in any Copyright, including, without limitation, any thereof referred to in Schedule I hereof.

"Patents" shall mean (a) all letters patent of the United States or any other country or any political subdivision thereof, and all reissues and extensions thereof, and (b) all applications for letters patent of the United States and all divisions, continuations and continuations-in-part thereof or any other country or any political subdivision.

"Patent License" shall mean all agreements, whether written or oral, providing for the grant to a Debtor of any right to manufacture, use or sell any invention covered by a Patent, including, without limitation, any thereof referred to in Schedule II hereto.

"Security Agreement" shall mean this Security Agreement, as amended, supplemented or otherwise modified from time to time.

"Trademarks" shall mean (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and the goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and (b) all reissues, extensions or renewals thereof.

"Trademark License" shall mean any agreement, written or oral, providing for the grant by the Debtor of any right to use any Trademark.

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, the Debtor hereby grants to the Administrative Agent for the ratable benefit of the Secured Parties a security interest in all of the following property now

owned or at any time hereafter acquired by the Debtor or in which the Debtor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral");

- (i) all Accounts (including Health-Care-Insurance Receivables);
- (ii) all Chattel Paper (including Electronic Chattel Paper and Tangible Chattel Paper);
- (iii) all Contracts;
- (iv) all Copyrights and Copyright Licenses;
- (v) all Deposit Accounts;
- (vi) all Documents;
- (vii) all Equipment;
- (viii) all General Intangibles and Commercial Tort Claims;
- (ix) all Instruments;
- (x) all Inventory;
- (xi) all Investment Property, (including Securities Entitlements, Financial Assets, Securities Accounts, Commodity Accounts, and Commodity Contracts);
- (xii) all Letter-of-Credit Rights;
- (xiii) all Patents and Patent Licenses;
- (xiv) all Payment Intangibles;
- (xv) all Software (in whatever form);
- (xvi) all Supporting Obligations;
- (xvii) all Trademarks and Trademark Licenses; and
- (xviii) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, there shall be excluded from the Collateral subject to this Security Agreement Debtors' partnership interests in the subsidiaries noted below, together with all present and future rights of any Debtor to receive any income, cash profits, proceeds, and distributions arising out of such Debtor's ownership interest in the Subsidiaries noted below, together with all proceeds, both cash and non-cash arising out of

or in respect of the foregoing, and all substitutions, additions, interest, dividends and other distributions arising out of or in respect thereof, all books, records and papers and general intangibles relating thereto:

- (i) Concord Campus, LP;
- (ii) Dallas Campus, LP;
- (iii) Houston Campus, L.P.; and
- (iv) Warminster Campus, L.P.

3. Rights of Administrative Agent and Secured Parties: Limitations on Administrative Agent's and Secured Parties' Obligations.

(a) Debtor Remains Liable under Accounts and Contracts. Anything herein to the contrary notwithstanding, the Debtor shall remain liable under each of the Accounts and Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Account and in accordance with and pursuant to the terms and provisions of each such Contract. No Secured Party shall have any obligation or liability under any Account (or any agreement giving rise thereto) or under any Contract by reason of or arising out of this Security Agreement or the receipt by such holder of any payment relating to such Account or Contract pursuant hereto, nor shall any Secured Party be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any agreement giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any agreement giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) Notice to Account Debtor and Contracting Parties. Upon the request of the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, the Debtor shall notify account debtors on the Accounts and parties to the Contracts that the Accounts and the Contracts have been assigned to the Administrative Agent for the ratable benefit of the Secured Parties and shall indicate on all billings that payments in respect thereof shall be made directly to the Administrative Agent. The Administrative Agent may in its own name or in the name of others communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, amount and terms of any Accounts or Contracts.

(c) Analysis of Accounts. The Administrative Agent shall have the right to make test verifications of the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor shall furnish all such assistance and information as the Administrative Agent may require in connection therewith.

(d) Collections on Accounts. Subject to the further provisions of this Section 3(d), the Administrative Agent hereby authorizes the Debtor to collect the Accounts, subject to the Administrative Agent's written discretion and control, from the account debtors. Prior to the occurrence of an Event of Default, the Proceeds of Accounts so collected by the Debtor shall be received and held by the Debtor in trust for the Administrative Agent and the Secured Parties but may be applied by the Debtor in its discretion towards payment of the Obligations or other corporate purposes in accordance with the Loan Documents. Upon the occurrence and during the continuance of an Event of Default, the authority hereby given to the Debtor to collect the Proceeds of Accounts in trust for the Administrative Agent and the Secured Parties may be terminated by the Administrative Agent at any time if so directed by the Administrative Agent in writing and the Debtor shall deliver to the Administrative Agent on the date of receipt thereof by the Debtor all Proceeds in the form of cash, checks, drafts, notes and other remittances received in payment of or on account of a Debtor's Accounts. Following receipt by the Administrative Agent any such Proceeds shall be deposited in a special bank account (the "Cash Collateral Account") of the Debtor or the Debtor (as determined by the Administrative Agent) maintained with the Administrative Agent over which the Administrative Agent alone shall have power of withdrawal. All Proceeds other than cash shall be deposited in precisely the form in which received, except for the addition thereto of the endorsement of the Debtor when necessary to permit collection of the items, which endorsement the Debtor agrees to make. The Debtor will not commingle any such Proceeds with any of the Debtor's other funds or property but will hold them separate and apart from any other funds or property and upon an express trust for the Administrative Agent until deposit thereof is made in the Cash Collateral Account.

4. Representations and Warranties. The Debtor hereby represents and warrants that:

(a) Title; No Other Liens. Except for the Lien granted to the Administrative Agent for the ratable benefit of the Secured Parties pursuant to this Security Agreement and the Permitted Liens pursuant to the Credit Agreement, the Debtor owns or has the power to transfer rights in each item of the Collateral free and clear of any and all Liens or claims of others. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as may have been filed in favor of the Administrative Agent, for the ratable benefit of the Secured Parties, pursuant to this Security Agreement or as may be permitted pursuant to the Credit Agreement.

(b) Perfected First Priority Liens. Except as noted in Section 2 above, the Liens granted pursuant to this Security Agreement constitute perfected Liens on the Collateral in favor of the Administrative Agent, for the ratable benefit of the Secured Parties, which are prior to all other Liens on the Collateral in existence on the date hereof (other than Permitted Liens) and are enforceable as such against all creditors of and purchasers from the Debtor and against any owner or purchaser of the real property where any of the Equipment is located and any present or future creditor obtaining a Lien on such real property.

(c) Accounts. The amount represented by the Debtor to the Administrative Agent or the other Secured Parties in any accounts receivable aging and in other reports requested by or furnished to the Administrative Agent or the other Secured Parties as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the

correct amount actually owing by such account debtor or debtors thereunder. No amount payable to the Debtor under or in connection with any Account is evidenced by any Instrument or Chattel Paper which has not been delivered to the Administrative Agent. As of the Closing Date, the Debtor keeps its records concerning the Accounts at the location or locations set forth in Schedule IV.

(d) Contracts. Neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any material Contract is in default or is likely to become in default in the performance or observance of any of the material provisions thereof except, with respect to any default by a party other than the Debtor, where such default would not reasonably be expected to have a Material Adverse Effect. The Debtor has fully performed in all material respects all of its obligations under each material Contract. The right, title and interest of the Debtor in, to and under each Contract are not subject to any defense, offset, counterclaim or claim which would materially adversely affect the value of such Contract as Collateral, nor have any of the foregoing been asserted or alleged against any Debtor as to any material Contract. No amount payable to the Debtor under or in connection with any Contract is evidenced by any Instrument or Chattel Paper which has not been delivered to the Administrative Agent.

(e) Inventory. The types, amounts and valuations of the Inventory or any other information regarding the same represented by the Debtor in any reports requested by or furnished to the Administrative Agent, the Lenders or the other Secured Parties will at such time be accurate to the best of the Debtor's knowledge. As of the Closing Date, the Debtor keeps records concerning the Inventory at the location or locations listed on Schedule V. As of the Closing Date, each location in the United States where Inventory having a value in excess of \$100,000 is kept is listed on Schedule VI hereto.

(f) Equipment. As of the Closing Date, each location in the United States where Equipment having a value in excess of \$20,000 is kept is listed on Schedule VII hereto.

(g) Chief Executive Office; Place of Organization. As of the Closing Date, the locations of the Debtor's chief executive office, chief place of business, form of and place of organization are set forth on Schedule VIII.

(h) Commercial Tort Claims. As of the Closing Date, the Debtor's Commercial Tort Claims are set forth on Schedule IX.

(i) Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

(j) Patents, Trademarks and Copyrights. Schedule I hereto includes all registered Copyrights and applications for registration of Copyrights owned by the Debtor in its own name as of the date hereof. Schedule II hereto includes all Patents and applications for registration of Patents owned by the Debtor in its own name as of the date hereof. Schedule III hereto includes all registered Trademarks and applications for registration of Trademarks owned by the Debtor in its own name as of the date hereof. To the best of the Debtor's knowledge, each Copyright, Patent and Trademark is valid, subsisting, unexpired, enforceable and has not been

abandoned, provided that Debtor may abandon any Copyright, Patent or Trademark if it determines in its business judgment that such Copyright, Patent or Trademark is not material. Except as set forth in any such Schedule, none of such Copyrights, Patents or Trademarks is the subject of any licensing or franchise agreement. No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of any material Copyright, Patent or Trademark. Except as set forth in any such Schedule, no action or proceeding is pending (i) seeking to limit, cancel or question the validity of any material Copyright, Patent or Trademark, or (ii) which, if adversely determined, would have a material adverse effect on the value of any material Copyright, Patent or Trademark.

(k) Power and Authority; Authorization. The Debtor has the corporate or other power and authority and the legal right to execute and deliver, to perform its obligations under, and to grant the Lien on the Collateral pursuant to, this Security Agreement and has taken all necessary corporate or other action to authorize its execution, delivery and performance of, and grant of the Lien on the Collateral pursuant to, this Security Agreement.

(l) Enforceability. This Security Agreement constitutes a legal, valid and binding obligation of the Debtor enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

(m) No Conflict. The execution, delivery and performance of this Security Agreement will not violate any provision of any Requirement of Law or Material Agreement of the Debtor and will not result in the creation or imposition of any Lien on any of the properties or revenues of the Debtor pursuant to any Requirement of Law or Material Agreement of the Debtor, except as contemplated hereby.

(n) No Consents, etc. No consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority and no consent of any other Person (including, without limitation, any stockholder or creditor of a Debtor), is required in connection with the execution, delivery, performance, validity or enforceability of this Security Agreement (except for the filing of the UCC financing statements and consents that have been obtained).

5. Covenants. Debtor covenants and agrees with the Administrative Agent, the Lenders and the other Secured Parties that, from and after the date of this Security Agreement until the Obligations are paid in full, and the Revolving Credit Commitments are terminated, and there are no Letters of Credit outstanding it will:

(a) Notices; Further Documentation; Authorization to File Financing Statements. Notify the Administrative Agent in writing at any time that it opens, acquires, obtains, or becomes the beneficiary of any type of Collateral (or rights therein) to the extent the Administrative Agent and the Secured Parties will not at that time have, and continuously thereafter (subject to the filing of continuation statements, if necessary) maintain, a perfected first priority security interest in (subject to Permitted Liens) such Collateral, including in any event but not limited to: all Deposit Accounts, Securities Accounts and Commodity Accounts and other Investment Property; all Commercial Tort Claims; all Instruments, Documents,

Tangible Chattel Paper and Electronic Chattel Paper; all other Collateral in the possession of a third party; and all Letter-of-Credit Rights and other Supporting Obligations. At any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of the Debtor, promptly (i) deliver to the Administrative Agent all letters of credit and other Supporting Obligations, Instruments, Chattel Paper, Documents and Investment Property (including any necessary endorsements) that at any time is part of the Collateral or becomes Proceeds of any Collateral, and (ii) execute and deliver such further instruments, agreements and documents and take such further action as the Administrative Agent may reasonably request for the purpose of obtaining, preserving, and enforcing the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, executing and delivering and using commercially reasonable efforts to cause third parties to execute and deliver to the Administrative Agent landlord waivers, customer letters, security agreements, pledge agreements, control agreements, bailee acknowledgments, assignments and waivers, all in form and substance reasonably satisfactory to the Administrative Agent. The Debtor will mark all Chattel Paper with a legend indicating that the Administrative Agent has a security interest in the Chattel Paper.

The Debtor also hereby authorizes the Administrative Agent to file any Uniform Commercial Code financing or continuation statement without the signature of such Debtor to the extent permitted by applicable law. The Debtor hereby ratifies any filing by the Administrative Agent of financing statements prior to the date hereof with respect to the Collateral. A carbon, photographic, facsimile or other reproduction of this Security Agreement shall, to the extent permitted by applicable law, be sufficient as a financing statement for filing in any jurisdiction.

(b) Indemnification. Pay, and save the Administrative Agent, the Lenders, the other Secured Parties and their directors, officers, employees, advisors and agents (collectively, the "Indemnified Parties") harmless from, any and all liabilities, costs and expenses (including, without limitation, reasonable legal fees and expenses) (i) with respect to, or resulting from, any delay in paying any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (ii) with respect to, or resulting from, any delay in complying with any Requirement of Law applicable to any of the Collateral or (iii) in connection with any of the transactions contemplated by this Security Agreement. In any suit, proceeding or action brought by the Administrative Agent, any Lender or any of the other Secured Parties under any Account or Contract for any sum owing thereunder, or to enforce any provisions of any Account or Contract, the Debtor will save, indemnify and keep the Administrative Agent, each Lender, each other holder of the Obligations and each other Indemnified Party harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by the Debtor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from the Debtor.

(c) Maintenance of Records. Keep and maintain at its own cost and expense true, correct and complete records of the Collateral in all material requests, including, without limitation, a record of all payments received and all credits granted with respect to the Accounts.

For the Administrative Agent's and the other Secured Parties' further security, the Administrative Agent, for the ratable benefit of the Secured Parties, shall have a security interest in the Debtor's books and records pertaining to the Collateral, and, at any time during which an Event of Default shall have occurred and be continuing, the Debtor shall, subject to the holders of superior liens, grant access to such books and records to the Administrative Agent or to its representatives during normal business hours at the request of the Administrative Agent.

(d) Limitation on Liens on Collateral. Not create, incur or permit to exist, will defend the Collateral against, and take such other action as is necessary to remove, any Lien or claim on or to the Collateral, other than Permitted Liens, and will defend the right, title and interest of the Administrative Agent, the Lenders and the other Secured Parties in and to any of the Collateral against the claims and demands of all Persons whomsoever.

(e) Limitations on Dispositions of Collateral. Not sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so except as expressly permitted pursuant to the Credit Agreement.

(f) Limitations on Modifications, Waivers, Extensions of Contracts and Agreements Giving Rise to Accounts. Not (i) amend, modify, terminate or waive any provision of any Contract or any agreement giving rise to an Account in any manner which would reasonably be expected to materially adversely affect the value of the Contracts or Accounts as Collateral except, if no Event of Default shall exist, in the ordinary course of business based on its reasonable business judgment, (ii) fail to exercise promptly and diligently each and every material right which it may have under each Contract and each agreement giving rise to an Account (other than any right of termination) except, if no Event of Default shall exist, in the ordinary course of business based on its reasonable business judgment or (iii) fail to deliver to the Administrative Agent a copy of each material demand, notice or document received by it relating in any way to any Contract or any agreement giving rise to an Account and which would individually or in the aggregate reasonably be expected to have a Material Adverse Effect.

(g) Limitations on Discounts, Compromises, Extensions of Accounts. Not grant any extension of the time of payment of any Accounts, compromise, compound or settle the same for less than the full amount, or release wholly or partially any Person liable for the payment thereof, or allow any credit or discount whatsoever thereon other than in the ordinary course of business as generally conducted by the Debtor over a period of time.

(h) Further Identification of Collateral. Furnish to the Administrative Agent and the other Secured Parties from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Administrative Agent may reasonably request, all in reasonable detail.

(i) Notices. Advise the Administrative Agent promptly, in reasonable detail, at its address set forth in the Credit Agreement, (i) of any Lien (other than Permitted Liens) on, or claim asserted against, any of the Collateral and (ii) of the occurrence of any other event which would reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the Liens created hereunder.

(j) Changes in Locations, Name, Place of Organization, etc. Unless it shall have given the Administrative Agent at least 30 days prior written notice thereof, the Debtor will not (i) change the location of its chief executive office or chief place of business from that specified in Schedule VIII attached hereto or remove its books and records from the location specified in Schedule VIII hereto, (ii) permit any of the Inventory having a value in excess of \$100,000 or Equipment having a value in excess of \$20,000 to be kept at a location in the United States other than those listed on Schedules VI and VII hereto, (iii) change its name, identity or corporate structure to such an extent that any financing statement filed by the Administrative Agent in connection with this Security Agreement would become seriously misleading or (iv) change the state of its organization.

(k) Patents, Trademarks and Copyrights.

(i) Except with respect to any Trademark or Copyright that it shall reasonably determine is not of material economic value to it (either itself or through licenses) (A) continue to use each Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (B) maintain as in the past the quality of products and services offered under such Trademark, (C) employ such Trademark or Copyright with the appropriate notice of registration, (D) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Administrative Agent, for the ratable benefit of the Secured Parties, shall obtain a perfected security interest in such mark pursuant to this Security Agreement, and (E) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark or Copyright may become invalidated.

(ii) Not, except with respect to any Patent that it shall reasonably determine is not of material economic value to it, do any act, or omit to do any act, whereby any Patent may become abandoned or dedicated.

(iii) Notify the Administrative Agent immediately if it knows, or has reason to know, that any application or registration relating to any material Patent, Trademark or Copyright may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding its ownership of any material Patent, Trademark or Copyright or its right to register the same or to keep and maintain the same.

(iv) Whenever the Debtor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, report such filing to the Administrative Agent within five Business Days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Administrative Agent, the Debtor shall execute and deliver any and all agreements, instruments, documents, and papers as the Administrative Agent may reasonably request to evidence the Administrative Agent's and

the Secured Parties' security interest in any Patent, Trademark or Copyright and the goodwill and general intangibles of the Debtor relating thereto or represented thereby, and the Debtor hereby constitutes the Administrative Agent, its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest is irrevocable until the Obligations are paid in full and the Revolving Credit Commitments are terminated and there are no Letters of Credit outstanding. The Administrative Agent shall provide the Debtor a complete and correct copy of any such writings executed and/or filed pursuant to the foregoing power of attorney unless an Event of Default shall have occurred and is continuing; provided that the failure to do so shall in no way affect, limit or invalidate the execution or filing by the Administrative Agent of such writings for the foregoing purposes.

(v) Take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the Patents, Trademarks and Copyrights, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability, except to the extent that the Debtor has determined in its business judgment that such Patent, Trademark or Copyright is not material.

(vi) In the event that any Patent, Trademark or Copyright included in the Collateral is infringed, misappropriated or diluted by a third party, promptly notify the Administrative Agent after it learns thereof and shall, unless it shall reasonably determine that such Patent, Trademark or Copyright is not of material economic value to it, which determination it shall promptly report to the Administrative Agent, promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as it shall reasonably deem appropriate under the circumstances to protect such Patent, Trademark or Copyright.

6. Administrative Agent's Appointment as Attorney-in-Fact.

(a) Powers. Subject to the rights of holders of superior liens in certain of the Collateral pledged in connection with Permitted Liens or Project Debt, the Debtor hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to time in the Administrative Agent's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement, and, without limiting the generality of the foregoing, the Debtor hereby gives the Administrative Agent the power and right, on behalf of the Debtor, without notice to or assent by the Debtor, to do the following:

(i) in the case of any Account, at any time when the authority of the Debtor to collect the Accounts has been curtailed or terminated pursuant to Section 3(d) hereof, or in the case of any other Collateral, at any time when any Event of Default shall have occurred and is continuing, in the name of the Debtor or its own name, or otherwise, to take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Account, Instrument, General Intangible or Contract or with respect to any other Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Administrative Agent for the purpose of collecting any and all such moneys due under any Account, Instrument, General Intangible or Contract or with respect to any other Collateral whenever payable;

(ii) to pay or discharge taxes and Liens levied or placed on or threatened against the Collateral (other than Permitted Liens), to effect any repairs or any insurance called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof; and

(iii) upon the occurrence and during the continuance of any Event of Default, (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall direct; (B) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any proceeds thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action or proceeding brought against the Debtor with respect to any Collateral; (F) to settle, compromise or adjust any suit, action or proceeding described in clause (E) above and, in connection therewith, to give such discharges or releases as the Administrative Agent may deem appropriate; (G) to assign any Patent or Trademark (along with the goodwill of the business to which any such Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Administrative Agent shall in its sole discretion determine; and (H) to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, and to do, at the Administrative Agent's option and the Debtor's expense, at any time, or from time to time, all acts and things which the Administrative Agent deems necessary to protect, preserve or realize upon the Collateral and the Administrative Agent's and the Secured Parties' Liens thereon and to effect the intent of this Security Agreement, all as fully and effectively as the Debtor might do.

The Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable. The Administrative Agent shall provide Debtor a copy of any writing executed and/or filed pursuant to the foregoing unless an Event of Default shall have occurred and is

continuing; provided the failure to do so shall in no way affect, limit or invalidate the execution and/or filing by the Administrative Agent of such writings for the foregoing purposes.

(b) Other Powers. The Debtor also authorizes the Administrative Agent, the Lenders and the other Secured Parties, at any time and from time to time, to (i) execute, in connection with the sale provided for in Section 8 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral and (ii) file such UCC financing statements, forms and similar instruments as the Administrative Agent may from time to time deem reasonably necessary or desirable to protect the security interests of the Lenders and the other Secured Parties.

(c) No Duty on Administrative Agent or Holders' Part. The powers conferred on the Administrative Agent, the Lenders and the other Secured Parties hereunder are solely to protect the Administrative Agent's, the Lenders' and the other Secured Parties' interests in the Collateral and shall not impose any duty upon the Administrative Agent or any Lender or any Secured Party to exercise any such powers. The Administrative Agent, the Lenders and the other Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to the Debtor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

7. Performance by Administrative Agent of Debtor's Obligations. If the Debtor fails to perform or comply with any of its agreements contained herein and the Administrative Agent, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of the Administrative Agent incurred in connection with such performance or compliance, together with interest thereon at a rate per annum equal to the Default Rate, shall be payable by the Debtor to the Administrative Agent on demand and shall constitute Obligations secured hereby.

8. Remedies.

(a) If an Event of Default shall occur and be continuing and all applicable notice and cure periods shall have expired, the Administrative Agent, on behalf of the Secured Parties may exercise, in addition to all other rights and remedies granted to it or them in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, the Administrative Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon the Debtor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Administrative Agent, any Lender or any other Secured Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit

or for future delivery without assumption of any credit risk. Any Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Debtor, which right or equity is hereby waived and released. The Debtor further agrees, at the Administrative Agent's request, to assemble the Collateral and make it available to the Administrative Agent at places which the Administrative Agent shall reasonably select, whether at the Debtor's premises or elsewhere. The Administrative Agent shall apply the net proceeds (to the extent actually received in cash) of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Parties hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in such order as the Administrative Agent may elect, and only after such application and after the payment by the Administrative Agent of any other amount required by any provision of law, including, without limitation, Section 9615 of the Code, need the Administrative Agent account for the surplus, if any, to the Debtor. To the extent permitted by applicable law, the Debtor waives all claims, damages and demands it may acquire against the Administrative Agent or any Secured Party arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition. The Debtor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Obligations and the fees and disbursements of any attorneys employed by the Administrative Agent, any Lender or any other Secured Party to collect such deficiency.

(b) The Debtor agrees, upon the occurrence and during the continuation of an Event of Default, to take any actions that the Administrative Agent may request in order to enable the Administrative Agent to obtain and enjoy the full rights and benefits granted to the Administrative Agent (for itself and for the ratable benefit of the Secured Parties) under this Agreement, the other Loan Documents and any other document relating to the Obligations. Without limiting the generality of the foregoing, the Debtor shall upon the occurrence and during the continuation of an Event of Default, at the Debtor's sole cost and expense, assist in obtaining all approvals which are then required by law for or in connection with any action or transaction contemplated by this Agreement or Article 9 of the Uniform Commercial Code as in effect in any applicable jurisdiction.

(c) For the purpose of enabling the Administrative Agent to exercise rights and remedies under this Agreement at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, the Debtor hereby grants to the Administrative Agent an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Debtor), to use, license or sublicense any of the Collateral consisting of Intellectual Property then owned or thereafter acquired by the Debtor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof, subject, in the case of Trademarks, to the observance of standards of quality and inspection in connection with the use of such Trademarks as are

sufficient to maintain the validity and enforceability of such Trademarks. The use of such license by the Administrative Agent shall be exercised, at the option of the Administrative Agent, only upon the occurrence and during the continuation of an Event of Default; provided, however, that any license, sublicense or other transaction entered into by the Administrative Agent in accordance therewith shall be binding upon the Debtor notwithstanding any subsequent cure of any Event of Default.

9. Limitation on Duties Regarding Preservation of Collateral. The Administrative Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9207 of the Code or otherwise, shall be to deal with it in the same manner as the Administrative Agent deals with similar property for its own account. No Secured Party, nor any of their respective directors, officers, employees or agents, shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Debtor or otherwise.

10. Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

11. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12. Paragraph Headings. The paragraph headings used in this Security Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

13. No Waiver; Cumulative Remedies. No Secured Party shall by any act (except by a written instrument pursuant to Section 14 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which such holder would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

14. Waivers and Amendments; Parties Bound; Governing Law. None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Debtor and the Administrative Agent, provided that any provision of this Security Agreement may be waived by the Administrative

Agent in a written letter or agreement executed by the Administrative Agent or by telex or facsimile transmission from the Administrative Agent. This Security Agreement shall be binding upon the successors and permitted assigns of the Debtor and shall inure to the benefit of the Administrative Agent and the other Secured Parties and their respective successors and assigns. **THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE SUBSTANTIVE LAWS OF THE STATE OF MARYLAND.**

15. Notices. All notices hereunder to the Debtor, the Administrative Agent or any of the other Secured Parties to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered or sent in the manner and to the respective addresses as provided in subsection 9.2 of the Credit Agreement.

16. Authority of Administrative Agent. The Debtor acknowledges that the rights and responsibilities of the Administrative Agent under this Security Agreement with respect to any action taken by the Administrative Agent or the exercise or non-exercise by the Administrative Agent of any option, right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Security Agreement shall, as between the Administrative Agent and the Secured Parties, be governed by the Credit Agreement and by such other agreement with respect thereto as may exist from time to time among them, but, as between the Administrative Agent and the Debtor, the Administrative Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or refrain from acting, and the Debtor shall not be under any obligation, or entitlement, to make any inquiry respecting such authority.

17. Submission to Jurisdiction; Waivers.

(a) The Debtor hereby irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Security Agreement, or for recognition and enforcement of any judgment in respect thereof to the non-exclusive general jurisdiction of the courts of the State of Maryland, the courts of the United States of America for the District of Maryland, and appellate courts from any thereof;

(ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the address referred to in Section 15 hereof or at such other address of which the Administrative Agent shall have been notified;

(iv) waives and hereby acknowledges that it is estopped from raising any objections based on forum non conveniens, any claim that any of the above-referenced courts lack proper venue or any objection that any of such courts lack personal jurisdiction over it so as to prohibit such courts from adjudicating any issues raised in a complaint filed with such courts against such Debtor concerning this Security Agreement;

(v) acknowledges and agrees that the choice of forum contained in this paragraph shall not be deemed to preclude the enforcement of any judgement obtained in any forum or the taking of any action under this Security Agreement to enforce the same in any appropriate jurisdiction;

(vi) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this subsection any special, exemplary or punitive or consequential damages; and

(vii) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

(b) Each party hereto hereby unconditionally waives trial by jury in any legal action or proceeding referred to in paragraph (a) above.

18. Counterparts. This Security Agreement may be executed by one or more of the parties to this Security Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Security Agreement signed by all the parties shall be lodged with the Debtor and the Administrative Agent.

19. Further Assurances. The parties acknowledge their intent that, upon the occurrence and during the continuation of an Event of Default, the Administrative Agent shall receive, to the fullest extent permitted by all Requirements of Law and governmental policy, all rights necessary or desirable to obtain, use or sell the Collateral, and to exercise all remedies available to it under this Agreement, the Uniform Commercial Code as in effect in any applicable jurisdiction, or other applicable law. The parties further acknowledge and agree that, in the event of any change in law or governmental policy occurring subsequent to the date hereof that affects in any manner the Administrative Agent's rights of access to, or use or sale of, the Collateral, or the procedures necessary to enable the Administrative Agent to obtain such rights of access, use or sale, the Administrative Agent and the Debtor shall amend this Agreement in such manner as the Administrative Agent shall request, in order to provide to the Administrative Agent such rights to the greatest extent possible consistent with all Requirements of Law and governmental policy.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Debtor and the Administrative Agent have caused this Security Agreement to be duly executed and delivered as of the date first above written.

SENIOR CAMPUS SERVICES, LLC

By: Erickson Retirement Communities,
LLC, sole member

By: _____
Name: Gerald F. Doherty
Title: Executive Vice President

CONCORD CAMPUS GP, LLC

By: Erickson Retirement Communities,
LLC, sole member

By: _____
Name: Gerald F. Doherty
Title: Executive Vice President

DALLAS CAMPUS GP, LLC

By: Erickson Retirement Communities,
LLC, sole member

By: _____
Name: Gerald F. Doherty
Title: Executive Vice President

WARMINSTER CAMPUS GP, LLC

By: Erickson Retirement Communities,
LLC, sole member

By: _____
Name: Gerald F. Doherty
Title: Executive Vice President

SCHEDULE I TO
Security Agreement

COPYRIGHTS AND COPYRIGHT LICENSES

NONE

SCHEDULE II TO
Security Agreement

PATENTS AND PATENT LICENSES

NONE

SCHEDULE III TO
Security Agreement

TRADEMARKS AND TRADEMARK LICENSES

NONE

SCHEDULE IV TO
Security Agreement Continued

LOCATIONS OF ACCOUNT RECORDS

701 Maiden Choice Lane, Baltimore, Maryland 21228

SCHEDULE V TO
Security Agreement

LOCATIONS OF INVENTORY RECORDS

NOT APPLICABLE

SCHEDULE VI TO
Security Agreement

LOCATIONS OF INVENTORY

NOT APPLICABLE

SCHEDULE VII TO
Security Agreement

LOCATIONS OF EQUIPMENT

701 Maiden Choice Lane, Baltimore, Maryland 21228

SCHEDULE VIII TO
Security Agreement

LOCATIONS OF CHIEF EXECUTIVE OFFICE, STATE OF ORGANIZATION

<u>Name of Debtor</u>	<u>Form of Organization</u>	Chief Executive Office/Chief Place of <u>Business</u>	<u>Location of Books and Records</u>	<u>Place of Organization</u>	<u>Organization Number</u>
Concord Campus GP, LLC	limited liability company	701 Maiden Choice Lane, Baltimore, MD 21228	Same address	Maryland	W10197259
Dallas Campus Group, LLC	limited liability company	701 Maiden Choice Lane, Baltimore, MD 21228	Same address	Maryland	W10197713
Warminster Campus GP, LLC	limited liability company	701 Maiden Choice Lane, Baltimore, MD 21228	Same address	Maryland	W12022919
Senior Campus Services, LLC	limited liability company	701 Maiden Choice Lane, Baltimore, MD 21228	Same address	Maryland	W04550513

SCHEDULE VIII TO
Security Agreement

LIST OF COMMERCIAL TORT CLAIMS

NONE

EXHIBIT 3

Risk Participation Agreement

This Risk Participation Agreement (this "Agreement"), dated as of October 22, 2007 (the "Agreement"), is entered into between PNC Bank, National Association ("PNC") and Manufacturers and Traders Trust Company (the "Participant").

Recitals:

- A. PNC and ERICKSON RETIREMENT COMMUNITIES, LLC (the "Counterparty") are parties to that certain ISDA Master Agreement dated as of July 27, 2007 a copy of which is attached hereto as Exhibit A (referred to herein as the "Master Agreement").
- B. PNC and Counterparty have entered into an Interest Rate Swap having a Trade Date of October 17, 2007 and an Effective Date of October 17, 2007, the terms and conditions of which are governed by the Master Agreement and evidenced by that certain Confirmation (the "Confirmation"), a copy of each of which is attached hereto as Exhibit B (the "Swap Transaction").
- C. PNC has agreed to sell, and Participant has agreed to purchase, a risk participation in the Swap Transaction on the terms and conditions set forth herein (the "Participation").
- D. To induce the Participant to enter into the Participation, PNC has agreed to pay Participant a non-refundable Participation Payment (as defined below).

Agreement:

In consideration of the foregoing and of the mutual covenants contained herein and other good and valuable consideration (the sufficiency of which is hereby irrevocably acknowledged by each of the parties) and intending to be legally bound, the parties hereto agree as follows:

- 1. Definitions. Unless otherwise defined herein, all capitalized terms shall have the meanings specified in the Confirmation, the Master Agreement and the 2000 Definitions (the "2000 Definitions") as published by the International Swaps and Derivatives Association, Inc. ~~In the event of any inconsistency, the terms which shall prevail will be determined in the following order:~~

- (i) this Agreement,
- (ii) the Confirmation,
- (iii) the Master Agreement, and
- (iv) the 2000 Definitions.

As used in this Agreement, except where the context clearly requires otherwise:

"Close-Out Value" means the amount, if any, determined as payable by Counterparty to PNC pursuant to Section 6(e) of the Master Agreement.

"Participation Payment" means the following amount: \$420,000.00.

"Participation Percentage" means the following percentage: 75%.

"Swap Documents" means the Master Agreement, as supplemented by the Confirmation, and any other documents executed and/or delivered in connection therewith.

- 2. Covenants of PNC. PNC agrees to

- (i) pay Participant the Participation Payment on or before October 24, 2007, subject to Participant's execution of this Agreement; and
 - (ii) perform all of its payment obligations under the Swap Transaction on the date due and to comply with all provisions of the Swap Documents.
- 3. Participation. Upon the designation of an Early Termination Date by either PNC or the Counterparty as a result of the occurrence of an Event of Default as described in Section 5(a) of the Master Agreement or as a result of the occurrence of a Termination Event as described in Section 5(b) of the Master Agreement, PNC shall provide written notice to Participant stating such information as is contemplated under Section 6(d)(i) of the Master Agreement (the "Close-Out Notice"), and (i) if the Close-Out Value is positive, Participant agrees to pay PNC an amount equal to the product of Participant's Participation Percentage multiplied by the Close-Out Value; and (ii) if the Close-Out Value is zero or negative, no payment shall be due pursuant to this Section 3. Prior to Participant making a payment pursuant to clause (i) above, this Agreement shall not be construed to confer upon Participant any interest in the Swap Documents or any payments by or to Counterparty in connection therewith. Upon payment by Participant pursuant to clause (i) above, Participant shall, subject to this Agreement, be subrogated to all of the rights of PNC against Counterparty under the Swap Documents to the extent of its Participation Percentage. Notwithstanding anything set forth above, upon designation of an Early Termination Date as contemplated by this Section 3, PNC shall, prior to requesting the payment due from Participant in accordance with clause (i) above, pursue its right of early termination against Counterparty pursuant to Section 6 of the Master Agreement. If PNC has not received payment from Counterparty on or before the payment date provided for in Section 6(d)(ii) of the Master Agreement, any amount due by Participant pursuant to clause (i) above shall be paid to PNC on or before the first Business Day after receipt by Participant of the Close-Out Notice. If PNC collects from Counterparty some or all of the amount due to PNC under Section 6(e) of the Master Agreement after Participant has made any payment to PNC pursuant to clause (i) above, PNC shall promptly pay Participant an amount equal to Participant's subrogated Participation Percentage of the amount collected from Counterparty (including a pro rata share of any interest paid by Counterparty on such amount).
- 4. Participation Records. The interest of Participant in the Swap Transaction shall be appropriately evidenced on PNC's books and records, and PNC shall make copies of documentation related to such interest available to Participant upon Participant's reasonable request.
- 5. Enforcement. Subject to its responsibilities under Section 9, PNC may take any action, without prior notice to or the consent of the Participant, which it determines in its sole discretion to be suitable or fitting to enforce remedies under the Swap Documents or respecting performance by Counterparty of its obligations under any of the Swap Documents or compliance with any of the terms thereof, including without limitation taking or abstaining from taking any action thereunder, or any other actions in connection therewith; provided that PNC shall not, without the consent of Participant, release any collateral that secures counterparty's obligations under the Swap Documents agree to any amendment, modification, waiver, transfer or assignment of the Swap Documents; provided, further that, if Participant shall refuse to consent to any such requested release of collateral, amendment, modification, waiver, transfer or assignment within five (5) days of such request, then PNC may, at its option at any time thereafter, but prior to a payment having been made under Section 3(i), terminate this Agreement. Upon such termination, Participant shall have no further interest in the Swap Transaction or any of the Swap Documents and no further obligations under this Agreement.
- 6. Notice of Event of Default. PNC shall not be deemed to have knowledge or notice of the occurrence of any Event of Default (other than a default under Section 5(a)(i) of the Master Agreement) or Termination Event, as the case may be, under the Master Agreement, unless and until:
 - (i) PNC has received written notice from Counterparty referring to the Master Agreement and describing such Event of Default or Termination Event, as the case may be, or
 - (ii) PNC has sent written notice to Counterparty referring to the Master Agreement and such Event of Default or Termination Event.

PNC shall, promptly after learning of an Event of Default or Termination Event with respect to Counterparty, notify Participant thereof.

7. PNC's Representations. PNC represents and warrants to Participant that:

- (i) to the best of its knowledge, no Event of Default or event that, with the giving of notice or lapse of time or both, would become an Event of Default, has occurred or is continuing under the Master Agreement;
- (ii) no Early Termination Date has occurred or been designated; and
- (iii) as of the date hereof, all obligations of PNC and, to the best of PNC's knowledge, of Counterparty under the Swap Transaction required to be performed by it on or before such date have been fulfilled.

8. Participant's Investigation; No Reliance on PNC. Participant acknowledges that:

- (i) Participant has performed and will continue to perform its own credit analysis of Counterparty and its own investigation of the risks involved in the transactions contemplated by the Swap Documents and in entering into this Agreement and it is not relying, and will not rely on, PNC with respect thereto;
- (ii) Participant has reviewed and approved the form and substance of the Swap Documents;
- (iii) PNC has not made and shall not at any time be deemed to make any representation or warranty, express or implied, with respect to the validity, enforceability, value or sufficiency of, or title to, any security, if any, therefor, or as to the financial condition or creditworthiness of Counterparty; and
- (iv) PNC shall have no responsibility to Participant for any errors or omissions in any reports, financial statements or other information provided by Counterparty pursuant to or in connection with the Swap Documents.

9. No Recourse; Limitations of PNC's Liability. Except in the case of the failure of PNC to comply with Sections 2(i) and 3 of this Agreement, Participant shall not have recourse against PNC for any payment of any amount made under the Swap Documents. PNC's only obligation with respect to payments to Participant shall be to remit to Participant the sum provided for in Section 2(i) hereof and its pro rata share of any recoveries relating to advances by Participant pursuant to Section 3(i) hereof. Although PNC will exercise the same care in administering the Swap Documents as if the Swap Documents were made entirely for PNC's own account, PNC shall have no liability to Participant for any loss except a loss due to PNC's own gross negligence or willful misconduct. Without limiting the foregoing, PNC shall be fully protected in relying upon any certificate, document or other communication which appears to it to be genuine and to have been signed or presented by the proper person or persons, and upon the advice of legal counsel, independent accountants and other appropriate experts and shall not be required to make any inquiry concerning the performance of Counterparty of its obligations under or compliance by Counterparty with the terms and conditions of any of the Swap Documents. PNC shall not be deemed to have a fiduciary relationship with Participant, and no similar covenants, responsibilities, duties, obligations or liabilities shall be read into this Agreement or shall otherwise exist against PNC.

10. Reimbursement and Indemnification. Participant shall reimburse PNC on demand for its Participation Percentage of all reasonable out-of-pocket expenses, including reasonable attorney's fees, incurred by PNC in connection with the collection from Counterparty of any amounts relating to advances by Participant pursuant to Section 3(i) hereof, to the extent not recovered from Counterparty, and shall indemnify and hold PNC harmless from and against Participant's Participation Percentage of the amount of any reasonable costs, expenses (including reasonable attorney's fees and disbursements), claims, damages, actions, losses or liabilities, except such as result from PNC's own gross negligence or willful misconduct, that PNC may

suffer or incur in connection with this Agreement or any of the Swap Documents, or the transactions contemplated hereby or thereby, or any actions taken by PNC hereunder or thereunder. The obligations and indemnities under this Section 10 shall survive the termination of the Swap Documents.

11. Termination of Participant's Obligations. Except as provided in Section 5, Participant's obligations under this Agreement shall remain in full force and effect, notwithstanding the termination of the Swap Transaction, until (i) 90 days after the payment by Counterparty of the last payment required to be made by Counterparty under the Swap Documents or (ii) the complete payment of amounts due and payable by Participant hereunder, whichever is later.
12. Default By Participant. In the event that Participant shall fail to perform any obligation to be performed by it under this Agreement and such failure is not remedied on or before the third Business Day after notice of such failure is given by PNC to Participant, Participant shall have no right, if and for so long as such failure is continuing, to withhold its consent in connection with any waiver, amendment, modification, transfer or assignment of any Swap Document.
13. Condition to Payment. Each payment hereunder by one party (the "Payer") to another (the "Payee") is subject to the condition precedent that no amount remains due and payable hereunder from the Payee to the Payer.
14. Payments; Default Interest. Any and all payments due under this Agreement shall be made by Federal funds wire or in other immediately available funds. Overdue payments shall accrue interest at a per annum rate equal to USD-LIBOR-BBA (as defined in the 2000 Definitions) for a period of one month plus 1% per annum. Such default interest will be calculated on the basis of daily compounding and the actual number of days elapsed.
15. Notices. All notices in connection with Sections 5, 6 and 9(b) of the Master Agreement delivered by or received by PNC shall be promptly copied to Participant at the following address. All notices in connection with this Agreement shall be sent by facsimile transmission or certified mail, postage prepaid. All such notices shall be sent to the respective address or facsimile number (as the case may be) as follows (unless PNC receives notice of a change of address from Participant):

if to PNC: PNC Bank, National Association
One PNC Plaza
249 Fifth Avenue
Pittsburgh, PA 15222-2707
Attn: Ryan Retetagos

Facsimile No.: (412) 762-8667

if to Participant: M&T Bank

25 South Charles Street, 12th floor
Mail Code MD2-CS47
Attn: Craig P. Hallgren

Telephone: (410) 244-4353
Facsimile: (410) 244-4660

Except as provided to the contrary in Section 3 hereof, the provision of Section 10 of the Master Agreement relating to deemed receipt of notices shall apply to notices given under this Agreement as though such provisions were set forth in full herein.

16. Entire Agreement: Counterparts. This Agreement embodies the entire agreement and understanding between PNC and Participant and supersedes any and all prior agreements and understandings with respect to the subject matter hereof. This Agreement may not be amended or in any manner modified unless such

amendment or modification is in writing and signed by all parties hereto. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

17. Benefits and Binding Effect. Participant may not sell, assign or otherwise transfer its rights or obligations under this Agreement without the prior written consent of PNC (which consent shall not be unreasonably withheld), and PNC may not sell, assign or otherwise transfer its rights or obligations under this Agreement or the Master Agreement without the prior written consent of Participant (which consent shall not be unreasonably withheld). Any purported sale, assignment or transfer not in compliance with this Section 17 shall be void. Subject to the foregoing, all provisions contained in this Agreement or any document or agreement referred to herein or relating hereto shall inure to the benefit of and shall be binding upon the respective permitted successors and assigns of PNC and Participant.
18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to choice of law principles in such state.
19. Waiver of a Jury Trial. Each Party hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement, and acknowledges that this waiver is a material inducement to the other party entering into this Agreement.
20. Representations and Warranties. Each Party hereto continually represents and warrants to the other party during the term of this Agreement that (a) it is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation, and has the requisite power, authority and approvals to enter into and perform its obligations under this Agreement; (b) this Agreement has been duly authorized and does not conflict with or contravene any provision of, its constitutive documents, any applicable law or regulation, or any contractual restriction binding on its assets, (c) the signatories to this Agreement are duly authorized and empowered to sign and deliver the same on behalf of it; (d) this Agreement is its legal, valid and binding obligation enforceable against it in accordance with the respective terms hereof (subject to the effect of bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally); and (e) all authorizations of, exemptions by and filings with any governmental or other authority that are required to be made or obtained by it in connection with this Agreement have been made or obtained and are valid and subsisting.

The Parties have executed this Agreement by their duly authorized officers as of the date first set forth above.

PNC BANK, NATIONAL ASSOCIATION

By: _____

Name: James Bernier

Title: Senior Vice President

Date: _____, _____

MANUFACTURERS AND TRADERS TRUST COMPANY

By: Craig P. Hallgren

Name: Craig P. Hallgren

Title: Administrative Vice President

Date: OCTOBER 22, 2007

EXHIBIT 4



September 29, 2009

VIA OVERNIGHT DELIVERY

Erickson Retirement Communities, LLC
701 Maiden Choice Lane
Baltimore, MD 21228-5968
Attention: Jeffrey A. Jacobson, Executive Vice President
and Chief Financial Officer

Re: Notice of Termination of Swap with PNC Bank, National Association

Dear Mr. Jacobson:

Erickson Retirement Communities, LLC ("Obligor") and PNC Bank, National Association ("PNC") are parties to that certain ISDA Master Agreement (and related Schedule) dated as of July 27, 2007 (the "Master Agreement"), as supplemented by that certain Confirmation Letter dated October 17, 2007, Reference #014c001_7246 (the "Confirmation" and together with the Master Agreement, collectively the "Swap Documents"). Capitalized terms used in this letter but not defined herein shall have the meanings set forth in the Swap Documents.

An Event of Default has occurred under Section 5(a)(vi) of the Master Agreement as a result of the occurrence and continuance of certain events of default in respect of Obligor under that certain Credit Agreement dated as of July 27, 2007, by and among, inter alia, Obligor, the Lenders party thereto (including PNC), and Wilmington Trust FSB, as successor Administrative Agent, as amended. Accordingly, pursuant to our rights under Section 6(a) of the Master Agreement, PNC hereby designates September 30, 2009 as the Early Termination Date in respect of all outstanding Transactions under the Swap Documents (including the Transaction evidenced by the Confirmation). PNC will provide Obligor with a separate letter detailing the amount payable by Obligor to PNC (as determined in accordance with Section 6(e) of the Master Agreement) in respect of such terminated Transactions.

PNC hereby expressly reserves all rights and remedies available under the Swap Documents, any related agreement, or otherwise available at law or equity. All rights and remedies under the Swap Documents are cumulative and not alternative, and PNC may proceed in any order from time to time against Obligor and/or any other person or persons liable for any or all of the obligations arising under the Swap Documents. Neither the failure to exercise, nor any delay in exercising, any such right or remedy, at any time, nor the occurrence by PNC, in its discretion, of engaging in any discussions with Obligor about its operating performance, financial condition or prospects nor of a potential resolution of the above-referenced Event of Default, shall be deemed or constitute a waiver or impairment of any of PNC's rights, remedies or options.

Very truly yours,

PNC BANK, NATIONAL ASSOCIATION

By: 

Hirouye Teshome, Vice President

cc: Senior Campus Services, LLC, Guarantor
Concord Campus GP, LLC, Guarantor
Dallas Campus GP, LLC, Guarantor
Warminster Campus GP, LLC, Guarantor
Erickson Group, LLC, Guarantor

The PNC Financial Services Group
One PNC Plaza 249 Fifth Avenue Pittsburgh Pennsylvania 15222 2707
www.pnc.com

EXHIBIT 5



October 1, 2009

VIA OVERNIGHT DELIVERY

Erickson Retirement Communities, LLC
701 Maiden Choice Lane
Baltimore, MD 21228-5968
Attention: Jeffrey A. Jacobson, Executive Vice President
and Chief Financial Officer

Re: Notice of Early Termination Amount Owning Under Swap with PNC Bank

Dear Mr. Jacobson:

Erickson Retirement Communities, LLC ("Obligor") and PNC Bank, National Association ("PNC") are parties to that certain ISDA Master Agreement (and related Schedule) dated as of July 27, 2007 (the "Master Agreement"), as supplemented by that certain Confirmation Letter dated October 17, 2007, Reference #014c001_7246 (the "Confirmation" and together with the Master Agreement, collectively the "Swap Documents"). Capitalized terms used in this letter but not defined herein shall have the meanings set forth in the Swap Documents.

As a result of the occurrence and continuance of an Event of Default under Section 5(a)(vi) of the Master Agreement, we elected to terminate the outstanding swap transaction between us governed by the Master Agreement and evidenced by the Confirmation (the "Transaction"), effective as of September 30, 2009. We notified you of such Early Termination Date by letter dated September 29, 2009 (a copy of which accompanies this letter). This letter is PNC's notification to Obligor of the amount (the "Early Termination Amount") owing by Obligor to PNC in respect of such terminated Transaction and constitutes the statement required by Section 6(d)(i) of the Master Agreement.

The Early Termination Amount is determined in accordance with Section 6(e)(i)(3) of the Master Agreement (based on the parties election of "Second Method and Market Quotation" in the Schedule to the Master Agreement), and is equal to "(A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party." We determined the Settlement Amount in respect of the terminated Transaction on the basis of the following quotations we were able to secure on September 30, 2009 from three (3) Reference Market-makers: (1) \$4,770,000 from Credit Suisse; (2) \$4,787,000 from Nomura; and (3) \$4,802,000 from JPMorgan Chase. Under the terms of the Master Agreement, if exactly three quotations are provided, the Market Quotation (which comprises the Settlement Amount) will be the quotation remaining after disregarding the highest and lowest quotations (which in this case results in the Settlement Amount of \$4,787,000). As of the date of this letter, the Unpaid Amounts owing by PNC to Obligor with respect to the terminated Transaction is \$0, and the Unpaid Amounts owing by Obligor to PNC with respect to the terminated Transaction is \$0. Accordingly, the Early Termination Amount payable by Obligor to PNC in respect of the terminated Transaction is \$4,787,000 (the sum of the Settlement Amount (\$4,787,000) plus the Termination Currency Equivalent of the Unpaid Amounts owing to PNC (\$0) less the Termination Currency Equivalent of the Unpaid Amounts owing to Obligor (\$0).

The PNC Financial Services Group

One PNC Plaza 249 Fifth Avenue Pittsburgh Pennsylvania 15222 2707

www.pnc.com

Payment of the Early Termination Amount is due and payable in full on October 2, 2009 (which is the date on which this notice is effective), and should be made by wire transfer to PNC via the following instructions:

Bank:	PNC Bank, N.A., Pittsburgh
ABA #:	043-000-096
Account #:	196030010411
Account of:	Investment Operations
Attn:	Derivative Products

or in other immediately available funds delivered to the undersigned on behalf of PNC. Pursuant to Section 6(d)(ii) of the Master Agreement, interest at the Applicable Rate (defined as PNC's cost of funding rate plus 1% per annum compounding on a daily basis) shall accrue and be payable on the Early Termination Amount for each day that such amount remains unpaid after October 2, 2009.

Pursuant to Section 9 of the Master Agreement, PNC hereby notifies Obligor it is liable to PNC for all reasonable out-of-pocket expenses, including legal fees, incurred by PNC by reason of the enforcement and protection of its rights under the Master Agreement and as a result of the early termination of the Transaction, including, but not limited to, the costs of collection.

PNC hereby expressly reserves all rights and remedies available under the Swap Documents, any related agreement, or otherwise available at law or equity. All rights and remedies under the Swap Documents and any related agreements are cumulative and not alternative, and PNC may proceed in any order from time to time against the Obligor and/or any other person or persons liable for any or all of the obligations arising under the Swap Documents or under any related agreements. Neither the failure to exercise, or any delay in exercising, any such right or remedy, at any time, nor the occurrence by PNC, in its discretion, of engaging in any discussions with the Obligor about their operating performance, financial condition or prospects or a potential resolution of the payment of the Early Termination Amount, shall be deemed or constitute a waiver or impairment of any of PNC's rights, remedies or options.

Very truly yours,

PNC BANK, NATIONAL ASSOCIATION

By: 

Hirouye Teshome, Vice President

cc: Senior Campus Services, LLC, Guarantor
Concord Campus GP, LLC, Guarantor
Dallas Campus GP, LLC, Guarantor
Warminster Campus GP, LLC, Guarantor
Erickson Group, LLC, Guarantor

LAW OFFICES
GEBHARDT & SMITH LLP
SUITE 2200
ONE SOUTH STREET
BALTIMORE, MARYLAND 21202-3281
TELEPHONE: (410) 752-5830
FACSIMILE: (410) 385-5119

WRITER'S DIRECT DIAL NUMBER:

410-385-5105
jbilo@gebsmith.com

WILMINGTON OFFICE:
SUITE 451
901 MARKET STREET
WILMINGTON, DELAWARE 19801
TELEPHONE: (302) 656-9002
FACSIMILE: (302) 429-5953

February 24, 2010

VIA HAND DELIVERY

BMC Group, Inc.
Attn.: Erickson Retirement Communities, LLC
Claims Processing
18750 Lake Drive East
Chanhassen, Minnesota 55317

RECEIVED
FEB 24 2010
BMC GROUP

Re: Debtor: Warminster Campus GP, LLC
Case No.: 09-37027
Creditor: PNC Bank, National Association, successor to
Mercantile-Safe Deposit and Trust Company

Dear Sir or Madame:

Enclosed for filing in the above-referenced bankruptcy case is a Proof of Claim by PNC Bank, National Association, successor to Mercantile-Safe Deposit And Trust Company. The Proof of Claim consists of: (1) the original, fully executed Proof of Claim cover sheet; and (2) the Rider to the Proof of Claim cover sheet (with exhibits).

Please file the Proof of Claim in the Debtor's bankruptcy case, date stamp the enclosed copy of the Proof of Claim cover sheet, and return it to the person delivering this package.

Thank you for your attention to this matter. Please do not hesitate to call me if you have any questions.

Very truly yours,



Jean Sheftic Bilodeau
Counsel for PNC Bank, National Association

Enclosures
JSB:lb