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| UNITED STATES BANKRUPTCY COURT Northern District of Texas | | PROOF OF CLAIM |
| Name of Debtor: Dallas Campus, LP | | Case Number: 09-37012 |
| NOTE: <i>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.</i> | | |
| Name of Creditor (the person or other entity to whom the debtor owes money or property): Bank of America, N.A., As Collateral/Administrative Agent, on behalf of Highland Springs, Inc. | | <input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. |
| Name and address where notices should be sent: Bank of America, N.A. 231 S. LaSalle Street, Chicago, IL 60604 Attn: Ciara Forrest, Vice President | | Court Claim Number: _____ (If known) |
| Telephone number: (312) 537-6025 | | Filed on: _____ |
| Name and address where payment should be sent (if different from above): Bank of America, N.A., As Collateral and Administrative Agent 231 S. LaSalle Street, Chicago, IL 60604 Attn: Ciara Forrest, Vice President | | <input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. |
| Telephone number: (312) 537-6025 | | <input type="checkbox"/> Check this box if you are the debtor or trustee in this case. |
| 1. Amount of Claim as of Date Case Filed: \$ 86,978,000 | | 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: \$ _____ |
| 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. | | |
| 2. Basis for Claim: <u>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: <u>SEE ATTACHED</u> Value of Property: \$ _____ Annual Interest Rate: _____ % 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>86,978,000</u> Amount Unsecured: \$ _____ | | |
| 6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. | | |
| 7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain: | | |
| Date: <u>2/24/10</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 notice address above. Attach copy of power of attorney, if any. BANK OF AMERICA, N.A., As Collateral and Administrative Agent By: Ciara Forrest, Vice President | | FOR COURT USE ONLY Erickson Ret. Comm. LLC  01121 |

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

**ERICKSON RETIREMENT
COMMUNITIES, LLC, *et al.*¹**

Debtors.

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§

Case No. 09-37010

CHAPTER 11

(Jointly Administered)

**PROOF OF CLAIM OF BANK OF AMERICA, N.A. IN ITS CAPACITY AS
ADMINISTRATIVE AGENT FOR THE DALLAS CAMPUS, LP
SENIOR SECURED PREPETITION REVOLVING LENDERS**

Bank of America, N.A., ("Bank of America") in its capacity as administrative agent (in such capacity, the "Prepetition Agent") for the Dallas Campus, LP ("Dallas Campus") senior secured prepetition revolving lenders (which lenders include Bank of America and are collectively referred to herein as the "Prepetition Revolving Lenders") files this proof of claim (the "Claim") on behalf of Highland Springs, Inc. ("Highland Springs") against Dallas Campus, as a debtor in the above-referenced bankruptcy case, with respect to amounts due pursuant to, inter alia, the Subordinated Highland Springs Documents (as defined herein).²

The Prepetition Revolving Lenders furnished construction loans to Dallas Campus under a Loan Agreement dated May 25, 2005 between Dallas Campus and the Prepetition Revolving Lenders, with the loan amount being increased pursuant to an Amended and Restated Loan

¹ The Debtors in these chapter 11 cases are Erickson Retirement Communities, LLC, Ashburn Campus, LLC, Columbus Campus, LLC, Concord Campus GP, LLC, Concord Campus, LP, Dallas Campus GP, LLC, Dallas Campus, LP, Erickson Construction, LLC, Erickson Group, LLC, Houston Campus, LP, Kansas Campus, LLC, Littleton Campus, LLC, Novi Campus, LLC, Senior Campus Services, LLC, Warminster Campus GP and Warminster Campus, LP.

² No provision of the Dallas Campus Lease Subordination Agreement or Dallas Campus Prepetition Highland Springs Subordination Agreement (as each such term is defined herein) prohibits Prepetition Agent from filing the Claim on behalf of Highland Springs.

Agreement dated November 30, 2005, as amended and restated by a Second Amended and Restated Loan Agreement dated April 28, 2006, as further amended on November 27, 2007 in an Amendment No. 1 to Second Amended and Restated Loan Agreement and as amended on February 27, 2009 in an Amendment No. 2 to Second Amended and Restated Loan Agreement (collectively, the "Construction Loan Agreement"). The Prepetition Revolving Lenders hold a security interests in an array of Dallas Campus', Dallas Campus GP's, Erickson Construction LLC's and Erickson Retirement Communities, LLC's assets pursuant to the terms of a variety of collateral agreements, guarantees, instruments, notes and other documents executed in connection with the Construction Loan Agreement and as described in detail in various proofs of claim (the "Revolving Dallas Claims") filed by the Prepetition Agent with respect to Prepetition Revolving Lenders' claims under, inter alia, the Construction Loan Agreement (collectively referred to herein as the "Dallas Campus Prepetition Credit Documents" which definition expressly includes the Subordinated Highland Springs Documents, as defined herein below).

The Claim is secured by Prepetition Revolving Lenders' security interests in an array of Dallas Campus' assets pursuant to the terms of a variety of collateral agreements, guarantees, instruments, notes and other documents executed in connection with the Dallas Campus Prepetition NFP Documents, Dallas Campus Prepetition NFP Collateral Documents, Dallas Campus Prepetition Highland Springs Collateral Assignment of Contracts, Dallas Campus Prepetition Highland Springs Pledge and Assignment, Dallas Campus Prepetition Highland Springs Leasehold Deed of Trust, Dallas Campus Prepetition NFP Deed of Trust, Dallas Campus Lockbox Agreement, Dallas Campus Prepetition Pledge and Assignment, Dallas Campus Prepetition Highland Springs Subordination Deed of Trust, Dallas Campus Prepetition Highland Springs Subordination Agreement and Dallas Campus Lease Subordination Agreement (as each

such term is defined herein and, collectively, referred to herein as the “Subordinated Highland Springs Documents”). In accordance with the Order Granting Joint Motion to Establish Protocol Under Federal Rules of Bankruptcy Procedure 3001(c) and 3001(d) for Filing Proofs of Claim [Docket No. 797] (the “Claims Protocol Order”) the Dallas Campus Subordinated Highland Springs Documents are attached as Exhibits in the CD enclosed with the Claim.

Subordinated Highland Springs Documentation

Highland Springs operates Dallas Campus and leases the CCRC facility that it operates pursuant to that certain Master Lease and Use Agreement between Dallas Campus, as landlord, and Highland Springs, as tenant, dated November 30, 2005 (as may have been amended, restated, supplemented or otherwise modified from time to time, the “Master Lease,” attached as Exhibit A in the CD enclosed with the Claim).

Pursuant to that certain Community Loan Agreement, dated as of November 30, 2005, entered into by and among Highland Springs, as lender, and Dallas Campus, as borrower (as may have been amended, restated, supplemented or otherwise modified from time to time, the “Community Loan Agreement,” attached as Exhibit B in the CD enclosed with the Claim), Highland Springs agreed to loan to Dallas Campus all IEDs paid to or to be paid by the Residents (as defined in the Community Loan Agreement) to Highland Springs up to the aggregate principal amount of \$483,000,000.

Pursuant to that certain Working Capital Loan Agreement, dated as of November 30, 2005, entered into by and among Dallas Campus, as lender, and Highland Springs, as borrower (as may have been amended, restated, supplemented or otherwise modified from time to time, the “Working Capital Loan Agreement,” attached as Exhibit C in the CD enclosed with the Claim), Dallas Campus agreed to extend a revolving credit facility to Highland Springs from

time to time in an aggregate principal amount of up to \$33,657,000. The Community Loan Agreement and the Working Capital Loan Agreement, along with any other agreements, instruments, notes, guaranties and other documents executed in connection therewith (including, but not limited to, the Master Lease, the Dallas Campus Prepetition Development Agreement, as defined in the Revolving Dallas Claims, and the Dallas Campus Prepetition Management Agreement, as defined in the Revolving Dallas Claims) are collectively referred to herein as the "Dallas Campus Prepetition NFP Documents." All obligations of Dallas Campus and Highland Springs arising under any of the Dallas Campus Prepetition NFP Documents, including all loans, advances, debts, liabilities, principal, interest, fees, charges, expenses and obligations for the performance of covenants, tasks or duties, or for the payment of monetary amounts owing to Dallas Campus by Highland Springs and to Highland Springs by Dallas Campus, of any kind or nature, whether or not evidenced by any note, agreement or other instrument, shall hereinafter be referred to as the "Dallas Campus Prepetition NFP Obligations."

Pursuant to certain collateral documents (referred to herein as the "Dallas Campus Prepetition NFP Collateral Documents"), including that certain Security Agreement, dated as of November 30, 2005, entered into by and among Highland Springs and Dallas Campus (as may have been amended, restated, supplemented or otherwise modified from time to time, the "Dallas Campus Prepetition Highland Springs Security Agreement," attached as Exhibit D in the CD enclosed with the Claim), Highland Springs granted to Dallas Campus, to secure Highland Springs' obligations under the Working Capital Loan Agreement, the Master Lease and the Community Loan Agreement, a first-priority security interest in and continuing lien on all of the Collateral (as defined in the Dallas Campus Prepetition Highland Springs Security Agreement), including, but not limited to, all of Highland Spring's accounts, deposit accounts, instruments,

documents, chattel paper, investment property, letter of credit rights, commercial tort claims, general intangibles, goods, inventory, equipment, receivables and receivable records, and all proceeds, products, accessions, additions to, substitutions for and replacements of or in respect of any of the foregoing, in each case whether then owned or existing or thereafter acquired. All collateral granted or pledged by Dallas Campus and Highland Springs pursuant to and in connection with the Dallas Campus Prepetition NFP Obligations shall collectively be referred to herein as the “Dallas Campus Prepetition NFP Collateral.”

Pursuant to that certain Collateral Assignment and Security Agreement in Respect of Contracts, Licenses and Permits, dated as of November 30, 2005, entered into by and among Highland Springs and Dallas Campus (as may have been amended, restated, supplemented or otherwise modified from time to time, the “Dallas Campus Prepetition Highland Springs Collateral Assignment of Contracts,” attached as Exhibit E in the CD enclosed with the Claim), Highland Springs granted to Dallas Campus, to secure Highland Springs’ obligations under the Working Capital Loan Agreement, the Master Lease and the Community Loan Agreement, a first-priority security interest in and continuing lien on the Assigned Contracts and Permits (as defined in the Dallas Campus Prepetition Highland Springs Collateral Assignment of Contracts), including, but not limited to, all contracts, licenses, permits, approvals, agreements and warranties, all of Highland Springs’ right, title and interest therein, all proceeds and products thereof, and all accounts, contract rights and general intangibles related thereto, which are in any manner related to the Property (as defined in the Dallas Campus Prepetition Highland Springs Collateral Assignment of Contracts) or the Project (as defined in the Dallas Campus Prepetition Highland Springs Collateral Assignment of Contracts), in each case whether then owned or existing or thereafter acquired.

Pursuant to that certain Pledge and Assignment, dated as of November 30, 2005, entered into by and among Highland Springs, as assignor, and Dallas Campus, as assignee (as may have been amended, restated, supplemented or otherwise modified from time to time, the "Dallas Campus Prepetition Highland Springs Pledge and Assignment," attached as Exhibit F in the CD enclosed with the Claim), Highland Springs granted to Dallas Campus, to secure Highland Springs' obligations under the Working Capital Loan Agreement, the Master Lease and the Community Loan Agreement, a first-priority security interest in and continuing lien on the Collateral (as defined in the Dallas Campus Prepetition Highland Springs Pledge and Assignment), including, but not limited to, all of Highland Springs' right, title and interest in, to and under all Residence and Care Documents (as defined in the Dallas Campus Prepetition Highland Springs Pledge and Assignment), all future and present IEDs, the Escrow Account (as defined in the Dallas Campus Prepetition Highland Springs Pledge and Assignment) and all proceeds of any of the foregoing.

Pursuant to that certain Leasehold Deed of Trust, Security Agreement and Fixture Financing Statement, dated as of November 30, 2005, entered into by and among Highland Springs, as grantor, and Dallas Campus, as beneficiary (as may have been amended, restated, supplemented or otherwise modified from time to time, the "Dallas Campus Prepetition Highland Springs Leasehold Deed of Trust," attached as Exhibit G in the CD enclosed with the Claim), Highland Springs granted to Abraham Friedman, as trustee, for the benefit of Dallas Campus, to secure Highland Springs' obligations under the Working Capital Loan Agreement, the Master Lease and the Community Loan Agreement, a lien upon and mortgage against the Premises (as defined in the Dallas Campus Prepetition Highland Springs Leasehold Deed of Trust), together with the rights, privileges and appurtenances thereto.

Pursuant to that certain Deed of Trust, Security Agreement and Fixture Filing, dated as of November 30, 2005, entered into by and among Dallas Campus, as grantor, and Highland Springs, as grantee (as may have been amended, restated, supplemented or otherwise modified from time to time, the "Dallas Campus Prepetition NFP Deed of Trust," attached as Exhibit H in the CD enclosed with the Claim), Dallas Campus granted to William D. Cleveland, as trustee, for the benefit of Highland Springs, to secure Dallas Campus' obligations under the Community Loan Agreement, a lien upon and mortgage against the Mortgaged Property (as defined in the Dallas Campus Prepetition NFP Deed of Trust) and a security interest in all of Dallas Campus' rights, title and interest in, to, under and with respect to the Personal Property (as defined in the Dallas Campus Prepetition NFP Deed of Trust).

Pursuant to that certain Lockbox Account Agreement, dated as of November 30, 2005, entered into by and among Highland Springs, as assignor, and Dallas Campus, as secured party (as may have been amended, restated, supplemented or otherwise modified from time to time, the "Dallas Campus Lockbox Agreement," attached as Exhibit I in the CD enclosed with the Claim), Highland Springs and Dallas Campus agreed, among other things, to certain procedures for the payment of Highland Springs' obligations to Dallas Campus under the Working Capital Loan Agreement and the Master Lease and the Dallas Campus' obligations to Highland Springs under the Community Loan Agreement.

Documents Subordinating the Subordinated Highland Springs Documentation

Pursuant to the Pledge and Assignment, dated as of November 30, 2005, as amended by a November 27, 2007 Amendment No. 1 and Reaffirmation of Pledge and Assignment, entered into by and among the Prepetition Agent, for the benefit of the Dallas Campus Prepetition Revolving Lenders, and Dallas Campus (the "Dallas Campus Prepetition Pledge and

Assignment,” attached as Exhibit J in the CD enclosed with the Claim), Dallas Campus assigned and granted a security interest in collateral including “all of [Dallas Campus’] right, title and interest in and to certain agreements, instruments and documents between [Dallas Campus] and Highland Springs, Inc. . . . and all Proceeds of any of the foregoing.” Pledge and Assignment at 1 (definition of “collateral”), § 2. The pledged collateral specifically included, among other agreements, the Community Loan and the Master Lease. Pledge and Assignment Ex. A.

Pursuant to that certain Subordination of Deed of Trust, dated November 30, 2005, executed by Highland Springs for the benefit of the Prepetition Agent and the Dallas Campus Prepetition Revolving Lenders (as may have been amended, restated, supplemented or otherwise modified from time to time, the “Dallas Campus Prepetition Highland Springs Subordination Deed of Trust,” attached as Exhibit K in the CD enclosed with the Claim), Highland Springs agreed to subordinate the Dallas Campus Prepetition NFP Deed of Trust to the Dallas Campus Prepetition Deed of Trust. Furthermore, pursuant to that certain Subordination and Standstill Agreement, dated as of November 30, 2005, entered into by and among the Prepetition Agent, for the benefit of the Dallas Campus Prepetition Revolving Lenders, and Highland Springs (as may have been amended, restated, supplemented or otherwise modified from time to time, the “Dallas Campus Prepetition Highland Springs Subordination Agreement,” attached as Exhibit L in the CD enclosed with the Claim), Highland Springs agreed to subordinate any and all indebtedness of Dallas Campus to Highland Springs then or thereafter existing, together with any interest thereon, to Dallas Campus’ obligations under the Dallas Campus Prepetition Credit Documents. The Dallas Campus Prepetition Highland Springs Subordination Agreement expressly provides that “[u]ntil such time as all “Obligations” (as defined in the Credit Agreement) of [Dallas Campus] to [Prepetition Revolving Lenders] have been satisfied in full,

and [Prepetition Revolving Lenders] have received full and non-contestable payment of all obligations, and [Prepetition Revolving Lenders] have no further obligation to make advances to [Dallas Campus], [Highland Springs] further agrees: (i) not to take any action of any nature to enforce payment or secure collection of any subordinated debt; (ii) not to take any action under any mortgage, security agreement, pledge or assignment relating to any property of [Dallas Campus] to enforce the same or to in any way seek dominion or control over, or the right to possess or use, any property of [Dallas Campus]; (iii) to release to [Prepetition Agent] at [Prepetition Agent]'s request from time to time all insurance proceeds and all awards arising from eminent domain proceedings related to the Property; (iv) to turn over to [Prepetition Agent] any amounts received by [Highland Springs] on account of any indebtedness of [Dallas Campus] or any security therefore....” Dallas Campus Prepetition Highland Springs Subordination Agreement at ¶7.

In the event of a bankruptcy, the Dallas Campus Prepetition Highland Springs Subordination Agreement provides that “until the final and non-contestable payment in full and satisfaction of the Obligations of [Dallas Campus] to [Prepetition Revolving Lenders] (and including, but not limited to, interest accruing on the Notes after the commencement of a case by or against [Dallas Campus] under the Bankruptcy Code as now or hereafter in effect, which interest the parties agree shall remain a claim that is prior and superior to any claim of [Highland Springs], notwithstanding any contrary practice, custom or ruling in cases under the Bankruptcy Code, as now or hereafter in effect, generally), [Highland Springs] agrees not to accept any payment or satisfaction for any kind of indebtedness of [Dallas Campus] to [Highland Springs].” Dallas Campus Prepetition Highland Springs Subordination Agreement at ¶3.

In addition, pursuant to that certain Lease Subordination, Non-Disturbance of Possession and Attornment Agreement, dated as of November 30, 2005, entered into by and among the Prepetition Agent, for the benefit of the Dallas Campus Prepetition Revolving Lenders, and Highland Springs (as may have been amended, restated, supplemented or otherwise modified from time to time, the "Dallas Campus Prepetition Lease Subordination Agreement," attached as Exhibit M in the CD enclosed with the Claim), Highland Springs agreed that the Master Lease and the rights of Highland Springs as tenant thereunder are subordinate and inferior to the Dallas Campus Prepetition Deed of Trust and any amendment, renewal, substitution, extension or replacement thereof and each advance made thereunder.

Claim Amount

Prior to October 19, 2009 (the "Petition Date"), Dallas Campus defaulted on its payment obligations to the Prepetition Revolving Lenders under the terms and conditions of the Dallas Campus Prepetition Documents and the Prepetition Revolving Lenders have not been paid in full for loans provided to Dallas Campus under the Dallas Campus Prepetition Credit Documents.

In the above-captioned bankruptcy cases, Highland Springs is owed approximately \$86,978,000 by Dallas Campus on account of the Community Loan Agreement (the "Claim Amount"). As Highland Springs' rights to the Claim Amount are subordinate to the rights of the Prepetition Agent and the Prepetition Revolving Lenders under the Dallas Campus Prepetition Credit Documents, Prepetition Agent files this Claim as a protective measure with respect to the Claim Amount and/or any other amount received by Highland Springs on account of the Subordinated Highland Springs Documents and to assert that the Prepetition Revolving Lenders' rights to such funds are senior to Highland Springs. In the event that Highland Springs receives any or all of a portion of the Claim Amount and/or any other amount received by Highland

Springs on account of the Subordinated Highland Springs Documents, the Prepetition Revolving Lenders are entitled to all such payments until the Prepetition Revolving Lenders have been paid in full for loans provided to Dallas Campus under the Dallas Campus Prepetition Credit Documents, including related interest, fees, expenses and charges relating to the same.

Administrative Agent as an "Authorized Agent"

In accordance with the Claims Protocol Order, the Administrative Agents are "authorized agents" within the meaning of Federal Rule of Bankruptcy Procedure 3001(b) who may file a proof of claim on behalf of the Prepetition Revolving Lenders with respect to the Dallas Campus Prepetition Credit Documents. Notwithstanding the foregoing, any Prepetition Revolving Lender may, but need not, file its own proof(s) of claim for amounts due, which may be duplicative of amounts set forth in the Claim if such Prepetition Revolving Lender disagrees with the amount, basis, documentation or any other assertion set forth in the Claim or for any other reason. In addition, any Prepetition Revolving Lender may file proof(s) of claim for amounts due pursuant to other rights, remedies, claims or allegations such Prepetition Revolving Lender may assert that are not duplicative of rights, remedies, claims or allegations set forth in the Claim.

Reservation of Rights

The filing of this Claim shall not constitute or be deemed to be a waiver or release of any claims or rights of Prepetition Agent or Prepetition Revolving Lenders against any other person or entity liable for all or a part of the Claim described herein. Furthermore, this Claim shall not be construed as an admission or an acknowledgment of the status of the Dallas Campus Prepetition Credit Documents or any of the parties' positions thereunder. Prepetition Agent and Prepetition Revolving Lenders, individually and collectively, hereby reserve the right to take any

legal position with respect to the Dallas Campus Prepetition Credit Documents at any time. Prepetition Agent and Prepetition Revolving Lenders, individually and collectively, hereby reserve the right to file additional claims including unsecured, unsecured priority and administrative expense claims against any of the above-captioned Debtors at the appropriate time. In addition to the foregoing claim amounts, Prepetition Agent and Prepetition Revolving Lenders, individually and collectively, reserve the right to collect as part of their respective claims against the above-captioned Debtors, in accordance with the terms of the Dallas Campus Prepetition Credit Documents and applicable law, all pre-petition and post-petition interest, fees and late charges that accrue under the Dallas Campus Prepetition Credit Documents, including all pre-petition and post-petition attorneys' fees and expenses that any or all of the Prepetition Revolving Lenders has incurred and hereafter incurs as a result of the filing of this bankruptcy case, the defaults existing under the Dallas Campus Prepetition Credit Documents and the enforcement of rights and remedies of any and all of the Prepetition Revolving Lenders under the Dallas Campus Prepetition Credit Documents.

The Prepetition Revolving Lenders, individually and collectively, reserve the right to periodically supplement and/or amend this Claim from time to time and to assert an unsecured claim in this bankruptcy case to the extent that the value of its collateral under the Dallas Campus Prepetition Credit Documents is insufficient to satisfy the Prepetition Revolving Lenders' claims against the above-captioned Debtors under the Dallas Campus Prepetition Credit Documents. The Prepetition Revolving Lenders, individually and collectively, also reserve the right to amend and/or supplement this Claim in all other respects and to add additional claims of any nature whatsoever, including but not limited to claims entitled to administrative priority.

The filing of this Claim is not an acknowledgment of admission that the Bankruptcy Court has jurisdiction over the Prepetition Revolving Lenders' claims against any debtor or non-debtor entity, and the Prepetition Revolving Lenders reserve all rights with respect thereto.

WINSTON & STRAWN LLP

35 West Wacker Drive, Chicago, Illinois 60601-9703
P: (312) 558-5600 F: (312) 558-5700

Electronic
Letterhead

CHARLOTTE • CHICAGO • GENEVA • HONG KONG • LONDON • LOS ANGELES • MOSCOW • NEW YORK • NEWARK • PARIS • SAN FRANCISCO • WASHINGTON, D.C.

WRITER'S DIRECT DIAL
(312) 558-6083
mkjaer@winston.com

RECEIVED
FEB 24 2010
BMC GROUP

February 22, 2010

BY OVERNIGHT DELIVERY

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

Re: Proof of Claim: Case Number 09-37012

Dear Claims Agent:

Enclosed herein please find a proof of claim (the "Claim") of Bank of America, N.A., ("Bank of America") in its capacity as administrative agent (in such capacity, the "Prepetition Agent") for the Dallas Campus, LP ("Dallas Campus") senior secured prepetition revolving lenders (which lenders include Bank of America and are collectively referred to herein as the "Prepetition Revolving Lenders") on behalf of Highland Springs, Inc. ("Highland Springs") to be filed against Dallas Campus, LP (the "Debtor").

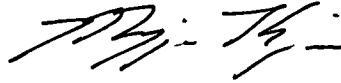
In accordance with the Order Granting Joint Motion to Establish Protocol Under Federal Rules of Bankruptcy Procedure 3001(c) and 3001(d) for Filing Proofs of Claim [Docket No. 797] (the "Claims Protocol Order"), the Exhibits to the Claim are attached in the CD enclosed with the Claim. In accordance with the Claims Protocol Order, the Prepetition Agent may file a single proof of claim on behalf of the Prepetition Revolving Lenders with respect to the Dallas Campus facility, including any guaranties thereto guarantied by Debtors.

In addition, a copy of the Claim (the "Copy") is enclosed herein with a stamped, self-addressed envelope. Kindly file the Claim in the Dallas Campus case and date-stamp and return the Copy to the following address: Winston & Strawn LLP, Attn. Myja K. Kjaer, 35 West Wacker Drive, Chicago, Illinois 60613.

Page 2

Thank you very much for your assistance. If you have any questions regarding this matter, please contact me at (312) 558-6083.

Sincerely,

A handwritten signature in black ink, appearing to read 'Myja K. Kjaer', with a stylized flourish at the end.

Myja K. Kjaer, Esq.

Enclosures

Exhibit Index

[Exhibit A Master Lease](#)

[Exhibit B Community Loan Agreement](#)

[Exhibit C Working Capital Loan Agreement](#)

[Exhibit D Dallas Campus Prepetition Highland Springs Security Agreement](#)

[Exhibit E Dallas Campus Prepetition Highland Springs Collateral Assignment of Contracts](#)

[Exhibit F Dallas Campus Prepetition Highland Springs Pledge and Assignment](#)

[Exhibit G Dallas Campus Prepetition Highland Springs Leasehold Deed of Trust](#)

[Exhibit H Dallas Campus Prepetition NFP Deed of Trust](#)

[Exhibit I Dallas Campus Lockbox Agreement](#)

[Exhibit J Dallas Campus Prepetition Pledge and Assignment](#)

[Exhibit K Dallas Campus Prepetition Highland Springs Subordination Deed of Trust](#)

[Exhibit L Dallas Campus Prepetition Highland Springs Subordination Agreement](#)

[Exhibit M Dallas Campus Prepetition Lease Subordination Agreement](#)

HIGHLAND SPRINGS, INC.
MASTER LEASE AND USE AGREEMENT

THIS MASTER LEASE AND USE AGREEMENT (this "Lease"), is made as of this 30th day of November, 2005 by and between DALLAS CAMPUS, LP, a Maryland limited partnership, hereinafter called "DC," having an address at 701 Maiden Choice Lane, Baltimore, Maryland 21228; and HIGHLAND SPRINGS, INC., a Maryland corporation, hereinafter called "HS," having an address at 701 Maiden Choice Lane, Baltimore, Maryland 21228.

RECITALS

R.1. DC is the owner of certain real property located in Dallas, Texas (the "Property"), a legal description of which is attached hereto as Exhibit A.

R.2. DC intends to lease the Property, together with all improvements and personalty located thereon, to HS. DC and HS intend that this Lease shall set forth the general conditions and provisions for HS's use of the Property.

R.3. Subject to feasibility and other factors to be determined by DC, the parties intend that DC shall develop the Property by Phases.

NOW THEREFORE, for and in consideration of the payment of the rentals, and performance of the covenants and agreements hereinafter mentioned and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the parties hereto, DC demises and leases unto HS, and HS hereby hires from DC, the right to occupy and use the Premises, on the following terms and conditions:

1. DEFINITIONS

For the purposes of this Lease, the following terms shall have the indicated meanings:

Accepted Premises – That portion of the Premises that have been substantially completed by DC and accepted by HS.

Additional Rent - The additional expenses to be paid by HS as Rent pursuant to this Lease.

Annual Rent - The total Rent for the Premises on a per annum basis.

Assisted Living Unit - A room accommodation for a Resident who is unable to perform normal functions necessary to live in an Independent Living Unit, but who needs a lesser degree of medical care, personal care and service than is provided in the Nursing Units.

Building - Any residential building, community building, chapel, pool building, garage, maintenance building or other structure located within the premises and designed to permit occupancy by human beings.

Capital Budget - A budget setting forth the anticipated capital repairs and renovations for the Premises for the projected twelve month period, which will show the source of funds for the items referenced in the Capital Budget.

Capital Reserve Fund - The fund to be established by HS for capital improvements and replacement of capital items as provided in Subsection 21.3.2 of this Lease.

Care Center - The structure(s) in which Nursing Units are located.

Commencement Date - Shall have the meaning given such term in Subsection 4.1.1. of this Lease.

Common Areas - The areas of the Premises not consisting of Units.

Community Building - A building constructed on the Property in which dining, recreational, retail and offices uses are located.

Community Loan - Amounts loaned from time to time by HS to DC pursuant to the Community Loan Agreement of even date herewith.

Community Loan Agreement - That certain Loan Agreement dated of even date herewith by and between HS, as lender and DC, as borrower, together with all amendments, extensions and modifications thereto.

DC - Dallas Campus, LP and its successors and assigns under this Lease.

Date of Settlement - The date when a Resident is first authorized to take possession of a Unit pursuant to a Residence and Care Agreement.

Entrance Deposit - The entrance deposit required to be paid (either in cash or by promissory note) to HS by Residents on or before the Date of Settlement for the Resident's Unit, which includes the Application Deposit, the New Apartment Building Deposit, the Signing Deposit, and the Move-In Deposit.

Environmental Claim - means all claims arising under Environmental Requirements.

Environmental Requirements - All applicable laws, ordinances, statutes, codes, rules, regulations, agreements, judgments, orders, common law rulings and decrees, now or hereafter enacted, adopted, promulgated, or amended, of the United States, the states, the counties, the cities, or any other political subdivisions in which the Property is located, and

any other political subdivision, agency or instrumentality exercising jurisdiction over the owner of the Premises, the Premises or the use of the Premises relating to pollution, the protection or regulation of human health, natural resources, or the environment, or the emission, discharge, release or threatened release of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or waste or Hazardous Materials into the environment (including, without limitation, ambient air, surface water, ground water or land or soil).

Hazardous Materials - Any substance which is or contains (i) any "hazardous substance" as now or hereafter defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. §§ 9601 et seq.) ("CERCLA") or any regulations promulgated under CERCLA; (ii) any "hazardous waste" as now or hereafter defined in the Resource Conservation and Recovery Act (42.U.S.C. §§ 6901 et seq.) ("RCRA") or regulations promulgated under RCRA; (iii) any substance regulated by the Toxic Substances Control Act (15 U.S.C. §§2601 et seq.); (iv) gasoline, diesel fuel, or other petroleum hydrocarbons; (v) asbestos and asbestos containing materials, in any form, whether friable or non-friable; (vi) polychlorinated biphenyls; (vii) radon gas; and (viii) any additional substances or materials which are now or hereafter classified or regulated under Environmental Requirements. Hazardous Materials shall include, without limitation, any substance, the presence of which on the Property requires reporting, investigation or remediation under Environmental Requirements.

HS – Highland Springs, Inc., and its successors and assigns under this Lease.

Improvements - The buildings, appurtenances, and personalty built or to be built on the Property or supplied by DC for lease to HS, and all replacements thereto.

Independent Living Unit - An accommodation at the Community for a Resident who is able to live independently within HS's guidelines.

Initial Commencement Date - The Commencement Date for the first Residential Building.

Initial Move-In Period - The period for each Phase beginning with the substantial completion of construction for such Residential Building and ending with the achievement of ninety-five percent (95%) occupancy of such Residential Building. Completion of the Initial Move-In Period shall be the achievement of the ninety-five percent (95%) occupancy level.

Lease - This Master Lease and Use Agreement.

Lease Term - The duration of this Lease as defined in Article 4 of this Lease.

Nursing Unit - A room accommodation for a Resident who is unable to perform normal functions necessary to live in an Independent Living Unit or Assisted Living Unit and who

needs the degree of medical care, personal care and service that is provided in the Nursing Facility.

Operating Budget - A budget for the projected twelve month period which will indicate operating cash flow sufficient to meet the cash flow needs of the Community (including costs for maintenance and refurbishment of the Premises), when combined with proceeds from the Working Capital Loan. The Operating Budget shall show the source of funds by line item for the disbursements referred in the Operating Budget.

Option Notice Period - The thirty (30) day period commencing one hundred and eighty (180) days prior to the expiration of the then current Lease Term and ending one hundred and fifty (150) days prior to the end of the then current Lease Term.

Phase - An interval of development of the Retirement Community, consisting of a Building, and/or other Improvements, such interval of development to be determined by DC in its sole discretion.

Premises - The Property and Improvements leased and demised to HS by DC pursuant to this Lease.

Property - The real property located in Dallas, Texas described in Exhibit A attached hereto.

Release – means any presence, emission, spill, seepage, leak, escape, leaching, discharge, injection, pumping, pouring, emptying, dumping, disposal, migration, or release of Hazardous Materials from any source into or upon the environment, including the air, soil, improvements, surface water, groundwater, the sewer, septic system, storm drain, publicly owned treatment works, or waste treatments, storage, or disposal systems.

Rent - The rental, including all Additional Rent, paid by HS to DC on the Premises.

Residence and Care Agreement - The continuing care contract executed between HS and each Resident of the Retirement Community detailing the residential and other rights and obligations of the Resident and the rights and obligations of HS.

Resident - An occupant of the Retirement Community pursuant to a Residence and Care Agreement.

Residential Building – A building constructed on the Property in which Independent Living Units, Assisted Living Units or Nursing Units are located.

Retirement Community - The continuing life-care community located on the Property.

Site Plan - The plan attached hereto as Exhibit C detailing the lay-out of the Premises when completed as approved (as may be amended from time to time by DC without the requirement of consent by HS).

Test Period - The nine (9) month period prior to the respective Option Notice Period.

Unit - The residential unit of a Resident at the Retirement Community, which may be an Independent Living Unit, an Assisted Living Unit, or a Nursing Unit.

Working Capital Loan - That loan made by DC to HS in the amount up to Thirty Three Million Six Hundred Fifty Seven Thousand Dollars (\$33,657,000) pursuant to that Working Capital Loan Agreement dated of even date herewith, to provide HS with a line of working capital to fund HS's purchase of the fixtures, furnishings, and equipment necessary for operation of the Premises and to fund HS's short-term operating costs with advances as needed.

Working Capital Loan Note - The note to be executed by HS evidencing the Working Capital Loan.

2. PREMISES

2.1. HS and DC acknowledge and agree that DC hereby leases to HS the Premises, and HS hereby leases from DC, the Premises, effective as of the date of this Lease, and any and all Improvements hereinafter constructed on the Property during the Term of this Lease. DC and HS acknowledge that the Premises, if fully completed by DC, are intended to include all of the Improvements as more fully depicted in the Site Plan attached hereto as Exhibit C. HS expressly acknowledges and agrees that DC has no obligation to complete construction of the Retirement Community or to construct the Retirement Community in accordance with the Site Plan.

3. USE AND OPERATION

3.1. The Premises shall be used as a facility for the continuing life care of Residents, including all residential, medical, recreational, commercial and other uses incidental thereto, and for no other purpose. Any use of the Premises by HS or by any other person or entity which is not specifically shown on the Site Plan shall require DC's prior written consent.

3.2. HS shall provide or shall cause to be provided all services required to be provided by HS under Residence and Care Agreements, in the form that has been attached hereto as Exhibit B. All proposed material alterations to the Residence and Care Agreements must be approved in advance in writing by DC.

3.3. The proposed initial Entrance Deposits for Units are set forth on Exhibit D attached hereto. Any changes in the Entrance Deposits must be approved by DC.

3.4. HS agrees to use its best efforts to cause Entrance Deposits charged to new residents of Units previously occupied under prior Residence and Care Agreements to be in an amount sufficient to refund in full the Entrance Deposit paid by the previous Resident of the Unit, plus the cost of marketing the Unit to a new resident. In addition to the above requirement, HS shall use its best efforts to cause the schedule of the Entrance Deposits for all Units that become available for occupancy each year to be increased annually by at least fifty percent (50%) of the increase in the Consumer Price Index (All Items) for the Dallas, Texas Metropolitan Area for the previous calendar year, unless an Entrance Deposit schedule with smaller increases is approved in writing by DC.

4. TERM

4.1. The rights and obligations of the parties shall be effective as of the date of this Lease; provided, however, that HS's possessory interest in the Premises shall not commence until the Initial Commencement Date.

4.1.1. The Commencement Date for each Phase shall be the date that the Phase is accepted by HS and first occupied by HS for its intended use. The Lease Term for all Phases shall be coterminous, and shall terminate on the twenty (20) year anniversary date from the Initial Commencement Date.

4.1.2. HS shall have the option to extend the Lease Term for three (3) additional ten (10) year terms by giving written notice to DC of HS's election to extend the Lease Term, which notice must be given during the Option Notice Period, provided, however, that in the event HS does not extend the Lease Term during the Option Notice Period, DC shall give HS written notice of such failure to extend, and HS shall have an additional thirty (30) days following receipt of such notice in which to extend the Lease Term.

5. RENT OBLIGATION

5.1. As of the Initial Commencement Date, HS hereby agrees to pay to DC as Rent for the Premises the sums set forth in Exhibit E attached hereto. Such Rent shall be payable in advance on the first day of each month during the Lease Term and shall not be reduced or abated except in accordance with the terms of Article 18 of this Lease. HS covenants, without any previous demand therefor and without set-off, counterclaim, or deduction, to pay the Rent at the times and in the manner provided.

5.2. DC and HS acknowledge and agree that this Lease is intended to be absolutely "net" to DC, except as expressly provided otherwise in this Lease. Therefore, HS agrees to pay to DC promptly upon demand all sums payable by or assessed against DC as a result of DC's entry into this Lease or as a result of DC's ownership of such portion of the Premises as have been accepted by HS, except to the extent that DC is expressly liable for such cost or expense

pursuant to the terms of this Lease. DC expressly agrees that DC is responsible for all taxes and assessments allocable to those portions of the Premises that have not yet been accepted by HS.

6. TAXES

6.1. For the purpose of this Lease, "Tax Period" shall mean the fiscal year of each jurisdiction levying taxes on the Premises and "Applicable Taxes" shall mean ad valorem real and personal property taxes assessed and levied against the Premises and any personal property located on the Premises as of the tax status day next preceding each of the said fiscal years.

6.2. HS shall, as Additional Rent, remit to DC HS's proportional share of all Applicable Taxes becoming due and payable during the Lease Term irrespective of any law or regulation which may impose such Applicable Taxes on DC. Applicable Taxes for the Tax Periods in which the Lease Term begins or terminates shall be apportioned in proportion to the number of days the Lease Term exists within each of such Tax Periods bears to the total number of days in such Tax Period.

6.3. Special assessments which become due in full or any part thereof and all installments of special assessments which become due during the Lease Term (whether or not such assessments or the first of such installments become due prior to the Initial Commencement Date) shall be borne by HS as Additional Rent and shall be remitted by HS either (i) to the appropriate collecting authority, or (ii) to DC, if not payable by HS to the collecting authority. For purposes of this Subsection, payment in installments over the longest possible term will be deemed to have been elected in any instance where a determinable option to pay existed or may exist, even though an assessment may have been or may hereafter be paid in full, and HS shall bear the expense of only such installments as would have become due, payable and delinquent during the Lease Term had the installment option been elected.

6.4. HS shall remit or cause to be remitted directly to the appropriate taxing authority all personal property taxes on HS's personal property located upon the Premises.

6.5. HS shall not have the right to contest the amount or validity, in whole or in part, of Applicable Taxes or special assessments, or to withhold any portion of the Applicable Taxes beyond the date on which such Applicable Taxes are due, unless HS shall have obtained the prior written consent of DC thereto. If DC elects to contest the amount or validity, in whole or in part, of the Applicable Taxes or special assessments, HS shall cooperate fully with DC in such contest.

7. INSURANCE AND USE FEES

7.1. HS shall maintain comprehensive public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Accepted Premises and the streets and alleys adjoining the Accepted Premises, affording protection of at least \$3,000,000 single limit per occurrence of loss or damage, subject to such deductibles as DC may permit. If during the Lease Term changed conditions or other pertinent factors, in the reasonable judgment of DC, should render inadequate the insurance limits referred to above, HS shall furnish on demand such additional coverage as may be reasonably required by DC. All such insurance shall be:

- (i) primary and noncontributory to any other insurance maintained by DC, and
- (ii) effected at HS's expense under valid and enforceable policies issued by insurers of recognized responsibility which are qualified to do business in the state in which the Property is located; and which have a rating of A or better and a financial size rating of X or larger from Best's Key Rating Guide and Supplemental Service, Property/Casualty (or comparable insurance rating service) and are acceptable to DC.

7.2. All policies shall name HS as insured and, as additional insureds, DC and any lender providing construction financing for all or any part of the Retirement Community, as their interests may appear, and shall, to the extent obtainable, contain an agreement by the insurer that such policies shall not be canceled or substantially modified without at least thirty (30) days' prior written notice to DC. Certificates of insurance evidencing coverage of such policies shall be delivered by HS to DC and any lender providing construction financing for all or any part of the Retirement Community, as their interests may appear, prior to the Initial Commencement Date, and similar replacement certificates shall be delivered by HS to such entities at least fifteen (15) days prior to the expiration dates of expiring policies. If HS does not provide such evidence of valid liability insurance coverage, then DC, at its option, may provide said coverage at any time and without notice to HS. The cost thereof will be charged to HS as Additional Rent and shall be payable upon demand.

7.3. HS shall obtain and maintain throughout the Lease Term fire and special form insurance covering the Accepted Premises in an amount not less than 100% of the then replacement cost of such Improvements on the Premises, being the cost of replacing such Improvements, subject to such deductibles as DC shall permit, in DC's reasonable discretion from time to time.

7.4. All such fire and special form insurance shall be affected at HS's expense under valid and enforceable policies issued by insurers approved by DC. Such policies shall name DC or DC's designee and any lender providing construction financing for all or any part of the Retirement Community as sole loss payee as trustee for the proceeds and shall insure DC, HS and any construction lender as their respective interests may appear. Each policy or certificate shall, to the extent obtainable, contain an agreement by the insurer that such

policies shall not be canceled or substantially modified without at least thirty (30) days' prior notice to DC. Memoranda of such policies shall be delivered by HS to DC prior to the Initial Commencement Date, and similar replacement policies shall be delivered by HS to such entities and at least fifteen (15) days prior to the expiration dates of expiring policies. If HS does not provide such evidence to DC of valid liability insurance coverage, then DC, at its option, may provide said coverage at any time and without notice to HS. The cost thereof will be charged to HS as Additional Rent and shall be payable upon demand.

7.5. HS, at its sole cost and expense, shall carry such additional or other insurance as customarily is maintained by operators of similar property, or as reasonably may be required by DC from time to time for its protection against any loss, hazard, or liability to which DC may be exposed. In addition, DC shall be named as an insured on any excess or umbrella insurance policies maintained by HS.

7.6. HS covenants that it will not do nor permit to be done, nor keep nor permit to be kept upon the Accepted Premises, anything which will contravene the policy or policies of insurance against loss by fire or other causes. HS covenants that under no circumstances will it keep or permit to be kept, do or permit to be done in or about the Accepted Premises, anything of a character so hazardous as to render it difficult, impracticable or impossible to secure insurance in companies acceptable to DC, and further, immediately upon notice, to remove from the Accepted Premises and/or to desist from any practice deemed by the insurance companies or the Association of Fire Underwriters as so affecting the insurance risk.

7.7. DC and HS hereby release and relieve the other and waive their respective rights of recovery and subrogation against the other for loss or damage arising out of or incident to any insured casualty which occurs on or about the Premises, whether due to the negligence of either party, their servants, agents, and employees.

7.8. Notwithstanding anything to the contrary contained in this Lease, for the first seven (7) years following the Initial Commencement Date DC agrees to reimburse to HS, annually, a sum equal to (i) all insurance costs paid, per annum, for public liability insurance or comparable insurance required to be carried by HS pursuant to Section 7.1 of this Lease or to be paid by HS under the Management Agreement for any other agreement, in excess of (ii) the average insurance costs paid per annum at continuing care retirement communities managed by Erickson Retirement Communities, LLC (the "Baseline Communities"). Insurance costs shall include but are not necessarily limited to, premiums and deductibles and costs of self-insurance or other risk management programs. The amounts set forth in clause (ii) shall be adjusted so that they are comparable basis with HS's insurance costs, taking into account the number of types of units at HS's community and the Baseline Communities and the types of coverage at such communities, the purpose of such payment by DC being to reflect any increased insurance costs arising from the insurance market in Texas as opposed to the insurance costs in other parts of the United States where the Baseline Communities are

located. Prior to the Initial Commencement Date, the parties shall establish a protocol for computing the amounts in clauses (i) and (ii).

The terms of this Section 7.8 shall survive the termination of this Lease.

8. UTILITIES; PERMITS

8.1. HS agrees to pay or cause to be paid all charges and taxes incurred by HS or others claiming under or through HS for or on account of water, sewer, gas, electricity, light, heat and power and for telephone and other communication services, including protective devices, and all other public or private utility services which may be used, rendered or supplied upon, to or in connection with the Accepted Premises or any part thereof at any time during the Lease Term.

8.2. DC shall make application for and obtain the necessary permits and licenses for construction and development of the Improvements. HS agrees to thereafter make application for and obtain all licenses and permits necessary for the use and operation of the Premises as a Retirement Community, and DC agrees to execute and deliver to HS such applications as are necessary and are requested by HS to obtain such licenses and permits, provided DC is not obligated to incur any cost, expense or liability in connection therewith.

9. MAINTENANCE; ENVIRONMENTAL MATTERS; COOPERATION

9.1. HS agrees to keep and use the Accepted Premises in a safe, clean, orderly and sanitary manner. HS shall provide security services for the Accepted Premises. HS will keep all sidewalks, driveways and parking areas included in the Accepted Premises and subject to the Lease free of ice, snow and debris.

9.1.1. HS shall, during the Lease Term, keep the interior and exterior of the Accepted Premises, including those Improvements which are subject to the Lease, and appurtenances (including plumbing, heating, electrical, elevator, sprinkler and air conditioning systems thereof) in good order and condition and will make all necessary repairs and replacements thereto, including repairs to any damage caused by normal wear and tear, or by any waste, misuse or neglect of said Accepted Premises, its apparatus or appurtenances by HS, its agents, servants or employees or by any Resident or any invitee of any Resident, at HS's own expense. HS is obligated to prepare, for DC's written approval, a Capital Budget and an Operating Budget for the renovation and refurbishment of the Improvements on a regular basis. Such plan shall be based on the anticipated useful life of such Improvements. After the Capital Budget and Operating Budget are approved in writing by DC, HS shall be obligated to comply with such budgets and to cause such renovation and refurbishment to be done, unless DC consents in writing to a deviation from such plan, which consent may be refused in DC's sole discretion.

9.1.2. All such replacements shall be and remain the property of DC throughout the term of this Lease, and upon expiration of this Lease. HS agrees to execute and deliver to DC such documents as DC may reasonably request to confirm DC's ownership of such replacements.

9.1.3. HS will, at the expiration of the Lease Term or at the sooner termination thereof by forfeiture or otherwise, deliver up the Premises in the same good order and condition as they were upon the Commencement Date for each Phase of the Premises, reasonable wear and tear, permitted alterations, refurbishments, renovations and changes excepted. HS shall be charged with the protection of its own fixtures and personal property, and in no event shall DC be liable for any damage to such property by reason of fire, other casualty or the elements, leakage of water or steam or the acts or neglect of DC or any other person.

9.2. (a) DC shall, at its expense, remove or remediate in accordance with Environmental Requirements, Hazardous Materials located on the Property as of the date of this Lease that are known to DC, including any matters revealed in the environmental investigations of the Property prepared for DC and its affiliates (the "Environmental Reports"). HS shall neither take any action nor utilize the Premises in such a manner which would contaminate the Premises with Hazardous Materials. Should HS or persons under its control use any Hazardous Material on the Premises during the term of the Lease, such Hazardous Material shall be handled in accordance with all Environmental Requirements and manufacturers' requirements.

(b) Notwithstanding any provisions of this Agreement, HS shall indemnify, defend, and hold harmless DC from claims, losses penalties, sanctions, orders, damages or other costs, including reasonable attorneys' fees, incurred should contamination or other Environmental Claim arise from HS's use and operation of the Premises hereunder.

(c) Notwithstanding any other provision of this Agreement, DC shall indemnify, defend, and hold harmless HS from claims, losses, penalties, sanctions, orders, damages or other costs, including reasonable attorneys' fees incurred should contamination or other Environmental Claim arise from (i) facts, circumstances, conditions or Releases existing, initiated or occurring at the Property on or prior to the date of this Lease, to the extent known to DC (including the matters revealed in the Environmental Reports), or (ii) DC's development or use of the Property, unless and to the extent caused by HS's use and operation of the Premises hereunder. NO LENDER (OTHER THAN DC) HOLDING ANY SECURITY INTEREST IN THE PREMISES SHALL BE LIABLE TO HS UNDER THIS SUBSECTION (C), WHETHER BY VIRTUE OF ANY COLLATERAL ASSIGNMENT OF THIS LEASE BY DC, OR OTHERWISE.

(d) Notwithstanding any other provision of this Lease, the provisions of Section 9.2(b) and (c) shall survive any expiration or termination of this Lease.

9.3. HS shall use reasonable efforts to cooperate, at no cost or liability to HS, with DC in the development of each of the Phases.

9.4. Except as provided in Section 9.3, HS shall be responsible for: (i) all repairs and replacements (whether or not such would, in accordance with generally acceptable accounting principles, be deemed to be "capital" in nature) to the roofs, roads and parking areas in the Accepted Premises, and to the plumbing, heating, electrical, elevator, sprinkler and air conditioning systems in the Accepted Premises; and (ii) all improvements or additions to the Property and Improvements required to be made by any laws, rules, regulations, orders or other governmental requirements, now or hereafter in effect.

10. ALTERATIONS; COMPLIANCE WITH LAWS

10.1. DC covenants that, as of the Commencement Date for each Phase, the Phase to be leased to HS as part of the Premises shall be constructed in a good and workmanlike manner, be in material compliance with all applicable federal, state and local laws, ordinances, and regulations, as well as the requirements of the Association of Fire Underwriters, or similar governing insurance body then in effect. HS acknowledges and agrees that HS's sole remedy for a failure by DC to comply with the terms of this Section 10.1 shall be to seek specific performance and/or to pursue actual damages incurred by HS in performing DC's obligations under this Section 10.1.

10.2. HS covenants that it will not make any alterations, refurbishments, renovations, or changes of any kind to the Premises, including any change required to comply with Laws (as hereinafter defined), without first securing the written consent of DC, after submission of the plans therefor, such consent not to be unreasonably withheld. HS will, in making any such alterations, as well as in its use of the Premises, fully comply with all federal, state and local laws, ordinances, and regulations, as well as the requirements of the Association of Fire Underwriters, or similar governing insurance body (collectively, the "Laws"), all at HS's expense.

10.3. HS covenants promptly to comply with and do all things required by any notice served upon it or upon DC in relation to the Premises or any part thereof, from any applicable government or governmental agency, if the same shall be caused by HS's use or occupancy of the Premises, or any alteration, addition or change to the Premises performed by HS or by any change or addition to any Laws.

10.4. All alterations, changes, and improvements made by HS, whether at HS's behest or for the compliance with local, state, and U.S. laws or regulations, shall be made at HS's expense.

10.5. HS covenants that no liens, including mechanic's liens, shall attach to the Premises by virtue of any alteration, refurbishment, renovation or change made by HS, and that if any such lien is filed HS will cause the same to be removed within thirty (30) days after such

5

filing and shall indemnify and hold harmless DC from any damages resulting from such liens.

11. SIGNS AND APPEARANCE

HS shall not place or permit any signs in or about the Premises without the written permission of DC, such consent not to be unreasonably withheld. HS agrees that it will do nothing to change the uniform architecture, paint or appearance of the Improvements, including but not limited to the paint, covering of windows, or decoration of the Improvements, without the written consent of DC, such consent not to be unreasonably withheld.

12. SUBLETTING OR ASSIGNMENT

HS covenants that HS's interest in the Premises, or any part thereof, shall not be leased or sublet to any person, or a license, operating or concession arrangement granted, without the prior written consent of DC. HS further covenants that this Lease shall not be assigned to any person or entity without the prior written consent of DC. Any lawful levy or sale on execution or other legal process, and also any assignment or sale in bankruptcy, or insolvency, or under any compulsory procedure, or the appointment of a Receiver by a State or Federal court, shall be classified as an assignment within the meaning of this Lease. The decision to allow HS to sublet or to assign this Lease shall be in DC's sole discretion. If DC consents in writing to a subletting or an assignment of the Lease, HS hereunder shall remain liable for the performance of all the covenants and conditions of this Lease. Notwithstanding the provisions of this Article 12, HS need not obtain DC's consent for use of the Premises by its employees, agents, and contractors or for entering into Residence and Care Agreements with qualified Residents of the Retirement Community. DC shall be entitled to review and approve the terms of all subleases or licenses for any sublease or license of a portion of the Premises to retail or medical establishments entered into by HS, which approval will not be unreasonably withheld. DC expressly acknowledges and agrees that such retail and medical subleases and licenses are often entered into to provide necessary services to the Retirement Community, and are not always intended to create economic benefit for HS or to the Retirement Community.

13. INDEMNITY

13.1. HS shall and will save, hold and keep harmless and indemnify DC from and against any and all claims for damages whatsoever, and the costs of defending against the same, of any kind or nature, including personal injuries, arising in any manner or under any circumstances through the exercise by HS of any right granted or conferred hereby, or the performance or non-performance of any of its obligations hereunder, or any other act or omission of HS, its employees, residents, or invitees, whether such damage, including personal injury, be sustained by DC or its officers, agents, employees, residents, or invitees by residents of the Premises, or by other persons or corporations which seek to hold DC liable.

13.2. DC will save, hold, keep harmless and indemnify HS from and against any and all costs of repairs and claims for damages whatsoever and the cost of defending against same, of any kind or nature, including personal injuries, to the extent arising out of the negligent or faulty construction of the improvements and occurring prior to the time the improvements become part of the Accepted Premises; whether such costs or damage, including personal injury, be sustained by HS or its officers, agents, employees, residents; or invitees by residents of the Premises; or by other persons or corporations who seek to hold HS liable.

14. QUIET ENJOYMENT; SUBORDINATION TO MORTGAGE

14.1. DC covenants that HS shall quietly enjoy possession of the Premises during the Lease Term, so long as HS shall not be in default hereunder.

14.2. DC agrees that all Residence and Care Agreements entered into with Residents of the Premises shall be honored by DC, even in the event of termination of this Lease, and that any holder of any security interest in the Premises claiming under DC will not disturb the possessory rights of such Residents under Residence and Care Agreements so long as such Residents are not in default thereunder. DC's obligation of non-disturbance under this Subsection 14.2. in event of any termination of this Lease for any reason is conditioned upon all rent and other fees and assessments with respect to each Unit subject to such a non-disturbance agreement continuing to be paid by the Resident of such Unit, pursuant to the terms of such Resident's Residence and Care Agreement.

14.3. HS and DC hereby agree that in event of any termination of this Lease, HS shall, at the election of DC, assign over to DC or DC's designee, absolutely and free of any claim or right of HS, all of HS's rights and privileges under each of the Residence and Care Agreements then in existence with respect to any and all Units in the Premises, and, to the extent required under the Community Loan Agreement, all of HS's rights and privileges under the Community Loan. DC or DC's designee (as the case may be) will assume all of the obligations of HS under each of the assigned Residence and Care Agreements and the Community Loan arising subsequent to the date of such assignment.

14.4. Following an Event of Default, HS shall assign to DC all of HS's rights under any subleases, licenses, contracts and operating agreements with respect to the Premises requested by DC to be assigned to DC, subject to assumption by DC of all obligations of HS under each agreement so assigned, arising subsequent to the date of such assignment.

14.5. HS agrees that this Lease is and shall be subordinate to all mortgages and deeds of trust that are now, or may hereafter be, placed upon the Premises and to any and all advances to be made thereunder, and to the interest thereon, and all renewals, replacements and extensions thereof, provided, however, HS shall have entered into a non-disturbance agreement with DC's lender, which non-disturbance agreement shall provide that in the event of the enforcement by the trustee, mortgagee or beneficiary under any such lien documents of the remedies provided for by law or by such lien documents, any entity succeeding to the

interest of DC as a result of such enforcement will not terminate this Lease nor disturb HS in the possession and use of the Premises pursuant to this Lease and HS's rights hereunder (except as provided for in this Lease or on such other terms as may be agreed upon between HS and DC's lender). HS also agrees that any such trustee, mortgagee or beneficiary may elect to have this Lease constitute a prior lien to its mortgage or deed of trust, and in the event of such election and upon notification by such trustee, mortgagee or beneficiary to HS to that effect, this Lease shall be deemed prior in lien to such mortgage or deed of trust, whether this Lease is dated prior to or subsequent to the date of said mortgage or deed of trust. HS agrees that upon the request of DC, or any mortgagee or beneficiary, HS shall execute whatever instruments may be required to carry out the intent of this Section.

14.6. In the event any proceedings are brought for the foreclosure of, or in the event of the conveyance by deed in lieu of foreclosure of, or in the event of exercise of the power of sale under, any mortgage or deed of trust made by DC covering the Premises, HS hereby attorns to, and covenants and agrees to execute instrument in writing reasonably satisfactory to the new owner, whereby HS attorns to such successor in interest and recognizes such successor as DC under this Lease.

15. INSPECTION OF PREMISES

HS agrees that DC and any agents designated by it shall have the right to inspect the Premises at all reasonable times during business hours, or at any time in case of emergency provided, however, that DC's right to inspect occupied Independent Living Units, Assisted Living Units and Nursing Units shall be restricted in accordance with the terms of the Residence and Care Agreement of Residents occupying such Units. DC shall give HS reasonable notice of any inspection; provided, however, that in the case of emergency, DC need not give such notice.

16. RESTORATION

16.1. In the event the Premises are damaged or destroyed by fire, storm, the elements, act of God, unavoidable accident, the public enemy or other insured casualty, but not to such an extent in DC's judgment as to render up to fifty percent (50%) of the gross square footage of any Building unavailable, then HS shall restore such Building as speedily as possible, and Rent shall abate proportionately on such Building until the repairs are substantially completed. For purposes of such restoration, any and all insurance proceeds to be obtained by HS in accordance with Article 7 of this Lease payable on account of such loss (excluding any rental loss insurance) shall be made available to HS to cover the cost of such restoration.

Any proceeds from rental loss insurance shall be paid to DC. Any insurance deductible payment shall be paid by HS. Such restoration shall provide substantially equivalent facilities to those damaged or destroyed, to the extent of available insurance proceeds.

16.2. In the event the Premises are damaged or destroyed by fire, storm, the elements, act of God, unavoidable accident, the public enemy or other insured casualty, to such an extent in DC's judgment as to render more than fifty percent (50%) of the gross square footage of any Building unavailable, then DC shall restore such Building as speedily as possible, and Rent shall abate proportionately on such Building until the repairs are substantially completed. For purposes of such restoration, any and all insurance proceeds to be obtained by HS in accordance with Article 7 of this Lease payable on account of such loss (excluding any rental loss insurance) shall be made available to DC, and any lender providing construction financing for all or any part of the Retirement Community, to cover the cost of such restoration. Any insurance deductible payment and payment of all costs of restoration in excess of such insurance proceeds shall be paid by HS. Such restoration shall provide substantially equivalent facilities to those damaged or destroyed, to the extent of available insurance proceeds.

16.3. If HS fails to obtain and timely pay for casualty insurance premiums as provided in Article 7 of this Lease, then, notwithstanding the terms set forth in Sections 16.1 and 16.2 hereinabove, HS, at HS's own expense, shall be responsible for the restoration of the Premises as speedily as possible, and there shall be no abatement of Rent.

16.4. Prior to making any restoration pursuant to the terms of this Article, HS must obtain the consent of DC to the plans and specifications for such restoration, such consent not to be unreasonably withheld.

17. CONDEMNATION

17.1. If the whole or any part of the Premises shall be taken under the power of eminent domain, or shall be sold by DC under threat of condemnation proceedings, then this Lease shall terminate as to the part so taken or sold on the day when HS is required to yield possession thereof. DC shall make such repairs and alterations as may be necessary in order to restore the part not taken or sold to useful condition but in such event the Rent shall not be reduced or abated. Such restoration shall provide substantially equivalent facilities, but only to the extent of proceeds received or anticipated to be received by DC as a result of such taking or sale.

17.2. If the amount of the Premises so taken or sold is such as to impair substantially the future usefulness of the Premises as a Retirement Community, as agreed in writing by both DC and HS, then this Lease shall terminate as of the date when HS is required to yield possession.

17.3. DC shall have the sole right to bring a claim or receive compensation for any such taking or sale of the fee and the leasehold, or any part thereof. HS shall have the right to bring a claim or receive compensation for relocation of its operations, for the taking of the fixtures, furnishings, and equipment owned by HS, provided that such award does not

diminish any award receivable by DC as a result of such taking. DC shall notify HS within ten (10) days of receipt of notice of the taking or condemnation.

18. DEFAULT BY HS

18.1. The following events shall be deemed an "Event of Default":

- (i) appointment of a receiver or trustee for HS in any court, which appointment is not vacated within thirty (30) days;
- (ii) if HS is adjudicated bankrupt or insolvent or makes an assignment for the benefit of creditors;
- (iii) any voluntary or involuntary petition shall be filed by or against HS under any section or chapter of the United States Bankruptcy Code or any similar federal or state statute, and in the event of an involuntary filing against HS, such filing is not vacated within thirty (30) days;
- (iv) HS fails to pay the Rent reserved hereunder within ten (10) days of the due date thereof, DC provides written notice to HS of such failure, and HS fails to pay such Rent within five (5) business days following receipt of notice from DC;
- (v) HS fails to comply with any of the requirements of Article 7 relating to its obligation to maintain insurance; or
- (vi) violation of any of the other covenants, terms or conditions of this Lease by HS, which violation shall remain uncured for a period of thirty (30) days after notice thereof in writing, provided, however, that in the event such default cannot reasonably be cured through the use of diligent efforts within thirty (30) days, HS shall be afforded an additional thirty (30) days to diligently pursue such cure.

18.2. If an Event of Default shall occur, DC may, at its option, but subject to the requirement set forth in Section 14.2 hereinabove that DC honor the rights of Residents of Units in the Premises, under Residence and Care Agreements:

- (i) terminate this Lease, in which event DC shall be entitled to the benefit, without further notice (all statutory notice requirements being hereby expressly waived), of all the provisions of law for summary possession of the Premises now in force or which may hereafter be enacted; or
- (ii) re-enter the Premises and operate the same to the exclusion of HS, for the account of HS, in which event DC may carry out, amend, terminate or modify any and all contracts and agreements previously entered into by HS with respect to the Premises including the Residence and Care Agreements and the Community Loan (so

long as the rights of Residents under Residence and Care Agreements are not impaired thereby), make all management decisions with respect to the Premises, collect income, incur expenses, and otherwise operate the Premises, all for the account of HS, until such time as all prior defaults under the Lease have been cured and the Premises is operating on a sound financial basis, upon which time DC shall, unless DC has previously terminated the Lease on account of default, return the Premises to HS, accounting for all income received and expenses incurred; or

(iii) set off against sums due and owing by DC to HS under the Community Loan any sums due and payable by HS to DC under this Lease, to the extent such sums are not received by DC when due; or

(iv) exercise any other remedy available to DC at law or in equity.

18.3. DC's rights under this Article 18 to enter upon and operate the Premises as a Retirement Community are subject to all laws and regulations governing continuing care providers in the State of Texas. In the event that DC declares an Event of Default and re-enters the Premises, DC may grant or assign HS's rights and obligations under this Lease, the Residence and Care Agreements and the Community Loan to Erickson Retirement Communities, LLC or to another registered continuing care provider, or may retain such rights to itself.

18.4 HS covenants and agrees to cooperate with DC with respect to any threatened or attempted appointment of a receiver for the Retirement Community by HS or by any other governmental or quasi-governmental entity exercising regulatory or oversight control over continuing care retirement communities in Texas.

19. HS HOLDING OVER

If HS shall not immediately surrender possession of the Premises at the expiration of the Lease Term or the sooner termination of this Lease, HS shall become a tenant from month to month, provided the Rent shall be paid to and accepted by DC, in advance, at a rate of one hundred and fifty percent (150%) of the Rent payable just prior to the termination of this Lease; but unless and until DC shall accept such Rent from HS, DC shall continue to be entitled to re-take possession of the Premises without any prior notice whatever to HS. If HS shall fail to surrender possession of the Premises immediately upon the expiration of the Lease Term or the sooner termination of the Lease, HS hereby agrees that all of the obligations of HS and all rights of DC applicable during the Lease Term shall be equally applicable during such period of subsequent occupancy, regardless of the type of tenancy created.

20. WAIVER

Any waiver of any covenant or condition of this Lease shall be in writing signed by the party waiving the right, shall extend to the particular case only, and only in the manner specified, and shall not be construed as applying to or in any way waiving any further or other rights hereunder. The exercise of any of the options aforesaid shall not be construed as a waiver of DC's right to recover actual damages for any breach in an action at law, or to restrain any breach or threatened breach in equity or otherwise.

21. SECURITY FOR HS'S PERFORMANCE

21.1. Within forty-five (45) days after the end of each of the first three fiscal quarters of each fiscal year during the Lease Term, and within ninety (90) days after the end of each fiscal year during the Lease Term, including any renewal terms, HS will submit to DC statements of income and expenses in reasonable detail, reflecting operations of the Retirement Community and the Premises for the respective quarterly and annual periods, and, with the fiscal year end statement, a balance sheet reflecting HS's assets, liabilities and net worth, all in accordance with sound accounting principles, consistently applied. HS shall, at its own expense, contract with and pay for an independent certified public accountant(s) to prepare such financial statements.

21.2. HS will submit to DC annually, not later than sixty (60) days prior to the beginning of each of HS's fiscal years, a budget of anticipated expenses based upon the previous year's operations, and income projected to cover such expenses, (including fees payable to HS or its successors and assigns under the Residence and Care Agreements) plus appropriate contingency factors and reserves for that fiscal year (provided that this obligation shall not apply during the first year of operation of the Retirement Community). In addition, HS shall supply to DC, as promptly as reasonably possible, such other information as DC may reasonably request, from time to time, including, without limitations, marketing, sales and operating reports, additional backup or breakdowns of operating expenses, and/or information of any threatened or pending litigation.

21.3. [Reserved.]

21.4. As collateral security for HS's obligations hereunder, HS assigns and sets over to DC all of HS's right, title and interest in and to all Residence and Care Agreements entered into with respect to Units in the Premises, (including, but not limited to, all payments due to HS thereunder), and grants to DC a security interest therein. HS will, on request, execute and cause to be filed in appropriate record offices any financing statements, continuation statements or other documents, including a collateral assignment, as may be necessary or appropriate to perfect DC's security interest in the Residence and Care Agreements. In event of default by HS in any of its obligations under this Lease, DC shall have the right to exercise all rights of HS under such Residence and Care Agreements, including, if applicable, the right to collect all payments due thereunder, to set fees and charges payable for all future

periods, and to enter into such modifications, terminations or amendments thereof as DC may deem appropriate (provided the rights of Residents to occupy the Units under their respective Residence and Care Agreements are not terminated) all without notice to or concurrence of HS. In such event, HS will give notice to each Resident subject to a Residence and Care Agreement assigned hereunder that DC has succeeded to HS's rights thereunder. HS agrees that DC, as security for any indebtedness of DC, may assign its interest in such assignments.

21.5. As additional security for all of HS's obligations hereunder, and to the extent not prohibited by law, HS assigns and sets over to DC all of HS's right, title and interest in, to and under (i) all licenses, certificates of need, operating permits, franchises and other governmental authorizations and approvals now or hereafter existing with respect to the acquisition, construction, renovation, expansion, leasing, ownership and/or operation of the Retirement Community, including all certificates of need, licenses and other authorizations of any kind in connection with any nursing home or other health care facilities which are a part of the Retirement Community; (ii) any and all licenses issued by any governmental authority relating to the operation of food and beverage facilities and/or amenities; (iii) any and all third-party payment contracts under which payment may be made for services rendered at the Retirement Community, including, but not limited to, Certificate of Registration, Medicare and Medicaid provider agreements issued to HS and the Retirement Community; and (iv) any and all personalty of HS located on the Property and utilized in connection with the operation or maintenance of the Retirement Community; together with all additions to, modifications of and substitutions for any of the foregoing. HS will, on request, execute and cause to be filed in appropriate record offices, any financing statements, continuation statements or other documents including a collateral assignment, as may be necessary or appropriate to perfect such security interest. HS shall, upon request, execute a Collateral Assignment of Residence and Care Agreements and Assignment of Licenses to evidence these assignments. HS agrees that DC, as security for any indebtedness of DC, may assign its interest in such documents.

21.6. HS's accounts and books of record maintained by DC with respect to the operation of the Premises shall be subject to examination and audit by DC at any time during the Lease Term and any renewals hereof. In the Event of Default by HS in furnishing any of the financial statements provided for in Article 21.1 of this Lease, all costs of such examination and/or audit shall be borne by HS and shall be payable by HS as Additional Rent due hereunder promptly upon submission by DC of any bill or bills therefor.

21.7. As DC's security hereunder may be impaired hereunder unless Entrance Deposits are collected in full, HS agrees that it shall enforce collection of all sums due and owing to HS under any promissory note given by a Resident in payment of his or her Entrance Deposit.

21.8. HS acknowledges and agrees that in the event that this Lease terminates or expires prior to the satisfaction of the Community Loan that the provisions of Section 12(b) of the Community Loan Agreement dated as of the date hereof, as such document may hereafter be amended or modified, shall control the disposition of HS's interest in the Community Loan.

22. COMMON AREAS/ RESERVATIONS

22.1 DC hereby reserves the right and any easements as it deems necessary to enter onto and use the Common Areas for the following purposes:

- (i) ingress and egress to and from areas adjacent to the Premises;
- (ii) construction of future Phases;
- (iii) parking, signage, and reciprocal easements;
- (iv) construction and installation of utilities and stormwater management facilities;
- (v) perform DC's rights or obligations under this Lease
- (vi) perform grading; and
- (vii) such other purposes as DC may reasonably deem necessary.

Upon the request of DC, HS will execute any and all documents necessary to evidence such rights and easements as DC may request.

22.2 HS agrees to execute and deliver to DC such easements, grants, licenses, leases or other agreements relating to the Premises as DC may request that are necessary or desirable for the construction or development of the Retirement Community, provided such documents do not impose any material obligation or liability on HS.

22.3 DC for itself and for its agents, and contractors, reserves the right to enter the Premises to complete the development work on the Premises and this Lease of the Premises shall be subject to the right to enter and access the entrance road into the Retirement Community, to enter and access the interior Retirement Community roads, the utility easements, and the rights of way for the purposes of completing the work.

23. NOTICES

Any notice required or permitted by this Lease, to be given by either party to the other, may be either personally delivered or sent by certified mail, properly addressed and prepaid, to the addresses of the parties set forth on Exhibit F hereto, unless another address shall have been substituted for such address by notice in writing, the date of personal delivery being taken as the date of the giving of such notice

24. MISCELLANEOUS

24.1. HS hereby warrants and represents to DC that HS is a corporation, validly existing under the laws of the State of Maryland and that it has full power and authority to enter into this Lease and perform under the terms of this Lease. DC hereby warrants and represents to HS that DC is a limited partnership, validly existing and in good standing under the laws of the State of Maryland, and that it has full power and authority to enter into this Lease and perform under the terms of this Lease.

24.2. This Lease constitutes the entire agreement between the parties in respect of the Premises, and there are no oral agreements between the parties in connection herewith.

24.3. This Lease shall be governed by the law of the State of Texas and venue for all proceedings with respect to this Lease shall be in the State of Texas.

24.4. In the event that any provision of this Lease is held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the remainder of the Lease which shall remain in full force and effect and shall be construed as though they had not contained the invalid or unenforceable provision.

24.5. The covenants herein shall be binding upon, and the rights hereunder shall inure to the benefit of the parties, their personal representatives, successors and assigns, except that HS's rights shall inure only to those assigns for which HS has obtained DC's prior written consent in accordance with Article 12 of this Lease.

24.6. The failure or delay by DC to exercise any of its rights or remedies under this Lease or at law or in equity shall not constitute a waiver of such rights and remedies. The remedies provided in this Lease are in addition to those remedies available to DC at law or in equity.

24.7. The provisions of this Lease shall not be construed to create a joint venture or partnership between DC and HS.

24.8. In the event of a default by DC of its obligations under this Lease, HS hereby waives any recourse to which HS may be entitled, at law or in equity, against the partners of DC.

24.9. HS shall, within five (5) days of request therefor by DC, execute and deliver to DC or, at DC's request, to any prospective purchaser, assignee, or any lien holder, an instrument in recordable form certifying: (a) that this Lease is in full force and effect; (b) the dates through which the Rent, including any Additional Rent, and other charges arising hereunder have been paid; (c) the amount of any prepaid Rent or credit due to HS hereunder; (d) that HS has accepted possession of the Premises; (e) as to whether, to the best knowledge, information, and belief of the signer of the certificate, DC or HS is then in default hereunder and the nature of the default; (f) as to any other fact or condition reasonably requested by DC

or such other addressee; and (g) that the statements contained in the certificate may be relied upon by DC or such other addressee.

24.10. DC and HS agree that neither this Lease nor any memorandum thereof shall be recorded.

24.11. DC and HS acknowledge and agree that, in the event that DC hereafter acquires HS's interest in this Lease, this Lease, at DC's option, shall not be terminated due to merger and shall continue in full force and effect, and DC may at any time thereafter transfer or assign HS's interest in this Lease to any qualified provider of continuing care services under the laws of the State of Texas.

24.12. The section headings are for reference purposes only and shall not be used in the interpretation of this Lease.

24.13. In the event that Landlord shall assign this Lease to a new landlord or in the event that a lien holder, for whom HS has executed a subordination agreement pursuant to Section 14 of this Lease, shall foreclose on the Premises, HS agrees to attorn to the new landlord or lien holder, as the case may be, and shall execute and deliver, upon request therefor, a written agreement of attornment confirming that HS is and remains bound under the terms and provisions of this Lease.

24.14 HS and DC hereby voluntarily and intentionally waive any right they may have to a trial by jury in any action, proceeding or litigation directly or indirectly arising out of, under or in connection with this Lease. This waiver applies to all claims against all parties to such actions and proceedings, including parties who are not parties to this Lease. This waiver is knowingly, intentionally, and voluntarily made by HS and DC who acknowledge that they have been represented in the execution of this Lease and in the making of this waiver by independent legal counsel, selected of their own free will, and that they have had the opportunity to discuss this waiver with counsel. HS and DC further acknowledge that they have read and understand the meaning and ramifications of this waiver provision.

25. LIMITATION ON LIABILITY OF MEMBERS/PARTNERS.

The parties hereby agree and confirm that upon the occurrence of any default and/or Event of Default under any provision of this Agreement, if any judicial proceedings to enforce the obligations of either party is brought by any party, such proceedings shall be limited to the property and assets of the party. No judgment or suit shall be sought or obtained by any party against the partners or members of the parties, or any officer, director or employee of a partner or member or their assets. Nothing herein contained shall limit or impair the liability of a partner or member of a party for any obligation arising independently of their status as a partner or member of such party.

26. LANDLORD WORKING CAPITAL LOAN TO HS

DC shall provide the Working Capital Loan to HS on such terms as are acceptable to DC and HS. The terms and conditions of the loan and disbursement of the advances shall be set forth in the Working Capital Loan Agreement of even date herewith by and between DC and HS and the Working Capital Loan Note. HS acknowledges that it has undertaken such studies and investigations as it has deemed appropriate to determine the feasibility on the Project, including the costs and expenses associated therewith, and that, although it has received certain projections from DC, HS hereby expressly disclaims any reliance on such projections.

27. HS'S OPTION TO BUY

HS shall have a Purchase Option for the Premises upon the occurrence of the tenth (10th) anniversary of the date of this Lease, upon the expiration of the Lease Term and again at the end of each ten (10) year extension of the Lease Term, if the same is exercised, upon the following terms and conditions:

27.1 During the Option Notice Period, HS shall give DC written notice of its desire to exercise its Purchase Option to buy the Premises. The purchase agreement for the Premises shall be executed by the parties not less than forty-five (45) days prior to the expiration of the then current Lease Term.

27.2 The Closing of the Purchase Option shall occur on the date following the expiration of the respective Lease Term or, if such date shall be a Saturday, Sunday, or legal holiday, the next business day following. DC and HS agree that the conveyance of the Premises shall be "as is", and that Rent under this Lease shall continue to be due and payable until title to the Premises passes to HS. HS and DC agree to deliver such documents as are customarily delivered in similar transactions, including evidence of due execution and authorization of such documents. All costs of such conveyance, exclusive of DC's attorney's fees but inclusive of title insurance premiums and recordation and transfer taxes, shall be borne by HS.

27.3 The purchase price, as determined in accordance with the provisions set forth below in this Article 27, shall be paid in currently available funds at Closing. The then balance of any current loans which have been made by HS to DC shall be repaid at Closing or credited against the purchase price for the Premises. Adjustment of real estate taxes, metropolitan district charges, and other like charges shall be made to the Closing date.

27.4 This Purchase Option shall be void and of no further force and effect in the event HS shall have defaulted under the terms of this Lease.

27.5 The parties agree and acknowledge that the purchase price to be paid by HS at such time as HS exercises its Purchase Option for the Premises shall be the Fair Market Value of the Premises. Because it is difficult to predict the future value of the Premises, the parties agree that the following methods will determine the Fair Market Value, and therefore, the purchase price, of the Premises for purposes of HS's Purchase Option.

27.5.1. If during the Test Period, the average occupancy rate for the Independent Living Units on the Premises is 95% or more, then the Purchase Price shall be the aggregate amount of the products obtained by multiplying the Entrance Deposits of each Unit type, as listed in the approved Retirement Community marketing material as of the commencement of the respective Option Notice Period, times the total number of Units in the Premises of each Unit type.

27.5.2. If the average occupancy rate during the Test Period is less than 95%, then the Purchase Price of the Premises shall equal the Fair Market Value (defined in the following sentence) of the Premises. "Fair Market Value" of the Premises shall be determined by independent appraisal by a Member, Appraisal Institute ("MAI") qualified appraiser in Texas selected by DC from a list of not less than four such appraisers submitted by HS. In the event DC refuses to select any of the appraisers submitted by HS, within ten (10) days of such refusal, DC and HS shall each select a MAI qualified appraiser in Texas ("MAI Appraiser"), and those two MAI Appraisers shall mutually select a third MAI Appraiser. The MAI appraiser(s) shall not use the Market Comparable approach but rather utilize only the Replacement Cost and the Income Capitalization approaches. The Income Capitalization approach valuation shall be based on the Rents generated by the Premises and the Replacement Cost approach valuation shall be based on the cost of development and construction of comparable square footage of usable space of comparable quality of construction. The MAI appraiser(s) shall weigh the valuations of these two approaches in his or her professional opinion to determine the Fair Market Value. The MAI appraiser(s) shall also, to the extent practicable, disregard value attributable to new capital facilities constructed by HS during the Lease Term but not capital replacements made by HS as required under the terms of this Lease. The MAI appraiser(s) shall complete the appraisal and render a determination of the Fair Market Value not less than sixty (60) days prior to the expiration of the then current Lease Term. In the event the three MAI Appraisers are involved, the determination of Fair Market Value shall be that Fair Market Value as determined by the MAI Appraiser which is the middle of the three values.

27.5.3. DC and HS agree that the determination of Fair Market Value shall specifically exclude any office or retail leases for space within the Premises that are for less than market terms. DC and HS acknowledge and agree that such leases will be entered into as an amenity for the Residents, and do not adversely affect the Fair Market Value of the Premises.

IN WITNESS WHEREOF, the parties hereto have caused this Master Lease and Use Agreement to be executed and delivered as of the date first written above.

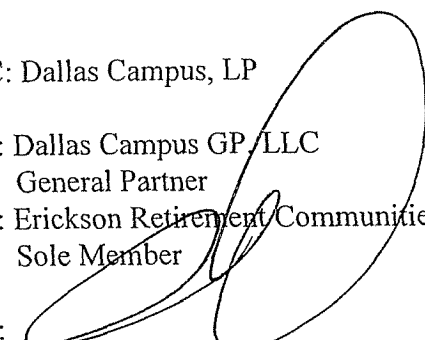
WITNESS:

DC: Dallas Campus, LP

By: Dallas Campus GP, LLC
General Partner

By: Erickson Retirement Communities, LLC
Sole Member

Dawn E. Hughes

By: 
Gerald F. Doherty
Executive Vice President

WITNESS:

HS: Highland Springs, Inc.

By: _____ (SEAL)
James M. Anders, Jr.
Treasurer

**APPROVED AS TO LEGAL
SUFFICIENCY** _____

IN WITNESS WHEREOF, the parties hereto have caused this Master Lease and Use Agreement to be executed and delivered as of the date first written above.

WITNESS:

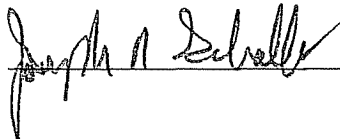
DC: Dallas Campus, LP

By: Dallas Campus GP, LLC
General Partner

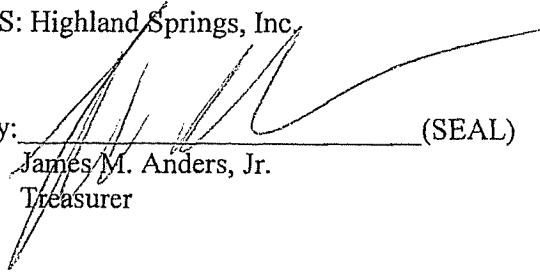
By: Erickson Retirement Communities, LLC
Sole Member

By: _____
Gerald F. Doherty
Executive Vice President

WITNESS:

 _____

HS: Highland Springs, Inc.

By:  _____ (SEAL)
James M. Anders, Jr.
Treasurer

APPROVED AS TO LEGAL
SUFFICIENCY _____

TABLE OF EXHIBITS

| | |
|------------|-----------------------------------|
| Exhibit A: | Legal Description of the Property |
| Exhibit B: | Residence and Care Agreement |
| Exhibit C: | Site Plan |
| Exhibit D: | Fees and Deposits |
| Exhibit E: | Rent |
| Exhibit F: | Notices |

**HIGHLAND SPRINGS RETIREMENT COMMUNITY
MASTER LEASE AND USE AGREEMENT**

**EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY**

LEGAL DESCRIPTION

TRACT 1:

BEING a tract of land situated in the John Clay Survey, Abstract No. 223, in the City of Dallas, Collin County, Texas, and being a part of the City of Dallas Block No. 8735, and the 88.918 acre tract of land described in deed to Dallas Campus, LP, recorded in Volume 05927, Page 01725 of the Land Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8-inch iron rod with cap found for the intersection of the northwesterly right-of-way line of the Dallas Area Rapid Transit Railroad (DART) (100 foot right-of-way) with the easterly right-of-way line of Coit Road (FM 3193, a 130 foot public right-of-way);

THENCE with said easterly right-of-way line of Coit Road, North 00 degrees 27 minutes 35 seconds East, a distance of 1809.63 feet to a cross mark cut in concrete in the center of Frankford Road (formerly Renner Road), an undedicated road for corner;

THENCE with said center of Frankford Road, South 89 degrees 12 minutes 16 seconds East, a distance of 1949.94 feet to a PK nail set for corner;

THENCE leaving the said corner of Frankford Road, South 00 degrees 13 minutes 00 seconds West, a distance of 1263.22 feet to a 5/8-inch iron rod set with cap stamped "KHA" for corner in the northwesterly right-of-way of DART;

THENCE with said northwesterly right-of-way line, South 75 degrees 09 minutes 26 seconds West, a distance of 2027.14 feet to the POINT OF BEGINNING and containing 68.8864 acres of land.

NOTE: COMPANY DOES NOT REPRESENT THAT THE ABOVE ACREAGE AND/OR SQUARE FOOTAGE CALCULATIONS ARE CORRECT.

TRACT 2:

BEING a tract of land situated in the John Clay Survey, Abstract No. 223, in the City of Dallas, Colling County, Texas, and being a part of the City of Dallas Block No. 8735, and the 88.918 acre tract of land described in deed to Dallas Campus, LP, recorded in Volume 05927, Page 01725 of the Land Records of Collin County, Texas, and being more particularly described as follows:

COMMENCING at a 5/8-inch iron rod with cap found for record for the intersection of the northwesterly right-of-way line of the Dallas Area Rapid Transit Railroad (DART) (100 foot right-of-way) with the easterly right-of-way line of Coit Road (FM 3193, a 130 foot public right-of-way);

THENCE with said easterly right-of-way line of Coit Road, North 00 degrees 27 minutes 35 seconds East, a distance of 1809.63 feet to a cross mark cut in concrete in the center of Frankford Road (formerly Renner Road), an undedicated road for corner;

THENCE with said corner of Frankford Road, South 89 degrees 12 minutes 16 seconds

LEGAL DESCRIPTION

East, a distance of 1949.94 feet to a PK nail set for the POINT OF BEGINNING;

THENCE continuing with said center of Frankford Road, South 89 degrees 12 minutes 16 seconds East, a distance of 753.52 feet to a PK nail found, from which a 5/8 inch iron rod found bears South 00 degrees 13 minutes 00 seconds West, 18.0 feet, for the northwest corner of Lot 1, Block B/8735, Phase I, U.T.D. Synergy Park, an addition in the City of Dallas, Collin County, Texas, according to the plat thereof recorded in Cabinet F, Page 551 of the Map Records of Collin County, Texas;

THENCE with west line of said Lot 1, Block B/8735, South 00 degrees 13 minutes 00 seconds West, a distance of 1052.87 feet to a 3/8 inch iron rod with cap found in the northwesterly right-of-way of DART, for the southwest corner of said Lot 1, Block B, Phase I, U.T.D. Synergy Park;

THENCE with the said northwesterly right-of-way line, South 75 degrees 09 minutes 26 seconds West, a distance of 780.28 feet to 5/8 inch iron rod set with a cap stamped "KHA" for corner;

THENCE leaving the northwesterly right-of-way line of DART, North 00 degrees 13 minutes 00 seconds East, a distance of 1263.22 feet to the POINT OF BEGINNING and containing 20.0314 acres of land.

NOTE: COMPANY DOES NOT REPRESENT THAT THE ABOVE ACREAGE AND/OR SQUARE FOOTAGE CALCULATIONS ARE CORRECT.

TRACTS 1 AND 2 ALSO BEING DESCRIBED AS FOLLOWS:

OVERALL TRACT:

BEING a tract of land situated in the John Clay Survey, Abstract No. 223, in the City of Dallas, Collin County, Texas, and being a part of the City of Dallas Block No. 8735, and the 88.918 acre tract of land described in deed to Dallas Campus, LP recorded in Volume 05927, Page 01725 of the Land Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8 inch iron rod with cap found for the intersection of the Northwesterly Right-of-Way line of the Dallas Area Rapid Transit Railroad (DART) (100 foot Right-of-Way) with the Easterly Right-of-Way line of Coit Road (FM 3193, a 130 foot public Right-of-Way);

THENCE with said Easterly Right-of-Way line of Coit Road, North 00 degrees 27 minutes 35 seconds East, a distance of 1809.63 feet to a cross mark cut in concrete in the center of Frankford Road (formerly Renner Road), an undedicated road for corner;

THENCE with the center of Frankford Road, South 89 degrees 12 minutes 16 seconds East, a distance of 2703.46 feet to a PK nail found, from which a 5/8 inch iron rod found bears South 00 degrees 13 minutes 00 seconds West, 18.0 feet, for the Northwest corner of Lot 1, Block B/8735, Phase I, U.T.D. Synergy Park, an addition in the City of Dallas, Collin County, Texas, according to the plat thereof recorded in Cabinet F, Page 551 of the Map Records of Collin County, Texas;

GF# 000681655 - M

Commitment No. 44-903-80-

000681655

LEGAL DESCRIPTION

THENCE with the West line of said Lot 1, Block B/8735, South 00 degrees 13 minutes 00 seconds West, a distance of 1052.87 feet to a 3/8 inch iron rod with cap found in the Northwestern Right-of-Way of DART, for the Southwest corner of said Lot 1, Block B, Phase I, U.T.D. Synergy Park;

THENCE with said Northwestern Right-of-Way line, South 75 degrees 09 minutes 26 seconds West, a distance of 2807.41 feet to the POINT OF BEGINNING and containing 88.918 acres of land.

NOTE: COMPANY DOES NOT REPRESENT THAT THE ABOVE ACREAGE AND/OR SQUARE FOOTAGE CALCULATIONS ARE CORRECT.

**HIGHLAND SPRINGS RETIREMENT COMMUNITY
MASTER LEASE AND USE AGREEMENT**

**EXHIBIT B
RESIDENCE AND CARE AGREEMENT**

***HIGHLAND SPRINGS, INC.
RESIDENCE AND CARE AGREEMENT***

June 2005

THIS DOCUMENT, IF EXECUTED, CONSTITUTES A LEGAL AND BINDING CONTRACT BETWEEN YOU AND HIGHLAND SPRINGS, INC. YOU MAY WISH TO CONSULT A LEGAL OR FINANCIAL ADVISOR BEFORE SIGNING, ALTHOUGH IT IS NOT REQUIRED THAT YOU DO SO TO MAKE THIS CONTRACT BINDING.

TABLE OF CONTENTS

| | | |
|------------|--------------------------------------------------------------------------------------------------|----|
| Section 1. | <u>DESCRIPTION OF COMMUNITY</u> | 3 |
| 1.1 | Independent Living Units..... | 3 |
| 1.2 | Renaissance Gardens..... | 3 |
| Section 2. | <u>TERM</u> | 4 |
| Section 3. | <u>LIVING ACCOMMODATIONS</u> | 4 |
| 3.1 | Resident's Right to Occupy..... | 4 |
| 3.2 | Joint Residents | 4 |
| 3.3 | Rights of New Spouse..... | 5 |
| 3.4 | Resident's Obligation to Furnish Unit..... | 5 |
| 3.5 | Customized Improvements | 5 |
| Section 4. | <u>SERVICES TO RESIDENTS</u> | 5 |
| 4.1 | Independent Living Services..... | 6 |
| 4.2 | Assisted Living Services | 6 |
| 4.3 | Nursing Services..... | 7 |
| Section 5. | <u>ANCILLARY SERVICES</u> | 7 |
| 5.1 | Services Available through HIGHLAND SPRINGS..... | 8 |
| 5.2 | Services Available through Outside Providers..... | 8 |
| 5.3 | Services Not Provided..... | 8 |
| Section 6. | <u>OTHER RESIDENT RIGHTS</u> | 8 |
| 6.1 | Residents' Association | 9 |
| 6.2 | Resident Guests | 9 |
| 6.3 | Physicians and Other Professionals | 9 |
| Section 7. | <u>ENTRANCE DEPOSIT</u> | 9 |
| 7.1 | Payment of Entrance Deposit | 9 |
| 7.2 | Escrow of Deposit & Release from Escrow | 9 |
| 7.3 | Adjustments to Entrance Deposit..... | 10 |
| 7.4 | Refund of Deposit Prior to Occupancy | 10 |
| 7.5 | Refund of Entrance Deposit after Occupancy..... | 11 |
| 7.6 | Limitation on Amount of Refund..... | 12 |
| Section 8. | <u>MONTHLY SERVICE PACKAGES</u> | 12 |
| 8.1 | Monthly Service Package | 12 |
| 8.2 | Monthly Service Package for Joint Residents..... | 12 |
| 8.3 | Adjustments to the Monthly Service Package..... | 12 |
| 8.4 | Monthly Service Package in the Event of a Temporary Transfer..... | 13 |
| 8.5 | Monthly Service Package in the Event of a Permanent Transfer to a Different Living Unit | 13 |
| 8.6 | Monthly Service Package in the Event of a Termination of Agreement | 13 |
| Section 9. | <u>OTHER FEES AND COSTS</u> | 14 |
| 9.1 | Application Fee..... | 14 |
| 9.2 | Ancillary Services..... | 14 |
| 9.3 | Other Services | 14 |

| | | |
|-------------|-------------------------------------------------------------------|----|
| 9.4 | Refurbishing a Vacated Living Unit | 14 |
| 9.5 | Medical and Other Insurance | 15 |
| 9.6 | Funeral Arrangements and Burial Expenses | 15 |
| 9.7 | Non-Solicitation of Employees | 15 |
| Section 10. | <u>FINANCIAL INABILITY TO PAY</u> | 15 |
| Section 11. | <u>TRANSFERS</u> | 17 |
| 11.1 | Temporary and Permanent Transfers | 17 |
| 11.2 | Transfer at the Election of Resident..... | 17 |
| 11.3 | Transfer at the Election of HIGHLAND SPRINGS - Non-Emergency..... | 17 |
| 11.4 | Transfer at the Election of HIGHLAND SPRINGS - Emergency | 18 |
| 11.5 | Use of Living Unit | 18 |
| Section 12. | <u>TERMINATION</u> | 19 |
| 12.1 | Termination Within Rescission Period or Prior to Occupancy..... | 19 |
| 12.2 | Termination by Resident..... | 19 |
| 12.3 | Termination by HIGHLAND SPRINGS | 19 |
| 12.4 | Vacating the Living Unit | 20 |
| Section 13. | <u>RIGHTS OF HIGHLAND SPRINGS</u> | 20 |
| 13.1 | Community Rules and Regulations..... | 21 |
| 13.2 | Access to Living Units at the Community..... | 21 |
| 13.3 | Property Rights | 21 |
| 13.4 | Limitation of Liability | 21 |
| 13.5 | Unauthorized Transfers of Property..... | 21 |
| 13.6 | Sponsorship/Religious Affiliation..... | 22 |
| Section 14. | <u>MISCELLANEOUS PROVISIONS</u> | 22 |
| 14.1 | Documents Incorporated by Reference | 22 |
| 14.2 | Rules of Construction | 22 |
| 14.3 | Non-waiver..... | 22 |
| 14.4 | Entire Agreement..... | 23 |
| 14.5 | Amendment | 23 |
| 14.7 | Severability | 23 |
| 14.8 | Paragraph Headings | 23 |
| 14.9 | Venue..... | 23 |
| 14.10 | Assignment..... | 23 |
| Section 15. | <u>DEFINITIONS</u> | 23 |
| SCHEDULE I | - SCHEDULE OF FEES | |
| SCHEDULE II | - ACKNOWLEDGMENT OF DELIVERY OF DISCLOSURE STATEMENT | |
| SCHEDULE II | - DOCUMENTS INCORPORATED | |

HIGHLAND SPRINGS, INC.
RESIDENCE AND CARE AGREEMENT

This Residence and Care Agreement (the "Agreement") is made and entered into the _____ day of _____, _____ by and between HIGHLAND SPRINGS, INC. (referred to in this Agreement as "HIGHLAND SPRINGS") and _____ (referred to in this Agreement as the "Resident(s)").

RECITALS

R.1 Highland Springs Retirement Community (the "Community") is planned to be a continuing care retirement community located in Dallas, Texas, developed in phases to offer various living accommodations and services to seniors, as described herein.

R.2 HIGHLAND SPRINGS is a certified continuing care provider under the laws of the State of Texas. HIGHLAND SPRINGS desires to provide certain services listed in this Agreement to Resident and Resident desires to receive such services.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1. DESCRIPTION OF COMMUNITY

The Community is planned to be developed in phases over a period of approximately eight to nine years, subject to obtaining all necessary or required governmental approvals and licenses. The Community will consist of Independent Living Units, Assisted Living Units and Nursing Units. The Community is planned to include a bank, a beauty salon, a convenience store, guest rooms, classrooms, a full-service outpatient Medical Center and a pool.

1.1 Independent Living Units. The Community is planned to have approximately 1650 Independent Living Units within three (3) residential neighborhoods. Each residential neighborhood will be comprised of four (4) residential buildings containing Independent Living Units and one (1) community building. Each community building includes a dining room, classrooms, card rooms, lounges and other common areas. Each residential neighborhood is planned to include at least one unique facility, such as the Medical Center, the swimming pool, health club, or the like.

1.2 Renaissance Gardens. Renaissance Gardens refers to the Community's on-site health care neighborhood. Renaissance Gardens will house both the Assisted Living Units and the Nursing Units. Each floor of Renaissance Gardens will include a dining room, a resident

lounge, activity rooms and a bathing core. Renaissance Gardens will be constructed in several phases. Until Renaissance Gardens is opened, HIGHLAND SPRINGS will enter into transfer agreements for its Residents with outside assisted living and nursing centers.

1.2.1 Assisted Living Units. Renaissance Gardens will include a total of approximately 96 Assisted Living Units upon completion. It is expected that the aggregate number of Assisted Living Units planned for the Community will adequately serve the needs of Community residents. However, in the unusual circumstance that the Assisted Living Units are fully occupied, the Medical Director, or his or her designee, first will arrange for Ancillary Services to be offered in Resident's Independent Living Unit and second, if necessary, will assist in arranging for a transfer to an Off-Site Facility in the immediate area. See Section 8.4 for fees payable by Resident in the event of such a transfer.

1.2.2 Nursing Units. Renaissance Gardens will include approximately 88 Nursing Units upon completion. It is expected that the aggregate number of Nursing Units will adequately serve the needs of Community residents. However, in the unusual circumstance that the Nursing Units are fully occupied, the Medical Director, or his or her designee, will assist in arranging for a transfer to an Off-Site Facility in the immediate area. See Section 8.4 for fees payable by Resident in the event of such a transfer.

Section 2. TERM

The Term of this Agreement shall commence on the date on which this Agreement is executed by Resident and HIGHLAND SPRINGS and shall continue for the lifetime of the Resident unless the Agreement is terminated earlier as provided in Section 12 hereof.

Section 3. LIVING ACCOMMODATIONS

3.1 Resident's Right to Occupy. Resident shall have the right to occupy and to use the following Living Unit: _____, as-is, from the Occupancy Date to the Departure Date, subject to provisions for a change in accommodations as provided in Section 11 of this Agreement. Resident may not assign or sublet the right to occupy a Living Unit to any other person. HIGHLAND SPRINGS shall provide the Living Unit, in good condition, with neutral painted walls, and with standard carpeting and security devices (locks or window latches) in Independent Living Units and Assisted Living Units.

3.2 Joint Residents. When two (2) or more residents reside together in a selected Living Unit, they are considered to be Joint Residents. Each Joint Resident is required to meet HIGHLAND SPRINGS'S financial requirements for entrance into the Community, as well as HIGHLAND SPRINGS'S health qualifications for occupancy of a selected Living Unit, whether the prospective Joint Residents move to the Community together or on different dates.

3.3 Rights of New Spouse/new Joint Resident. If during the term of residency, Resident marries a person who is not a resident of the Community or desires to co-habitate with a person who is not a resident of the Community, Resident's new spouse or Joint Resident will be required to meet HIGHLAND SPRINGS'S financial and health-related qualifications for entrance into the Community. The financial qualifications are meant to serve as a financial protection for the larger community of residents. HIGHLAND SPRINGS reserves the right to determine the appropriate level of care within the Community for the spouse or Joint Resident or to determine that there is not an appropriate level of care within the Community for the spouse or Joint Resident. If Resident's spouse or the Joint Resident is not accepted by HIGHLAND SPRINGS, Resident may terminate this Agreement in accordance with Section 12.2 hereof. If Resident's spouse or Joint Resident is accepted by HIGHLAND SPRINGS, the fee structure described in Sections 7.3.2 and 8.2 for Joint Residents will apply.

3.4 Resident's Obligation to Furnish Unit. Resident shall be responsible for furnishing the Independent Living Unit and the Assisted Living Unit and for procuring insurance for personal possessions and furnishings. HIGHLAND SPRINGS will provide furnishings and equipment, as required by law, for Nursing Units.

3.5 Customized Improvements. Resident may decorate the Living Unit to Resident's personal taste with pictures, window treatments, and the like, so long as such decorations are not permanent fixtures to the Unit or can be easily removed without damaging the structural integrity of the Unit. All other customized improvements to any Independent Living Unit or Assisted Living Unit to be undertaken by Resident either prior to or after the Occupancy Date must be approved in writing by the Executive Director in order to protect the structural integrity of the Unit. If Resident contracts with an outside contractor, the firm or individual contracted with for making the approved improvements, and the plans under which those changes will be made, will be subject to the approval of the Executive Director. If Resident contracts with HIGHLAND SPRINGS to make the changes, Resident and HIGHLAND SPRINGS shall sign an Agreement to Customize the Living Unit to memorialize the details concerning the improvements and any charges related to such changes. For charges related to the removal of any improvements, please see Section 9.4. No customized improvements may be made to a Nursing Unit.

Section 4. SERVICES TO RESIDENTS

HIGHLAND SPRINGS will make available the following services to Resident, as applicable, for the appropriate Monthly Service Package, during the life of the Resident, unless the Agreement is terminated earlier as provided in Section 12. HIGHLAND SPRINGS may change the Monthly Service Package or scope of services or care to Resident after an amendment to the Agreement and after providing Resident with thirty (30) days advance notice of the change, except for changes required by State or Federal assistance programs.

4.1 Independent Living Services. The following Covered Services are included in the Monthly Service Package for Independent Living:

- One meal per day;
- Pullcord communications system;
- Security/Safety officers on duty 24 hours per day;
- All utilities (except personal telephone);
- Basic cable television service (except premium stations);
- Pre-wiring for telephone;
- On-campus shuttle transportation;
- Scheduled off-campus transportation, as determined by the Community
- Maintenance and insurance of buildings, grounds and equipment;
- Insurance for the Independent Living Unit and all items in such unit, except items owned by Resident;
- Sewage and trash removal; and
- Use of all public rooms and common areas of the Community.

4.2 Assisted Living Services. Upon the opening of Renaissance Gardens, Covered Services included in the Assisted Living Monthly Service Package are generally as follows. HIGHLAND SPRINGS intends to provide several assisted living packages to serve different care needs and some services may not be available for certain care packages. Further details on the services available at each level of assisted living care, on HIGHLAND SPRINGS'S and Resident's rights and obligations in Assisted Living will be set forth in the Assisted Living Addendum to the Residence and Care Agreement:

- Provision of supervision, verbal cuing and physical assistance, as appropriate for the Resident's designated care package, in the performance of activities of daily living ("ADLs"), including ambulation, personal hygiene, dressing, toileting and eating;
- Prescription evaluation and planning;
- Medication administration;
- Service plan designed by a care team;
- Three meals per day;
- Regularly scheduled Registered Nurse review and assessment;
- Hospital visits by Renaissance Gardens physician;
- Fresh linens and personal laundry service;
- Light housekeeping care on a weekly basis;
- Medical appointment scheduling, as needed;
- Assistance with Incontinence Care;
- Regular social work team services related to cognitive, behavioral and safety issues;
- Licensed nurse management of chronic/ stable conditions on a regular basis;
- State of the art Nurse/ Resident 2-way Communication;
- Security/Safety officers on duty 24 hours per day;
- All utilities (except personal telephone);

Basic cable television service;
Pre-wiring for telephone;
On-campus shuttle transportation;
Scheduled local shuttle transportation, as determined by Community (if medically appropriate);
Maintenance and insurance of buildings, grounds and equipment;
Sewage and trash removal; and
Use of all public rooms and common areas of the Community.

4.3 Nursing Services. Upon the opening of Renaissance Gardens, the following Covered Services are included in the daily rate for the Nursing Units. Further details on the HIGHLAND SPRINGS'S and Resident's rights and obligations in the Nursing Unit will be set forth in the Nursing Contract Addendum to the Residence and Care Agreement.

Nursing care;
Prescription evaluation and planning;
Medication administration;
Over-the-counter medication;
Service plan designed by a care team;
Three meals per day;
Regularly scheduled Registered Nurse review and assessment;
Hospital visits by Renaissance Gardens physician;
Medically related social services;
Fresh linens and personal laundry service;
Daily Housekeeping services;
Planned recreation and activities;
State of the Art Nurse/Resident 2-way communication;
Mental Health Services, as needed;
Incontinence care;
Assistance in obtaining dental services;
Flu shots;
More frequent involvement of licensed medical personnel to manage chronic conditions;
Security/Safety officers on duty 24 hours per day;
All utilities (except personal telephone);
Basic cable television service;
Pre-wiring for telephone;
Campus shuttle transportation;
Maintenance and insurance of buildings, grounds and equipment;
Sewage and trash removal; and
Use of all public rooms and common areas of the Community.

Section 5. ANCILLARY SERVICES

5.1 Services Available through HIGHLAND SPRINGS. In addition to the Covered Services described in Sections 4.1, 4.2, and 4.3 of this Agreement, HIGHLAND SPRINGS anticipates that the following services will be available to Resident for an additional fee. These Ancillary Services will be phased in as the Community is developed. Other services that are not currently listed may also be available. HIGHLAND SPRINGS may change the scope of or fees charged for such Ancillary Services only after providing Resident with thirty (30) days advance notice, except for changes required by State or Federal assistance programs.

- Housekeeping and laundry service for residents in Independent Living or Assisted Living;
- Extra meals for residents in Independent Living;
- Guest meals;
- Lodging in guest rooms on a temporary and space available basis;
- On-campus health club membership;
- Personal storage space;
- Reserved parking space;
- Covered parking space;
- Off-campus shuttle transportation within a radius determined by the Community;

5.2 Services Available through Outside Providers. HIGHLAND SPRINGS also expects to contract with outside providers to provide the following services to Residents at the Community: medical services through the on-site Medical Center; Home health services in an Independent Living Unit; Home health services in an Assisted Living Unit for one-on-one care by a nursing aide assigned to a resident (through separate agency); laboratory services; medical supplies; prescription drugs; physical, speech and occupational therapy. These services will be provided at an additional fee and will be billed separately by the outside provider. Such services may be covered by Medicare or by resident's other medical insurance. HIGHLAND SPRINGS does not charge Resident any additional fee for use of or access to these outside providers. These services will be phased in as the Community is developed and some services may not be immediately available.

5.3 Services Not Provided. Chronic care, hospice care, acute hospital care, or any institutional care other than care that is appropriate in an Assisted Living or Off-Site Assisted Living Unit and comprehensive care in the Nursing Units, an Off-Site Nursing Facility, or a Special Service Facility are not provided by HIGHLAND SPRINGS or covered under the terms of this Agreement. HIGHLAND SPRINGS will assist with any necessary transfers to such facilities; however, Resident will be responsible for the cost of such care.

Section 6. OTHER RESIDENT RIGHTS

6.1 Residents' Association. Resident shall have the right to participate fully in a Residents' Association, or other organization of residents by whatever name designated and to meet privately to conduct business.

6.2 Resident Guests. Resident shall have the right to receive guests and visitors at the Community and to allow such guests and visitors to stay in an Independent Living Unit on a temporary basis, subject to the reasonable policies and procedures of HIGHLAND SPRINGS for use of the Community. Guest meals, guest cots, or rental of one of the Community's guest rooms will be treated as an Ancillary Service, the costs of which are chargeable to Resident.

6.3 Physicians and Other Professionals. Resident shall have the right to select attending physicians and other health care professionals, provided such physicians or other health care professionals shall agree to follow the reasonable policies and procedures of HIGHLAND SPRINGS and applicable federal and state laws, rules and regulations. Resident is not required to use the on-site Medical Center or the physicians practicing there. HIGHLAND SPRINGS agrees that Residents will not be responsible for payments for services rendered by any health care providers' services which are included as a Covered Service under Resident's Monthly Service Package.

Section 7. ENTRANCE DEPOSIT

7.1 Payment of Entrance Deposit. Resident shall pay to HIGHLAND SPRINGS a total Entrance Deposit as shown in Schedule I which shall be made in a series of deposits on or before taking occupancy of Resident's Living Unit at the Community. In the case of Joint Residents, the Entrance Deposit shall be deemed to be a joint asset of the Joint Residents with a right of survivorship and may be used for the care of either Joint Resident. HIGHLAND SPRINGS does not require an additional Joint Resident Entrance Deposit if Joint Residents occupy the same Living Unit.

7.2 Escrow of Deposit and Release from Escrow. The deposits made by Resident towards the total Entrance Deposit will be held in escrow in a Texas bank, acting as an escrow agent, until Resident either occupies the Continuing Care Unit or the Continuing Care Unit is available for immediate occupancy. When the applicable conditions have been fulfilled, the Entrance Deposit will be released from escrow in full and will be held or used by HIGHLAND SPRINGS until the termination of this Agreement as provided in Section 12. Once released from escrow, the initial Entrance Deposits are loaned by HIGHLAND SPRINGS to the landowner to pay off the cost of the construction loan for the Community. Entrance Deposits received from subsequent occupants of each Continuing Care Unit will be partly used to refund the Entrance Deposit paid by the prior occupant. Any positive difference between the new Entrance Deposit and the amount refunded to the prior occupant will be kept by HIGHLAND SPRINGS for capital repairs and improvements and for reserve funds required by HIGHLAND SPRINGS'S lease or other agreements. However, Resident retains a right to a refund of the Entrance Deposit subject to the terms and conditions set forth in Sections 7.4, 7.5, and 7.6 of this Agreement.

In the case of joint Residents, the Entrance Deposit shall be deemed to be a joint asset of the joint Residents with the right of survivorship and may be used for the care of either joint Resident. No interest shall be paid to Resident on a Resident's Entrance Deposit.

Entrance Deposits deposited in escrow will be returned by the escrow agent to a prospective resident: (a) upon receiving notice by HIGHLAND SPRINGS that the prospective resident has requested a return of the Entrance Deposit, or (b) if the Agreement is rescinded in accordance with Section 12.1.1 or cancelled in accordance with Section 12.1.2 hereof

7.3 Adjustments to Entrance Deposit. Resident's Entrance Deposit may be increased only under the circumstances listed below. Resident shall not be entitled to a refund or decrease of the Entrance Deposit due to any temporary or permanent transfer, for whatever reason, during the Term of this Agreement.

7.3.1 If Resident transfers permanently from one Living Unit to another Living Unit with a higher Entrance Deposit, Resident shall pay to HIGHLAND SPRINGS an additional deposit equal to the difference between the Entrance Deposit then in effect for Resident's present Living Unit and the Entrance Deposit then in effect for the Living Unit to which Resident is transferring.

7.3.2 If Resident's spouse is accepted as a resident in the Community and is placed in a Living Unit other than that of Resident (see Section 3.2 of this Agreement), Resident and his or her spouse must pay to HIGHLAND SPRINGS an additional Entrance Deposit for the spouse's Living Unit and the spouse must sign a separate Residence and Care Agreement for the new Living Unit.

7.4 Refund of Deposit Prior to Occupancy. The Entrance Deposit shall be refunded by HIGHLAND SPRINGS to Resident or the Resident's legal representative, as appropriate, prior to occupancy in the following circumstances:

7.4.1 Resident rescinds the Residence and Care Agreement within seven (7) days of receiving the Disclosure Statement or executing this Agreement or at any time prior to occupancy, whichever date is later (See Section 12.1.1 of this Agreement);

7.4.2 Resident dies before occupying the unit or is precluded from occupying the unit through illness, injury, or incapacity (See Section 12.1.2); or

7.4.3 HIGHLAND SPRINGS elects to terminate the Agreement if it is determined that Resident is ineligible for entrance into the Community (See Section 12.1.2).

The refund of the Entrance Deposit shall be made within thirty (30) days following HIGHLAND SPRINGS'S receipt of actual notice of the rescission/ termination of this

Agreement. If one of Joint Residents dies prior to occupancy, the remaining Resident may, but is not required to, rescind this Agreement. The surviving Resident may request a different Continuing Care Unit, and HIGHLAND SPRINGS will refund or charge any difference in the Entrance Deposit between the Units, provided this election is made in writing at least thirty (30) days prior to occupancy.

7.5 Refund of Entrance Deposit after Occupancy. After occupancy of the Living Unit and subject to the terms and conditions of Section 7.6 of this Agreement, HIGHLAND SPRINGS shall pay a refund of the Entrance Deposit to the Resident as follows:

7.5.1 Termination By Resident During Lifetime. If Resident terminates the Agreement at any time after the Occupancy Date and the expiration of the right of rescission, HIGHLAND SPRINGS shall pay a refund of the Entrance Deposit within thirty (30) days after fulfillment of the following conditions: (1) Resident has vacated and has removed all possessions from the Living Unit; (2) Resident has signed a unit release for the Living Unit; (3) Resident has paid to HIGHLAND SPRINGS all outstanding fees and charges; and (4) a qualified, new resident has signed a Residence and Care Agreement for the Living Unit, the full Entrance Deposit has been paid and the right of rescission has expired. Highland Springs shall pay the refund of the Entrance Deposit to the duly designated beneficiaries named in a refund of Entrance Deposit agreement or, if there is no refund of Entrance Deposit agreement, to the resident.

7.5.2 Termination Due To Death Of Resident. If Resident dies after the Occupancy Date and the expiration of the right of rescission, HIGHLAND SPRINGS shall pay a refund of the Entrance Deposit within thirty (30) days of the fulfillment of the following conditions: (1) the Resident's personal representative or family has removed all possessions from the Living Unit; (2) the Resident's personal representative or family has signed a unit release for the Living Unit; (3) the Resident's personal representative or family has paid all outstanding fees and charges; and (4) a qualified, new resident has signed a Residence and Care Agreement for the Living Unit, the full Entrance Deposit has been paid and the right of rescission has expired. The refund shall be payable by HIGHLAND SPRINGS to the beneficiaries named in a duly executed refund of Entrance Deposit agreement or, if there is no refund of Entrance Deposit agreement, to the personal representative of Resident's estate. If one Joint Resident dies, there will be no refund of the Entrance Deposit; instead, so long as a surviving Resident continues to reside at the Community, the Entrance Deposit shall be deemed to have been paid entirely on behalf of the surviving Resident to be used for the survivor's care if necessary, and will eventually be paid to the survivor, to the beneficiaries named in the survivor's refund of Entrance Deposit agreement, or to the personal representative of the survivor's estate.

7.5.3 Termination By Highland Springs. If HIGHLAND SPRINGS terminates the agreement for good cause (see subsection 12.3 of this agreement),

HIGHLAND SPRINGS shall pay a refund of the Entrance Deposit within thirty (30) days of fulfillment of the conditions listed in subsection 7.5.1 of this agreement.

7.6 Limitation On Amount Of Refund. The amount of the refund which HIGHLAND SPRINGS is obligated to pay to Resident and which Resident is entitled to receive shall normally be the amount of Resident's Entrance Deposit at termination minus any outstanding fees for customizing the Living Unit as set forth in a written agreement between HIGHLAND SPRINGS and Resident. Outstanding Monthly Service Packages, fees for ancillary services, and refurbishing fees will not be automatically deducted from the refund of the Entrance Deposit unless Resident or his/her representative so directs. However, if Resident's Living Unit is not reoccupied by a qualified new resident with an Entrance Deposit equal to or greater than resident's Entrance Deposit, within a reasonable period of time as determined in HIGHLAND SPRINGS'S sole discretion, then HIGHLAND SPRINGS will so notify Resident or Resident's personal representative. Resident or Resident's personal representative may then direct HIGHLAND SPRINGS to re-market the Living Unit for a discounted Entrance Deposit, and the amount of the discounted Entrance Deposit, when received from a qualified new resident, will constitute the amount of the refund to Resident.

Section 8. MONTHLY SERVICE PACKAGES

8.1 Monthly Service Package. During the term of this Agreement, Resident shall pay the applicable Monthly Service Package for the Living Unit. As of the date of this Agreement, the applicable Monthly Service Package for Resident's current Living Unit is shown in Schedule I. The Monthly Service Package is due and payable, in advance, on or before the 5th day of each month; provided, however, that the Monthly Service Package for the month during which Resident first takes occupancy of the Living Unit shall be payable in arrears on a pro-rated basis with the payment of the Monthly Service Package for the first full calendar month occurring during the term of this Agreement. Acceptance by HIGHLAND SPRINGS of partial payment of the Monthly Service Package does not constitute a waiver of such outstanding fees and charges unless HIGHLAND SPRINGS agrees to a waiver in writing. HIGHLAND SPRINGS may charge interest at a rate of one and one-half percent (1.5%) per month on any overdue amounts.

8.2 Monthly Service Package for Joint Residents. Joint Residents occupying the same Living Unit shall pay the appropriate Monthly Service Package for double occupancy of the Living Unit. If Joint Residents occupy different Living Units, both Residents shall each pay the full Monthly Service Package for their respective Living Unit. This fee structure applies to Joint Residents who move to the Community together and to a Resident and a non-resident who are accepted to the Community on different dates.

8.3 Adjustments to the Monthly Service Package. The Monthly Service Package may be revised from time to time. HIGHLAND SPRINGS generally adjusts fees on an annual

basis after having evaluated those factors that it perceives to be relevant to the costs associated with operating the Community and other financial requirements. Normally such changes will be made to become effective on January 1 of the next following calendar year. However, except for changes required by State or Federal assistance programs, HIGHLAND SPRINGS reserves the right, at any time, upon thirty (30) days notice to Resident and upon amendment to the Disclosure Statement, to adjust the Monthly Service Packages to reflect any additional cost or liability for which there is no adequate, budgeted reserve, including, but not limited to, tax liability for real estate taxes relating to the Community, increased operating expenses and inflation.

8.4 Monthly Service Package in the Event of a Temporary Transfer. In the event that Resident temporarily transfers to another Living Unit in the Community or to an Off-Site Facility, Resident shall pay the Monthly Service Package for Resident's permanent Living Unit in addition to the Monthly Service Package for the temporary Living Unit or the Off-Site Facility, as the case may be. Payment of the Monthly Service Package for Resident's permanent Living Unit assures that such permanent Living Unit will remain available to Resident during the time that Resident is temporarily transferred. The Monthly Service Package for a temporary Living Unit at the Community shall be prorated on a daily basis for the period during which Resident is temporarily transferred.

During the period of the temporary transfer, Resident's Monthly Service Package for the permanent Living Unit shall be adjusted as follows: (1) if a single Resident or one Joint Resident transfers, the Monthly Service Package will be reduced by a single Non-Occupancy Credit as defined in Section 15 of this Agreement, (2) if both Joint Residents transfer from a double occupancy Unit, the Monthly Service Package will be reduced by the two-person Non-Occupancy Credit, (3) if both Joint Residents transfer, one from a Living Unit and one from another Living Unit, each Resident's Monthly Service Package shall be reduced by the respective Non-Occupancy Credit.

Upon Resident's return to the permanent Living Unit, Resident shall continue to pay the current Monthly Service Package associated with such Living Unit.

8.5 Monthly Service Package in the Event of a Permanent Transfer to a Different Living Unit. For a period of thirty (30) days following the Departure Date, Resident shall be responsible for payment of the Monthly Service Package for the vacated Living Unit, less the Non-Occupancy Credit, in addition to the Monthly Service Package for the new Living Unit. After the expiration of such thirty (30) day period, Resident shall no longer be responsible for the payment of the Monthly Service Package for the vacated Living Unit.

8.6 Monthly Service Package in the Event of a Termination of Agreement. If Resident terminates this Agreement, or if HIGHLAND SPRINGS terminates this Agreement for good cause in accordance with Section 12.3, or if this Agreement should terminate by reason of the death of Resident, Resident or Resident's estate, as the case may be, shall be responsible for

the payment of the Monthly Service Package for the vacated Living Unit, less the Non-Occupancy Credit, until either (1) all the conditions for a refund of the Entrance Deposit set forth in Section 7 of this Agreement shall have been fulfilled, or (2) ninety (90) days following the Departure Date, whichever event shall occur first.

Section 9. OTHER FEES AND COSTS

9.1 Application Fee. Resident shall pay or has paid to HIGHLAND SPRINGS a non-refundable Application Fee of \$150.00 per person in connection with Resident's application for residence at the Community. The Application Fee will be refunded to Resident only if Resident exercises the right of rescission as described in Section 12.1.1 of this Agreement. If the Agreement is canceled prior to occupancy as described in Section 12.1.2, HIGHLAND SPRINGS may retain the Application Fee as a reasonable service charge so long as it does not exceed two percent (2%) of the Entrance Deposit.

9.2 Ancillary Services. During the term of this Agreement, Resident shall pay Ancillary Service Fees to HIGHLAND SPRINGS for the Ancillary Services (as described in Section 5) provided to Resident by HIGHLAND SPRINGS. The current Ancillary Service Fees for Ancillary Services are attached in Schedule I. Ancillary Service Fees for Ancillary Services which are provided by HIGHLAND SPRINGS may be revised by HIGHLAND SPRINGS from time to time, and such change shall take effect upon the giving of thirty (30) days notice of such increase to Resident in accordance with the rules and regulations of the Department. The charges which are based on published rates for State or Federally assistance programs (for example, Medicare rates) shall be revised upon the effectiveness of changes to such rates. All Ancillary Services provided by HIGHLAND SPRINGS shall be billed to Resident on Resident's monthly statement, and payment shall be due immediately upon the rendering of an invoice for such Services. Acceptance by HIGHLAND SPRINGS of partial payment of the charges shall not constitute a waiver of the outstanding charges unless HIGHLAND SPRINGS agrees to a waiver in writing. HIGHLAND SPRINGS may charge interest at a rate of one and one-half percent (1.5%) per month on any overdue amounts.

9.3 Other Services. Ancillary Services not provided through HIGHLAND SPRINGS and any other services arranged by Resident shall be billed directly to Resident, and HIGHLAND SPRINGS shall have no responsibility for payment of or collecting payment for such services.

9.4 Refurbishing a Vacated Living Unit. Each time Resident permanently vacates an Independent or Assisted Living Unit, irrespective of the length of time of occupancy, Resident shall pay a one-time charge to HIGHLAND SPRINGS to cover the reasonable cost of cleaning and refurbishing the Living Unit, including but not limited to, replacement of carpeting, spackling and/or painting of walls, removing any customized improvements and generally restoring the Living Unit to its original condition, or any other appropriate repairs, at

HIGHLAND SPRINGS'S discretion, to bring the Living Unit back to a like-new condition.
Monthly Service Package Entrance Deposit

9.5 Medical and Other Insurance. Resident shall procure and maintain in force at Resident's own cost, the maximum coverage available to Resident under Medicare Parts A and B. HIGHLAND SPRINGS may accept documented equivalent coverage if Resident is not qualified for Medicare or is insured under other adequate programs. Supplemental insurance is not provided by HIGHLAND SPRINGS. Resident shall procure, at Resident's own expense, sufficient renter's insurance coverage against damage or, loss to, or theft of, Resident's personal property maintained at the Community and coverage for personal liability and medical payments should a claim be made or suit brought against a Resident for damages because of a bodily injury or property damaged caused. Evidence of such insurance shall, at HIGHLAND SPRINGS'S request, be provided prior to occupancy.

9.6 Funeral Arrangements and Burial Expenses. Funeral arrangements and burial expenses are the responsibility of Resident. HIGHLAND SPRINGS will not make such arrangements or provide such services.

9.7 Non-Solicitation of Employees. HIGHLAND SPRINGS expends significant resources on the hiring, training and development of their employees. Recognizing this expenditure, during the Term of the Agreement, Resident agrees not to employ any person currently employed by HIGHLAND SPRINGS, either directly or indirectly by hiring the services of any such person through a third party. Resident also agrees not to employ any person formerly employed by HIGHLAND SPRINGS, either directly or indirectly by hiring the services of any such person through a third party, until two years have elapsed from the employee's last date of employment with HIGHLAND SPRINGS. Resident further agrees not to solicit any person employed by HIGHLAND SPRINGS to terminate his or her employment in order to work for Resident directly or indirectly through a third party.

Section 10. FINANCIAL INABILITY TO PAY

It is the policy of HIGHLAND SPRINGS not to terminate a resident's occupancy for the resident's financial inability to pay provided that the resident is otherwise in compliance with the terms of such residents Residence and Care Agreement. To the extent that it is financially feasible and in HIGHLAND SPRING's sole discretion, HIGHLAND SPRINGS will endeavor to assist residents who are unable to pay full Monthly Fees by providing financial assistance as described in this Section 10

To insure that its charitable intentions are equitably allocated for the benefit of as many residents as possible, HIGHLAND SPRINGS requires that, in the event that Resident claims to be unable to make full monthly payment by reason of financial inability, Resident must take any or all of the following actions, as directed by the Executive Director.

10.1 If the Resident's sources of funds, including expenditures of principal and the guaranty, if any, are inadequate for the Resident to make the payments required under this Agreement, Resident shall file with the Executive Director, on appropriate forms provided by the Executive Director, a Statement of Financial Inability to Pay. As part of the Statement of Financial Inability, Resident shall disclose his or her remaining available assets and income. The Executive Director will review the resident's financial position to determine the existence of any outside assets, including any guaranty agreements, which may first be spent for Resident's care.

10.2 If Resident has outside assets other than the Entrance Deposit, the Executive Director will establish a Spending Plan for Resident to spend the outside assets and to obtain assistance from family or other available means. If Resident can qualify, Resident will take the necessary steps to obtain county, state, and federal aid or assistance including Medicare, public assistance and any other public benefit program, subject to Section 10.7 hereof. Resident agrees to execute any and all documents necessary to make and perfect such claims or rights. If Resident fails to cooperate with the Spending Plan for the outside assets, HIGHLAND SPRINGS may terminate the Agreement for good cause in accordance with Section 12.3 of this Agreement.

10.3 After Resident has completed the Spending Plan or if the Resident has no outside assets other than the Entrance Deposit, HIGHLAND SPRINGS will spend-down the Entrance Deposit. After depletion of outside assets, the Entrance Deposit is considered fully available to the Resident to pay any and all fees at the Community including Nursing Fees. The Entrance Deposit will not, however, under any circumstances be released, returned to or available to Resident for any other purposes, except as may be provided for in Section 7 of this Agreement. The Executive Director will notify Resident when spend-down of Resident's Entrance Deposit begins and again three months before the Entrance Deposit is projected to be fully depleted and spent-down.

10.4 Upon completion of the spend-down of the Entrance Deposit, Resident may qualify for assistance from a resident benevolent care fund if such fund is established by HIGHLAND SPRINGS in HIGHLAND SPRINGS'S sole discretion. If Resident is approved for such assistance, the Executive Director shall inform Resident of the amount which the resident benevolent care fund will contribute to the Monthly Service Packages and the amount which Resident must contribute to the Monthly Service Package.

10.5 If requested by HIGHLAND SPRINGS, Resident will transfer to an alternate Living Unit at the Community if and when available.

10.6 Resident will provide periodic statements of financial condition and copies of income tax returns as the same may be requested from time to time by HIGHLAND SPRINGS. Resident will notify HIGHLAND SPRINGS of any and all assets acquired by Resident through any means whatsoever thereafter, and will assign or pay such property received to HIGHLAND SPRINGS, in an amount equivalent to the total outstanding charges and Fees, owed by Resident.

10.7 When Resident is notified by the Executive Director two months before the projected depletion of Resident's Entrance Deposit, Resident agrees to immediately apply for Medical Assistance. Resident agrees to execute any and all documents necessary to make and perfect such claims or rights.

Section 11. TRANSFERS

11.1 Temporary and Permanent Transfers. For purposes of this Agreement, a temporary transfer is a transfer of an anticipated finite duration. During a temporary transfer, Resident's permanent Living Unit shall remain available to Resident as long as Resident continues to pay the Monthly Service Package in accordance with Section 8.4. A permanent transfer is a transfer of indeterminate duration. During a permanent transfer, Resident shall be requested to release the Living Unit. After a permanent transfer, if Resident is able to return to the Living Unit previously occupied at the Community or to a different, medically appropriate Living Unit at the Community, Resident shall have the right to occupy the Living Unit subject to the availability of such Living Unit and Resident shall be given priority over non-residents on the waiting list for the Community.

11.2 Transfer at the Election of Resident. Resident may elect to transfer, on a temporary or permanent basis, to an alternate Independent Living Unit, an Assisted Living Unit, Nursing Unit or Off-Site Facility by giving notice to HIGHLAND SPRINGS. All transfers within the Community shall be subject to the availability of the elected alternate Living Unit and to the approval of HIGHLAND SPRINGS.

11.3 Transfer at the Election of HIGHLAND SPRINGS - Non-Emergency. All decisions regarding a transfer of Resident, except for emergency transfers, shall be made by a committee consisting of the Executive Director (or his or her designee) and the Medical Director (or his or her designee) (collectively referred to as the "Committee"). The Committee will consult with Resident, or his or her legal representative. If Resident has a Guarantor or ombudsman, such person also will be consulted if Resident so requests. HIGHLAND SPRINGS attempts to interact with the Resident or the Resident's representative with the goal of achieving a consensus on the need for a transfer although a consensus is not always achieved.

To accomplish the permanent transfer, Resident, or his or her representative, shall sign the Living Unit Release Transfer Addendum and the Change of Living Unit Addendum unless Resident is a Joint Resident and the other Joint Resident remains in the Living Unit. After receipt of notice of permanent transfer, Resident shall take all reasonable steps to vacate the Living Unit before the date set for the transfer. HIGHLAND SPRINGS will have the option of showing the Living Unit as of the Departure Date indicated in the Living Unit Release Transfer Addendum. After the transfer, if Resident's former Living Unit is not vacated, HIGHLAND SPRINGS shall have the right to store Resident's remaining possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility at Resident's expense.

until disposition thereof can be made. HIGHLAND SPRINGS assumes no responsibility for Resident's stored possessions.

Resident shall not be transferred, temporarily or permanently, to a different Living Unit unless (1) in the opinion of the Committee, such transfer is for Resident's welfare and Resident's needs cannot be met in Resident's current Living Unit, (2) in the opinion of the Committee, the Resident's health and safety or the health and safety of another person would be endangered if the transfer is not made; or (3) in the opinion of the Committee, the transfer is deemed necessary due to failure to pay the Monthly Service Package after reasonable and appropriate notices. If Resident is transferring due to event (1) or (3) listed above and the Living Unit is occupied by a Joint Resident, the remaining Joint Resident may continue to occupy the Living Unit.

The Committee shall give Resident thirty (30) days advance written notice of the proposed transfer. Resident, or his or her representative, shall notify HIGHLAND SPRINGS of any objection to the permanent transfer within ten (10) days of receipt of the notice. If Resident, or his or her representative, does not consent to the transfer, the Committee may, in its discretion and in lieu of a transfer, require Ancillary Services to be provided to Resident if a higher level of care is deemed appropriate in the opinion of the Committee for the protection of the health and safety of Resident or the welfare of other residents. If Resident, or his or her representative, does not consent to either the transfer or the provision of Ancillary Services, HIGHLAND SPRINGS may consider such refusal to constitute good cause for HIGHLAND SPRINGS to terminate the Agreement in accordance with Section 12.3 hereof.

11.4 Transfer at the Election of HIGHLAND SPRINGS - Emergency. If the health and safety of Resident or the health and safety of other residents require immediate action, the Executive Director with the approval, if reasonably obtainable, of the Medical Director, may transfer Resident from Resident's current Living Unit to a different Living Unit or an Off-Site Facility, on a temporary or permanent basis. Emergency circumstances arise when there is a danger of immediate, irreparable harm to the health and safety of Resident or to the health and safety of other people at the Community. In the event that Resident is required to be transferred to Renaissance Gardens during a period that Resident is suffering from legal incompetency, Resident agrees to be bound by the terms of the Agreement in effect at the time of such transfer.

11.5 Use of Living Unit. In the event of a temporary transfer, whether at the election of Resident or HIGHLAND SPRINGS, Resident's prior Living Unit will remain available to Resident as long as Resident continues to pay the Monthly Service Package for the permanent Living Unit in accordance with Section 8.4 hereof.

In the event of a permanent transfer, whether at the election of Resident or HIGHLAND SPRINGS, Resident, or his or her representative, shall sign and give to HIGHLAND SPRINGS a Unit Release Form, advising HIGHLAND SPRINGS of the Departure Date for Resident. Resident or his or her representative shall then be responsible for vacating the Living Unit and removing all personal possessions from the Living Unit. HIGHLAND SPRINGS shall have the

right to show the Living Unit to interested applicants as of the Departure Date indicated in the Unit Release Form.

If Resident fails to vacate the Living Unit by the indicated Departure Date or, in the event of a transfer by HIGHLAND SPRINGS, within sixty (60) days from the notice of transfer, HIGHLAND SPRINGS shall have the right to store Resident's possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at Resident's expense, until disposition thereof can be made. HIGHLAND SPRINGS assumes no responsibility for Resident's stored possessions.

Section 12. TERMINATION

12.1 Termination Within Rescission Period or Prior to Occupancy.

12.1.1 Rescission. The Agreement may be rescinded by Resident within seven (7) days of making an initial deposit or executing the Agreement. Resident is not required to move into the Living Unit until the expiration of this seven (7) day period. If the Agreement is rescinded as provided in this Section 12.1.1, Resident shall receive a refund of all fees paid except for any Monthly Service Package related to actual occupancy of the Living Unit.

12.1.2 Cancellation prior to Occupancy. The Agreement may be canceled prior to occupancy if Resident dies before occupying the Living Unit or is precluded from occupying the Living Unit as a result of illness, injury or incapacity or if HIGHLAND SPRINGS elects to terminate the Agreement prior to occupancy if it is determined that Resident is ineligible for entrance into the Community. If the Agreement is rescinded or terminated as provided in this Section 12.1.2, Resident shall receive a refund of all fees paid, as described in Sections 7.4 and 9.1, except for the Application Fee as a reasonable service charge as long as it does not exceed two percent (2%) of the Entrance Deposit. Resident shall not receive a refund of any non-standard costs specifically incurred by HIGHLAND SPRINGS at Resident's request as set forth in a separate written addendum, signed by both parties.

12.2 Termination by Resident. After occupancy and after the expiration of the rescission period described in Section 12.1, Resident may terminate this Agreement at any time and for any reason by giving thirty (30) days notice to HIGHLAND SPRINGS of his or her intention to terminate.

12.3 Termination by HIGHLAND SPRINGS. A decision by HIGHLAND SPRINGS to terminate this Agreement shall be made by the Executive Director of the Community. HIGHLAND SPRINGS may not terminate this Agreement without good cause. "Good Cause" is defined as: (i) a discharge for Resident's welfare and Resident's needs cannot be met in Resident's current Living Unit; (ii) the Resident's health and safety or the health and

safety of another person would be endangered if the discharge is not made; or (iii) failure to pay the Monthly Service Package after reasonable and appropriate notices; (iv) Repeated conduct by the Resident that interferes with other Residents' quiet enjoyment of the Community; (v) Persistent refusal to comply with reasonable written rules and regulations of the Community; (vi) A material misrepresentation made intentionally or recklessly by the Resident in his or her application for residency, or related materials, regarding information which, if accurately provided, would have resulted in either a failure of the Resident to qualify for residency or a material increase in the cost of providing to the Resident the care and service under the Agreement; or (vii) A material breach by the Resident of the terms and conditions of this Agreement.

Except for termination due to non-payment of fees, HIGHLAND SPRINGS will give Resident thirty (30) days written notice of the termination and the reason for termination. In the event of non-payment of fees, HIGHLAND SPRINGS will give written notice to the Resident that the Resident is in default under this Agreement for non-payment of fees. HIGHLAND SPRINGS may charge Resident interest on the overdue amount of one and one-half percent (1 1/2%) per month. If Resident fails to make full payment of all outstanding fees and charges within thirty (30) days of receipt of the notice, HIGHLAND SPRINGS may, at its election, either terminate the Agreement upon an additional thirty (30) days notice or may require a spend-down of the Entrance Deposit, in accordance with the Community's spend-down procedures as generally set forth in Section 10 of this Agreement, to offset the overdue fees and charges. Acceptance by HIGHLAND SPRINGS of partial payment of the fees does not constitute a waiver of the outstanding fees and charges unless HIGHLAND SPRINGS agrees to a waiver in writing.

12.4 Vacating the Living Unit. Upon termination of the Agreement by election of Resident, election of HIGHLAND SPRINGS or due to the death of Resident, Resident, or his or her representative, shall sign and give to HIGHLAND SPRINGS a Unit Release Form advising HIGHLAND SPRINGS of the Departure Date for Resident. Resident, or his or her representative, shall then be responsible to vacate the Living Unit and to remove all personal possessions from the Living Unit. HIGHLAND SPRINGS shall have the right to show the Living Unit to interested applicants as of the date indicated in the Unit Release Form.

If Resident fails to vacate the Living Unit by the indicated Departure Date or, in the event of a termination by HIGHLAND SPRINGS within the required time for the notice of termination as provided in Section 12.3, HIGHLAND SPRINGS shall have the right to store Resident's possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at Resident's expense, until disposition thereof can be made. HIGHLAND SPRINGS assumes no responsibility for Resident's stored possessions.

Section 13. RIGHTS OF HIGHLAND SPRINGS

13.1 Community Rules and Regulations. HIGHLAND SPRINGS shall have the right to promulgate reasonable rules and regulations governing the conduct of the Residents. Resident shall enjoy the fullest measure of independence consistent with the accommodation in which Resident lives, subject, however, to the limitations of the reasonable policies and procedures now or hereafter adopted by HIGHLAND SPRINGS for the conduct and care of all residents. Resident agrees to abide by all such policies and procedures, and generally to conduct himself or herself in such a manner as to promote the peace and harmony of the Community.

13.2 Access to Living Units at the Community. Resident acknowledges and accepts the responsibility of HIGHLAND SPRINGS to enter Resident's Living Unit in order to carry out the purpose and intent of this Agreement and authorizes such entry. Such entry includes (1) performance of authorized housekeeping duties; (2) response to medical emergencies; (3) responses to fire protection systems; (4) entry by authorized personnel in the event that the Resident is reported missing or has not responded to a call; (5) scheduled maintenance activities; and (6) enforcement of the Community's policies and procedures. HIGHLAND SPRINGS acknowledges and hereby agrees to respect Resident's right to privacy and agrees to limit uninvited entry into the Living Unit at the Community to emergency situations and scheduled or authorized work as set forth in this paragraph.

13.3 Property Rights. Resident acknowledges that, except as expressly set forth in this Agreement, the rights and privileges granted by this Agreement do not include any right, title or interest in any part of the personal property or real property - including land, buildings and improvements - owned, leased or administered by HIGHLAND SPRINGS. Resident's rights are limited to the rights provided in this Agreement for services and the occupancy of the Living Units. Except for Resident's right to occupy the Living Unit, any rights, privileges or benefits under this Agreement shall be subordinate to any mortgage or deed of trust or leasehold interest on any of the premises or interest in real and personal property of HIGHLAND SPRINGS, to all amendments, modifications, replacement or refunding, of any such mortgage or deed of trust or leasehold interest, and to such reasonable rules and regulations governing the use of the property as shall from time to time be imposed by HIGHLAND SPRINGS. Resident hereby agrees, upon request of HIGHLAND SPRINGS, to execute and deliver any document which is required to this effect by HIGHLAND SPRINGS, or by the holder of such mortgage or deed of trust or leasehold interest to effect such subordination or to evidence the same, and appoints HIGHLAND SPRINGS as Resident's attorney in fact to accomplish that purpose.

13.4 Limitation of Liability. HIGHLAND SPRINGS shall not be responsible for the loss of any personal property belonging to the Resident due to theft or any other cause. The liability of HIGHLAND SPRINGS for damage to or loss of Resident's personal property shall be limited to damage or loss caused by negligent acts or omissions of HIGHLAND SPRINGS or of its employees acting within the scope of their employment.

13.5 Unauthorized Transfers of Property. The financial information submitted by or on behalf of Resident is a material aspect upon which HIGHLAND SPRINGS is reasonably

relying in determining Resident's qualifications for becoming a Resident of the Community. Being able to meet the minimum financial criteria to become a Resident helps assure the financial stability of this Community. Furthermore, HIGHLAND SPRINGS is committed to take every reasonable step to assist a Resident who has depleted those assets through normal living expenditures so that he or she may continue to remain as a Resident of the Community. However, in order to protect HIGHLAND SPRINGS from a situation wherein a Resident divests him/herself of those assets for the purpose of qualifying for assistance or reduction of Monthly Service Packages, Resident agrees not to divest him/herself of, sell, or transfer any assets or property interests (excluding expenditures for Resident's normal living expenses) that would result in a reduction in Resident's net worth (assets less liabilities) which is below the minimum criteria to become a Community resident, without having first obtained the written consent of HIGHLAND SPRINGS.

13.6 Sponsorship/Religious Affiliation. The sole member of HIGHLAND SPRINGS, INC. will be Oak Crest Village, Inc., a charitable organization. There is no religious organization which maintains financial control over HIGHLAND SPRINGS.

Section 14. MISCELLANEOUS PROVISIONS

14.1 Documents Incorporated by Reference. This Agreement includes the Admissions Application for residence, the Financial Information Form, the Resident Information Form, including Resident's medical records, if any, and the Refund of Entrance Deposit Agreement. This Agreement may include a Promissory Note, a Guaranty Agreement, a Power of Attorney for property disposition, an Advance Directive, Appointment of Health Care Agent, or Living Will (although not required by HIGHLAND SPRINGS), and Resident's medical insurance documentation, all of which documents are incorporated by reference and made a part of this Agreement (see Schedule I attached hereto). Resident acknowledges that HIGHLAND SPRINGS will rely on statements of Resident in these documents and warrants that all statements are true and complete to the best of Resident's knowledge.

14.2 Rules of Construction. In this Agreement, the masculine, feminine and neuter genders shall be construed to be interchangeable and shall include one another to the extent that such context is necessary to provide a logical or meaningful construction of the text. Similarly, the singular and plural shall be interchangeable and shall include one another to the extent that such context is necessary to provide a logical or meaningful construction of the text. Section captions are for ease of reference only.

14.3 Non-waiver. The failure of any party in any one or more instances to insist on the strict performance, observance or compliance by the other party with any of the terms or provisions of this Agreement, shall not be a continuing waiver thereof nor construed to be a waiver or relinquishment by a party of its rights to insist upon strict compliance by the other party with all of the terms and provisions of this Agreement.

14.4 Entire Agreement. This Agreement, the documents referenced in Section 14.1, and the terms of the Disclosure Statement in effect for the Community represent the entire agreement between HIGHLAND SPRINGS, Resident and Guarantor, if any, and supersedes all prior Agreements and negotiations. Except as contained herein or in any contemporaneous, written agreements, there are no promises or agreements between the parties.

14.5 Amendment. This Agreement shall be amended only in writing, signed by HIGHLAND SPRINGS and Resident.

14.6 Severability. The invalidity or unenforceability of any provision of this Agreement or the application of any such provision, shall not affect or impair any other provisions or the validity or enforceability of the remainder of this Agreement, or any application of any other provision of the remainder of this Agreement; however, the Resident, to the extent provided by law, retains the right to rescind this Agreement if any provision is in violation of the laws of the State of Texas, as amended from time to time.

14.7 Paragraph Headings. Paragraph headings are added solely to aid in the review of this Agreement and are not to be construed to affect the interpretation of this Agreement.

14.8 Venue. All parties to this Agreement, including HIGHLAND SPRINGS, Resident, and Guarantor(s), if any, agree that venue for any action for the enforcement, construction, rescission, termination of, or any action arising out of this Agreement shall be in Collin County, Texas. All parties agree that the filing of any action may include a request for an expedited hearing.

14.9 Assignment. In the event that HIGHLAND SPRINGS or any of HIGHLAND SPRINGS'S successors or assigns shall give Resident notice that any or all of the rights, duties and obligations of HIGHLAND SPRINGS have been assigned to a new person or entity certified as a continuing care provider under the laws of the Texas Department of Insurance to provide services to residents of the Community, Resident agrees to recognize such new person or entity as the provider under this Agreement, to the extent of such assignment.

Section 15. DEFINITIONS

Whenever the following words or phrases appear in this Agreement beginning with a capital letter, these definitions shall apply:

Act: The Texas Continuing Care Facility Disclosure and Rehabilitation Act, as the same shall be amended and in effect from time to time hereunder.

Agreement: This document, including all exhibits, supplements, amendments or addenda, as signed by HIGHLAND SPRINGS, Resident and Guarantor, if any.

Ancillary Services: Those services specified in Section 5 of this Agreement made available by HIGHLAND SPRINGS and/or provided by approved outside providers, the cost of which is not included in the Monthly Service Package. Ancillary Service Fees for Ancillary Services may be changed from time to time by HIGHLAND SPRINGS as specified in Section 9.2 or by the outside providers.

Application Fee: The fee payable when the Resident submits an application for residency at the Community or for a position on the futures or standby list.

Assisted Living Unit: Accommodations for residents who need a higher level of care and more daily assistance than is available in an Independent Living Unit, but who need a lesser degree of medical care, personal care and service than is provided in the Nursing Center.

Community: The physical site and structures operated by HIGHLAND SPRINGS as a retirement community in Dallas, Texas.

Covered Services: Those services specified in Section 4 of this Agreement made available by HIGHLAND SPRINGS for the applicable Monthly Service Package.

Department: The Texas Department of Insurance.

Departure Date: The date on which Resident or, in the event of Resident's death, Resident's personal representative or family, vacates the Living Unit after providing HIGHLAND SPRINGS with a signed Unit Release Form and removing all possessions from such Living Unit. If Resident or Resident's personal representative or family do not timely provide HIGHLAND SPRINGS with a signed Unit Release Form or remove the possessions, the Departure Date shall be the date on which HIGHLAND SPRINGS removes all possessions from the Living Unit and places them in a general storage area at the Community or in a commercial storage facility, all at Resident's expense, until disposition thereof can be made. HIGHLAND SPRINGS assumes no responsibility for Resident's stored possessions.

Disclosure Statement: The statement given to Resident by HIGHLAND SPRINGS as required by Texas Health & Safety Code 246.042 which Resident acknowledges receiving in accordance with Schedule II.

Entrance Deposit: The Entrance Deposit required to be paid to HIGHLAND SPRINGS on or before the Occupancy Date as set forth in Section 7.1 of this Agreement, as may be modified, which Entrance Deposit is generally paid in a series of deposits.

Executive Director: The chief administrative officer of the Community appointed as such by HIGHLAND SPRINGS.

Guarantor: Any person or persons who guarantee the obligations of Resident to pay the Monthly Service Package or any other fees or Ancillary Service Fees payable by Resident under the terms of this Agreement.

Highland Springs: HIGHLAND SPRINGS, INC.

Independent Living Unit: Living accommodations at the Community for a resident who is able to live independently within HIGHLAND SPRINGS'S guidelines.

Joint Residents: Two or more residents who reside together in a particular Living Unit.

Living Unit: An Independent Living Unit, Assisted Living Unit or Nursing Unit.

Medical Director: A licensed physician officially designated by HIGHLAND SPRINGS as the person responsible for the direction and control of medical services offered at the Community.

Monthly Service Package: The fee payable with respect to a particular Living Unit as specified in Section 8.1 hereof, which fee includes the Covered Services specified in Section 4 hereof. Monthly Service Packages may be adjusted as provided in Section 8.3 hereof.

Non-Occupancy Credit: Resident may receive a Non-Occupancy Credit to reduce Resident's Monthly Service Package when Resident is, or Joint Residents are, transferred temporarily to a different Living Unit. Resident may receive a Non-Occupancy Credit upon request in other circumstances in the sole discretion of the Executive Director. The current Non-Occupancy Credit is provided on Schedule II, Fee Schedule. Adjustments to and policies concerning the Non-Occupancy Credit are made by HIGHLAND SPRINGS.

Notice: For the purposes of this Agreement, notice shall be deemed to have been given to Resident when deposited in Resident's message box or personally delivered to Resident, and to HIGHLAND SPRINGS when personally delivered to the office of the Executive Director at the Community and to General Counsel at the corporate office situated at 701 Maiden Choice Lane, Baltimore, Maryland 21228. If Resident has not yet taken possession of the Living Unit, notice to Resident shall be given by first-class mail, postage pre-paid, to Resident's last known address and such notice shall be deemed to be effective on the third day following such mailing. If Resident has been transferred to an Off-Site Facility, notice shall be given by first-class mail, postage pre-paid, to Resident at such Off-Site Facility and shall be deemed to be effective on the third day following such mailing.

Nursing Center: The Nursing Center will be located in Renaissance Gardens and will be licensed for skilled and intermediate nursing care but is not and will not be licensed to provide chronic care, acute hospital care or other institutional care. Such services, if required by

Resident, must be paid for by Resident and are not services covered under the scope of this Agreement.

Nursing Unit: Accommodations for residents who are unable to perform those functions necessary to live in an Independent Living Unit or an Assisted Living Unit and who need the degree of medical care, personal care and service that is provided in the Nursing Center.

Occupancy Date: The date on which Resident is authorized by HIGHLAND SPRINGS to take possession of a Living Unit. On this date, Resident shall be allowed access to move belongings or to personally inhabit the Living Unit pursuant to this Agreement. Delivery of keys to Resident shall be deemed authorization to take possession.

Off-Site Facility: Any housing or health care facility not located within the Community and which is neither owned nor operated by HIGHLAND SPRINGS.

Refund of Entrance Deposit Agreement: An Agreement signed by HIGHLAND SPRINGS and Resident designating to whom the refund of Resident's Entrance Deposit shall be made upon termination of this Agreement.

Refurbishing: Refurbishing shall include spackling, painting, housekeeping, carpet replacement or cleaning, and removing any customized improvements to the Living Unit. It is intended that the Living Unit shall be restored to the condition that it was in when it was originally occupied by Resident. The determination as to the extent of refurbishment shall be established by the Executive Director.

Renaissance Gardens: The Community building in which the Assisted Living Units and the Nursing Units are situated.

Resident: Each person designated by name in the first paragraph of this Agreement, who is a party to this Agreement.

Spending Plan: A plan set forth by the Executive Director of the Community in the event that Resident is financially unable to pay Resident's Monthly Service Packages.

SIGNATURES

IN WITNESS WHEREOF the parties have hereunto set their hands on the date appearing next to their respective signatures.

HIGHLAND SPRINGS, INC.

_____ By: _____
Witness Date

NOTICE TO RESIDENT: YOU MAY CANCEL THIS AGREEMENT PRIOR TO MIDNIGHT OF THE SEVENTH (7TH) DAY AFTER THE DATE ON WHICH YOU SIGN THIS AGREEMENT OR THE DATE ON WHICH YOU FIRST RECEIVED THE COMMUNITY'S DISCLOSURE STATEMENT, WHICHEVER OCCURS LATER. IF YOU ELECT TO CANCEL THIS AGREEMENT, YOU MUST DO SO BY WRITTEN NOTICE TO HIGHLAND SPRINGS AND YOU WILL BE ENTITLED TO RECEIVE A REFUND OF ALL ASSETS TRANSFERRED TO HIGHLAND SPRINGS OTHER THAN THE CHARGES INCURRED FOR YOUR OCCUPANCY OF A LIVING UNIT. YOU ARE NOT REQUIRED TO MOVE INTO THE CONTINUING CARE FACILITY BEFORE THE EXPIRATION OF THIS SEVEN (7) DAY PERIOD.

_____ Resident _____
Witness Date

_____ Resident _____
Witness Date

If applicable: Guarantors: I (We) _____ have read and understand the provisions of this Agreement and by signing my (our) name(s) below, agree to guaranty Resident's obligations incurred under this Agreement in accordance with the Guaranty Agreement.

_____ Guarantor _____
Witness Date

_____ Guarantor _____
Witness Date

Schedule I
Schedule of Fees

Total Entrance Deposit for Unit: \$ _____ consisting of:

 The \$1,000 Application Deposit

 The Signing Deposit of \$ _____ (10% of Entrance Deposit including previous deposits); and

 The Final Deposit of \$ _____ (remaining portion of Entrance Deposit)

Current Monthly Service Package for Unit: \$ _____ per month

Current Application Fee: \$ _____ per applicant

Current Ancillary Fee Schedule: See next page

Schedule I – cont'd.

Estimated Ancillary Service Fees for Ancillary Services
Subject to change (2006\$)

| <u>Service</u> | <u>Fee</u> |
|----------------------------------------------|--------------------------|
| Guest Dinner | \$12.50 |
| Guest Meal – Brunch | \$15.00 |
| Child Guest Dinner | \$6.75 |
| Tray Service | \$5.00 |
| Home Health Weekday (Hourly; 1 Hour Minimum) | \$17.00 |
| Home Health Weekend (Hourly; 1 hour Minimum) | \$20.00 |
| Home Health Assessment Fee | \$50.00 |
| Housekeeping (Hourly; 1 Hour Minimum) | \$20.00 |
| Medicine Check | \$11.50 |
| Laundry Load | \$10.00 |
| Hourly Maintenance | \$24.00 |
| Non-Shuttle Transportation | Destination Dependent |
| Guest Room (Single) | \$65.00 |
| Guest Room (Double) | \$85.00 |
| Guest Cot (Daily) | \$10.00 |
| Storage Bin (Monthly) | \$10.00 |
| Padlock for Storage Bin | \$10.00 |
| Reserved Parking (Monthly) | \$20 - \$40 |
| Covered Parking (Monthly) | \$55 - \$65 |
| Additional Exterior Door Key | \$10.00 |
| Additional Apartment Key | \$5.00 |

| <u>Service</u> | <u>Fee</u> |
|---------------------------------------|------------|
| Additional Exterior Door Key | \$7.50 |
| Additional Apartment Key | \$4.00 |
| Additional Mail Key | \$3.00 |
| Non-Occupancy Credit (Daily) > 7 days | \$8.00 |
| Medical Non-Occupancy Credit (Daily) | \$8.00 |

SCHEDULE II

TEXAS DEPARTMENT OF INSURANCE

MC 106-1G, P.O. Box 149104

Austin, TX 78714-9104

HIGHLAND SPRINGS CONTINUING CARE RETIREMENT COMMUNITY

ACKNOWLEDGMENT OF DELIVERY OF DISCLOSURE STATEMENT

I (we) hereby declare that I (we) have received a current disclosure statement from Highland Springs dated _____ and the Exhibits numbered 1 through 10 prior to executing a Residency Agreement with Highland Springs.

DATE SIGNED: _____

(Resident or Legal Representative)

(Resident or Legal Representative)

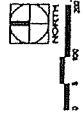
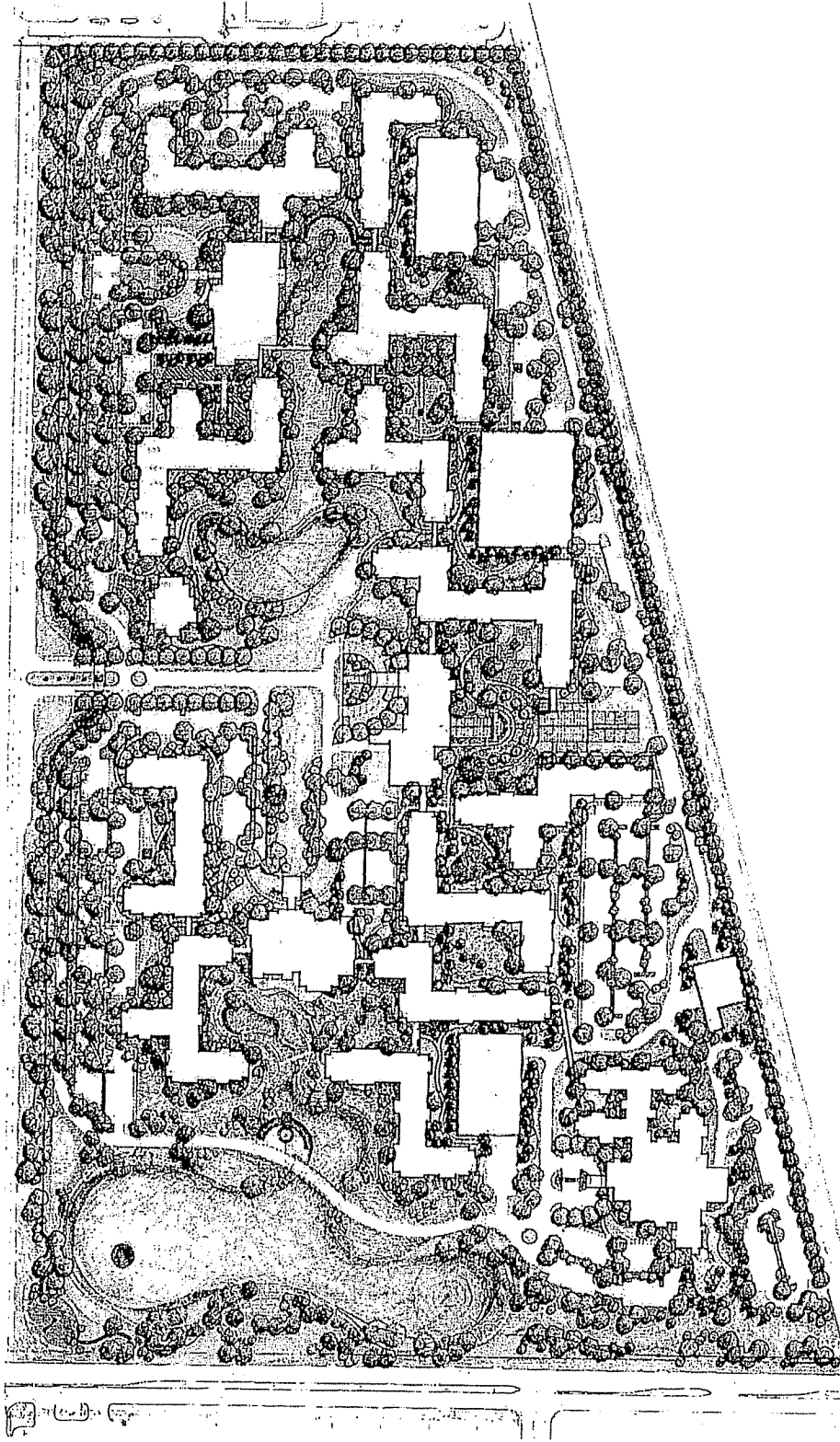
Schedule III

Documents Incorporated

- A. Admissions Application for Residence
- B. Financial Information Form
- C. Resident Information Form
- D. Refund of Entrance Deposit Agreement
- E. Agreement for Customized Improvements (if any)
- F. Guaranty Agreement (if any)
- G. Unit Release Transfer Addendum
- H. Unit Release Addendum
- I. Power of Attorney for property disposition (if any)
- J. Advance Directive, Appointment of Health Care Agent, or Living Will (if any)
- K. Resident's medical insurance documentation (if any)
- L. Promissory Note (if any)

**HIGHLAND SPRINGS RETIREMENT COMMUNITY
MASTER LEASE AND USE AGREEMENT**

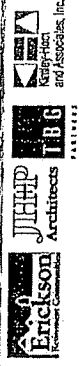
**EXHIBIT C
SITE PLAN**



ERICKSON RETIREMENT COMMUNITY

DALLAS, TEXAS

SEPTEMBER 13, 2004



**HIGHLAND SPRINGS RETIREMENT COMMUNITY
MASTER LEASE AND USE AGREEMENT**

**EXHIBIT D
FEES AND DEPOSITS**

**Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits**

Residential Building 1.1

Opening Date Sep-06

| | | | | Base Year 2006 | | |
|-------------------------------------------------|--------------|------|--|---------------------------|---------------|-------------------|
| | | | | Deposit \$ | RB 1.1 | RB 1.1 |
| <u>Unit categories:</u> | | | | | | |
| 1 BR | Brighton | C1 | | 147,000 | 12 | 1,764,000 |
| Large 1 BR | Dover | C3 | | 179,000 | 10 | 1,790,000 |
| Large 1 BR | Fremont | C4 | | 187,000 | 5 | 935,000 |
| Large 1 BR 1.5B | Fremont | C4.5 | | 195,000 | 4 | 780,000 |
| Large 1 BR | Dawson | C8 | | 180,000 | 3 | 540,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | | 214,000 | 3 | 642,000 |
| 1 BR & Den | Gilbert | D2 | | 206,000 | 4 | 824,000 |
| 1 BR 1B & Den | Gilbert | D2m | | 214,000 | 4 | 856,000 |
| 1 BR & Den | Glendale | D5 | | 228,000 | 5 | 1,140,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | | 231,000 | 5 | 1,155,000 |
| 2 BR-1B | Flagstaff | E1 | | 208,000 | 5 | 1,040,000 |
| 2 BR-1B | Fairmont | E2 | | 218,000 | 10 | 2,180,000 |
| 2 BR-1B | Harrison | G4 | | 231,000 | 11 | 2,541,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | | 245,000 | 9 | 2,205,000 |
| 1 BR-(1-1/2)B w/SR | Heritage | H2 | | 275,000 | 2 | 550,000 |
| 2 BR-(1-1/2)B | Jenkins | H3 | | 282,000 | 4 | 1,128,000 |
| 2 BR-2B | Kingston | F3 | | 284,000 | 5 | 1,420,000 |
| 2 BR-2B | Oxford | F5 | | 276,000 | 12 | 3,312,000 |
| 2 BR-2B with Den | Worthington | F8 | | 290,000 | 7 | 2,030,000 |
| 2 BR-2B | Jackson | G6 | | 267,000 | 10 | 2,670,000 |
| Large 2 BR-2B | Manchester | F4 | | 315,000 | 10 | 3,150,000 |
| Large 2 BR-2B w/SR | Patterson | F12 | | 374,000 | 5 | 1,870,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | | 354,000 | 3 | 1,062,000 |
| Large 2 BR-2B w/SR | Wellington | J2 | | 366,000 | 5 | 1,830,000 |
| Large 2 BR-2B w/SR | Wyeth | J6 | | 366,000 | 4 | 1,464,000 |
| Large 2 BR-2B w/SR | | 0 J7 | | 341,000 | 1 | 341,000 |
| Large 2 BR-2B | Williamsburg | K1 | | 394,000 | 5 | 1,970,000 |
| Total: | | | | | 167 | 42,109,000 |
| <u>Amenities</u> | | | | | | |
| 25% of Units * \$5,000 | | | | | 25% | 208,750 |
| | | | | | 167 | 208,750 |
| Total with Amenities | | | | | 167 | 42,317,750 |
| Projected Deposits without Amenities (Inflated) | | | | 0.00% | 167 | 42,109,000 |
| Total Amenities | | | | | | 208,750 |
| Total Projected Deposits | | | | | | 42,317,750 |

**Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits**

Residential Building 1.2

Opening Date Jun-07

| | | | <i>Base Year 2006</i> | | |
|-------------------------------------------------|--------------|-------|---------------------------|---------------|--------------------------|
| | | | Deposit \$ | RB 1.2 | RB 1.2 |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 4 | 588,000 |
| Large 1 BR | Dover | C3 | 179,000 | 10 | 1,790,000 |
| Large 1 BR | Fenwick | C7 | 180,000 | 1 | 180,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 4 | 720,000 |
| Large 1 BR-(1-1/2)B | Hamilton | G10 | 207,000 | 4 | 828,000 |
| 1 BR & Den | Georgetown | D1 | 206,000 | 12 | 2,472,000 |
| 1 BR 1B & Den | Gilbert | D2m | 214,000 | 5 | 1,070,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 8 | 1,824,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | 231,000 | 4 | 924,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 14 | 3,052,000 |
| 2 BR-1B | Franklin | E3 | 222,000 | 4 | 888,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 13 | 3,003,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 5 | 1,150,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 4 | 980,000 |
| 2 BR-(1-1/2)B | | 0 E4+ | 245,000 | 4 | 980,000 |
| 2 BR-2B | Hawthorne | F2 | 264,000 | 8 | 2,112,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 9 | 2,556,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 4 | 1,104,000 |
| 2 BR-2B with Den | Worthington | F8 | 290,000 | 9 | 2,610,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 16 | 4,272,000 |
| Large 2 BR-2B w/SR | Patterson | F12 | 374,000 | 9 | 3,366,000 |
| Large 2 BR-2B w/SR | Wyeth | J6 | 366,000 | 4 | 1,464,000 |
| Large 2 BR-2B w/SR | | 0 J7 | 341,000 | 6 | 2,046,000 |
| Large 2 BR-2B | Williamsburg | K1 | 422,000 | 5 | 2,110,000 |
| Total: | | | | <u>166</u> | <u>42,089,000</u> |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 207,500 |
| | | | | 166 | 207,500 |
| Total with Amenities | | | | <u>166</u> | <u>42,296,500</u> |
| Projected Deposits without Amenities (Inflated) | | | 3.00% | 166 | 43,351,670 |
| Total Amenities | | | | | 207,500 |
| Total Projected Deposits | | | | | <u><u>43,559,170</u></u> |

Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 1.3

Opening Date Mar-08

| | | | <i>Base Year</i> | | |
|-------------------------------------------------|--------------|------|------------------|--------|-------------------|
| | | | 2006 | | |
| | | | Deposit \$ | RB 1.3 | RB 1.3 |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 5 | 735,000 |
| Large 1 BR | Ellicott | C2 | 180,000 | 4 | 720,000 |
| Large 1 BR | Dover | C3 | 179,000 | 4 | 716,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 4 | 748,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 3 | 540,000 |
| Large 1 BR-(1-1/2)B | Hamilton | G10 | 207,000 | 4 | 828,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | 214,000 | 8 | 1,712,000 |
| 1 BR & Den | Gilbert | D2 | 206,000 | 8 | 1,648,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 4 | 912,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | 231,000 | 2 | 462,000 |
| 2 BR-1B | Flagstaff | E1 | 208,000 | 4 | 832,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 9 | 1,962,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 10 | 2,310,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 8 | 1,960,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 4 | 1,136,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 10 | 2,670,000 |
| Large 2 BR-2B w/SR | Patterson | F12 | 374,000 | 4 | 1,496,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | 354,000 | 8 | 2,832,000 |
| Large 2 BR-2B w/SR | Wyeth | J6 | 366,000 | 2 | 732,000 |
| Large 2 BR-2B w/SR | 0 J7 | | 341,000 | 2 | 682,000 |
| Large 2 BR-2B | Williamsburg | K1 | 422,000 | 4 | 1,688,000 |
| Total: | | | | 115 | 28,241,000 |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 143,750 |
| | | | | 115 | 143,750 |
| Total with Amenities | | | | 115 | 28,384,750 |
| Projected Deposits without Amenities (Inflated) | | | 6.09% | 115 | 29,960,877 |
| Total Amenities | | | | | 143,750 |
| Total Projected Deposits | | | | | 30,104,627 |

**Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits**

Residential Building 1.4

Opening Date Sep-08

| | | | Base Year 2006 | | |
|-------------------------------------------------|------------|------|---------------------------|---------------|-------------------|
| | | | Deposit \$ | RB 1.4 | RB 1.4 |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 10 | 1,470,000 |
| Large 1 BR | Dover | C3 | 179,000 | 9 | 1,611,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 4 | 748,000 |
| Large 1 BR | Fenwick | C7 | 180,000 | 2 | 360,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 2 | 360,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | 214,000 | 4 | 856,000 |
| 1 BR & Den | Gilbert | D2 | 206,000 | 3 | 618,000 |
| 1 BR, Den, 1.5B | Gibson | D6.5 | 216,000 | 4 | 864,000 |
| 2 BR-1B | Fallston | E1m | 203,000 | 4 | 812,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 7 | 1,526,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 10 | 2,310,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 17 | 4,165,000 |
| 2 BR-(1-1/2)B | Jenkins | H3 | 282,000 | 3 | 846,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 8 | 2,272,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 5 | 1,380,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 10 | 2,670,000 |
| Large 2 BR-2B | Manchester | F4 | 315,000 | 8 | 2,520,000 |
| Large 2 BR-2B | Lexington | H4 | 349,000 | 2 | 698,000 |
| Large 2 BR-2B w/SR | | 0 J7 | 341,000 | 3 | 1,023,000 |
| Total: | | | | 119 | 28,029,000 |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 148,750 |
| | | | | 119 | 148,750 |
| Total with Amenities | | | | 119 | 28,177,750 |
| Projected Deposits without Amenities (Inflated) | | | 6.09% | 119 | 29,735,966 |
| Total Amenities | | | | | 148,750 |
| Total Projected Deposits | | | | | 29,884,716 |

Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 2.1

Opening Date

Jul-09

| | | | | Base Year 2006 | | |
|-------------------------------------------------|--------------|------|--|---------------------------|---------------|-------------------|
| | | | | Deposit \$ | RB 2.1 | RB 2.1 |
| <u>Unit categories:</u> | | | | | | |
| 1 BR | Brighton | C1 | | 147,000 | 11 | 1,617,000 |
| Large 1 BR | Ellicott | C2 | | 180,000 | 4 | 720,000 |
| Large 1 BR | Dover | C3 | | 179,000 | 4 | 716,000 |
| Large 1 BR | Fenwick | C7 | | 180,000 | 1 | 180,000 |
| Large 1 BR | Dawson | C8 | | 180,000 | 3 | 540,000 |
| Large 1 BR | Easton | C11 | | 189,000 | 2 | 378,000 |
| 1 BR & Den | Georgetown | D1 | | 206,000 | 3 | 618,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | | 214,000 | 4 | 856,000 |
| 1 BR 1B & Den | Gilbert | D2m | | 214,000 | 4 | 856,000 |
| 1 BR & Den | Glendale | D5 | | 228,000 | 4 | 912,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | | 231,000 | 4 | 924,000 |
| 2 BR-1B | Fairmont | E2 | | 218,000 | 10 | 2,180,000 |
| 2 BR-1B | Harrison | G4 | | 231,000 | 12 | 2,772,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | | 245,000 | 9 | 2,205,000 |
| 2 BR-(1-1/2)B | Jenkins | H3 | | 282,000 | 2 | 564,000 |
| 2 BR-2B | Kingston | F3 | | 284,000 | 4 | 1,136,000 |
| 2 BR-2B | Oxford | F5 | | 276,000 | 8 | 2,208,000 |
| 2 BR-2B with Den | Worthington | F8 | | 290,000 | 8 | 2,320,000 |
| 2 BR-2B | Jackson | G6 | | 267,000 | 17 | 4,539,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | | 354,000 | 4 | 1,416,000 |
| Large 2 BR-2B | Lexington | H4 | | 349,000 | 2 | 698,000 |
| Large 2 BR-2B w/SR | Wyeth | J6 | | 366,000 | 2 | 732,000 |
| Large 2 BR-2B w/SR | | 0 J7 | | 341,000 | 2 | 682,000 |
| Large 2 BR-2B | Williamsburg | K1 | | 422,000 | 4 | 1,688,000 |
| Total: | | | | | 128 | 31,457,000 |
| <u>Amenities</u> | | | | | | |
| 25% of Units * \$5,000 | | | | | 25% | 160,000 |
| | | | | | 128 | 160,000 |
| Total with Amenities | | | | | 128 | 31,617,000 |
| Projected Deposits without Amenities (Inflated) | | | | 9.27% | 128 | 34,373,913 |
| Total Amenities | | | | | | 160,000 |
| Total Projected Deposits | | | | | | 34,533,913 |

Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 2.2

Opening Date

Sep-09

| | | | Base Year 2006 | | |
|-------------------------------------------------|--------------|-------|---------------------------|---------------|-------------------|
| | | | Deposit \$ | RB 2.2 | RB 2.2 |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 11 | 1,617,000 |
| 1 BR | Bradford | C5 | 137,000 | 4 | 548,000 |
| Large 1 BR | Ellicott | C2 | 180,000 | 1 | 180,000 |
| Large 1 BR | Dover | C3 | 179,000 | 4 | 716,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 8 | 1,496,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 1 | 180,000 |
| 1 BR & Den | Georgetown | D1 | 206,000 | 4 | 824,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 4 | 912,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 4 | 872,000 |
| 2 BR-1B | Franklin | E3 | 222,000 | 4 | 888,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 3 | 693,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 17 | 4,165,000 |
| 2 BR-(1-1/2)B | | 0 E4+ | 245,000 | 1 | 245,000 |
| 2 BR-(1-1/2)B | Jenkins | H3 | 282,000 | 2 | 564,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 10 | 2,840,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 3 | 828,000 |
| 3 BR-2B with Den | | 0 F6+ | 359,000 | 4 | 1,436,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 6 | 1,602,000 |
| Large 2 BR-2B w/SR | Patterson | F12 | 374,000 | 5 | 1,870,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | 354,000 | 5 | 1,770,000 |
| Large 2 BR-2B | Lexington | H4 | 349,000 | 2 | 698,000 |
| Large 2 BR-2B w/SR | Washington | J3 | 366,000 | 5 | 1,830,000 |
| Large 2 BR-2B | Williamsburg | K1 | 422,000 | 5 | 2,110,000 |
| Total: | | | | 117 | 29,804,000 |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 146,250 |
| | | | | 117 | 146,250 |
| Total with Amenities | | | | 117 | 29,950,250 |
| Projected Deposits without Amenities (Inflated) | | | 9.27% | 117 | 32,567,636 |
| Total Amenities | | | | | 146,250 |
| Total Projected Deposits | | | | | 32,713,886 |

**Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits**

Residential Building 2.3

Opening Date Mar-11

| | | | Base Year 2006 | | |
|-------------------------------------------------|--------------|------|---------------------------|---------------|-------------------|
| | | | Deposit \$ | RB 2.3 | RB 2.3 |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 11 | 1,617,000 |
| 1 BR | Bradford | C5 | 137,000 | 4 | 548,000 |
| Large 1 BR | Ellicott | C2 | 180,000 | 8 | 1,440,000 |
| Large 1 BR | Dover | C3 | 179,000 | 4 | 716,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 4 | 748,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 2 | 360,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | 214,000 | 8 | 1,712,000 |
| 1 BR 1B & Den | Gilbert | D2m | 214,000 | 8 | 1,712,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 4 | 912,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 6 | 1,308,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 9 | 2,079,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 9 | 2,205,000 |
| 1 BR-(1-1/2)B w/SR | Heritage | H2 | 275,000 | 3 | 825,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 4 | 1,136,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 4 | 1,104,000 |
| 2 BR-2B with Den | Monterey | F6 | 290,000 | 5 | 1,450,000 |
| 2 BR-2B with Den | Worthington | F8 | 290,000 | 4 | 1,160,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 10 | 2,670,000 |
| Large 2 BR-2B | Manchester | F4 | 315,000 | 8 | 2,520,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | 354,000 | 1 | 354,000 |
| Large 2 BR-2B w/SR | Wellington | J2 | 366,000 | 4 | 1,464,000 |
| Large 2 BR-2B w/SR | Washington | J3 | 366,000 | 4 | 1,464,000 |
| Large 2 BR-2B | Williamsburg | K1 | 422,000 | 8 | 3,376,000 |
| Total: | | | | 136 | 33,800,000 |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 170,000 |
| | | | | 136 | 170,000 |
| Total with Amenities | | | | 136 | 33,970,000 |
| Projected Deposits without Amenities (Inflated) | | | 15.93% | 136 | 39,183,464 |
| Total Amenities | | | | | 170,000 |
| Total Projected Deposits | | | | | 39,353,464 |

**Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits**

Residential Building 2.4

Opening Date

Mar-12

| | | | Base Year 2006 | | |
|-------------------------------------------------|-------------|-------|---------------------------|---------------|-------------------|
| | | | Deposit \$ | RB 2.4 | RB 2.4 |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 10 | 1,470,000 |
| Large 1 BR | Ellicott | C2 | 180,000 | 9 | 1,620,000 |
| Large 1 BR | Dover | C3 | 179,000 | 4 | 716,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 4 | 748,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 2 | 360,000 |
| Large 1 BR | Easton | C11 | 189,000 | 5 | 945,000 |
| Large 1 BR-(1-1/2)B | Hamilton | G10 | 207,000 | 4 | 828,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | 214,000 | 9 | 1,926,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 5 | 1,140,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 7 | 1,526,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 14 | 3,234,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 8 | 1,840,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 12 | 2,940,000 |
| 2 BR-(1-1/2)B | | 0 E4+ | 245,000 | 3 | 735,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 8 | 2,272,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 5 | 1,380,000 |
| 2 BR-2B with Den | Worthington | F8 | 290,000 | 3 | 870,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 9 | 2,403,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | 354,000 | 8 | 2,832,000 |
| Total: | | | | 129 | 29,785,000 |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 161,250 |
| | | | | 129 | 161,250 |
| Total with Amenities | | | | 129 | 29,946,250 |
| Projected Deposits without Amenities (Inflated) | | | 19.41% | 129 | 35,564,848 |
| Total Amenities | | | | | 161,250 |
| Total Projected Deposits | | | | | 35,726,098 |

**Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits**

Residential Building 3.1

Opening Date

Sep-12

| | | | Base Year 2006 | | |
|-------------------------------------------------|--------------|-----|---------------------------|---------------|-------------------|
| | | | Deposit \$ | RB 3.1 | RB 3.1 |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 9 | 1,323,000 |
| Large 1 BR | Dover | C3 | 179,000 | 5 | 895,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 8 | 1,496,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 2 | 360,000 |
| Large 1 BR | Easton | C11 | 189,000 | 1 | 189,000 |
| Large 1 BR-(1-1/2)B | Hamilton | G10 | 207,000 | 4 | 828,000 |
| 1 BR & Den | Georgetown | D1 | 206,000 | 7 | 1,442,000 |
| 1 BR & Den | Gilbert | D2 | 206,000 | 4 | 824,000 |
| 1 BR 1B & Den | Gilbert | D2m | 214,000 | 4 | 856,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 8 | 1,824,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | 231,000 | 4 | 924,000 |
| 2 BR-1B | Flagstaff | E1 | 208,000 | 8 | 1,664,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 7 | 1,526,000 |
| 2 BR-1B | Franklin | E3 | 222,000 | 4 | 888,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 16 | 3,696,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 16 | 3,920,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 4 | 1,104,000 |
| 2 BR-2B with Den | Monterey | F6 | 290,000 | 4 | 1,160,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 14 | 3,738,000 |
| Large 2 BR-2B | Manchester | F4 | 315,000 | 10 | 3,150,000 |
| Large 2 BR-2B w/SR | Patterson | F12 | 374,000 | 9 | 3,366,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | 354,000 | 10 | 3,540,000 |
| Large 2 BR-2B | Williamsburg | K1 | 422,000 | 5 | 2,110,000 |
| Total: | | | | 163 | 40,823,000 |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 203,750 |
| | | | | 163 | 203,750 |
| Total with Amenities | | | | 163 | 41,026,750 |
| Projected Deposits without Amenities (Inflated) | | | 19.41% | 163 | 48,744,797 |
| Total Amenities | | | | | 203,750 |
| Total Projected Deposits | | | | | 48,948,547 |

Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 3.2

Opening Date

Sep-13

| | | | Base Year 2006 | | |
|-------------------------------------------------|--------------|------|---------------------------|---------------|-------------------|
| | | | Deposit \$ | RB 3.2 | RB 3.2 |
| <u>Unit categories:</u> | | | | | |
| Studio | Avalon | B4 | 106,000 | 2 | 212,000 |
| 1 BR | Brighton | C1 | 147,000 | 16 | 2,352,000 |
| Large 1 BR | Ellicott | C2 | 180,000 | 4 | 720,000 |
| Large 1 BR | Dover | C3 | 179,000 | 4 | 716,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 8 | 1,496,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 3 | 540,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | 214,000 | 4 | 856,000 |
| 1 BR 1B & Den | Gilbert | D2m | 214,000 | 4 | 856,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 4 | 912,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | 231,000 | 8 | 1,848,000 |
| 2 BR-1B | Flagstaff | E1 | 208,000 | 4 | 832,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 9 | 1,962,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 12 | 2,772,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 9 | 2,205,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 9 | 2,556,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 4 | 1,104,000 |
| 2 BR-2B with Den | Worthington | F8 | 290,000 | 7 | 2,030,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 12 | 3,204,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | 354,000 | 8 | 2,832,000 |
| Large 2 BR-2B w/SR | Wyeth | J6 | 366,000 | 6 | 2,196,000 |
| Large 2 BR-2B w/SR | | 0 J7 | 341,000 | 2 | 682,000 |
| Large 2 BR-2B | Williamsburg | K1 | 422,000 | 4 | 1,688,000 |
| Total: | | | | 147 | 35,491,000 |
| <u>Amentities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 183,750 |
| | | | | 147 | 183,750 |
| Total with Amenities | | | | 147 | 35,674,750 |
| Projected Deposits without Amenities (Inflated) | | | 22.99% | 147 | 43,649,453 |
| Total Amenities | | | | | 183,750 |
| Total Projected Deposits | | | | | 43,833,203 |

Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 3.3

Opening Date

Sep-14

| | | | <i>Base Year</i> | | |
|-------------------------------------------------|-------------|------|------------------|--------|-------------------|
| | | | 2006 | | |
| | | | Deposit \$ | RB 3.3 | RB 3.3 |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 1 | 147,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 4 | 748,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 3 | 540,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | 214,000 | 10 | 2,140,000 |
| 1 BR 1B & Den | Gilbert | D2m | 214,000 | 4 | 856,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 4 | 912,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | 231,000 | 8 | 1,848,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 10 | 2,180,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 4 | 924,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 6 | 1,470,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 10 | 2,840,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 4 | 1,104,000 |
| 2 BR-2B with Den | Monterey | F6 | 290,000 | 4 | 1,160,000 |
| 2 BR-2B with Den | Worthington | F8 | 290,000 | 13 | 3,770,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 26 | 6,942,000 |
| Large 2 BR-2B w/SR | Wyeth | J6 | 366,000 | 4 | 1,464,000 |
| Total: | | | | 119 | 29,965,000 |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 148,750 |
| | | | | 119 | 148,750 |
| Total with Amenities | | | | 119 | 30,113,750 |
| Projected Deposits without Amenities (Inflated) | | | 26.68% | 119 | 37,958,765 |
| Total Amenities | | | | | 148,750 |
| Total Projected Deposits | | | | | 38,107,515 |

Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 3.4

Opening Date

May-15

| | | | <i>Base Year</i> | | |
|-------------------------------------------------|--------------|------|-------------------|---------------|-------------------|
| | | | 2006 | | |
| | | | Deposit \$ | RB 3.4 | RB 3.4 |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 12 | 1,764,000 |
| Large 1 BR | Dover | C3 | 179,000 | 4 | 716,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 4 | 748,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 2 | 360,000 |
| Large 1 BR | Easton | C11 | 189,000 | 1 | 189,000 |
| Large 1 BR-(1-1/2)B | Hamilton | G10 | 207,000 | 3 | 621,000 |
| 1 BR & Den | Georgetown | D1 | 206,000 | 7 | 1,442,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | 214,000 | 3 | 642,000 |
| 1 BR & Den | Gilbert | D2 | 206,000 | 4 | 824,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 8 | 1,824,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | 231,000 | 8 | 1,848,000 |
| 2 BR-1B | Flagstaff | E1 | 208,000 | 4 | 832,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 8 | 1,744,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 20 | 4,620,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 11 | 2,695,000 |
| 1 BR-(1-1/2)B w/SR | Heritage | H2 | 275,000 | 3 | 825,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 5 | 1,420,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 4 | 1,104,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 6 | 1,602,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | 354,000 | 9 | 3,186,000 |
| Large 2 BR-2B w/SR | | 0 J7 | 341,000 | 5 | 1,705,000 |
| Large 2 BR-2B | Williamsburg | K1 | 422,000 | 5 | 2,110,000 |
| Total: | | | | 140 | 33,741,000 |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 175,000 |
| | | | | 140 | 175,000 |
| Total with Amenities | | | | 140 | 33,916,000 |
| Projected Deposits without Amenities (Inflated) | | | 30.48% | 140 | 44,024,352 |
| Total Amenities | | | | | 175,000 |
| Total Projected Deposits | | | | | 44,199,352 |

HIGHLAND SPRINGS RETIREMENT COMMUNITY
MASTER LEASE AND USE AGREEMENT

EXHIBIT E
RENT

The following general provisions for calculation of and adjustment to the Annual Rent shall apply to each respective Phase of the Premises:

- 1) As to the Independent Living Units:
 - a) Annual Rent for occupied Independent Living Units in the Premises, during the Initial Move-In Period for each Phase, shall be payable monthly at the rate of one-twelfth (1/12) of four and six-tenths percent (4.6%) of the Entrance Deposit for each Unit. Such Independent Living Units shall be occupied only by qualified Residents (as determined by rules established by HS) of the Retirement Community pursuant to Residence and Care Agreements entered into between HS and such Residents. The Rent for each Unit occupied under a Residence and Care Agreement shall commence on the date of settlement under the Residence and Care Agreement which shall be the deemed Occupancy Date of a unit, as that term is defined in the Residence and Care Agreement; provided, however, if settlement shall occur other than on the first day of a month, then the Rent for any partial month shall be appropriately pro-rated.
 - b) Annual Rent for all Independent Living Units in the Premises, occupied or unoccupied, after the Completion of the Initial Move-In Period for each Phase, shall be payable monthly at the rate of one-twelfth (1/12) of six and one-tenth percent (6.1%) of the Entrance Deposit for such units. For those units which are not occupied as of the Completion of the Initial Move-In Period, the Entrance Deposit for such unoccupied units shall be deemed to be the Entrance Deposit which would have been paid if such units had been occupied on the date of the Completion of the Initial Move-In Period.
- 2) As to the Assisted Living Units:
 - i) Annual Rent for occupied Assisted Living Units during the Initial Move-In Period for each Phase, shall be payable monthly at the rate of one-twelfth (1/12) of four and six-tenths percent (4.6%) of the Entrance Deposit for each Unit. Such Assisted Living Units shall be occupied only by qualified Residents (as determined by rules established by HS) of the

Retirement Community pursuant to Residence and Care Agreements entered into between HS and such Residents.

- ii) Annual Rent for all of the Assisted Living Facility, occupied or unoccupied, after the Completion of the Initial Move-In Period for each Phase, shall be payable monthly at the rate of one-twelfth (1/12) of six and one-tenth percent (6.1%) of the Entrance Deposit for the Assisted Living Units. For those units which are not occupied as of the Completion of the Initial Move-In Period for such Phase, the Entrance Deposit for such unoccupied units shall be deemed to be the Entrance Deposit which would have been paid if such units had been occupied on the date of the Completion of the Initial Move-In Period.
- 3) As to the Care Center, the Annual Rent shall be an amount equal to seven and six-tenths percent (7.6%) of the fair market value ("FMV") of such Nursing Units contained therein from time to time. The FMV shall be that value which DC establishes to be the fair market value of the Nursing Units in the Care Center at such time as the Rental commences based on income approach. If HS fails to accept this value within ten (10) days of its receipt of DC's determination, the FMV shall be determined by arbitration in accordance with the rules of the American Arbitration Association. The Annual Rent for the Care Center shall be payable in monthly installments, commencing as of the date the first phase of the "care center" in which the applicable Nursing Units are located, is initially opened, and shall be payable in equal monthly installments.
 - 4) As to Community Buildings, the Annual Rent shall be One Hundred Eighty Thousand Dollars (\$180,000) payable in equal monthly installments, for each Community Building.
 - 5) As of January 1 of each year until the expiration of the initial ten (10) full calendar years of the Lease Term, the Annual Rent with respect to the Units and Community Buildings, shall be increased (not decreased) by the Adjustment Amount as determined by the following formula:
 - i) the index to be used for this adjustment shall be the U.S. Bureau of Labor Statistics Consumer Price Index, U.S. City Average, All Items, All Urban Consumers (revised 1978, 1967 = 100) (the "Index").

ii) the Index as of January 1 of the prior year shall be the Base Period Index.

iii) the Index as of January 1 for each new year shall be the Adjustment Period Index.

iv) the Base Period Index shall be subtracted from the Adjustment Period Index, the difference of which (if a positive number) shall be divided by the Base Period Index, the dividend of which shall be multiplied by ten percent (10%) for the Percentage Index Increase.

v) the Percentage Index Increase shall be multiplied by the Annual Rent as of December 31 for the year just ending, the product of which shall be the Adjustment Amount, retroactive to January 1 for each new year.

vi) In the event the Index shall hereafter be converted to a different standard reference base or otherwise revised, the determination of the percentage increase shall be made with the use of such conversion factor, formula, or table for converting the Index as may be published by Prentice Hall, Inc. or Commerce Clearing House or any nationally recognized publisher of similar statistical information. In the event the Index shall cease to be published, then, for the purpose of these provisions, there shall be substituted for the Index such other Index as DC and HS shall agree upon; and if they are unable to agree within ninety (90) days after the Index ceases to be published, such matter shall be determined by arbitration in accordance with the rules of the American Arbitration Association.

b) As of January 1 of each year following the expiration of the initial ten (10) full calendar years of the Lease Term, and each year thereafter, the Annual Rent with respect to the Units and the Community Building shall be increased (not decreased) by the Adjustment Amount as determined by the following formula:

i) the index to be used for this adjustment shall be the U.S. Bureau of Labor Statistics Consumer Price Index, U.S. City Average, All Items, All Urban Consumers (revised 1978, 1967 = 100) (the "Index").

ii) the Index as of January 1 of the prior year shall be the Base Period Index.

iii) the Index as of January 1 for each new year shall be the Adjustment Period Index.

iv) the Base Period Index shall be subtracted from the Adjustment Period Index, the difference of which (if a positive number) shall be the Percentage Index Increase.

v) the Percentage Index Increase shall be multiplied by the Base Rent as of December 31 for the year just ending, the product of which shall be the Adjustment Amount, retroactive to January 1 for each new year.

vi) In the event the Index shall hereafter be converted to a different standard reference base or otherwise revised, the determination of the percentage increase shall be made with the use of such conversion factor, formula, or table for converting the Index as may be published by Prentice Hall, Inc. or Commerce Clearing House or any nationally recognized publisher of similar statistical information. In the event the Index shall cease to be published, then, for the purpose of these provisions, there shall be substituted for the Index such other Index as DC and HS shall agree upon; and if they are unable to agree within ninety (90) days after the Index ceases to be published, such matter shall be determined by arbitration in accordance with the rules of the American Arbitration Association.

**HIGHLAND SPRINGS RETIREMENT COMMUNITY
DEED OF MASTER LEASE AND USE AGREEMENT**

**EXHIBIT F
NOTICES**

Notice shall be given as follows:

HS: 701 Maiden Choice Lane
Baltimore, Maryland 21228
Attn: Legal Department

DC: 701 Maiden Choice Lane
Baltimore, Maryland 21228
Attn: Legal Department

SUBORDINATION AND STANDSTILL AGREEMENT

(HIGHLAND SPRINGS, INC.)

FOR VALUE RECEIVED, and to induce BANK OF AMERICA, N.A. having a place of business at 100 Federal Street, Mail Stop: MA5 100 07 01, Boston, Massachusetts 02110, as "Administrative Agent", and as a lender, together with certain other financial institutions, herein called "Lenders," to provide financing and extend credit to Dallas Campus, LP, a limited partnership having a place of business at 701 Maiden Choice Lane, Baltimore, Maryland 21228, herein called "Borrower", all as more particularly provided in an agreement captioned "Amended and Restated Loan Agreement" dated as of even date between Borrower, Administrative Agent and the Lenders (the "Credit Agreement"), the undersigned, Highland Springs, Inc., a Maryland corporation located at 701 Maiden Choice Lane, Baltimore, Maryland 21228, herein called "Subordinate Creditor" hereby agrees as follows:

1. **Subordination.** Any indebtedness of Borrower to Subordinate Creditor now or hereafter existing (including, but in no way limited to, any rights of subrogation, exoneration, contribution or indemnification to which Subordinate Creditor may now or hereafter be entitled), together with any interest thereon, shall be, and such indebtedness is, hereby subordinated to the prior, non-contestable payment in full and satisfaction of the "Obligations" of Borrower to Lender under the Credit Agreement, the "Notes" and the other "Loan Documents" (each as more particularly defined in the Credit Agreement).
2. **Final and Non-Contestable.** For the purposes hereof, payment and satisfaction of Obligations shall be deemed non-contestable only upon the expiration of all periods of time within which a claim for the recovery of a preferential payment, or fraudulent conveyance or fraudulent transfer, in respect of payments received by Lenders as to the Obligations could be filed or asserted with: (A) no such claim having been filed or asserted, or (B) if so filed or asserted, the final, non-appealable decision of a court of competent jurisdiction denying the claim or assertion.
3. **Procedures In Bankruptcy.** Except as set forth in Section 6 hereof, until the final and non-contestable payment in full and satisfaction of the Obligations of Borrower to Lenders (and including, but not limited to, interest accruing on the Notes after the commencement of a case by or against Borrower under the Bankruptcy Code as now or hereafter in effect, which interest the parties agree shall remain a claim that is prior and superior to any claim of Subordinate Creditor, notwithstanding any contrary practice, custom or ruling in cases under the Bankruptcy Code, as now or hereafter in effect, generally), Subordinate Creditor agrees not to accept any payment or satisfaction for any kind of indebtedness of Borrower to Subordinate Creditor.

4. **Notes.** If any present or future indebtedness of Borrower to Subordinate Creditor is evidenced in whole or in part by any note or other instrument, Subordinate Creditor, shall place a legend on all instruments evidencing any subordinated debt to the effect that such debt is affected, and payment thereof is limited, by this Subordination and Standstill Agreement. No subordinated debt shall be negotiated, assigned or pledged to any person or entity other than Administrative Agent.
5. **Security Subordinated.** Any mortgage, security interest, lien or charge on the "Property", or the "Project" (each as defined in the Credit Agreement), the personal property of Borrower located thereon, all rights therein and thereto, and on the revenue and income to be realized therefrom, or on any other assets of Borrower now or hereafter in existence, which Subordinate Creditor may have or may obtain as security for any loans, advances, costs or indebtedness in connection with the construction and completion of the Project, or the subsequent operation of the Project, or otherwise, shall be, and such mortgage, security interest, lien or charge hereby is, subordinated to the final and non-contestable payment in full and satisfaction of all Obligations of Borrower to Lenders now existing or hereafter arising under any one or more of the Loan Documents.
6. **Permitted Payments.** So long as no Default or Event of Default exists or has occurred and is continuing or would occur as a result of any payment otherwise permitted hereunder, Borrower may pay to Subordinated Creditor regularly scheduled payments on the subordinated debt at the interest rate and on the dates set forth in the note evidencing such subordinated debt on the date hereof.
7. **Standstill.** Until such time as all "Obligations" (as defined in the Credit Agreement) of Borrower to Lenders have been satisfied in full, and Lenders have received full and non-contestable payment of all obligations, and Lenders have no further obligation to make advances to Borrower, Subordinate Creditor further agrees: (i) not to take any action of any nature to enforce payment or secure collection of any subordinated debt; (ii) not to take any action under any mortgage, security agreement, pledge or assignment relating to any property of Borrower to enforce the same or to in any way seek dominion or control over, or the right to possess or use, any property of Borrower; (iii) to release to Administrative Agent at Administrative Agent's request from time to time all insurance proceeds and all awards arising from eminent domain proceedings related to the Property; (iv) to turn over to Administrative Agent any amounts received by the Subordinate Creditor on account of any indebtedness of Borrower or any security therefor, except to the extent that the Credit Agreement may otherwise expressly provide and except as set forth in Section 6 hereof; and (v) from time to time at the request of Administrative Agent, to execute such further instruments and assurances as Administrative Agent may reasonably request to implement the intent of this Subordination and Standstill Agreement and the Credit Agreement (including, but not limited to, consents to, and recognition

agreements in respect of, any and all leases of all or any portion of the Property to which Administrative Agent may consent or give recognition).

8. **Waiver of Jury Trial.** SUBORDINATE CREDITOR, ADMINISTRATIVE AGENT AND LENDERS MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED UPON THIS AGREEMENT, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, OR ANY OF THE OTHER LOAN DOCUMENTS OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS WAIVER IS GIVEN AS A MATERIAL INDUCEMENT TO LENDERS TO ACCEPT THIS AGREEMENT AND TO EXTEND CREDIT TO THE BORROWER.
9. **Waivers.** The liability of Subordinate Creditor hereunder shall in no way be limited or impaired by, and Subordinate Creditor hereby assents to and agrees to be bound by, any amendment or modification of the provisions of the Loan Documents entered into with Borrower, or any other party, or any person who succeeds Borrower as owner of the Property, but no such amendment or modification shall operate so as to increase the scope of Subordinate Creditor's liability hereunder unless such amendment or modification is assented to by the Subordinate Creditor. In addition, the liability of Subordinate Creditor under this Agreement and the other Loan Documents shall in no way be limited or impaired by:
 - (i) any extensions of time for performance required by any of the Loan Documents;
 - (ii) any amendment to or modification of any of the Loan Documents;
 - (iii) any sale or assignment of the Loans, or any sale, assignment or foreclosure of any mortgage or any sale, transfer, exchange of all or any part of the Property;
 - (iv) any exculpatory or non-recourse or limited recourse provisions in any of the Loan Documents limiting Administrative Agent's recourse to the Property encumbered by the mortgage or to any other property, or limiting Administrative Agent's rights to a deficiency judgment against Borrower or any other person or entity;
 - (v) the accuracy or inaccuracy of any of the representations or warranties made by or on behalf of Borrower, any partner or owner of Borrower, or any Guarantor, under any Loan Document or otherwise;
 - (vi) any release of Borrower, or any other person or entity from performance or observance of any of the agreements, covenants, terms or conditions

contained in any of the Loan Documents by operation of law, Administrative Agent's voluntary act or otherwise;

- (vii) any filing of any bankruptcy or reorganization proceedings by or against Borrower, or any subsequent owner of the Property;
- (viii) any release or substitution in whole or in part of any collateral or security for the Obligations;
- (ix) Administrative Agent's failure to record the mortgage or file any UCC financing statements, or Administrative Agent's improper recording or filing of any thereof or Administrative Agent's failure to otherwise perfect, protect, secure or insure any security interest or lien given by as security for the Obligations;
- (x) any release of any other party now or hereafter liable upon or in respect of this or any of the other Loan Documents; or
- (xi) any invalidity or unenforceability of all or any portion of any of the Loan Documents as to Borrower or as to any other person or entity.

Any of the foregoing may be accomplished with or without notice to Borrower, or any Guarantor, or any other party hereto and with or without consideration.

No delay on Administrative Agent's part in exercising any right, remedy, power or privilege hereunder or under any of the other Loan Documents shall operate as a waiver thereof. No waiver by Administrative Agent in any particular instance shall constitute a waiver in any other instance.

10. **Warranties and Representations.** Subordinate Creditor warrants and represents as follows:

- 10.1 Subordinate Creditor is a duly organized, validly existing entity organized and in good standing under the laws of the State of Maryland and duly qualified to do business and in good standing under the laws of the State of Texas, has all requisite power and authority to conduct its business and to own its property as now conducted or owned and is qualified to do business in all jurisdictions where the nature and extent of its business is such that such qualification is required by law.
- 10.2 This Agreement has been authorized by all requisite entity action and constitutes Subordinate Creditor's legal, valid and binding obligations in accordance with the terms thereof, subject to bankruptcy and insolvency and similar laws of general application affecting the rights and remedies of creditors and with respect to the availability of the remedies of specific enforcement, subject to the discretion of the court before which proceedings therefor may be brought.

- 10.3 The performance by Subordinate Creditor of the obligations of the Subordinate Creditor hereunder does not and shall not constitute a violation of any law, order, regulation, contract, organizational document or agreement to which Subordinate Creditor is subject or by which Subordinate Creditor or the property thereof is or may be bound.
- 10.4 The granting of the Loans to Borrower constitutes a material economic benefit to Subordinate Creditor.
11. **No Oral Change.** No provision of this Agreement may be changed, waived, discharged or terminated or relieved by telephone or by any other means except by an instrument in writing signed by the party against whom enforcement of the change, waiver or discharge or termination is sought.
12. **Successors and Assigns.** This Agreement shall be binding upon each party hereto and its, his or their respective successors, assigns, heirs and personal representatives and shall be for the benefit of Administrative Agent, Lenders and of any subsequent holders of the Loans and of any owner of a participation interest therein.
13. **Partial Invalidity.** Each of the provisions hereof shall be enforceable against Subordinate Creditor to the fullest extent now or hereafter not prohibited by applicable law. The invalidity or unenforceability of any provision hereof shall not limit the validity or enforceability of each other provision hereof.
14. **Governing Law.** This Agreement and the rights and obligations of the parties hereunder shall in all respects be governed by and construed and enforced in accordance with the internal laws of the Commonwealth of Massachusetts without giving effect to principles of conflicts of law. It is understood and agreed that this Agreement and all of the other Loan Documents were negotiated, executed and delivered in the Commonwealth of Massachusetts which the parties agree has a substantial relationship to the parties and to the underlying transactions embodied by the Loan Documents.
15. **Consent to Jurisdiction.** Subordinate Creditor hereby irrevocably submits to the non-exclusive personal jurisdiction of any state court or any federal court sitting in Massachusetts over any suit, action or proceeding arising out of or relating to this Agreement and Subordinate Creditor hereby agrees and consents that in addition to any methods of service of process provided for under applicable law, all service of process in any suit, action or proceeding in any state or federal court sitting in Massachusetts may be made by certified or registered mail, return receipt requested directed to the undersigned at the address indicated below and service so made shall be deemed completed five (5) days after the same shall have been so mailed.
16. **Legal Fees and Expenses.** Subordinate Creditor agrees to pay upon demand all costs and expenses reasonably incurred by Administrative Agent, or its successors

or assigns, in connection with enforcing any of the rights or remedies of Administrative Agent, or such successors or assigns, under or with respect to this Agreement, including, but not limited to, reasonable attorneys' fees and the out-of-pocket expenses and disbursements of such attorneys.

17. **Counterparts.** This Subordination and Standstill Agreement may be executed in several counterparts, each of which when executed and delivered is an original, but all of which together shall constitute one instrument. In making proof of this agreement, it shall not be necessary to produce or account for more than one such counterpart which is executed by the party against whom enforcement of such agreement is sought.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE FOR SUBORDINATION (HSI) – AGENDA NO. 21]

Witness the execution hereof as an instrument under seal this 30th day of November,
2005

SUBORDINATE
CREDITOR:

HIGHLAND SPRINGS, INC.

BY:

Name:

Title:

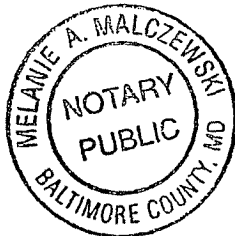
Hereunto duly authorized

Address: 701 Maiden Choice Lane
Baltimore, MD 21228

Baltimore County
State of Maryland, ss.

On this 29th day of November, 2005, before me, James M. Anderson, Jr., personally
appeared and acknowledged himself/herself to be the Treasurer of Highland
Springs, Inc., and being authorized so to do, executed the foregoing instrument for the purposes
contained therein.

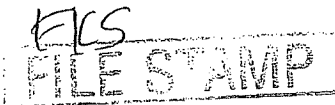
In witness whereof, I hereunto set my hand and official seal.



My commission expires:

10/1/09

67 # 2105 011630
6811655



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SUBORDINATION OF DEED OF TRUST

Reference is made to a certain Deed of Trust and Security Agreement from Dallas Campus LP, with an address at 701 Maiden Choice Lane, Baltimore, MD 21228 (the "Grantor") to Highland Springs, Inc., with an address at 701 Maiden Choice Lane, Baltimore, MD 21228 dated of even date herewith and recorded herewith (the "HSI DOT").

Reference is further made to an Amended and Restated Deed of Trust, Security Agreement and Fixture Financing Statement from the Grantor to Bank of America, N.A. as Administrative Agent, with an address at 100 Federal Street, Mail Stop: MA 5100 07 01, Boston, MA 02110 dated of even date herewith, recorded herewith (the "Bank of America DOT").

Highland Springs, Inc., hereby subordinates the priority of the HSI DOT to the Bank of America DOT, and agrees that the HSI DOT shall be and remain subordinate to the Bank of America DOT, all in accordance with and subject to the terms and conditions of that certain Subordination and Standstill Agreement between Highland Springs, Inc. and Bank of America, N.A., as Administrative Agent, of even date herewith.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE TO SUBORDINATION OF MORTGAGE]

EXECUTED as an instrument under seal as of the 30th day of November, 2003.

HIGHLAND SPRINGS, INC.

By: 

Name: JAMES M. ANDERS, JR.

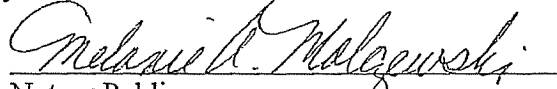
Title: TREASURER

Baltimore County
State of Maryland, SS.

November 29, 2005

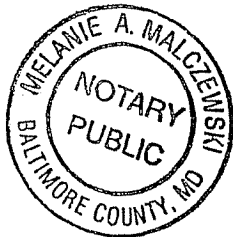
On this 29th day of November, 2005, before me, James M. Anders, Jr.,
personally appeared and acknowledged himself to be the Treasurer of
Highland Springs, Inc., and being authorized to do so, executed the foregoing instrument for the
purposes contained therein.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Notary Public

My Commission Expires: 10/1/09



PLEDGE AND ASSIGNMENT
(Claims and Rights of Dallas Campus, LP Against Highland Springs)

PLEDGE AND ASSIGNMENT (said agreement, as the same may be amended or modified, from time to time, is herein collectively called the "Pledge and Assignment") dated as of November 30, 2005, made by **DALLAS CAMPUS, LP**, a Maryland limited partnership (the "Borrower"), in favor of **BANK OF AMERICA, N.A.**, as Administrative Agent (hereinafter called "Secured Party" or "Administrative Agent") for itself and other lenders (collectively, the "Lenders"; individually a "Lender").

This Pledge and Assignment is granted pursuant to the terms, provisions and conditions of an agreement captioned "Amended and Restated Loan Agreement" dated as of even date between Borrower, Administrative Agent and Lenders (said agreement, as the same may be amended or modified from time to time, is herein collectively called the "Credit Agreement"). In consideration of the agreement of the Administrative Agent and Lenders to extend credit or other financial accommodations to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of any and all loans, advances, and extensions of credit now or hereafter made or extended by Administrative Agent and Lenders to, for the account of or on behalf of the Borrower, the Borrower hereby agrees as follows:

1. **Defined Terms.** The following terms when used herein shall have the respective meanings set forth in this Section. Capitalized terms used herein which are not otherwise specifically defined shall have the same meaning herein as in the Credit Agreement.

"Collateral" means all of the Borrower's right, title and interest in and to certain agreements, instruments and documents between Borrower and Highland Springs, Inc. (the "Obligor") as described on Exhibit A hereto (collectively, the "Obligor Documents"); and all collateral security granted by Obligor to Borrower under or in connection with the Obligor Documents; and all Proceeds of any of the foregoing.

"Obligations" shall have the meaning set forth in the Credit Agreement.

"Proceeds" has the meaning given such term under the UCC and, in any event, includes (but is not limited to) (a) any and all proceeds of any insurance, indemnity, warranty or guaranty payable from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any Person acting under color of governmental authority), (c) whatever is received upon any collection, exchange, sale, lease or other disposition of any of the Collateral and any property into which any of the Collateral is converted, whether cash or non-

cash proceeds, and (d) any and all other products of, or any rents, profits or other amounts from time to time paid or payable under, or in connection with, any of the Collateral.

"UCC" means the Uniform Commercial Code as it may from time to time be in effect in the State of Texas or any other applicable jurisdiction.

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, demand or otherwise) of all the Obligations, the Borrower hereby sells, assigns, conveys, mortgages, pledges, hypothecates and transfers to Secured Party, and hereby grants to the Secured Party a security interest in, all of the Borrower's right, title and interest in, to and under the Collateral. This grant of a security interest is in addition to, and supplemental of, any security interest previously granted by the Borrower to the Secured Party and shall continue in force and effect applicable to all Obligations and to any future advances made by the Secured Party to or on behalf of Borrower, until the Obligations are paid in full and the Secured Party and Lenders have no further obligation to make loans under the Credit Agreement.

3. **Rights of and Limitations on Liability of Secured Party.**

(a) It is expressly agreed by the Borrower that, anything herein to the contrary notwithstanding, the Borrower shall remain liable under all Obligor Documents to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof. The Secured Party shall not have any obligation or liability under any Obligor Documents by reason of, or arising out of, this Pledge and Assignment or the assignment by the Borrower to the Secured Party of, or the receipt by the Secured Party of, any payment relating to any of the Obligor Documents pursuant hereto, nor shall the Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of the Borrower under or pursuant thereto to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any person thereunder or by any account debtor, to present or file any claim or to take any action to collect or enforce any performance or the payment of any amounts that may have been assigned to the Borrower or to which the Borrower may be entitled at any time or times.

(b) The Secured Party hereby authorizes the Borrower to collect all payments due under the Obligor Documents, subject to the Secured Party's right, without cause or notice, to curtail or terminate such authority at any time. If required by the Secured Party at any time any and all Proceeds, when collected by the Borrower, whether consisting of cash, checks, notes, drafts, bills of exchange, money orders, commercial paper of any kind whatsoever or other documents received in payment of any amount due under the Obligor Documents shall be promptly delivered by the Borrower to Secured Party in precisely the form received, except for its endorsement when required, in payment of the Obligations in such order as Secured Party shall determine, in its discretion, and until so turned over shall be deemed to be held in trust by the Borrower as the Secured Party's property for the benefit of the Secured Party and shall not be commingled with the Borrower's other funds. Such Proceeds, when delivered to Secured Party, shall continue to be collateral security for all of the Obligations and shall not constitute payment

thereof until applied in payment of the Obligations. At Secured Party's request upon the occurrence of an Event of Default and during the continuance thereof, the Obligor shall deliver to the Secured Party all original and other documents evidencing, and relating to, the sale and delivery of Inventory or Equipment or the performance of labor or service, including (but not limited to) all original orders, invoices and shipping receipts.

(c) The Secured Party may, at any time, notify the Obligor that the Obligor Documents and the other Collateral has been assigned to the Secured Party and that payments shall be made directly to the Secured Party. On the request of the Secured Party at any time, the Borrower will so notify the Obligor. The Secured Party, may in its own name or in the name of others communicate with the Obligor in order to verify with it to the Secured Party's satisfaction the existence, amount and terms of the Collateral.

4. **Representations and Warranties.** The Borrower hereby represents and warrants to the Secured Party that:

(a) except for the security interest granted to the Secured Party pursuant to this Pledge and Assignment, the Borrower has rights in or the power to transfer Collateral and, the Borrower is the sole holder of the Collateral pledged hereunder, and Borrower's title is free and clear of any and all pledges, liens, claims or rights of others; and in this regard, no security agreement, financing statement, equivalent security or lien instrument or continuation statement covering 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 Borrower or the Secured Party;

(b) the execution, delivery and performance of all instruments and agreements with the Secured Party, including, without limitation, this Pledge and Assignment (i) have been duly authorized by all requisite action, corporate or otherwise, on its part, (ii) do not require the consent of any party (including, without limitation, Borrower's member and creditors), (iii) will not (A) violate any law or regulation or its charter or by-laws or partnership agreement, (B) violate any order of any court, tribunal or governmental agency binding on it or any of its properties, (C) violate or constitute (after due notice or lapse of time or both) a default under any indenture, agreement, license or other instrument or contract to which it is a party or by which it or any of its properties is bound or (D) result in the creation or imposition of any lien of any nature whatsoever on any of its assets (except any liens as are created hereby), and (iv) do not require any filing or registration with, or any permit, license, consent or approval of, any governmental agency or regulatory authority;

(c) this Pledge and Assignment has been duly executed and delivered by the Borrower and is a legal, valid and binding obligation, enforceable against the Borrower in accordance with its terms; and

(d) there are no actions, suits, proceedings or claims pending or, to the Borrower's knowledge, threatened against or affecting the Borrower that relate to the transactions contemplated by this Pledge and Assignment, or which materially adversely affect the business or condition (financial or otherwise) of the Borrower.

5. **Covenants.** The Borrower covenants and agrees that from and after the date of this Pledge and Assignment and until the Obligations are fully satisfied and the Borrower has no further right to request loans and extensions of credit from the Secured Party:

(a) **Payment of Obligations.** The Borrower shall pay when due (or on demand if so payable) and punctually, promptly and faithfully perform each Obligation.

(b) **Location of Collateral.** The documents, books and records evidencing the Collateral will be kept at the Borrower's place of business or its headquarters as set forth in the Credit Agreement. The Borrower will not remove the Collateral from said locations, or sell, transfer, lease or otherwise dispose of any Collateral or attempt, offer or contract to do so, except without the prior written consent of the Assignee except for the sale of Inventory in the ordinary course of Borrower's business.

(c) **Further Documentation, Pledge of Instruments.** At any time and from time to time, at its sole expense, the Borrower will, promptly upon request by the Secured Party, duly execute and deliver any and all such further instruments and documents and take such further action as Secured Party may reasonably deem desirable in obtaining the full benefits of this Pledge and Assignment and of the rights and powers herein granted, including (without limitation) the filing of any financing or continuation statements under the UCC in effect in any jurisdiction with respect to the liens and security interests granted hereby. The Borrower also hereby authorizes the Secured Party to file any such financing or continuation statement describing any agricultural liens or other statutory liens held by Secured Party. If any Collateral, or if any amount payable under or in connection with any of the Collateral, shall be or become evidenced by any negotiable document of title, or by any promissory note or other instrument, such document, note or instrument shall be immediately delivered to the Secured Party hereunder, duly endorsed in a manner satisfactory to the Secured Party.

(d) **Compliance with Terms of the Obligor Documents.** The Borrower will perform and comply in all material respects with all its obligations under and will promptly and diligently exercise its rights under each Obligor Document. Secured Party shall have the right at any time to enforce Borrower's rights against the account debtors and obligors.

(e) **Limitation on Liens on Collateral.** The Borrower will not, without Assignee's written consent, create, permit or suffer to exist, and it will defend the Collateral against and take such other action as is necessary to remove, any lien, claim or right, in or to the Collateral, except the lien granted to the Secured Party herein.

(f) **Limitations on Modifications, Waivers, Extensions.** Except in the normal course of business and for good cause and reasonable consideration, the Borrower will not (i) amend, modify, extend, terminate or waive any provision of the Obligor Documents in any manner that would increase or expand the Borrower's obligations thereunder or that might materially and adversely affect the value of such as Collateral, or (ii) grant any extension of the time of payment of any amounts due under the Obligor Documents, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any person liable for the payment thereof.

(g) **Maintenance of Records; Inspection.** The Borrower will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral including (without limitation) a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral. The Borrower will mark its books and records pertaining to the Collateral to evidence this Pledge and Assignment and the security interests granted hereby. The Borrower agrees that the Secured Party will have a special property interest in all of its books and records pertaining to the Collateral (including, without limitation, customer lists, correspondence with present or future or prospective suppliers or customers, advertising materials, credit files, computer tapes, programs, printouts, and all other records), and upon and during the continuance of an Event of Default, the Borrower will deliver and turn over any such books and records to the Secured Party or to its representatives at any time on demand of the Secured Party. The Borrower may make copies of such books and records before its delivery to the Secured Party, provided that such copying does not unreasonably delay such delivery. The Borrower will furnish to the Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party may reasonably request, all in reasonable detail.

(h) **Third Parties.** Where Collateral is in the possession of a third party, the Borrower will advise the Secured Party and, upon the Secured Party's request, join with the Secured Party in notifying the third party of the Secured Party's security interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of the Secured Party.

(i) **Control Agreements.** Borrower will cooperate with Secured Party in obtaining a control agreement in form and substance satisfactory to Secured Party with respect to Collateral consisting of Deposit Accounts, Investment Property, Letter-of-Credit Rights, and electronic chattel paper.

(j) **Chattel Paper.** Borrower will neither hold nor create any chattel paper without placing a legend on the Chattel Paper acceptable to Secured Party indicating that Secured Party has a security interest in the Chattel Paper.

(k) **Perfection Issues.** The Borrower will preserve its corporate existence and not: (i) in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets; (ii) change the state of its incorporation; or (iii) change its corporate name without providing Secured Party with 30 days' prior written notice.

(l) **Further Assurances.** The Borrower will promptly execute and deliver to the Secured Party such further deeds, mortgages, assignments, security agreements and other instruments, documents, certificates and assurances and take such further action as the Secured Party may from time to time in its sole discretion deem necessary to perfect, protect or enforce the security interest of the Secured Party in the Collateral.

6. **Secured Party's Appointment as Attorney-in-Fact.** (a) The Borrower hereby irrevocably constitutes and appoints the Secured Party 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 Borrower and in the name of the Borrower or in its own name, from time to time in the Secured Party's discretion, for the purpose of carrying out the terms of this Pledge and Assignment, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Pledge and Assignment and, without limiting the generality of the foregoing, hereby gives the Secured Party the power and right, on behalf of the Borrower, without notice to or assent by the Borrower, after the occurrence of an Event of Default, to do the following:

(i) to ask, demand, collect, receive and give acquittances and receipts for any and all moneys due and to become due to Borrower under any of the Obligor Documents, and, in the name of the Borrower or its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due to Borrower thereunder 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 Secured Party for the purposes of collecting any and all such moneys due whenever payable;

(ii) to pay or discharge taxes or liens levied or placed on or threatened against the Collateral; and

(iii) to direct the Obligor or any other party liable for any payment to Borrower under the Collateral, or otherwise, to make payment of any and all moneys due and to become due thereunder directly to the Secured Party or as the Secured Party shall direct; (B) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) 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 part thereof and to enforce any other right in respect of any Collateral; to sign Borrower's name on any proof of claim against the Obligor or any other person liable under the Collateral; (D) to defend any suit, action or proceeding brought against the Borrower with respect to any Collateral; (E) to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Secured Party may deem appropriate; (F) to sign Borrower's name on and file or record any financing statement necessary to perfect the Secured Party's interest in the Collateral; and (G) otherwise to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do, at the Secured Party's option and the Borrower's expense, at any time or from time to time, all acts and things that the Secured Party deems necessary to protect, preserve or realize upon the Collateral and the Secured Party's security interests therein, in order to effect the intent of this Pledge and Assignment, all as fully and effectively as the Borrower might do.

The Borrower 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.

(b) The powers conferred on the Secured Party hereunder are solely to protect the interests of the Secured Party in the Collateral and shall not impose any duty upon the Secured Party to exercise any such powers. The Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Borrower for any act or failure to act, except for its own willful misconduct taken or omitted in bad faith.

(c) Any expenses incurred by the Secured Party under this Section shall be paid by the Borrower on demand and until so paid shall be added to the principal amount of any obligations secured hereby and shall bear interest (calculated on the basis of a 360-day year for the actual days elapsed) at the highest rate applicable to the Obligations.

7. **Events of Default.** The occurrence of any "Event of Default" as defined in the Credit Agreement shall constitute an Event of Default hereunder.

8. **Remedies, Rights Upon Default.** If an Event of Default occurs and is continuing, in addition to all other rights and remedies granted to Secured Party hereunder or under applicable law:

(a) All payments received by the Borrower under or in connection with any of the Collateral shall be held by the Borrower in trust for the Secured Party, shall be segregated from other funds of the Borrower and shall forthwith upon receipt by the Borrower be turned over to the Secured Party, in the same form as received by the Borrower (duly endorsed by the Borrower to the Secured Party, if required). Any and all such payments so received by the Secured Party (whether from the Borrower or otherwise) shall be held by the Secured Party as collateral security for, and then or at any time thereafter, may be applied in whole or in part for the benefit of the Secured Party against, all or any part of the Obligations in such order as the Secured Party, in its discretion, may determine.

(b) The Secured Party shall have the right to seize and take possession of any Collateral and may enter the premises where they, or any of them, are located for the purposes of effecting such seizure. The Secured Party shall not be liable to the Borrower for any damage suffered by the Borrower by reason of such entry or seizure unless it results from the Secured Party's willful misconduct committed in bad faith, and the Borrower shall indemnify the Secured Party for any liability that may accrue to any Person by reason of such entry or seizure.

(c) The Secured Party may exercise for the benefit of the Secured Party, in addition to all other rights and remedies granted in this Pledge and Assignment and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, the Borrower expressly agrees that in any such event the Secured Party may, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or on the Borrower or any other Person, all

and each of which demands, advertisements and/or notices are (to the extent permitted by applicable law) hereby expressly waived, forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, forthwith take possession and operate or use the Collateral or any part thereof for the purpose of preserving it or its value, and/or forthwith sell, lease, assign, give option or options to purchase, or sell or otherwise dispose of and deliver the Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of the Secured Party's offices or elsewhere, at such prices as it may deem appropriate, for cash or on credit or for future delivery without assumption of any credit risk. Secured Party shall have the right on any such public sale or sales and, to the extent permitted by law, on any such private sale or sales to purchase the whole or any part of said Collateral so sold, free of any right or equity of redemption in the Borrower, which right or equity is (to the extent permitted by applicable law) hereby expressly waived or released. The Borrower further agrees, at the Secured Party's request, to assemble the Collateral and make it available to the Secured Party at places that the Secured Party shall reasonably select, whether at the Borrower's premises or elsewhere. To the extent permitted by applicable law, the Borrower waives all claims, damages and demands against the Secured Party arising out of the repossession, retention, sale, or other disposition of the Collateral unless resulting from such Secured Party's willful misconduct committed in bad faith. Borrower waives any right it may have to require Secured Party to pursue any third person for any of the Obligations. The Borrower agrees that the Secured Party need not give more than ten (10) days' notice (which notification shall be deemed given when mailed) of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters. No notification need be given to the Borrower if it has signed, after default, a statement renouncing or modifying any right to notification of sale or other intended disposition. Secured Party may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. The Borrower shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all Obligations, the Borrower also being liable for the fees and expenses of any attorneys employed by Secured Party to collect such deficiency. The Secured Party shall have the right, in its sole discretion, to determine which rights, security, liens, guaranties or remedies the Secured Party shall retain, pursue, release, subordinate, modify, or enforce, without in any way modifying or affecting any of the other of them or any of its rights hereunder.

(d) Secured Party may sell the Collateral without giving warranties as to the Collateral. Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

(e) If Secured Party sells any of the Collateral upon credit, Borrower will be credited only with payments actually made by the purchaser, received by the Secured Party, and applied to the indebtedness of the purchaser. In the event, the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Borrower shall be credited with the proceeds of the sale.

9. **Limitation on Secured Party's Duty in Respect to Collateral.** Beyond the safe custody thereof, the Secured Party shall have no duty as to any Collateral in its possession or its nominee's or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. Borrower has the risk of loss of the Collateral. Secured Party has no duty to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral. Secured Party has no obligation to clean-up or otherwise prepare the Collateral for sale or lease. In any suit, proceeding or action brought by Secured Party under any of the Obligor Documents for any sum owing thereunder or to enforce any provision thereof, Borrower will save, indemnify and keep Secured Party harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction or liability whatsoever of the obligee thereunder arising out of a breach by Borrower of any agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from Borrower, and all such obligations of Borrower shall be and remain enforceable against Borrower and shall not be enforceable against Secured Party.

10. **Notices.** Any notices given in connection with this Agreement shall be effective only if given according to the provisions of Section 10.2 of the Credit Agreement.

11. **Severability.** Any provision of this Pledge and Assignment (Highland Springs) that 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. **No Waiver, Cumulative Remedies.** The Secured Party shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder and no waiver shall be valid unless in writing, signed by the Secured Party and then only to the extent therein set forth. A waiver of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy that the Secured Party would otherwise have had on any future occasion. 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; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights and remedies provided by law.

13. **No Oral Modification, Successors, Governing Law.** None of the terms or provisions of this Pledge and Assignment may be waived, altered, modified or amended except by an instrument in writing, duly executed by the Secured Party. This Pledge and Assignment and all obligations of the Borrower hereunder shall be binding on the respective successors and assigns of the Borrower and shall, together with the rights and remedies of the Secured Party hereunder, inure to the benefit of the Secured Party and its respective successors and assigns. This Pledge and Assignment shall be governed by, and construed and interpreted in accordance with, the laws of the Commonwealth of Massachusetts.

14. **Counterparts.** This Pledge and Assignment may be executed in any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

15. **Descriptive Headings.** The captions in this Pledge and Assignment are for convenience of reference only and shall not define or limit the provisions hereof.

16. **Submission to Jurisdiction; Waiver of Trial by Jury.**

(a) BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON BORROWER BY MAIL AT THE ADDRESS SET FORTH ABOVE. BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT FORUM.

(b) BORROWER AND SECURED PARTY (BY ACCEPTANCE OF THIS AGREEMENT) MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY, INCLUDING, WITHOUT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF SECURED PARTY RELATING TO THE ADMINISTRATION OF THE LOANS OR ENFORCEMENT OF THE LOAN DOCUMENTS, AND AGREE THAT NEITHER PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. BORROWER CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF SECURED PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SECURED PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR SECURED PARTY TO ACCEPT THIS AGREEMENT AND MAKE THE LOANS.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE FOR PLEDGE AND ASSIGNMENT – AGENDA NO. 11]

IN WITNESS WHEREOF, the undersigned has executed this Pledge and Assignment as an instrument under seal as of the date first written above.

BORROWER:

DALLAS CAMPUS, LP

By: Dallas Campus GP, LLC, its general partner

By: Erickson Retirement Communities, LLC, its member

By:



Name: Jeffrey A. Jacobson
Title: Executive Vice President

EXHIBIT A

OBLIGOR DOCUMENTS

1. **Master Lease and Use Agreement dated November 30, 2005;**
2. **Promissory Note from Obligor to Borrower in the principal amount of \$33,657,000 dated November 30, 2005;**
3. **Working Capital Loan Agreement dated November 30, 2005;**
4. **Pledge and Assignment from Obligor to Borrower dated November 30, 2005;**
5. **Collateral Assignment and Security Agreement in Respect of Contracts, Licenses, Fixtures and Permits from Obligor to Borrower dated November 30, 2005;**
6. **Leasehold Deed of Trust, Security Agreement and Fixture Financing Statement from Obligor to Borrower dated November 30, 2005;**
7. **Security Agreement from Obligor to Borrower dated November 30, 2005;**
8. **Community Loan Agreement dated November 30, 2005.**

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**AMENDMENT NO. 1 AND REAFFIRMATION OF
PLEDGE AND ASSIGNMENT
(Claims and Rights of Dallas Campus, LP Against Highland Springs)**

THIS AMENDMENT NO. 1 AND REAFFIRMATION OF PLEDGE AND ASSIGNMENT, dated as of November 27, 2007 (this "Amendment and Reaffirmation"), made by Dallas Campus, LP (the "Borrower") in favor of **BANK OF AMERICA, N.A.**, as administrative agent (the "Administrative Agent") on behalf of itself and the other Lenders (as defined below), amends and reaffirms that certain Pledge and Assignment (Claims and Rights of Dallas Campus, LP Against Highland Springs) dated as of November 30, 2005 made by the Borrower to the Administrative Agent (the "Original HSI Collateral Pledge").

WITNESSETH:

A. The Borrower is the borrower under a loan arrangement evidenced by, among other documents, the Second Amended and Restated Loan Agreement dated as of April 28, 2006 (the "Existing Loan Agreement") by and among the Borrower, the Administrative Agent and Bank of America, N.A., Sovereign Bank, Guaranty Bank, N.A., and Colonial Bank (collectively, together with any other lenders from time to time party thereto, the "Lenders"), which amended and restated the Amended and Restated Loan Agreement dated as of November 30, 2005 among such parties (the "Original Loan Agreement"), which amended and restated the Loan Agreement dated as of May 25, 2005 between the Borrower and Fleet National Bank (now known as Bank of America, N.A.).

B. The Borrower now requests that certain further amendments be made to the Existing Loan Agreement, including without limitation that (i) the maximum principal amount available under the Existing Loan Agreement be increased to up to \$75,000,000, and (ii) the Lender permit the Working Capital Loan Agreement (as defined in the Existing Loan Agreement) to be amended to increase the maximum principal amount thereunder to up to \$36,000,000;

C. The Lenders are amenable to such further amendments, on the terms and conditions set forth in an Amendment No. 1 to Second Amended and Restated Loan Agreement dated as of the date hereof (the "Loan Amendment") among the Borrower, the Lenders and the Administrative Agent. Capitalized terms used herein without definition shall have the meanings assigned to them in the Existing Loan Agreement, as amended by the Loan Amendment.

D. It is a condition to the effectiveness of the Loan Amendment that the Borrower amend certain provisions of the Original HSI Collateral Pledge and reaffirm the Original HSI Collateral Pledge, as amended hereby (as so amended and as may be further amended and/or restated from time to time, the "HSI Collateral Pledge").

NOW, THEREFORE, IT IS AGREED:

I. Amendment. The Original HSI Collateral Pledge is hereby amended as follows:

A. By deleting the first sentence of the second paragraph thereof and substituting the following in lieu thereof:

"This Pledge and Assignment is granted pursuant to the terms, provisions and conditions of an agreement captioned "Amended and Restated Loan Agreement" dated as of November 30, 2005 among the Borrower, Administrative Agent and the Lenders (the "Original Loan Agreement"), as amended and restated by an agreement captioned "Second Amended and

Restated Loan Agreement” dated as of April 28, 2006 among the Borrower, Administrative Agent and the Lenders (the “Existing Loan Agreement”), as amended by an Amendment No. 1 to Second Amended and Restated Loan Agreement dated as of the date hereof among the Borrower, Administrative Agent and the Lenders (the “Loan Amendment”) (the Existing Loan Agreement, as amended by the Loan Amendment, and as may be further amended and/or restated from time to time, being referred to herein as the “Credit Agreement”).”

B. By deleting the definition of “Collateral” in Section 1 thereof and substituting the following therefor:

“Collateral” means all of the Borrower’s right, title and interest in and to certain agreements, instruments and documents between Borrower and Highland Springs, Inc. (the “Obligor”) as described in Exhibit A hereto (collectively, as each of such agreements, instruments and documents may be amended, restated and/or supplemented from time to time, the “Obligor Documents”); and all collateral security granted by Obligor to Borrower under or in connection with the Obligor Documents; and all Proceeds of any of the foregoing.”

C. By deleting Exhibit A thereto and incorporating Exhibit A attached hereto in lieu thereof.

II. Ratification. The Borrower (a) ratifies and confirms that the Collateral (as defined in the HSI Collateral Pledge) secures all of the Obligations of the Borrower under the Credit Agreement and (b) ratifies and confirms all of its other obligations, agreements and waivers under the HSI Collateral Pledge.

III. Representations and Warranties. The Borrower hereby represents and warrants to, and covenants and agrees with, the Administrative Agent and the Lenders that the representations and warranties of the Borrower contained in the HSI Collateral Pledge are true and correct as of the date of this Amendment and Reaffirmation as though made at and as of such date, except to the extent (i) such representations and warranties are made with reference to an earlier date, in which case each such representation and warranty shall be true and correct as of such date only and (ii) of inaccuracies resulting from transactions permitted under the Loan Documents, as applicable.

IV. Governing Law. **THIS AMENDMENT AND REAFFIRMATION SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS.**

[The next page is the signature page.]

IN WITNESS WHEREOF, the undersigned has caused this Amendment and Reaffirmation to be duly executed and delivered as of the date set forth above.

Borrower:

DALLAS CAMPUS, LP, a Maryland limited partnership

By: Dallas Campus GP, LLC, a Maryland limited liability company, its General Partner

By: Erickson Retirement Communities, LLC, a Maryland limited liability company, its Member

By: _____

Name: Gerald F. Doherty

Title: Executive Vice President

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ESTOPPEL OF OBLIGOR

TO AMENDMENT NO. 1 AND REAFFIRMATION OF PLEDGE AND ASSIGNMENT (Claims and Rights of Dallas Campus, LP Against Highland Springs)

The undersigned Obligor hereby acknowledges the foregoing Amendment and Reaffirmation and, for consideration paid, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the Lenders' making the Loans, Obligor hereby certifies that.

1. Each of the Obligor Documents set forth on Exhibit A to this Amendment and Reaffirmation is in full force and effect and has not been amended or modified in any way except as described on Exhibit A, and Obligor has not assigned any of its right, title and interest in the Obligor Documents.
2. All of the obligations of the Obligor under the Obligor Documents are valid and binding obligations of Obligor.
3. Neither Obligor nor Borrower is in default under any of the Obligor Documents nor does any state of facts exist which with the passage of time or the giving of notice, or both, could constitute a default under any of the Obligor Documents.
4. On this date, to the best of Obligor's knowledge, there are no existing defenses or off-sets which Obligor has against the enforcement of the Obligor Documents by Borrower, except as hereafter stated [if no exceptions are stated, there are NONE]: None.
5. There are no actions, whether voluntary or otherwise, pending or threatened against the Obligor, or any guarantor of the Obligor's obligations under the Obligor Documents, pursuant to the bankruptcy or insolvency laws of the United States or any similar state laws.

The Obligor acknowledges that the Borrower has assigned the Obligor Documents to the Administrative Agent pursuant to the HSI Collateral Pledge to secure the Borrower's obligations under the Credit Agreement and the other Loan Documents, and Obligor agrees that it will recognize and act in accordance with the Administrative Agent's rights under the HSI Collateral Pledge, as affected by the Tri-Party Agreement.

This Agreement shall inure to the benefit of Administrative Agent, Lenders, their successors and assigns (including, without limitation, a purchaser at or after foreclosure), and shall be binding upon Obligor and Obligor's successors and permitted assigns.

[Signature page follows.]

This Estoppel of Obligor, attached to and incorporated in Amendment No. 1 to Pledge and Assignment (Claims and Rights of Dallas Campus, LP against Highland Springs) is executed this ____ day of November, 2007.

WITNESS:

HIGHLAND SPRINGS, INC.,
a Maryland nonstock corporation

Carly A. Walker

By: *Ronald E. Walker* (SEAL)
Name: *RONALD E. WALKER*
Title: *PRESIDENT*

EXHIBIT A
OBLIGOR DOCUMENTS

1. Master Lease and Use Agreement dated November 30, 2005 between Borrower as lessor and Obligor as lessee;
2. Working Capital Loan Agreement dated November 30, 2005 between Borrower and Obligor, as amended as of the date hereof;
3. Working Capital Promissory Note dated as of the date hereof from Obligor to Borrower in the principal amount of \$36,000,000;
4. Lockbox Account Agreement dated November 30, 2005 between Obligor and Borrower;
5. Collateral Assignment and Security Agreement in Respect of Contracts, Licenses, Fixtures and Permits dated November 30, 2005 from Obligor to Borrower;
6. Pledge and Assignment dated November 30, 2005 from Obligor to Borrower (Residence and Care Documents, Entrance Deposits and Escrow Account);
7. Security Agreement dated November 30, 2005 from Obligor to Borrower;
8. Leasehold Deed of Trust, Security Agreement and Fixture Financing Statement dated November 30, 2005 from Obligor to Borrower; and
9. Community Loan Agreement dated November 30, 2005 between Obligor and Borrower

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LOCKBOX ACCOUNT AGREEMENT

THIS LOCKBOX ACCOUNT AGREEMENT is made as of the 30th day of November, 2005 by and among HIGHLAND SPRINGS, INC. a Maryland corporation ("Assignor") and DALLAS CAMPUS, LP, a Maryland limited partnership ("Secured Party").

PRELIMINARY STATEMENTS

A. Secured Party has agreed to make a loan to Assignor in the principal amount of up to Thirty Three Million Six Hundred Fifty Seven Thousand Dollars (\$33,657,000) (the "Working Capital Loan"), pursuant to a Working Capital Loan Agreement dated of even date herewith (the "Working Capital Loan Agreement"), which Working Capital Loan is evidenced by a certain Working Capital Promissory Note made by Assignor to the order of Secured Party dated of even date herewith (the "Note"), in connection with the development and operation of a retirement community to be known as Highland Springs Retirement Community located in Dallas, Texas (the "Retirement Community").

B. Assignor has agreed to make a loan to Secured Party in the principal amount of up to Four Hundred Eighty Three Million Dollars (\$483,000,000) the ("Community Loan") pursuant to a Community Loan Agreement dated of even date hereof (the "Community Loan Agreement").

C. Secured Party and Assignor are parties to that certain Master Lease and Use Agreement dated of even date herewith, pursuant to which Secured Party has agreed to lease to Assignor the property and improvements constituting the Retirement Community (the "Lease").

D. The Assignor's obligations under the Working Capital Loan, the Community Loan and the Lease are secured in part by a Security Agreement, Pledge and Collateral Assignment of License and Residence and Care Agreement dated of even date herewith between Assignor, and Secured Party (the "Security Agreement"), pursuant to which, Assignor assigned to Secured Party all of Assignor's right, title and interest in and to all inventory, accounts, general intangibles, chattel paper, equipment and fixtures, licenses, Residence and Care Agreements (as defined in the Security Agreement), and cash and deposits, but only the foregoing which are now located at, or are used in connection with or relate to, or arise from the Retirement Community, its development, financing and operation (collectively, the "Collateral"). The Note, the Working Capital Loan Agreement, the Community Loan Agreement, the Lease, the Security Agreement and every other agreement, document, instrument, mortgage, deed of trust, assignment or guarantee given as security for, or to evidence the Working Capital Loan, Community Loan Agreement, or Lease, are collectively referred to herein as the "**Transaction Documents**".

E. By letter (collectively, the "Resident Letters") from Assignor to each resident of the Retirement Community (individually a "Resident"; collectively, the "Residents" which term shall include any and all residents of the Retirement Community while this Agreement is in effect), in the form of Exhibit A attached hereto, Assignor is unconditionally and irrevocably directing each Resident to send all payments made under the Residence and Care Agreements (but excluding any Entrance Deposits, as defined in the Security Agreement, and which are to be deposited directly with the Bank (as defined below) in accordance with the terms thereof)

(collectively, the "Resident Fees") to a lockbox account (the "Lockbox Account", which term shall include any successor lockbox account designated by Secured Party) established by Secured Party at Bank of America, or such other financial institution as Secured Party may designate from time to time, (collectively, the "Bank").

F. Assignor and Secured Party desire to ratify and confirm all of the foregoing actions and to make provision for future disbursements of funds from the Lockbox Account.

NOW, THEREFORE, in consideration of the foregoing Recitals and for other good and valuable consideration received by each party hereto from the other, the receipt and sufficiency of which are hereby acknowledged, Assignor and Secured Party, for themselves and for their respective successors and assigns, hereby agree as follows:

1. Continuation of Assignor's Obligations.

(a) Except as provided in this Agreement, Assignor shall continue to be responsible for the performance of all of its duties and obligations under the Transaction Documents, including, but not limited to, its obligations to timely perform all of its responsibilities under all agreements relating to the Retirement Community.

(b) Assignor covenants and agrees (i) not to revoke, supplement or in any way modify the Resident Letters unless instructed to do so by Secured Party, (ii) to be liable for any and all damages suffered by Secured Party as a result of any unauthorized revocation, supplementation or modification of the Resident Letters by Assignor or any of its members, or as a result of any appropriation or application of any Resident Fees in contravention of the terms of this Agreement, and (iii) to indemnify and hold Secured Party harmless from and against any and all loss, cost, liability, claim, expense, judgment and damage, including reasonable attorneys' fees, sustained, suffered or incurred by Secured Party, caused by, arising out of, or relating or attributable to the violation of the covenants and agreements contained in this Section 1 (b).

2. Audit; Deposits.

(a) Assignor shall cooperate with Secured Party and provide Secured Party with access to all records relating to the Retirement Community so that Secured Party may conduct audits at such reasonable times as determined by Secured Party of all Resident Fees received and all expenses incurred by Assignor with respect to the Retirement Community.

(b) If Assignor shall at any time during the term of this Agreement receive from any Resident or any other party any Resident Fees, Assignor shall immediately either deposit such Resident Fees directly into the Lockbox Account or remit such Resident Fees to Secured Party for deposit into the Lockbox Account.

(c) Assignor hereby agrees that Secured Party shall have full power and authority to endorse and deposit all checks or other instruments to the Lockbox Account whether or not such checks or other instruments are made payable to Secured Party, Assignor, or otherwise.

(d) Secured Party is and shall be at all times the sole owner of the Lockbox Account and shall have the right to change the identity of the Lockbox Account depository at any

time and without notice to Assignor. Assignor hereby acknowledges that it does not have access to the Lockbox Account and has no ownership interest whatsoever in the Lockbox Account, including, without limitation, any power or authority to withdraw or wire transfer funds from, or to direct the withdrawal or wire transfer of funds from, the Lockbox Account, and agrees that it shall not now or in the future seek access to, or claim any ownership interest in the Lockbox Account, including, without limitation, the power to exercise any of the foregoing rights, nor shall it attempt to direct the Residents to deposit monies attributable to the Retirement Community into an account other than the Lockbox Account.

3. Term.

Unless sooner terminated by Secured Party in its sole discretion, this Agreement shall continue in full force and effect until payment in full of all amounts due Secured Party under the Transaction Documents, at which time Secured Party upon demand of Assignor shall provide Assignor with a notice for each Resident, executed by Secured Party, informing the Residents that (i) this Agreement and the Lockbox Account have terminated, and (ii) all Resident Fees shall thereafter be paid directly to Assignor or as may be otherwise directed by Assignor.

4. Payment of Debt Service and Rent.

The following procedures shall be in effect so long as no Event of Default has occurred under the Loan Documents.

(a) For as long as the provisions of this Section 4 are in effect, Assignor hereby authorizes and directs the Secured Party to transfer or withdraw funds each month on the first (1st) day of each month (or, if such day is not a business day, the first business day thereafter) (the "Payment Date") from the Lockbox Account to pay the Obligations (as defined below) then due and payable for such month. The Secured Party will transfer the total amount due and owing to the Secured Party for the Obligations. As used herein, the "Obligations" means all (i) payment obligations of Assignor under the Working Capital Loan, including principal, interest, late fees and premiums, if any, (ii) all Rent described in and due and payable to the Secured Party by Assignor under the Lease, less (iii) any sums due to Assignor by Secured Party under the Community Loan Agreement.

(b) Promptly after the completion of the monthly transfers or withdrawals described in paragraph 4(a) above, and again on the fifteenth (15th) day of each month, the Secured Party shall transfer all amounts remaining in the Lockbox Account, reduced by the amounts required to pay the Obligations, for the following month, to an operating account (the "Operating Account") opened in Assignor's name with a bank authorized to operate in Texas. Assignor shall be fully responsible for the timely payment of all operating expenses of the Retirement Community from the Operating Account. If at any time there are insufficient funds in the Operating Account to pay all operating expenses as and when due, Assignor shall be liable for the payment of such operating expenses.

(c) If on the Payment Date of each month there are insufficient funds in the Lockbox Account to pay the Obligations, then Assignor shall be fully responsible for the timely payment of the shortfall amount to the Secured Party from sources other than the Lockbox Account. Assignor shall pay such shortfall amount to the Secured Party within two (2) business

days after notice for deposit into the Lockbox Account. The Secured Party may, but shall have no obligation to, make partial payments of the Obligations to the extent of funds available in the Lockbox Account. Failure by Assignor to comply with its duties and obligations under this Section 4(c) shall constitute an Event of Default under the Transaction Documents.

5. Transfers After Default.

Following an Event of Default under any of the Transaction Documents, at Secured Party's sole option, transfers to the Operating Account shall cease and Secured Party shall have the right to disburse all funds accruing in the Lockbox Account from time to time to pay the indebtedness and obligations under the Transaction Documents, in such manner and order as Secured Party shall deem advisable in the Secured Party's sole discretion. Secured Party shall also have the right, but not the obligation, to disburse funds accruing in the Lockbox Account from time to time to pay the operating expenses of the Retirement Community.

6. Authority.

Assignor hereby warrants and represents (i) that it has the right, power and authority to execute this Agreement; (ii) that the execution of this Agreement by Assignor is and shall be a binding obligation of Assignor in accordance with its respective terms; and (iii) that the person or entity executing this Agreement on behalf of Assignor is the duly authorized representative of Assignor, and is authorized to execute and deliver to Secured Party and to the Residents all notices, assignments, and agreements, including, but not limited to, the Resident Letters and this Agreement, on behalf of the Assignor.

7. Assignment of Resident Fees and Residence and Care Agreements.

This Agreement is intended to confer upon Secured Party certain rights with respect to the Resident Fees and Residence and Care Agreements which are in furtherance of and in addition to those granted by the Security Agreement. This Agreement and the Security Agreement shall be construed to the maximum extent possible to avoid any conflict between the respective provisions of such documents, but in the event of any irreconcilable conflict the terms of this Agreement shall govern.

8. Limitation of Liability.

Assignor, by executing this Agreement, hereby consents to the use of the Lockbox Account and the selection of the Bank. Secured Party shall not be liable to Assignor for any claims, suits, actions, costs, damages, liabilities, and expenses arising out of the use of the Lockbox Account, the selection of the Bank, or the loss of any monies as a result of the insolvency of the Bank.

9. Security Interest and Pledge.

Notwithstanding the parties' intention that the Secured Party be the sole owner of the Lockbox Account, to the extent that Assignor may be deemed to have any ownership interest in the Lockbox Account, Assignor hereby grants to the Secured Party a security interest in and a pledge of the Lockbox Account and all funds deposited therein, to secure the payment and

performance of its obligations to the Secured Party under the Transaction Documents. The security interest hereby granted and conveyed covers and will cover all forms of accounts in which funds in such Lockbox Account are placed, as well as all income and proceeds from the disposition of such accounts. Assignor hereby agrees that a copy of this Agreement may be filed of record as a financing statement if the Secured Party deems such filing to be necessary or advisable.

10. Further Assurances.

Assignor shall do, execute, acknowledge, and deliver, at the sole cost and expense of Assignor, all such further acts, assignments, notices, agreements, and instruments as Secured Party may reasonably require from time to time in order to better assure, convey, secure, assign, transfer, and confirm unto Secured Party the rights now or hereafter intended to be granted to Secured Party under this Agreement, any other instrument executed in connection with this Agreement, or any other instrument under which Assignor may hereafter become bound to convey, mortgage, or assign any monies, Retirement Community, or rights to Secured Party for carrying out the intention or facilitating the performance of the terms of this Agreement.

11. Notices.

All notices, demands, requests and ether communications required hereunder shall be in writing and shall be deemed to have been properly given if delivered, sent by receipted overnight delivery service, or sent by United States certified or registered mail, return receipt requested, postage prepaid, addressed to the party for whom it is intended at its address hereinafter set forth:

If to Assignor: Highland Springs, Inc.
701 Maiden Choice Lane
Baltimore, Maryland 21228
Attn: President

With a copy to General Counsel
Erickson Retirement Communities, LLC
701 Maiden Choice Lane
Baltimore, Maryland 21228

If to the Secured Party: Dallas Campus, LP
701 Maiden Choice Lane
Baltimore, Maryland 21228
Attn: Chief Financial Officer

With a copy to General Counsel
Erickson Retirement Communities, LLC
701 Maiden Choice Lane
Baltimore, Maryland 21228

Notwithstanding the foregoing, any notice in fact received shall be deemed properly given. Any party may designate a change of address by written notice to the others; give at least ten (10) days before such change of address is to become effective.

12. Costs and Expenses.

Assignor shall be responsible for payment of all costs and expenses of Secured Party in respect of the Lockbox Account, including without limitation all fees and expenses of the Bank or any successor bank that is the depository of the Lockbox Account. Failure of the Assignor to pay any such costs and expenses within ten (10) days after written notice thereof shall constitute an event of default hereunder and under the Loan Documents.

13. Modifications.

This Agreement may not be altered, amended, changed, waived, terminated, or modified in any respect unless the same shall be in writing and signed by or on behalf of each of the parties hereto, and may not be changed or terminated orally.

14. Waivers.

Waivers of any term or condition of this Agreement must be in writing signed by the party against whom such waiver is sought to be enforced. No waiver of any breach hereunder shall be deemed to be a waiver of any other or subsequent breach. Except as otherwise provided in this Agreement, failure by any of the parties hereto to insist upon or enforce any rights herein shall not constitute a waiver thereof.

15. Severability.

If any provision of this Agreement is found to be inoperative, the remainder of the Agreement shall remain in full force and effect.

16. No Third Party Beneficiaries.

Nothing in this Agreement is intended or shall be construed to confer upon or to give to any person, firm, or corporation other than the parties hereto any right, remedy, or claim under or by reason of this Agreement. All terms and conditions in this Agreement shall be for the sole and exclusive benefit of the parties hereto and their designees.

17. Benefits and Burdens.

This Agreement shall be Binding upon and shall inure to the benefit of the parties hereto and their respective successor and assigns.

18. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland.

19. Counterparts.

This Agreement may be executed in one or more duplicate originals, which, when taken together, shall constitute one agreement.

20. Recitals Incorporated.

All of the Recitals first set forth above are incorporated into this Agreement as if the same had been set forth fully herein.

21. Bank Loan.

For so long as a construction loan in the original principal amount of up to \$70,000,000 to Secured Party from the Bank is outstanding, as the same may be extended, amended or modified (collectively the "Bank Loan"), then notwithstanding anything to the contrary contained herein, the Secured Party and the Assignor acknowledge and agree that the Bank shall have exclusive dominion and control over and with respect to the Lockbox Account pursuant to the terms of that certain Construction Loan Agreement between the Bank and the Secured Party of even date-herewith, as the same may be hereafter amended or modified (the "Construction Loan Agreement").

IN WITNESS WHEREOF, Assignor and Secured Party have caused this Agreement to be duly executed under seal the day and year first above written.

Witness:

Dan E. Hayes

DALLAS CAMPUS, LP
By: Dallas Campus GP, LLC
General Partner
By: Erickson Retirement Communities, LLC
Sole Member
By: Gerald F. Doherty
Executive Vice President

Dan E. Hayes

HIGHLAND SPRINGS, INC.

By: _____
James M. Anders, Jr.
Treasurer

IN WITNESS WHEREOF, Assignor and Secured Party have caused this Agreement to be duly executed under seal the day and year first above written.

Witness:

DALLAS CAMPUS, LP

By: Dallas Campus GP, LLC

General Partner

By: Erickson Retirement Communities, LLC

Sole Member

By: _____

Gerald F. Doherty

Executive Vice President

HIGHLAND SPRINGS, INC.

By: _____

James M. Anders, Jr.

Treasurer

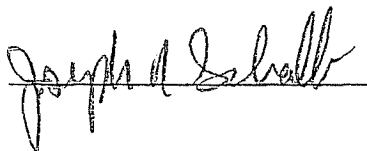


EXHIBIT A

FORM OF RESIDENT LETTER

HIGHLAND SPRINGS, INC.

By Certified Mail and
Regular Mail

Re: Payment of Monthly Fees under Your Residence and Care Agreement at
Highland Springs, Inc.

Dear Resident:

Beginning _____, 200__, please pay all monthly fees and other charges
due under your Residence and Care Agreement by check made payable to
" _____ " and sent to the following address:

P.O. Box _____
Baltimore, Maryland _____

Payments shall continue to be made in this manner until you receive further notice from
Dallas Campus, LP.

Please be advised that Dallas Campus, LP has not assumed any of our obligations under
your Residence and Care Agreement. Any communications regarding your Residence and Care
Agreement should continue to be directed to me at my address shown at the top of this letter.

Very truly yours,

HIGHLAND SPRINGS, INC.

Ronald E. Walker
President

68-# 2105 D1630 FLS

081655

FILE STAMP

#108-DD

3

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Gregg D. Cleveland, Esq.
Munsch Hardt Kopf & Harr, PC
3800 Lincoln Plaza
500 N. Akard Street
Dallas, Texas 75201

Filed for Recording
Collin County, Texas
Honorable Brent B. Smith
Collin County

On Dec 01 2005
At 1:34 PM

Doc/Num : 2005-00000000

Recording/Type
Receipt #:

**DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING
(COMMUNITY LOAN)**

THIS DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (this "Deed of Trust") is made as of November 30, 2005, between DALLAS CAMPUS, LP, a Maryland limited partnership ("Grantor"), to WILLIAM D. CLEVELAND ("Trustee"), for the benefit of HIGHLAND SPRINGS, INC., a Maryland corporation.

Section 1 Definitions. In addition to terms defined elsewhere in this Deed of Trust, the following capitalized terms have the following meanings:

- (a) "Beneficiary" means Highland Springs, Inc., a Maryland corporation, whose address is 701 Maiden Choice Lane, Baltimore, Maryland 22128, and the subsequent holder or holders, from time to time, of the Note.
- (b) "Charges" means all fees, charges and/or other things of value, if any, contracted for, charged, received, taken or reserved by Beneficiary in connection with the transactions relating to the Note and the Loan Documents, which are treated as interest under applicable law.
- (c) "Code" means the Uniform Commercial Code, as amended from time to time, in effect in the state in which the Mortgaged Property is located.
- (d) "Community Loan Agreement" means that certain Community Loan Agreement dated of even date with this Deed of Trust between Grantor and Beneficiary.
- (e) "Event of Default" means (a) a default of the Grantor under the Community Loan Agreement or any of the other Loan Documents continuing beyond any applicable cure period, as defined therein, or (b) any default in the payment or performance of the obligations of the Grantor hereunder continuing for more than 30 days following notice from Grantor.
- (f) "Fixtures" means all materials, supplies, equipment, systems, apparatus, and other items now owned or hereafter acquired by Grantor and now or hereafter attached to, installed in, or

used in connection with (temporarily or permanently) any of the Improvements or the Land, which are now owned or hereafter acquired by Grantor and are now or hereafter attached to the Land or the Improvements, and including but not limited to any and all partitions, dynamos, window screens and shades, draperies, rugs and other floor coverings, awnings, motors, engines, boilers, furnaces, pipes, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, swimming pools, heating, ventilating, refrigeration, plumbing, laundry, lighting, generating, cleaning, waste disposal, transportation (of people or things, including but not limited to, stairways, elevators, escalators, and conveyors), incinerating, air conditioning and air cooling equipment and systems, gas and electric machinery, appurtenances and equipment, disposals, dishwashers, refrigerators and ranges, recreational equipment and facilities of all kinds, and lighting, traffic control, waste disposal, raw and potable water, gas, electrical, storm and sanitary sewer, telephone and cable television facilities, and all other utilities whether or not situated in easements, together with all accessions, appurtenances, replacements, betterments, and substitutions for any of the foregoing and the proceeds thereof.

(g) "Improvements" means all buildings, structures and improvements now located or later to be constructed on the Land.

(h) "Indebtedness" means (a) the principal of, interest on, or other sums evidenced by the Note or the Community Loan Agreement; (b) any other amounts, payments, or premiums payable under the Community Loan Agreement or any of the other Loan Documents; (c) such additional or future sums (whether or not obligatory), with interest thereon, as may hereafter be borrowed or advanced from Beneficiary, its successors or assigns, by the then record owner of the Mortgaged Property, when evidenced by a promissory note which, by its terms, is secured hereby (it being contemplated by Grantor and Beneficiary that such future indebtedness may be incurred); and (d) any and all other indebtedness, obligations, and liabilities of any kind or character of Grantor to Beneficiary, now or hereafter existing, absolute or contingent, due or not due, arising by operation of law or otherwise, or direct or indirect, primary or secondary, joint, several, joint and several, fixed or contingent, secured or unsecured by additional or different security or securities, including indebtedness, obligations, and liabilities to Beneficiary of Grantor as a member of any partnership, joint venture, trust or other type of business association, or other group, and whether incurred by Grantor as principal, surety, endorser, guarantor, accommodation party or otherwise, and any and all renewals, modifications, amendments, restatements, rearrangements, consolidations, substitutions, replacements, enlargements, and extensions thereof, it being contemplated by Grantor and Beneficiary that Grantor may hereafter become indebted to Beneficiary in further sum or sums. Notwithstanding the foregoing provisions of this definition, this Deed of Trust shall not secure any such other loan, advance, debt, obligation or liability with respect to which Beneficiary is by applicable law prohibited from obtaining a lien on real estate, nor shall this definition operate or be effective to constitute or require any assumption or payment by any person, in any way, of any debt or obligation of any other person to the extent that the same would violate or exceed the limit provided in any applicable usury or other law.

(i) "Land" means the real property located in the County of Collin, State of Texas and more particularly described in Exhibit A attached hereto, together with all existing and future easements and rights affording access to it.

(j) "Lease(s)" means all existing and future leases, subleases, subtenancies, licenses, occupancy agreements and concessions relating to the use and enjoyment of all or any part of the Land and Improvements.

(k) "Loan" means the aggregate funds advanced from time to time by Beneficiary to Grantor pursuant to the Community Loan Agreement.

(l) "Loan Documents" means this Deed of Trust, the Note, the Community Loan Agreement, or any other documents evidencing or securing the Loan.

(m) "Maximum Lawful Rate" means the maximum lawful rate of interest which may be contracted for, charged, taken, received or reserved by Beneficiary in accordance with the applicable laws of the State of Texas (or applicable United States federal law to the extent that it permits Beneficiary to contract for, charge, take, receive or reserve a greater amount of interest than under Texas law), taking into account all Charges made in connection with the transaction evidenced by the Note, the Community Loan Agreement or any of the other Loan Documents. To the extent that Beneficiary is relying on Chapter 303 of the Texas Finance Code to determine the Maximum Lawful Rate payable on the Note and/or the Indebtedness, Beneficiary will utilize the weekly ceiling from time to time in effect as provided in such Chapter 303, as amended. To the extent United States federal law permits Beneficiary to contract for, charge, take, receive or reserve a greater amount of interest than under Texas law, Beneficiary will rely on United States federal law instead of such Chapter 303 for the purpose of determining the Maximum Lawful Rate. Additionally, to the extent permitted by applicable law now or hereafter in effect, Beneficiary may, at its option and from time to time, utilize any other method of establishing the Maximum Lawful Rate under such Chapter 303 or under other applicable law by giving notice, if required, to Grantor as provided by applicable law now or hereafter in effect.

(n) "Mortgaged Property" means any and all of the Grantor's right, title and interest in the following:

(i) the Land,

(ii) the Improvements,

(iii) all existing and future appurtenances, privileges, easements, franchises and tenements of the Land, including, without limitation, all minerals, oil, gas, other hydrocarbons and associated substances which may be in, under or produced from any part of the Land, all development rights and credits, air rights, water, water rights (whether riparian, appropriate or otherwise, and whether or not appurtenant) and water stock, and any land lying in the street, roads or avenues, open or proposed, in front of or adjoining the Land and Improvements;

(iv) all Leases, and any and all guaranties and other agreements relating to or made in connection with any of such leases and the rents, revenues, income, issues and profits thereunder subject, however, to the right of Grantor to receive and use the same and to exercise all rights and privileges as landlord under all of the leases until an Event of Default shall have occurred and be continuing under this Deed of Trust, together with the rights and privileges of the Grantor as Landlord thereunder;

(v) all goods, materials, supplies, chattels, furniture, Fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, all of which shall be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust;

(vi) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, which have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements;

(vii) any of Grantor's funds now or later to be held by or on behalf of Beneficiary;

(viii) all rights to the payment of money, accounts, accounts receivable, reserves, deferred payments, refunds, cost savings, payments and deposits, whether now or later to be received from third parties (including, without limitation, all earnest money sales deposits) or deposited by Grantor with third parties (including, without limitation, all utility deposits), contract rights, development and use rights, governmental permits and licenses, applications, architectural and engineering plans, specifications and drawings, as-built drawings, chattel paper, instruments, documents, notes, drafts and letters of credit (other than letters of credit in favor of Beneficiary), which arise from or are related to construction on the Land or to any business now or later to be conducted on it, or to the Land and Improvements generally;

(ix) all proceeds, including, without limitation, all claims to and demands for them, of the voluntary or involuntary conversion of any of the Land, Improvements or the other property described above into cash or liquidated claims, including, without limitation, proceeds of all present and future fire, hazards or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements, including, without limitation, causes of action arising in tort, contract, fraud or concealment of a material fact;

(x) all books and records pertaining to any and all of the above described property, including, without limitation, computer-readable memory and any computer hardware or software necessary to access and process such memory

(xi) all unearned premiums accrued, accruing, or to accrue under any and all insurance policies now or hereafter obtained by the Grantor pursuant to the provisions of the Deed of Trust;

(xii) all (a) agreements heretofore or hereafter entered into relating to the construction, ownership, operation, management, leasing or use of the Land or Improvements; (b) any and all present and future amendments, modifications, supplements, and addenda to any of the items described in (a) above; (c) any and all guarantees, warranties and other undertakings (including, without limitation, payment and performance bonds) heretofore or hereafter entered into or delivered with respect to any of the items describe in clauses (a) through (b) above; (d) all trade names, trademarks, logos and other materials used to identify or advertise, or otherwise relating to the Land or Improvements; and (e) all building permits, governmental permits, licenses, variances, conditional or special use permits, and other authorizations now or hereafter issued in connection with the construction, development, ownership, operating, management, leasing or use of the Land or Improvements, to the fullest extent that the same or any interest therein may be legally assigned by Grantor; and

(xiii) all proceeds of, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

(o) "Note" means that certain Community Loan Note of even date herewith, incorporated herein by this reference, executed by Grantor and payable to the order of Beneficiary, evidencing the Loan and secured by, among other things, this Deed of Trust; and any and all renewals, modifications, amendments, rearrangements, consolidations, reinstatements, enlargements, or extensions of such promissory note or of any promissory note or notes given in renewal, substitution or replacement therefor.

(p) "Obligation(s)" means the payment of all amounts due under and the performance of all agreements, obligations, conditions, covenants, provisions and stipulations of Grantor to Trustee or Beneficiary now existing or hereafter arising or incurred under this Deed of Trust, the Community Loan Agreement or any Loan Documents as each may from time to time be amended, whether individually or collectively, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising thereunder or hereunder by contract, operation of law or otherwise.

(q) "Permitted Exceptions" means the liens, easements, restrictions, security interests, and other matters (if any) as reflected on Exhibit B attached hereto and incorporated herein by reference and the liens and security interests created by the Community Loan Agreement or any Loan Documents.

(r) "Property Code" means the Texas Property Code as amended from time to time, in effect in the State of Texas.

Section 2 Granting Clause. To secure the full and timely payment of the Indebtedness and the full and timely performance and discharge of the Obligations, Grantor has GRANTED, BARGAINED, SOLD and CONVEYED, and by these presents does GRANT, BARGAIN, SELL and CONVEY, unto Trustee, in trust, the Mortgaged Property, subject, however, to the Permitted Exceptions, TO HAVE AND TO HOLD the Mortgaged Property unto Trustee, forever, and Grantor does hereby bind itself, its successors, and assigns to WARRANT AND FOREVER DEFEND the title to the Mortgaged Property unto Trustee against every person whomsoever lawfully claiming or to claim the same or any part thereof; provided, however, that if Grantor shall pay (or cause to be paid) the Indebtedness as and when the same shall become due and payable and shall fully perform and discharge (or cause to be fully performed and discharged) the Obligations on or before the date same are to be performed and discharged, then the liens, security interests, estates, and rights granted by the Community Loan Agreement or any of the other Loan Documents shall terminate, in accordance with the provisions hereof, otherwise same shall remain in full force and effect. A certificate or other written statement executed on behalf of Trustee or Beneficiary confirming that the Indebtedness has not been fully paid or the Obligations have not been fully performed or discharged shall be sufficient evidence thereof for the purpose of reliance by third parties on such fact.

Section 3 Certain Covenants and Conditions.

(a) Waiver and Modification. Whether or not for additional interest or other consideration paid or payable to the Beneficiary, no forbearance on the part of the Beneficiary or extension of the time for the payment of the whole or any part of the Obligations secured hereby, whether oral or in writing, or any other indulgence given by the Beneficiary to Grantor or to any other part claiming any interest in or to the Mortgaged Property, shall operate to release or in any manner affect the original liability of Grantor, or the priority of this Deed of Trust, or to limit, prejudice or impair any right of the Beneficiary, including, without limitation, the right to realize upon the

security, or any part thereof, for the Obligations secured hereby or any of them, notice of any such extension, forbearance or indulgence being hereby waived by Grantor and all those claiming by, through or under Grantor. No consent or waiver, express or implied, by the Beneficiary to or of any default by Grantor shall be construed as a consent or waiver to or of any further default in the same or any other term, condition, covenant or provision of this Deed of Trust or of the Obligations secured hereby.

Section 4 Security Agreement.

(a) Security Interest. This Deed of Trust (a) shall be construed as a Deed of Trust on real property, and (b) shall also constitute and serve as a "Security Agreement" on personal property within the meaning of, and shall constitute until the grant of this Deed of Trust shall terminate as provided in Section 2 hereof, a first and prior security interest under the Code as to property within the scope thereof and in the state where the Mortgaged Property is located with respect to all fixtures and articles of personal property and any other property included in the Mortgaged Property, now owned or hereafter acquired by Grantor, which might otherwise be deemed "personal property" (and all accessions thereto and the proceeds thereof) (collectively, the "Personal Property"). To this end, Grantor GRANTS to, has GRANTED, BARGAINED, CONVEYED, ASSIGNED, TRANSFERRED, and SET OVER, and by these presents does GRANT, BARGAIN, CONVEY, ASSIGN, TRANSFER and SET OVER, unto Trustee and Beneficiary, a first and prior security interest and all of Grantor's right, title and interest in, to, under and with respect to the Personal Property to secure the full and timely payment of the Indebtedness and the full and timely performance and discharge of the Obligations. It is the intent of Grantor, Beneficiary, and Trustee that this Deed of Trust encumber all Leases and that all items contained in the definition of "Leases" which are included within the Code be covered by the security interest granted in this Section; and all items contained in the definition of "Leases" which are excluded from the Code be covered by the provisions of Section 2 hereof. Grantor will cooperate with Beneficiary in obtaining control with respect to portions of the Personal Property that are either or both deposit accounts or letter of credit rights.

(b) Financing Statements. Grantor hereby agrees with Beneficiary to execute and deliver to Beneficiary, in form and substance satisfactory to Beneficiary, such "Financing Statements" and such further assurances as Beneficiary may, from time to time, reasonably consider necessary to create, perfect, and preserve Beneficiary's security interest herein granted, and Beneficiary may cause such statements and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect, and preserve such security interest. Grantor authorizes Beneficiary to file such "Financing Statements" describing such portions of the Mortgaged Property as Beneficiary may desire.

(c) Fixture Filing. This Deed of Trust shall also constitute a "fixture filing" for the purposes of the Code. All or part of the Mortgaged Property are or are to become fixtures; information concerning the security interest herein granted may be obtained from either party at the address of such party set forth herein. For purposes of the security interest herein granted, the address of debtor (Grantor) is set forth in the first paragraph of this Deed of Trust and the address of the secured party (Beneficiary) is set forth in Section 7(c) below.

(d) No Changes. Grantor will not change its principal place of business or chief executive office, or change the state of its organization or registration, or change its name, without in each instance the prior written consent of the Beneficiary, which consent shall not be unreasonably withheld or delayed. Beneficiary's consent will, however, be conditioned upon, among other things, the execution and delivery of additional financing statements, security agreements and

other instruments which may be necessary to effectively evidence or perfect the Beneficiary's security interest in the Mortgaged Property as a result of such changes.

(e) Principal Place of Business. Grantor will not change its principal place of business or chief executive office, or change the state of its organization or registration, or change its name, without in each instance, the prior written consent of the Beneficiary, which consent shall not be unreasonably withheld or delayed. Beneficiary's consent will, however, be conditioned upon, among other things, the execution and delivery of additional financing statements, security agreements, and other instruments which may be necessary to effectively evidence or perfect the Beneficiary's security interest in the Mortgaged Property as a result of such changes.

Section 5 Default and Remedies.

(a) Default: Acceleration of Obligations. If an Event of Default shall occur, the Beneficiary may exercise any and all remedies provided under this Deed of Trust, under the Note, and under any and all other instruments and documents providing security for the Obligations, or any other remedies available under applicable law or anyone or more of such remedies.

(b) Foreclosure: Power of Sale. Beneficiary may request Trustee to proceed with foreclosure under the power of sale which is hereby conferred, such foreclosure to be accomplished in accordance with the following provisions:

(i) Public Sale. Trustee is hereby authorized and empowered, and it shall be Trustee's special duty, upon such request of Beneficiary, to sell the Mortgaged Property, or any part thereof, at public auction to the highest bidder for cash, with or without having taken possession of same. Any such sale (including notice thereof) shall comply with the applicable requirements, at the time of the sale, of Section 51.002 of the Property Code or, if and to the extent such statute is not then in force, with the applicable requirements, at the time of the sale, of the successor statute or statutes, if any, governing sales of Texas real property under powers of sale conferred by deeds of trust. If there is no statute in force at the time of the sale governing sales of Texas real property under powers of sale conferred by deeds of trust, such sale shall comply with applicable law, at the time of the sale, governing sales of Texas real property under powers of sale conferred by deeds of trust.

(ii) Trustee's Deeds. After any sale under this subsection, Trustee shall make good and sufficient deeds, assignments, and other conveyances to the purchaser or purchasers thereunder in the name of Grantor, conveying the Mortgaged Property or any part thereof so sold to the purchaser or purchasers with general warranty of title by Grantor. It is agreed that in any deeds, assignments or other conveyances given by Trustee, any and all statements of fact or other recitals therein made as to the identity of Beneficiary, the occurrence or existence of any Event of Default, the notice of intention to accelerate, or acceleration of, the maturity of the Indebtedness, the request to sell, notice of sale, time, place, terms and manner of sale, and receipt, distribution, and application of the money realized therefrom, the due and proper appointment of a substitute Trustee, and without being limited by the foregoing, any other act or thing having been duly done by or on behalf of Beneficiary or by or on behalf of Trustee, shall be taken by all courts of law and equity as prima facie evidence that such statements or recitals state true, correct, and complete facts and are without further question to be so accepted, and Grantor does hereby ratify and confirm any and all acts that Trustee may lawfully do in the premises by virtue hereof.

(c) Receiver. Upon the occurrence of an Event of Default, or any actual or threatened waste to all or any part of the Mortgaged Property, or at any time while a suit is pending to foreclose or reform this Deed of Trust or to enforce any provision hereof, Beneficiary shall have the right to apply without notice for the appointment of a receiver of all or any part of the Mortgaged Property and the rents and profits thereof, and such receiver shall have all the broad and effective functions and powers anywhere entrusted by a court to a receiver. Beneficiary shall be entitled to the appointment of such receiver forthwith as a matter of absolute right, without regard to the adequacy or inadequacy of the value of the Mortgaged Property or the solvency or insolvency of Grantor or any other defendant, and Grantor hereby waives any right to object to the appointment of such receiver and expressly consents thereto. The income, profits, rents, Issues and revenues from the Mortgaged Property shall be applied by such receiver according to the provisions of this Deed of Trust and the practice of the court appointing such receiver.

(d) Certain Terms of Foreclosure Sale. At any foreclosure sale, any combination, or all, of the Mortgaged Property or security given to secure the Indebtedness may be offered for sale for one total price, and the proceeds of such sale accounted for in one account without distinction between the items of security or without assigning to them any proportion of such proceeds, the Grantor hereby waives the application of any doctrine of marshalling; and, in case the Beneficiary, in the exercise of the power of sale herein given, elects to sell in parts or parcels, said sales may be held from time to time, and the power shall not be fully executed until all of the property or security not previously sold shall have been sold.

(e) Judicial Foreclosure. This Deed of Trust shall be effective as a mortgage as well as a deed of trust and upon the occurrence of an Event of Default may be foreclosed as to any of the Mortgaged Property in any manner permitted by laws of the State of Texas or of any other state in which any part of the Mortgaged Property is situated, and any foreclosure suit may be brought by Trustee or by Beneficiary. In the event a foreclosure hereunder shall be commenced by Trustee or his substitute or successor, Beneficiary may at any time before the sale of the Mortgaged Property direct the said Trustee to abandon the sale, and may then institute suit for the collection of the Indebtedness, and for the foreclosure of this Deed of Trust. It is agreed that if Beneficiary should institute a suit for the collection of the Indebtedness and for the foreclosure of this Deed of Trust, Beneficiary may at any time before the entry of a final judgment in said suit dismiss the same, and require Trustee, his substitute or successor to sell the Mortgaged Property in accordance with the provisions of this Deed of Trust.

(f) Beneficiary as Purchaser. Beneficiary shall have the right to become the purchaser at any sale held by any Trustee or substitute or successor or by any receiver or public officer, and any Beneficiary purchasing at any such sale shall have the right to credit upon the amount of the bid made therefor, to the extent necessary to satisfy such bid, the Indebtedness owing to Beneficiary.

(g) Beneficiary's Uniform Commercial Code Remedies. Beneficiary may exercise its rights of enforcement with respect to Fixtures and Personal Property under the Code, and in conjunction with, in addition to or in substitution for the rights and remedies under the Code.

Section 6 Trustee.

(a) No Required Action. Trustee shall not be required to take any action toward the execution and enforcement of the trust hereby created or to institute, appear in, or defend any action, suit, or other proceeding in connection therewith where, in Trustee's opinion, such action would be likely to involve Trustee in expense or liability, unless requested so to do by a written instrument signed by Beneficiary and, if Trustee so requests, unless Trustee is tendered security

and indemnity satisfactory to Trustee against any and all cost, expense, and liability arising therefrom. Trustee shall not be responsible for the execution, acknowledgment, or validity of the Community Loan Agreement or any of the other Loan Documents, or for the proper authorization thereof, or for the sufficiency of the lien and security interest purported to be created hereby, and Trustee makes no representation in respect thereof or in respect of the rights, remedies, and recourses of Beneficiary.

(b) Certain Rights. With the approval of Beneficiary, Trustee shall have the right to take any and all of the following actions: (i) to select, employ, and advise with counsel (who may be, but need not be, counsel for Beneficiary) upon any matters arising hereunder, including the preparation, execution, and interpretation of the Community Loan Agreement or any of the other Loan Documents, and shall be fully protected in relying as to legal matters on the advice of counsel, (ii) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his agents or attorneys, (iii) to select and employ, in and about the execution of his duties hereunder, suitable accountants, engineers and other experts, agents and attorneys-in-fact, either corporate or individual, not regularly in the employ of Trustee, and Trustee shall not be answerable for any act, default, negligence, or misconduct of any such accountant, engineer or other expert, agent or attorney-in-fact, if selected with reasonable care, or for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for Trustee's gross negligence or bad faith, and (iv) any and all other lawful action as Beneficiary may instruct Trustee to take to protect or enforce Beneficiary's rights hereunder. Trustee shall not be personally liable in case of entry by Trustee, or anyone entering by virtue of the powers herein granted to Trustee, upon the Mortgaged Property for debts contracted for or liability or damages incurred in the management or operation of the Mortgaged Property. Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting any action taken or proposed to be taken by Trustee hereunder, believed by Trustee in good faith to be genuine. Trustee shall be entitled to reimbursement for expenses incurred by Trustee in the performance of Trustee's duties hereunder and to reasonable compensation for such of Trustee's services hereunder as shall be rendered. Grantor will, from time to time, pay the compensation due to Trustee hereunder and reimburse Trustee for, and save Trustee harmless against, any and all liability and expenses which may be incurred by Trustee in the performance of Trustee's duties.

(c) Retention of Money. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law) and Trustee shall be under no liability for interest on any moneys received by Trustee hereunder.

(d) Successor Trustees. Trustee may resign by the giving of notice of such resignation in writing or verbally to Beneficiary. If Trustee shall die, resign, or become disqualified from acting in the execution of this trust, or if, for any reason, Beneficiary shall prefer to appoint a substitute Trustee or multiple substitute Trustees, or successive substitute Trustees or successive multiple substitute Trustees, to act instead of the aforementioned Trustee, Beneficiary shall have full power to appoint a substitute Trustee (or, if preferred, multiple substitute Trustees) in succession who shall succeed (and if multiple substitute Trustees are appointed, each of such multiple substitute Trustees shall succeed) to all the estates, rights, powers, and duties of the aforementioned Trustee. Such appointment may be executed by any authorized agent of Beneficiary, and if such Beneficiary be a corporation and such appointment be executed in its behalf by any officer of such corporation, such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the board of directors or any

superior officer of the corporation. Grantor hereby ratifies and confirms any and all acts which the aforementioned Trustee, or Trustee's successor or successors in this trust, shall do lawfully by virtue hereof. If multiple substitute Trustees are appointed, each of such multiple substitute Trustees shall be empowered and authorized to act alone without the necessity of the joinder of the other multiple substitute Trustees, whenever any action or undertaking of such substitute Trustees is requested or required under or pursuant to this Deed of Trust or applicable law.

(e) Perfection of Appointment. Should any deed, conveyance, or instrument of any nature be required from Grantor by any Trustee or substitute Trustee to more fully and certainly vest in and confirm to the Trustee or substitute Trustee such estates, rights, powers, and duties, then, upon request by the Trustee or substitute Trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged, and delivered and shall be caused to be recorded and/or filed by Grantor.

(f) Succession Instruments. Any substitute Trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed, or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its or his predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of Beneficiary or of the substitute Trustee, the Trustee ceasing to act shall execute and deliver any instrument transferring to such substitute Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such Trustee to the substitute Trustee so appointed in the Trustee's place.

(g) No Representation by Trustee or Beneficiary. By accepting or approving anything required to be observed, performed, or fulfilled or to be given to Trustee or Beneficiary pursuant to the Community Loan Agreement or any of the other Loan Documents, including without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, neither Trustee nor Beneficiary shall be deemed to have warranted, consented to, or affirmed the sufficiency, legality, effectiveness, or legal effect of the same, or of any term, provision, or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or affirmation with respect thereto by Trustee or Beneficiary.

Section 7 Miscellaneous

(a) Maximum Interest. It is expressly stipulated and agreed to be the intent of Grantor and Beneficiary at all times to comply strictly with the applicable Texas law governing the maximum rate or amount of interest payable on the Note or the Indebtedness (or applicable United States federal law to the extent that it permits Beneficiary to contract for, charge, take, reserve or receive a greater amount of interest than under Texas law). If the applicable law is ever judicially interpreted so as to render usurious any amount (i) contracted for, charged, taken, reserved or received pursuant to the Note, Community Loan Agreement or any of the other Loan Documents or any other communication or writing by or between Grantor and Beneficiary related to the transaction or transactions that are the subject matter of the Community Loan Agreement or any of the other Loan Documents, (ii) contracted for, charged or received by reason of Beneficiary's exercise of the option to accelerate the maturity of the Note and/or the Indebtedness, or (iii) Grantor will have paid or Beneficiary will have received by reason of any voluntary prepayment by Grantor of the Note and/or the Indebtedness, then it is Grantor's and Beneficiary's express intent that all amounts charged in excess of the Maximum Lawful Rate shall be automatically canceled, ab initio, and all amounts in excess of the Maximum Lawful Rate theretofore collected

by Beneficiary shall be credited on the principal balance of the Note and/or the Indebtedness (or, if the Note and all Indebtedness have been or would thereby be paid in full, refunded to Grantor), and the provisions of the Note, Community Loan Agreement or any other Loan Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder; provided, however, if the Note has been paid in full before the end of the stated term of the Note, then Grantor and Beneficiary agree that Beneficiary shall, with reasonable promptness after Beneficiary discovers or is advised by Grantor that interest was received in an amount in excess of the Maximum Lawful Rate, either refund such excess interest to Grantor and/or credit such excess interest against the Note and/or any Indebtedness then owing by Grantor to Beneficiary. Grantor hereby agrees that as a condition precedent to any claim seeking usury penalties against Beneficiary, Grantor will provide written notice to Beneficiary, advising Beneficiary in reasonable detail of the nature and amount of the violation, and Beneficiary shall have sixty (60) days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest to Grantor or crediting such excess interest against the Note and/or the Indebtedness then owing by Grantor to Beneficiary. All sums contracted for, charged or received by Beneficiary for the use, forbearance or detention of any debt evidenced by the Note and/or the Indebtedness shall, to the extent permitted by applicable law, be amortized or spread, using the actuarial method, throughout the stated term of the Note and/or the Indebtedness (including any and all renewal and extension periods) until payment in full so that the rate or amount of interest on account of the Note and/or the Indebtedness does not exceed the Maximum Lawful Rate from time to time in effect and applicable to the Note and/or the Indebtedness for so long as debt is outstanding. In no event shall the provisions of Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts and revolving triparty accounts) apply to the Note and/or the Indebtedness. Notwithstanding anything to the contrary contained herein or in the Community Loan Agreement or any of the other Loan Documents, it is not the intention of Beneficiary to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

(b) Release. If the Indebtedness is paid in full in accordance with the terms of this Deed of Trust, the Note, the Community Loan Agreement or any of the other Loan Documents, and if Grantor shall well and truly perform each and every of the Obligations to be performed and discharged in accordance with the terms of this Deed of Trust, the Note, the Community Loan Agreement or any of the other Loan Documents, then this conveyance shall become null and void and be released at Grantor's request and expense, and Beneficiary shall have no further obligation to make advances under and pursuant to the provisions hereof or in the Community Loan Agreement or any of the other Loan Documents,.

(c) Notices. All notices, requests and other communications hereunder shall be made as follows:

| | |
|----------|------------------------------------|
| Grantor: | Dallas Campus, LP |
| | 701 Maiden Choice Lane |
| | Baltimore, Maryland 21228 |
| | Attention: Chief Financial Officer |
| | Phone: (410) 242-2880 |
| | Fax: (410) 737-8828 |

with copies to: Erickson Retirement Communities, LLC
Attn: General Counsel
701 Maiden Choice Lane
Baltimore, Maryland 21228
Phone: (410) 737-8864
Fax: (410) 737-8828

Beneficiary: Highland Springs, Inc.
701 Maiden Choice Lane
Baltimore, Maryland 21228
Attention: Legal Department
Phone: (410) 242-2880
Fax: (410) 737-8828

with copies to: Edward U. Lee III, Esquire
Whiteford, Taylor & Preston L.L.P.
Seven Saint Paul Street
Suite 1400
Baltimore, Maryland 21202-1626
Phone: (410) 347-8704
Fax: (410) 223.3484

Trustee: William D. Cleveland
909 Fannin Street
Suite 200
Houston, Texas 77010

(d) Successors and Assigns: Joint and Several Liability: Partial Invalidity. All the covenants and agreements of the Grantor herein contained shall be binding upon the Grantor and the successors and assigns of the Grantor. In case any one or more of the provisions of this Deed of Trust may be found to be invalid, or unenforceable for any reason or in any respect, such invalidity or unenforceability shall not limit or impair enforcement of any other provisions thereof.

(e) Modification. No change, amendment, modification, cancellation or discharge of this Deed of Trust, or any part hereof, shall be valid unless in writing and signed by the parties hereto or their respective successors and assigns.

(f) Captions. Section headings are inserted for convenience of reference only, do not form part of this Deed of Trust and shall be disregarded for purposes of the interpretation of the terms of this Deed of Trust.

(g) Governing Law. This Deed of Trust shall be governed by and construed in accordance, with the laws of the State of Texas.

(h) ENTIRE AGREEMENT; AMENDMENT. THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR,

CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO. The provisions hereof and the Community Loan Agreement or any of the other Loan Documents may be amended or waived only by an instrument in writing signed by Grantor and Beneficiary.

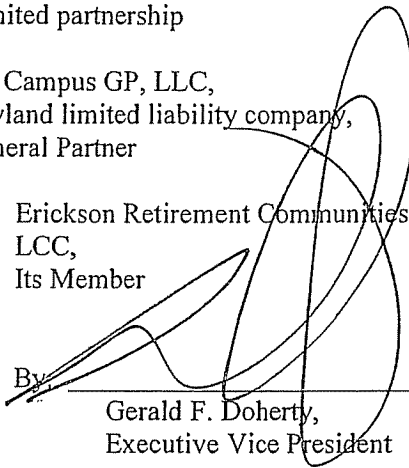
[Signatures to Follow]

IN WITNESS WHEREOF, this Deed of Trust has been executed as of the date first written above.

DALLAS CAMPUS, LP,
a Maryland limited partnership

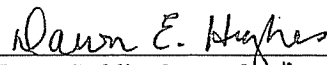
By: Dallas Campus GP, LLC,
a Maryland limited liability company,
Its General Partner

By: Erickson Retirement Communities,
LCC,
Its Member

By: 
Gerald F. Doherty,
Executive Vice President

STATE OF MARYLAND §
§
COUNTY OF Anne Arundel §

The foregoing instrument was acknowledged before me this 30th day of November, 2005, by Gerald F. Doherty, Executive Vice President of Erickson Retirement Communities, LLC, the member of Dallas Campus GP, LLC, a Maryland limited liability company, and general partner of Dallas Campus, LP, a Maryland limited partnership, on behalf of the limited liability corporations and the limited partnership.


Notary Public, State of Maryland

[SEAL]

DAWN E. HUGHES
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires February 23, 2009

EXHIBIT A

Land Description

LEGAL DESCRIPTION

TRACT 1:

BEING a tract of land situated in the John Clay Survey, Abstract No. 223, in the City of Dallas, Collin County, Texas, and being a part of the City of Dallas Block No. 8735, and the 88.918 acre tract of land described in deed to Dallas Campus, LP, recorded in Volume 05927, Page 01725 of the Land Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8-inch iron rod with cap found for the intersection of the northwesterly right-of-way line of the Dallas Area Rapid Transit Railroad (DART) (100 foot right-of-way) with the easterly right-of-way line of Coit Road (FM 3193, a 130 foot public right-of-way);

THENCE with said easterly right-of-way line of Coit Road, North 00 degrees 27 minutes 35 seconds East, a distance of 1809.63 feet to a cross mark cut in concrete in the center of Frankford Road (formerly Renner Road), an undedicated road for corner;

THENCE with said center of Frankford Road, South 89 degrees 12 minutes 16 seconds East, a distance of 1949.94 feet to a PK nail set for corner;

THENCE leaving the said corner of Frankford Road, South 00 degrees 13 minutes 00 seconds West, a distance of 1263.22 feet to a 5/8-inch iron rod set with cap stamped "KHA" for corner in the northwesterly right-of-way of DART;

THENCE with said northwesterly right-of-way line, South 75 degrees 09 minutes 26 seconds West, a distance of 2027.14 feet to the POINT OF BEGINNING and containing 68.8864 acres of land.

NOTE: COMPANY DOES NOT REPRESENT THAT THE ABOVE ACREAGE AND/OR SQUARE FOOTAGE CALCULATIONS ARE CORRECT.

TRACT 2:

BEING a tract of land situated in the John Clay Survey, Abstract No. 223, in the City of Dallas, Colling County, Texas, and being a part of the City of Dallas Block No. 8735, and the 88.918 acre tract of land described in deed to Dallas Campus, LP, recorded in Volume 05927, Page 01725 of the Land Records of Collin County, Texas, and being more particularly described as follows:

COMMENCING at a 5/8-inch iron rod with cap found for record for the intersection of the northwesterly right-of-way line of the Dallas Area Rapid Transit Railroad (DART) (100 foot right-of-way) with the easterly right-of-way line of Coit Road (FM 3193, a 130 foot public right-of-way);

THENCE with said easterly right-of-way line of Coit Road, North 00 degrees 27 minutes 35 seconds East, a distance of 1809.63 feet to a cross mark cut in concrete in the center of Frankford Road (formerly Renner Road), an undedicated road for corner;

THENCE with said corner of Frankford Road, South 89 degrees 12 minutes 16 seconds

LEGAL DESCRIPTION

East, a distance of 1949.94 feet to a PK nail set for the POINT OF BEGINNING;

THENCE continuing with said center of Frankford Road, South 89 degrees 12 minutes 16 seconds East, a distance of 753.52 feet to a PK nail found, from which a 5/8 inch iron rod found bears South 00 degrees 13 minutes 00 seconds West, 18.0 feet, for the northwest corner of Lot 1, Block B/8735, Phase I, U.T.D. Synergy Park, an addition in the City of Dallas, Collin County, Texas, according to the plat thereof recorded in Cabinet F, Page 551 of the Map Records of Collin County, Texas;

THENCE with west line of said Lot 1, Block B/8735, South 00 degrees 13 minutes 00 seconds West, a distance of 1052.87 feet to a 3/8 inch iron rod with cap found in the northwesterly right-of-way of DART, for the southwest corner of said Lot 1, Block B, Phase I, U.T.D. Synergy Park;

THENCE with the said northwesterly right-of-way line, South 75 degrees 09 minutes 26 seconds West, a distance of 780.28 feet to 5/8 inch iron rod set with a cap stamped "KHA" for corner;

THENCE leaving the northwesterly right-of-way line of DART, North 00 degrees 13 minutes 00 seconds East, a distance of 1263.22 feet to the POINT OF BEGINNING and containing 20.0314 acres of land.

NOTE: COMPANY DOES NOT REPRESENT THAT THE ABOVE ACREAGE AND/OR SQUARE FOOTAGE CALCULATIONS ARE CORRECT.

TRACTS 1 AND 2 ALSO BEING DESCRIBED AS FOLLOWS:

OVERALL TRACT:

BEING a tract of land situated in the John Clay Survey, Abstract No. 223, in the City of Dallas, Collin County, Texas, and being a part of the City of Dallas Block No. 8735, and the 88.918 acre tract of land described in deed to Dallas Campus, LP recorded in Volume 05927, Page 01725 of the Land Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8 inch iron rod with cap found for the intersection of the Northwesterly Right-of-Way line of the Dallas Area Rapid Transit Railroad (DART) (100 foot Right-of-Way) with the Easterly Right-of-Way line of Coit Road (FM 3193, a 130 foot public Right-of-Way);

THENCE with said Easterly Right-of-Way line of Coit Road, North 00 degrees 27 minutes 35 seconds East, a distance of 1809.63 feet to a cross mark cut in concrete in the center of Frankford Road (formerly Renner Road), an undedicated road for corner;

THENCE with the center of Frankford Road, South 89 degrees 12 minutes 16 seconds East, a distance of 2703.46 feet to a PK nail found, from which a 5/8 inch iron rod found bears South 00 degrees 13 minutes 00 seconds West, 18.0 feet, for the Northwest corner of Lot 1, Block B/8735, Phase I, U.T.D. Synergy Park, an addition in the City of Dallas, Collin County, Texas, according to the plat thereof recorded in Cabinet F, Page 551 of the Map Records of Collin County, Texas;

GF# 000681655 - M

Commitment No. 44-903-80-

000681655

LEGAL DESCRIPTION

THENCE with the West line of said Lot 1, Block B/8735, South 00 degrees 13 minutes 00 seconds West, a distance of 1052.87 feet to a 3/8 inch iron rod with cap found in the Northwesternly Right-of-Way of DART, for the Southwest corner of said Lot 1, Block B, Phase I, U.T.D. Synergy Park;

THENCE with said Northwesternly Right-of-Way line, South 75 degrees 09 minutes 26 seconds West, a distance of 2807.41 feet to the POINT OF BEGINNING and containing 88.918 acres of land.

NOTE: COMPANY DOES NOT REPRESENT THAT THE ABOVE ACREAGE AND/OR SQUARE FOOTAGE CALCULATIONS ARE CORRECT.

EXHIBIT B

Permitted Exceptions

SCHEDULE B

EXCEPTIONS FROM COVERAGE

In addition to the Exclusions and Conditions and Stipulations, your Policy will not cover loss, costs, attorney's fees, and expenses resulting from:

- A 1. (Deleted)
- F 2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments, or protrusions, or any overlapping of improvements.

An acceptable survey of subject property having been received, Schedule B, Item 2 will be amended to read "Shortages in area" in its entirety.
(MORTGAGEE POLICY)
- H 3. Homestead or community property or survivorship rights, if any, of any spouse of any insured. (Applies to the Owner Policy only.)
- J 4. Any titles or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities,
 - a. to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or
 - b. to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or
 - c. to filled-in lands, or artificial islands, or
 - d. to statutory water rights, including riparian rights, or
 - e. to the area extending from the line of mean low tide to the line of vegetation, or the rights of access to that area or easement along and across that area.(Applies to the Owner Policy only.)
- L 5. Standby fees, taxes and assessments by any taxing authority for the year 2006 and subsequent years; and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax year. (If Texas Short Form Residential Mortgagee Policy (T-2R) is issued, that policy will substitute "which become due and payable subsequent to Date of Policy" in lieu of "for the year 2006 and subsequent years.")

Upon compliance with Rules P-29 and R-24, the Company will amend Schedule B, Item 5 to read "Standby fees, taxes, and assessments by any taxing authority for the year 2006 and subsequent years; but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax year. Company insures that standby fees, taxes and assessments by any taxing authority for the year 2006 are not yet due and payable". (MORTGAGEE POLICY ONLY)

- o 6. The terms and conditions of the documents creating your interest in the land.

SCHEDULE B (continued)

- P 7. Materials furnished or labor performed in connection with planned construction before signing and delivering the lien document described in Schedule A, if the land is part of the homestead of the owner. (Applies to the Mortgagee Title Policy Binder on Interim Construction Loan only, and may be deleted if satisfactory evidence is furnished to us before binder is issued.)
- Q 8. Liens and leases that affect the title to the land, but that are subordinate to the lien of the insured mortgage. (Applies to Mortgagee Policy (T-2) only.)
- T 9. The Exceptions from Coverage and Express Insurance in Schedule B of the Texas Short Form Residential Mortgagee Policy (T-2R). (Applies to Texas Short Form Residential Mortgagee Policy (T-2R) only.) Separate exceptions 1 through 8 of this Schedule B do not apply to the Texas Short Form Residential Mortgagee Policy (T-2R).
- U 10. The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception.):
ITEM NOS. 11 THROUGH 26, INCLUSIVE
- AN 11. Rights of tenants in possession, as tenants only, under unrecorded lease agreements.

(TO BE DELETED OR AMENDED TO REFLECT SPECIFIC LEASE/S ONLY UPON EXECUTION AND DELIVERY OF AN OWNER'S AFFIDAVIT AT CLOSING)
- BJ 12. **Deleted**.
- BK 13. **Deleted**.
- AQ 14. Easement granted by Estate of W. A. Brooks, deceased to Texas Power & Light Company, dated January 23, 1950, filed for record on May 31, 1950 and recorded in Volume 414, Page 338, Deed Records, Collin County, Texas, as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- AR 15. Easement granted by Board of Regents, The Texas A&M University System to TU Electric, dated February 18, 1999, filed for record on March 9, 1999 and recorded in Volume 4369, Page 417, Land Records, Collin County, Texas, as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- AS 16. Easement granted by Board of Regents, The Texas A&M University System to TXU Gas Company, dated February 22, 2000, filed for record on March 13, 2000 and recorded in Volume 4623, Page 123, Land Records, Collin County,
-

SCHEDULE B (continued)

Texas, as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.

- AT 17. Easement granted by The Texas A&M University System to the City of Dallas, dated September 7, 1984, filed for record on January 7, 1987 and recorded in Volume 2536, Page 252, Land Records, Collin County, Texas, as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- AU 18. Easement granted by Board of Regents, The Texas A&M University System to TXU Electric & Gas Company, dated January 4, 2000, filed for record on February 2, 2000 and recorded in Volume 4595, Page 543, Land Records, Collin County, Texas, as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- AV 19. Easement granted by Board of Regents of the Texas A&M University System to State Department of Highways and Public Transportation, dated January 17, 1990, filed for record on April 16, 1990 and recorded in Volume 3255, Page 690, Land Records, Collin County, Texas, as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- AW 20. Easement granted by Board of Regents, The Texas A&M University System to Southwestern Bell Telephone Company, dated June 18, 2002, filed for record on August 15, 2002 and recorded in Volume 5233, Page 582, Land Records, Collin County, Texas, as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- AX 21. All of the oil, gas and other minerals and all other elements not considered a part of the surface estate are excepted herefrom, not insured herein nor guaranteed hereunder, all having been reserved in instrument recorded in Volume 5927, Page 1725, Land Records, Collin County, Texas.
- And affected by Surface Waiver recorded in Volume 5927, Page 1744, Land Records, Collin County, Texas.
- AY 22. Vendor's Lien retained in Deed from Board of Regents of the Texas A&M University System to Dallas Campus, LP, dated May 25, 2005, filed for record on May 26, 2005 and recorded in Volume 5927, Page 1725, Land Records, Collin County, Texas, securing the payment of a note in the original principal sum of \$4,400,000.00, payable to the order of Board of Regents of the Texas A&M University System, additionally secured by Deed of Trust of even date therewith, to Dan K. Buchly, Trustee, filed for record on May 26, 2005 and recorded in Volume 5927, Page 1735, Land Records, Collin County, Texas, and subject to all of the terms, conditions and stipulations contained therein, including but not limited to any future indebtedness also secured by this lien. (AFFECTS TRACT 2)

SCHEDULE B (continued)

- BG 23. That portion of subject property lying within the right-of-way of Frankford Road as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- BH 24. Box culvert located across northwest corner of Tract 1 as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- BI 25. Encroachment of metal barrier in northwest corner of Tract 1 as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- BM 26. Any and all liens arising by reason of unpaid bills or claims for work performed or materials furnished in connection with improvements placed, or to be placed, upon the subject land. However, the Company does insure the Insured against loss, if any, sustained by the Insured under this Policy if such liens have been filed with the County Clerk of Collin County, Texas, prior to the date hereof.

Pending disbursement of the full proceeds of the loan secured by the lien instrument set forth under Schedule A hereof, this policy insures only to the extent of the amount actually disbursed, but increases as each disbursement is made in good faith and without knowledge of any defects in, or objections to, the title up to the face amount of the policy. Nothing contained in this paragraph shall be construed as limiting any exception under Schedule B, or any printed provision of this policy.

GF # 2105-01630-TK
681655

1/30.00

FILE STAMP

(7)

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER

Filed for Record
Collin County, Texas
Honorable Brenda
Collin County, Texas
On Dec 8, 2005
At 1:33 PM
Doc/Num : 2005-00009
Recording/Tax
Receipt #: 136.00

THIS INSTRUMENT PREPARED BY
AND WHEN RECORDED, RETURN
TO:

Brown Rudnick Berlack Israels LLP
One Financial Center
Boston, MA 02111
Attn: Bruce H. Bagdasarian, Esq.

LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FINANCING
STATEMENT

THIS LEASEHOLD DEED OF TRUST SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT (sometimes referred to herein as the "Deed of Trust") is dated as of November 30, 2005, by and among **HIGHLAND SPRINGS, INC.**, a Maryland corporation having an address at 701 Maiden Choice Lane, Baltimore, Maryland 21228 ("Grantor"), Abraham Friedman, c/o Winstead Sechrest & Minick, 2400 BankOne Center, 910 Travis Street, Houston, Texas 77002, as Trustee ("Trustee"), and **DALLAS CAMPUS, LP**, a Maryland limited partnership having an address at 701 Maiden Choice Lane, Baltimore, Maryland 21228 ("Beneficiary").

WITNESSETH:

In consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, Grantor hereby grants, bargains, sells, delivers, conveys, transfers, mortgages, assigns and sets-over unto the Trustee, its substitutes, successors and assigns forever, for the benefit of Beneficiary, TO HAVE AND TO HOLD the "Premises" (as defined below) together with the rights, privileges and appurtenances thereunto belonging IN TRUST, upon the terms and conditions hereafter set forth, to secure the "Obligations" (as defined below), and Grantor hereby binds Grantor and Grantor's heirs, executors, administrators, personal representatives, successors and assigns to warrant and forever defend the Premises unto the Trustee, its substitutes or successors and assigns, against the claim or claims of all persons claiming or to claim the same or any part thereof, including any extensions, renewals, replacements, modifications and amendments thereof.

Inasmuch as the parties intend that this Deed of Trust shall, among other things, constitute a fixture financing statement, the undersigned sets forth the follows:

- (i) The debtor is the Grantor and its address is as set forth above.
- (ii) The secured party is the Beneficiary and its address is as set forth above.
- (iii) The real estate concerned is described in Exhibit A and the record holder thereof is the Grantor.
- (iv) THE SECURED PARTY DESIRES THIS FINANCING STATEMENT TO BE INDEXED AGAINST THE RECORD OWNER OF THE REAL ESTATE.

The term Grantor shall include wherever the context permits its successors and assigns. The term Beneficiary shall include, wherever the context permits, its successors and assigns as the holder for the time being of this Deed of Trust and other Obligations hereby secured.

This Deed of Trust is granted pursuant to the terms, provisions and conditions of an agreement captioned "Working Capital Loan Agreement" ("Loan Agreement") dated as of even date between Grantor and Beneficiary. Capitalized terms used herein which are not otherwise specifically defined shall have the same meaning herein as in the Loan Agreement and other documents securing the Obligations between Grantor and Beneficiary.

The term "Premises" shall mean and include all of the following described property:

A. Real Estate. The Grantor's leasehold interest in the land more particularly described on Exhibit A which is annexed hereto and made a part hereof ("Land"), pursuant to the Master Lease and Use Agreement dated of even date herewith between Grantor and Beneficiary (the "Master Lease") together with the improvements and other structures (excluding the leased marketing trailer on the Land) now or hereafter situated thereon (such improvements being sometimes called the "Improvements") located in Dallas, Texas, together with all rights, privileges, tenements, hereditaments, appurtenances, easements, including, but not limited to, rights and easements for access and egress and utility connections, and other rights now or hereafter appurtenant thereto ("Real Estate");

B. Fixtures. All real estate fixtures or items which by agreement of the parties may be deemed to be such fixtures, now or hereafter owned by Grantor, or in which Grantor has or hereafter obtains an interest, and now or hereafter located in or upon the Real Estate, or now or hereafter attached to, installed in, or used in connection with any of the Real Estate, including, but not limited to, any and all portable or sectional buildings, bathroom, plumbing, heating, lighting, refrigerating, ventilating and air-conditioning apparatus and equipment, garbage incinerators and receptacles, elevators and elevator machinery, boilers, furnaces, stoves, tanks, motors, sprinkler and fire detection and extinguishing systems, doorbell and alarm systems, window shades, screens, awnings, screen doors, storm and other detachable windows and doors, mantels, partitions, built-in cases, counters and other fixtures whether or not included in the foregoing enumeration ("Fixtures");

C. Additional Appurtenances. All bridges, easements, rights of way, licenses, privileges, hereditaments, permits and appurtenances hereafter belonging to or enuring to the benefit of the Real Estate and all right, title and interest of Grantor in and to the land lying within

any street or roadway adjoining any of the Real Estate and all right, title and interest of Grantor in and to any vacated or hereafter vacated streets or roads adjoining any of the Real Estate and any and all reversionary or remainder rights ("Additional Appurtenances");

D. Awards. All of the right, title and interest of Grantor in and to any award or awards heretofore made or hereafter to be made by any municipal, county, state or federal authorities to the present or any subsequent owners of any of the Real Estate or the Land, or the Improvements, or the Fixtures, or the Additional Appurtenances, or the Leases or the Personal Property, including, without limitation, any award or awards, or settlements or payments, or other compensation hereafter made resulting from (x) condemnation proceedings or the taking of the Real Estate, or the Land, or the Improvements, or the Fixtures, or the Additional Appurtenances, or the Leases or the Personal Property, or any part thereof, under the power of eminent domain, or (y) the alteration of grade or the location or discontinuance of any street adjoining the Land or any portion thereof, or (z) any other injury to or decrease in value of the Premises ("Awards");

E. Leases. All leases and subleases now or hereafter entered into of the Real Estate, or any portion thereof, and all rents, issues, profits, revenues, earnings and royalties therefrom, and all right, title and interest of Grantor thereunder, including, without limitation, cash, letters of credit, or securities deposited thereunder to secure performance by the tenants or occupants of their obligations thereunder, whether such cash, letters of credit, or securities are to be held until the expiration of the terms of such leases or occupancy agreements or applied to one or more of the installments of rent coming due prior to the expiration of such terms including, without limitation, the right to receive and collect the rents thereunder ("Leases"); and

F. Personal Property. All tangible and intangible personal property now owned or at any time hereafter acquired by Grantor of every nature and description, and used in any way in connection with the Real Estate, the Fixtures, the Additional Appurtenances, or any other portion of the Premises, including, without limitation express or implied upon the generality of the foregoing, all Equipment, Goods, Inventory, Fixtures, Accounts, Instruments, Documents, General Intangibles, Cash and Noncash Proceeds, Tangible and Electronic Chattel Paper, Payment Intangibles, Commercial Tort Claims, Deposit Accounts, Software, Investment Property, Letter-of-Credit Rights, Promissory Note, and Supporting Obligations (as each such capitalized term is defined in the Uniform Commercial Code in effect in the state where the Real Estate is situated) and further including, without any such limitation, the following whether or not included in the foregoing: materials; supplies; furnishings; money; bank accounts; security deposits; utility deposits; any insurance or tax reserves deposited with Beneficiary; any cash collateral deposited with Beneficiary; claims to rebates, refunds or abatements of real estate taxes or any other taxes; contract rights; plans and specifications; guaranties, warranties, licenses, permits, approvals and other rights; the rights of Grantor under contracts with respect to the Real Estate or any other portion of the Premises; signs, brochures, advertising, the name by which the Premises is known and any variation of the words thereof, and good will; copyrights, service marks, and all goodwill associates therewith; and trademarks; all proceeds paid for any damage or loss to all or any portion of the Real Estate, the Fixtures, the Additional Appurtenances, any other Personal Property or any other portion of the Premises ("Insurance Proceeds"); all Awards; all Leases; all books and records; and all proceeds, products, additions, accessions, substitutions and replacements to any one or more of the foregoing (collectively, the "Personal Property").

The term "Obligations" shall mean and include:

The prompt and complete payment and performance when due of all obligations and liabilities of the Grantor to the Beneficiary under the Master Lease, the Community Loan Agreement, the Working Capital Loan Agreement and the Working Capital Loan Note, now existing or hereafter incurred, including without limitation obligations of the Grantor to advance or repay loans, and the obligations of the Grantor as a tenant of Beneficiary.

The term "Event of Default" shall mean a default under any of the Obligation Documents which continues beyond any applicable grace and cure periods.

This instrument is sometimes referred to as the "Deed of Trust".

Grantor hereby grants to Beneficiary a continuing security interest in all of the Premises in which a security interest may be granted under the Uniform Commercial Code as such is in effect in the State of Texas including, without limitation, the Fixtures, the Personal Property, together with all proceeds and products, whether now or at any time hereafter acquired and whether or not used in any way in connection with the Real Estate, to secure all Obligations.

This instrument is intended to take effect as a security instrument encumbering each and every item of Personal Property included herein as part of the Premises or as to which Grantor has granted a security interest to Beneficiary, pursuant to the Uniform Commercial Code ("UCC") as presently in effect in the State of Texas and this Deed of Trust shall be effective as a financing statement and as a fixture filing. The name of the record owner of said real estate is Grantor. Information concerning the security interest created by this instrument may be obtained from Beneficiary, as secured party, at its address as set forth in page one of this Deed of Trust. The name and address of Grantor, as debtor, are as set forth in page one to this Deed of Trust.

Grantor covenants, warrants, represents and agrees with Beneficiary, its successors and assigns, that:

1. Title. Grantor holds the leasehold interest in the Master Lease and title to the Fixtures, the Additional Appurtenances, Leases and Personal Property and has good record and marketable title to the Premises and has good right, full power and lawful authority to grant and convey the same in the manner aforesaid; and that the Premises are free and clear of all encumbrances and exceptions, except for the Permitted Title Exceptions, if any, as set forth on Exhibit B which is annexed hereto and made a part hereof. Grantor shall make any further assurances of title that Beneficiary may in good faith require including, without limitation, such further instruments as may be requested by Beneficiary to confirm the assignment to Beneficiary of all Awards.

2. Performance of Obligations. Grantor shall pay the Obligations and interest thereon as the same shall become due and payable, and pay and perform and observe all of the obligations and conditions set forth in this Deed of Trust and documents or other agreements, if any, executed by Grantor in connection with the Obligations (the "Obligation Documents").

3. Protection Maintenance and Use. Subject to the provisions of the Obligation Documents, Grantor shall protect and maintain, or cause to be maintained, in good, first-class and substantial order, repair and tenantable condition at all times, the buildings and structures hereafter erected on the Premises, and any additions and improvements thereto, and all Personal Property now or hereafter situated therein, and the utility services, the parking areas and access roads, and all building fixtures and equipment and articles of personal property now or hereafter acquired and used in connection with the operation of the Premises. Grantor shall promptly replace any of the aforesaid which may become lost, destroyed or unsuitable for use with other property of similar character (except to the extent insurance proceeds or condemnation awards payable on account of any such loss or destruction are retained by Beneficiary for application against the Obligations pursuant to Sections 5 or 6 hereof).

4. Insurance Coverages. Grantor shall insure the Premises and the operation thereof with such coverages and in such amounts as required by the Obligation Documents consistent with the terms of insurance policies required by Beneficiary's lender, and shall at all times keep such insurance in full force and effect and pay all premiums therefor annually, in advance. The original or certified copies of all such policies of insurance (or certificates or binders thereof issued by the insurer in form, content and manner of execution reasonably satisfactory to Beneficiary) shall be delivered to Beneficiary, and Grantor shall deliver to the Beneficiary a new policy or certified copy thereof (or such a certificate) as replacement for an expiring policy (or such a certificate) required to be deposited hereunder together with proof of payment of the premiums therefor annually in advance at least fifteen (15) days before the date of such expiration. Grantor hereby irrevocably appoints Beneficiary its true and lawful attorney-in-fact, with full power of substitution, to assign any such policy in the event of the foreclosure of this Deed of Trust.

5. Insurance Proceeds. The proceeds of any hazard insurance shall be applied to or toward the indebtedness secured hereby in such order as Beneficiary may determine. Notwithstanding anything in this Section 5 to the contrary, however, provided no Event of Default exists under the Obligation Documents, Beneficiary shall release (by means of advances for work completed upon terms and conditions typically required by construction lenders) the proceeds of any hazard insurance to Grantor to repair, restore or rebuild. If Beneficiary applies insurance proceeds to the Obligations and does not release the same to Grantor, the obligation of Grantor to repair, restore or rebuild shall be limited to taking all actions reasonably required to make the Premises safe and in compliance with all laws and to restore the undamaged portion to an economically functional unit to the extent that it is reasonably possible to do so.

6. Eminent Domain. Subject to the provisions of the Obligation Documents, the Awards of damages on account of any condemnation for public use of, or injury to, the Premises shall be paid to Beneficiary; such Awards shall, at the option of Beneficiary and subject to the terms of the agreements between Beneficiary and its lender, be applied to or toward the indebtedness secured hereby in such order as Beneficiary may determine, or in the case of a partial taking, at Beneficiary's discretion, may be so applied or released to Grantor upon such conditions as Beneficiary may prescribe to be applied to restoration of that part of the Premises which remains, but not more than such portion of such Awards as may be required to restore or repair such damage or injury shall be so released; and any balance remaining shall be applied by

Beneficiary to or toward the indebtedness secured hereby in such order as Beneficiary may determine. If Beneficiary applies such Awards to the Obligations and does not release the same to Grantor, the obligation of Grantor to repair, restore or rebuild shall be limited to taking all actions reasonably required to make the Premises, or what remains thereof, safe and in compliance with laws and to restore the remaining portion to an economically functional unit to the extent that it is reasonably possible to do so.

7. No Waste; Compliance With Law. Subject to the provisions of the Obligation Documents, Grantor shall not commit or suffer any strip or waste of the Premises, or any portion thereof, or any violation of any law, rule, regulation, ordinance, license or permit, or the requirements of any licensing authority affecting the Premises or any business conducted thereon, and shall not commit or suffer any demolition, removal or material alteration of any of the Premises (except for the replacement of Fixtures and Personal Property in the ordinary course of business, so long as items of comparable value and quality are installed free and clear of liens in favor of any other party), without the express prior written consent of Beneficiary in each instance which consent shall not be unreasonably withheld or delayed, and shall not violate nor suffer the violation of the covenants and agreements, if any, of record against the Premises, and in all respects Grantor shall do all things necessary to comply with, and keep in full force and effect all licenses, permits and other governmental authorizations for the operation of the Premises for its intended purposes.

8. Environmental Indemnification. The Grantor shall not suffer or permit any violation to exist under, and shall comply with, all Environmental Legal Requirements (as defined below) with respect to the Premises and Grantor shall both before and after the repayment of the Obligations, at Grantor's sole cost and expense, indemnify, exonerate and save Beneficiary harmless against and from all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind whatsoever, including, without limitation, attorneys' fees and experts' fees and disbursements which may at any time be imposed upon, incurred by or asserted or awarded against Beneficiary and arising from or out of any violation of Grantor's obligations hereunder or under the Obligation Documents. The term "Environmental Legal Requirements" shall have the meaning given in that certain Amended and Restated Environmental Indemnity between Beneficiary and Bank of America, N.A., as Administrative Agent dated of even date herewith.

9. Payment of Taxes and Prevention of Liens. Grantor shall pay before delinquent or before any penalty for nonpayment attaches thereto, all taxes, assessments and charges of every nature and to whomever assessed that may now or hereafter be levied or assessed upon the Premises or any part thereof, or upon the rents, issues, income or profits thereof or upon the lien or estate hereby created, whether any or all of said taxes, assessments or charges be levied directly or indirectly or as excise taxes or as income taxes. Grantor may apply for tax abatements and prosecute diligently and in good faith claims for refund so long as: (i) no additional taxes, interest thereon or penalties are incurred thereby, (ii) a sufficient tax reserve fund as determined by Beneficiary in good faith has been deposited with Beneficiary, and (iii) no proceedings are instituted to divest Grantor of title to all or any portion of the Premises. Grantor shall pay all sums which, if unpaid, may result in the imposition of a lien on the Premises before such lien may attach (except that real estate taxes need not be paid prior to the due date thereof) or which

may result in conferring upon a tenant of any part or all of the Premises a right to recover such sums as prepaid rent.

10. Due On Sale; No Other Encumbrances; No Transfer of Ownership Interests; Failure to Comply with Permitted Exceptions. Except as otherwise provided herein, it shall be an Event of Default, a breach of the conditions of this Deed of Trust and an event permitting Beneficiary to accelerate all indebtedness secured hereby, if, without Beneficiary's prior written consent in each instance, which consent may be granted, withheld or conditionally granted in Beneficiary's sole discretion and except as permitted the Loan Agreement: (a) there is any sale, conveyance, transfer or encumbrance of, or lien imposed upon, all or any portion of the Premises; or (b) there is any transfer or assignment of, or grant of any security interest in, any of the direct or indirect ownership interests in Grantor; or (c) there is a failure to comply with the provisions of, or there is a default under, any of the Permitted Title Exceptions unless cured within any applicable grace period provided for in the applicable Permitted Title Exception.

11. Beneficiary's Rights. If Grantor shall neglect or refuse: (a) to maintain and keep in good repair the Premises or any part thereof as required by this Deed of Trust, or (b) to maintain and pay the premiums for insurance which may be required by this Deed of Trust, or (c) to pay and discharge all taxes of whatsoever nature, assessments and charges of every nature and to whomever assessed, as required by this Deed of Trust, or (d) to pay the sums required to be paid by this Deed of Trust, or (e) to satisfy any other terms or conditions of this Deed of Trust, or any instrument secured hereby, Beneficiary may, at its election in each instance, but without any obligation whatsoever to do so, upon thirty (30) days prior written notice (except in the case of (i) an emergency where there is danger to person or property, or (ii) required insurance coverage would lapse, or (iii) an Event of Default exists, in each of which events no notice shall be required), cause such repairs or replacements to be made, obtain such insurance or pay said taxes, assessments, charges, and sums, incur and pay reasonable amounts in protecting its rights hereunder and the security hereby granted, pay any balance due under any conditional agreement of sale (or lease) of any property included as a part of the Premises, and pay any amounts as Beneficiary deems reasonably necessary or appropriate to satisfy any term or condition of this Deed of Trust, which Grantor shall have failed to satisfy, or to remedy any breach of such term or condition, and any amounts or expenses so paid or incurred, together with interest thereon from the date of payment by Beneficiary at the highest rate applicable to any of the Obligations shall be immediately due and payable by Grantor to Beneficiary and until paid shall be secured hereby equally and ratably, and the same may be collected as part of said principal debt in any suit hereon or upon the Obligation Documents. No payment by Beneficiary shall relieve Grantor from any default hereunder or impair any right or remedy of Beneficiary consequent thereon.

12. Tax Reserve and Insurance Reserve. After the occurrence of and during the continuance of an Event of Default, Grantor shall, upon the request of Beneficiary, from time to time, pay to Beneficiary on dates upon which installments of interest are payable under the Obligation Documents, such amount as Beneficiary from time to time estimates as necessary to create and maintain a reserve fund from which to pay before the same become due: (a) all taxes, assessments, liens and charges on or against the Premises, and (b) all premiums for insurance policies which are required by this Deed of Trust. Any part or all of such reserve fund may be applied, at the option of Beneficiary, to cure any such Event of Default or to any part of the

indebtedness hereby secured and, in refunding any part of said reserve fund, Beneficiary may deal with whomever is the record owner of such property at that time.

13. Certain Expenses. If any action or proceeding is commenced, including, without limitation, an action to foreclose this Deed of Trust or to collect the debt hereby secured, to which action or proceeding Beneficiary is made a party by reason of the execution of this Deed of Trust, or by reason of any obligation which it secures, or by reason of entry or any other action under this Deed of Trust, or if in Beneficiary's judgment it becomes necessary in connection with legal proceedings or otherwise to defend or uphold the mortgage hereby granted or the lien hereby created or any act taken to defend or uphold the mortgage hereby granted or the lien hereby created or any act taken under this Deed of Trust, all sums reasonably paid or incurred by Beneficiary for the expense of any litigation or otherwise, in connection with any rights created by this Deed of Trust or any other Obligation Document, shall be paid by Grantor, or may at the option of Beneficiary, if not so paid, be added to the debt secured hereby and shall be secured hereby and shall bear interest from the date of demand until paid at the highest rate applicable to any of the Obligations.

14. Regarding Leases. Except for the Residence and Care Agreement with a Qualified Resident of the Retirement Community, Grantor shall not enter into any leases or occupancy agreements with respect to the Premises and shall not modify or amend any such leases or occupancy agreements without Beneficiary's prior written consent in each instance, provided however Grantor may enter into leases which are consistent with the character of a continuing care retirement community and consistent with current practices at other retirement communities for which Erickson Retirement Communities, LLC is a sponsor, so long as there is no change in the size or number of units available for use by Residents. Grantor may also amend or terminate such leases provided that such action is also consistent with current practices at other such retirement communities. As to all leases, subleases, licenses and occupancy agreements to which Grantor is a party, Beneficiary, at its option from time to time, may require that all security deposits and similar funds or security provided by a lessee, licensee or occupant be deposited with Beneficiary, or with an escrow agent satisfactory to Beneficiary, subject to the rights of the lessee, licensee or occupant, but otherwise subject to a security interest in favor of Beneficiary. Grantor shall not collect more than one (1) month of rent in advance of the date when due.

15. Declaration of Subordination. At the option of Beneficiary, which may be exercised at any time or from time to time, by written notice to Grantor and to any applicable tenant, this Deed of Trust shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or condemnation proceeds), to any and all leases of all or any part of the Premises upon the execution by Trustee and Beneficiary and recording or filing thereof, at any time hereafter in the appropriate registry of deeds wherein the Premises are situated of a unilateral declaration to that effect.

16. Further Assignment by Grantor. Grantor hereby irrevocably, absolutely and unconditionally assigns, grants and conveys to Trustee and to Beneficiary as security for the Obligations the lessor's interests in any or all leases, now or hereafter outstanding, and to the extent it may lawfully do so Grantor's interests in all agreements, contracts, licenses and permits,

now or hereafter outstanding, affecting all or any portion of the Premises, provided however, Grantor is hereby granted a license to retain possession of all Leases and collect the rents thereunder until the occurrence of an Event of Default. In addition, Grantor assigns to Beneficiary all rents, issues, profits, revenue earnings, royalties, security deposits and letters of credit from such leases, agreements and contracts. Grantor shall execute, acknowledge and deliver such further or confirmatory assignments thereof, by instruments in form satisfactory to the Beneficiary, as Beneficiary may reasonably require. Grantor hereby authorizes Beneficiary in the event of foreclosure, to sell and assign said interests to the purchaser at foreclosure, but neither such assignment nor any such future assignment shall be construed as binding Beneficiary to any lease, sublease, occupancy agreement, agreement, contract, license or permit so assigned, or to impose upon Beneficiary any obligations with respect thereto. If Beneficiary sells any interest of the Grantor in any or all leases, sublease, licenses and occupancy agreements upon credit, Grantor will be credited only with payments actually made by the purchaser, received by Beneficiary and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for any or all leases, sublease, licenses and occupancy agreements upon credit, Beneficiary may resell any or all leases, sublease, licenses and occupancy agreements upon credit and Grantor shall be credited with the proceeds of the sale. Grantor hereby irrevocably appoints Beneficiary, or any agent designated by Beneficiary, the true and lawful attorney-in-fact of Grantor, with full power of substitution, to execute, acknowledge and deliver any such assignment on behalf of Grantor which Grantor fails or refuses to do.

17. UCC Filing. Grantor upon Beneficiary's written request shall promptly cause this Deed of Trust and any required financing statements to be recorded and re-recorded, registered and re-registered, filed and re-filed at such times and places as may be required by law or reasonably deemed advisable by Beneficiary to create, preserve or protect the priority hereof and of any lien created hereby upon the Premises or any part thereof; and Grantor shall from time to time do and cause to be done all such things as may be required by Beneficiary, or required by law, including all things which may from time to time be necessary under the Uniform Commercial Code of the State of Texas, fully to create, preserve and protect the priority hereof and of any lien created hereby upon said property. Grantor hereby irrevocably appoints Beneficiary, or any agent designated by Beneficiary, the true and lawful attorney-in-fact of Grantor, with full power of substitution, to execute, acknowledge and deliver any such things on behalf of Grantor which Grantor fails or refuses to do.

18. Right to Deal with Successor. Beneficiary may, without notice to any person, deal with any successor in interest of Grantor herein regarding this Deed of Trust and the debt hereby secured in all respects as it might deal with Grantor herein, without in any way affecting the liability hereunder or upon the debt hereby secured of any predecessor in interest of the person so dealt with; and no sale of the premises hereby mortgaged, nor any forbearance on the part of Beneficiary, nor any extension by Beneficiary of the time for payment of the debt hereby secured, shall operate to release, discharge, modify, change or affect the original liability of any predecessor in interest of the equity owner at the time of such sale, forbearance or extension.

19. Acceleration of Debt. If there is an Event of Default under or any of the Obligation Documents, then, at the option of Beneficiary, the entire indebtedness hereby secured shall become immediately due and payable without further notice.

20. Additional Rights of Beneficiary.

20.1 Enter and Perform. Grantor authorizes Trustee and/or Beneficiary, in addition to all other rights granted by law or by this Deed of Trust, or by any of the other Obligation Documents, whenever and as long as any Event of Default shall exist and remain uncured beyond the applicable grace period, if any, and without notice beyond the notice, if any, required to be given by the terms of the Obligation Documents, or upon to enter and take possession of all or any part of the Premises and to use, lease, operate, manage and control the same and conduct the business thereof, and perform lessor's obligations under any lease or Grantor's obligations under any other agreement affecting all or any part of the Premises, and collect the rents, profits and all receipts of every nature therefrom as Beneficiary shall deem best. Notwithstanding the foregoing, Beneficiary may, without entering and taking possession of the Premises, collect rents, income and profits arising from the operation of the Premises.

20.2 Repairs and Improvements. Upon every such entry, Beneficiary may from time to time at the expense of Grantor make all such repairs, replacements, alterations, additions and improvements to the Premises as Beneficiary reasonably may deem proper, but in no event shall Beneficiary be obligated to do so, and may, but shall not be obligated to, exercise all rights and powers of Grantor, either in the name of Grantor, or otherwise as Beneficiary reasonably shall determine. Without limitation express or implied upon the generality of the foregoing, Beneficiary shall have the right to do all things necessary or desirable in order to keep in full force and effect all applicable licenses, permits and authorizations and any amendments thereto.

20.3 Pay Costs and Expenses. Upon such entry, Beneficiary may, at its option, but without any obligation to do so, do any one or more of the following: pay and incur all expenses necessary or deemed by it appropriate for the holding and operating of the Premises, the conduct of any business thereon, the maintenance, repair, replacement, alteration, addition and improvement of the Premises, including without limitation payments of taxes, assessments, insurance, wages of employees connected with the Premises or any business conducted thereon, charges and reasonable compensation for services of Beneficiary, its attorneys and accountants and all other persons engaged or employed in connection with the Premises or of any business conducted thereon and, in addition, Beneficiary, at its option, may, but shall not be obligated to, make payments or incur liability with respect to obligations arising prior to the date it takes possession.

20.4 Add to Secured Indebtedness. All obligations so paid or incurred by Beneficiary shall be reimbursed or paid for by Grantor upon demand and prior to the repayment thereof shall be added to the debt secured hereby and shall bear interest at the highest interest rate applied to the Obligations and shall be secured hereby. Beneficiary may also reimburse itself therefor from the income or receipts of the Premises or any business conducted thereon, or from the sale of all or any portion of the Premises. Beneficiary may also apply toward any of the Obligations any tax or insurance reserve account, deposit or any sum credited or due from Beneficiary to Grantor without first enforcing any other rights of Beneficiary against Grantor or the against any endorser or guarantor of any of the Obligations or against the Premises.

20.5 Attorney-In-Fact. Grantor hereby irrevocably constitutes and appoints Beneficiary, or any agent designated by Beneficiary, for so long as this Deed of Trust remains undischarged of record, as attorney-in-fact of Grantor to execute, acknowledge, seal and deliver all instruments, agreements, deeds, certificates and other documents of every nature and description in order to carry out or implement the exercise of Beneficiary's rights hereunder and under the other Obligation Documents.

21. Intentionally Deleted.

22. Notices. Any demand, notice or request by either party to the other shall be given in the manner provided therefor in the Loan Agreement.

23. Beneficiary Not Obligated; Cumulative Rights. Nothing in this instrument shall be construed as obligating Beneficiary to take any action or incur any liability with respect to the Premises or any business conducted thereon, and all options given to Beneficiary are for its benefit and shall and may be exercised in such order and in such combination as Beneficiary in its sole discretion may from time to time decide.

24. Severability. In case any one or more of the provisions of this Deed of Trust, are held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof. Each of the provisions of every such agreement, document or instrument shall be enforceable by Beneficiary to the fullest extent now or hereafter not prohibited by applicable law.

25. No Waiver. No consent or waiver, express or implied, by Beneficiary to or of any default by Grantor shall be construed as a consent or waiver to or of any other default at the same time or upon any future occasion.

26. Remedies of Beneficiary: Foreclosure; Power of Sale. This Deed of Trust is granted upon this express condition, that if Grantor, or its successors or assigns, shall pay or cause to be paid to Beneficiary or its successors or assigns all of the Obligations secured hereby, in accordance with their terms, and shall well and truly comply with each and every covenant and condition set forth in this Deed of Trust, and in the Obligation Documents, then, except for covenants, agreements, indemnifications and warranties, if any, which expressly or survive the release hereof, the Premises shall be released from the lien of this Deed of Trust at the cost of Grantor. Otherwise, this Deed of Trust shall remain in full force and effect. Upon the occurrence of any Event of Default under the Obligation Documents and the Loan Agreement, which breach remains uncured beyond the grace period, if any, provided herein or therein, or in the Obligation Documents, Beneficiary may proceed to protect and enforce its rights hereunder and under the other Obligation Documents by foreclosure proceedings, or by other suit in equity, action at law, or other appropriate proceedings, including actions for the specific performance of any covenant or agreement contained in this Deed of Trust or in the Obligation Documents, or in aid of the exercise of any power granted in this Deed of Trust, or in said Obligation Documents or may proceed in any manner to enforce the payment of the Obligations. To the extent permitted under the law of the State of Texas, Trustee at the direction of Beneficiary shall have the power to sell the Premises at a non-judicial foreclosure sale.

In addition, upon the occurrence of any Event of Default, Beneficiary shall have as to the Personal Property all the remedies of a Secured Party under the Uniform Commercial Code as now in effect in the State of Texas including, but not limited to, the option to proceed as to both the Premises and Personal Property under the law relating to foreclosure of real estate mortgages, and such further remedies as from time to time hereafter may be provided in such state for a secured party under the Uniform Commercial Code, and upon the further condition that all rights of Beneficiary under this Deed of Trust as to the Personal Property and the Real Estate may be exercised together or separately and, at Beneficiary's discretion, in connection with the exercise by Beneficiary of its rights under any one or more of the Obligation Documents. The remedies of Beneficiary hereunder are cumulative and separate, and the exercise of any one or more of the remedies provided for herein or under the Uniform Commercial Code shall not be construed as a waiver of any of the other rights of Beneficiary including having such non-realty items of the Premises deemed part of the realty upon any foreclosure thereof.

In exercising its power of sale under this instrument, Trustee may sell the Personal Property, or any part thereof, either separately from or together with the Real Estate and the balance of the Premises, or any part thereof, either as one parcel or unit or in such separate parcels or units, all as Trustee may in its discretion elect; and may so sell the Premises, or the Real Estate, as one parcel or unit or in such separate parcels or units, all as Beneficiary may in its discretion elect; and may so sell the Premises or any part thereof either separately from or together with the whole or any part of other collateral which may constitute security for any obligation secured by the Premises, also as Trustee may in its discretion elect. In the event of any separate sale of Personal Property, Beneficiary will give to Grantor reasonable notice of the time and place of any public sale or of the time after which any private sale or other intended disposition thereof is to be made, and such requirement of reasonable notice shall be met if such notice is mailed postage prepaid to the address of Grantor as provided in this Deed of Trust at least ten (10) days before the time of the sale or other disposition.

27. Waivers By Grantor. Grantor, to the fullest extent that Grantor may do so, hereby: (a) agrees that Grantor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisal, valuation, stay or extension, or any redemption after foreclosure sale, and waives and releases all rights of redemption after foreclosure sale, valuation, appraisal, stay of execution, notice of election to mature or declare due the debt secured hereby; and (b) waives all rights to a marshalling of the assets of Grantor, including the Premises, or to a sale in inverse order of alienation in the event of a sale hereunder of the Premises, and agrees not to assert any right under any statute or rule of law pertaining to the marshalling of assets, sale in inverse order of alienation, or other matters whatever to defeat, reduce or affect the right of Beneficiary under the terms of this Deed of Trust or the Obligation Documents to a sale of the Premises for the collection of the indebtedness evidenced by the Obligation Documents without any prior or different resort for collection, or the right of Beneficiary to the payment of such indebtedness out of the proceeds of sale of the Premises in preference to every other claimant whatever.

28. Business Loans; Not Personal Residence. Grantor covenants, warrants and represents that all of the proceeds of the loans secured hereby shall be used for business or commercial purposes, none of the proceeds of the loans secured hereby shall be used for

personal, family or household purposes, and that no individual liable for such loans resides or intends to reside in any portion of the Premises.

29. Intentionally Deleted.

30. Attorneys Fees. Grantor shall pay to Trustee or Beneficiary on demand any and all expenses, including reasonable legal expenses and attorneys' fees, incurred or paid by Trustee or Beneficiary in protecting its interest in the Premises or in collecting any amount payable hereunder or enforcing its rights hereunder with respect to the Premises, whether or not any legal proceeding is commenced hereunder or thereunder and whether any default or Event of Default shall have occurred and is continuing.

31. Certification. The undersigned hereby certifies that Grantor is a duly organized, validly existing limited partnership organized and in good standing under the laws of the State of Maryland, qualified to do business in the State of Texas, and that the execution and delivery hereof and of all of the other Obligation Documents by Grantor has been duly authorized.

32. Governing Law and Consent to Jurisdiction. This Agreement and the rights and obligations of the parties hereunder shall in all respects be governed by and construed and enforced in accordance with the laws of the State of Texas, without giving effect to Texas principles of conflicts of law. The Grantor hereby irrevocably submits to the nonexclusive jurisdiction of any Texas State or any Federal Court sitting in Texas over any suit, action or proceeding arising out of or relating to this Agreement and the Grantor hereby agrees and consents that in addition to any methods of service of process provided for under applicable law, all service of process in any such suit, action or proceeding in any Texas State or Federal Court sitting in Texas may be made by certified or registered mail, return receipt requested, directed to the Grantor at the address indicated above and service so made shall be completed five (5) days after the same shall have been so mailed.

Notwithstanding the foregoing choice of law, matters relating to the creation, and priority and enforcement of the lien on the Real Estate, as created hereby, including by way of illustration, but not in limitation, foreclosure or appointment of a receiver, shall be governed by the laws of the State of Texas. In addition, the perfection and priority of the security interest in the Personal Property granted hereby shall be governed by the laws of the State of Maryland.

33. Headings. Headings and captions in this Deed of Trust are for convenience and reference only and the words and phrases contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of any of the provisions hereof.

34. Time of Essence. Time shall be of the essence of each and every provision of this Deed of Trust.

35. Intentionally Deleted.

36. Appointment of Receiver. Beneficiary or Trustee may make application to a court of competent jurisdiction, as a matter of strict right and without notice to Grantor or regard to the

adequacy of the Premises for the repayment of the Obligations, for appointment of a receiver of the Premises, and Grantor does hereby irrevocably consent to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Premises upon such terms as may be approved by the court.

37. Beneficiary's Right of Inspection. Beneficiary and its agents and designees have the right to inspect the Premises at all reasonable times and access thereto shall be permitted for that purpose.

38. Further Acts, Etc. Grantor will, at the cost of Grantor, and without expense to Beneficiary, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, deeds to secure debt and assurances as Beneficiary shall, from time to time, reasonably require, for the better assuring, conveying, assigning, transferring and confirming unto Beneficiary the property and rights hereby mortgaged, granted, conveyed, pledged, assigned and transferred or intended now or hereafter so to be, or which Grantor may be or may hereafter become bound to convey or assign to Beneficiary. Grantor grants to Beneficiary an irrevocable power of attorney coupled with an interest for the purpose of exercising and performing any and all rights and remedies available to Beneficiary at law and in equity, including without limitations, such rights and remedies available to Beneficiary pursuant to this section .

39. Binding on Successors and Assigns. This Deed of Trust and all provisions hereof shall be binding upon Grantor and all persons claiming under or through Grantor, and shall inure to the benefit of the holders from time to time and of the successors and assigns of Beneficiary.

40. No Partnership or Joint Venture. No provision of this Deed of Trust or any of the other Obligation Documents shall constitute a partnership, joint venture, tenancy in common or joint tenancy between Grantor and Beneficiary, it being intended that the only relationship created by this Deed of Trust, the Loan Agreement, and the other Obligation Documents shall be that of debtor and creditor.

41. Future Advances for Protection of Mortgaged Premises. This Deed of Trust shall secure unpaid balances of any advances, whether obligatory or not, made by Beneficiary after this Deed of Trust is delivered for recordation to the extent that such advances are for the payment of taxes, assessments, insurance premiums and other costs incurred for the protection of the Premises to the fullest extent and with the highest priority contemplated by the laws of the State of Texas.

42. THIS DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT AND ALL OPERATIVE DOCUMENTS CONTAIN THE FINAL, ENTIRE AGREEMENT BETWEEN THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND ALL PRIOR AGREEMENTS, WHETHER WRITTEN OR ORAL, RELATIVE HERETO AND THERETO WHICH ARE NOT CONTAINED HEREIN OR THEREIN ARE SUPERSEDED AND TERMINATED HEREBY, AND THIS DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT AND THE OTHER OPERATIVE DOCUMENTS MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES HERETO.

43. The Master Lease. Grantor shall (i) pay all rents, additional rents and other sums required to be paid by Grantor, as tenant under and pursuant to the provisions of the Master Lease, (ii) diligently perform and observe all of the terms, covenants and conditions of the Master Lease on the part of Grantor, as tenant thereunder, to be performed and observed prior to the expiration of any applicable grace period therein provided. If Grantor shall default in the performance or observance of any term, covenant or condition of the Master Lease on the part of Grantor, as tenant thereunder, to be performed or observed, beyond the expiration of any applicable grace or cure period, then, without limiting the generality of the other provisions of this Deed of Trust, and without releasing or Grantor from any of its obligations hereunder, Beneficiary shall have the right, but shall be under no obligation, to pay any sums and to perform any act or take any action as may be appropriate to cause all of the terms, covenants and conditions of the Master Lease on the part of Grantor, as tenant thereunder, to be performed or observed or to be promptly performed or observed on behalf of Grantor, to the end that the rights of Grantor in, to and under the Master Lease shall be kept unimpaired and free from default. If Beneficiary shall make any payment or perform any act or take action in accordance with the preceding sentence, Beneficiary will notify Grantor of the making of any such payment, the performance of any such act, or the taking of any such action. In any such event, subject to the rights of lessees, sublessees and other occupants under the Leases, Beneficiary and any person designated by Beneficiary shall have, and are hereby granted, the right to enter upon the Premises at any time and from time to time for the purpose of taking any such action.

44. Subleases. Each Lease hereafter made and each renewal of any existing Lease shall provide that, (a) in the event of the termination of the Master Lease, the Lease shall not terminate or be terminable by the lessee, sublessee, licensee or other opposing party to such Lease; (b) in the event of any action for the foreclosure of this Deed of Trust or enforcement of a judgment entered against Grantor with respect to any of the Obligations, the Lease shall not terminate or be terminable by the lessee, sublessee, licensee or other opposing party to such Lease by reason of the sale pursuant to such actions or by reason of the termination of the Master Lease; and (c) in the event that the Master Lease is terminated as aforesaid, the lessee, sublessee, licensee or other opposing party to such Lease shall attorn to the lessor under the Master Lease or to the purchaser at the sale of the Collateral on such foreclosure, as the case may be. In no event will a foreclosure of this Deed of Trust operate to terminate any of the Residence and Care Agreements.

45. No Merger of Fee and Leasehold Estates; Releases. So long as any portion of the Obligations shall remain unpaid, unless Beneficiary shall otherwise consent, the fee title to the Leased Premises and the leasehold estate therein created pursuant to the provisions of the Master Lease shall not merge but shall always be kept separate and distinct, notwithstanding the union of such estates in Grantor, or in any other person by purchase, operation of law or otherwise. Beneficiary reserves the right, at any time, to release portions of the Collateral, including, but not limited to, the leasehold estate created by the Master Lease, with or without consideration, at Beneficiary's election, without waiving or affecting any of its rights hereunder or under the other Obligation Documents and any such release shall not affect Beneficiary's rights in connection with the portion of the Collateral not so released.

46. Mortgagor's Acquisition of Fee Estate. In the event that Grantor, so long as any portion of the Obligations remains unpaid, shall at any time or from time to time acquire fee title to the Property and/or the Improvements, or any greater estate therein than the Beneficiary holds on the date hereof (hereinafter, the "After Acquired Property"), the lien of this Deed of Trust shall automatically be deemed to be spread to cover Grantor's newly acquired estate or interest in the After Acquired Property and said After Acquired Property shall be deemed to be included in the Collateral. Grantor agrees, at its sole cost and expense, including, without limitation, Beneficiary's reasonable attorney's fees, to (i) execute any and all documents or instruments necessary to subject its estate or interest in the After Acquired Property to the lien of this Deed of Trust; and (ii) provide a title insurance policy which shall insure that the lien of this Deed of Trust is a first lien on all of Grantor's right, title, estate or interest in and to the Property; and (iii) Grantor hereby expressly authorizes and appoints Beneficiary its attorney-in-fact to sign, in the name of and upon behalf of Beneficiary, all papers, documents, instruments, etc., necessary to accomplish the foregoing, which power of attorney shall be irrevocable and shall be deemed to be coupled with an interest. In the event Grantor so acquires such fee title to the Premises, Grantor hereby declares that it does not intend that such an acquisition shall result in a merger which would have the effect of terminating the Master Lease.

47. Limitation on Liability of Members. The parties hereby agree and confirm that upon the occurrence of any default and/or Event of Default under any provision of this Deed of Trust if any judicial proceedings to enforce the obligations of either party is brought by any party, such proceedings shall be limited to the property and assets of the party. No judgment or suit shall be sought or obtained by any party against the members of the parties, or any officer, director or employee of a member or their assets. Nothing herein contained shall limit or impair the liability of a member of a party for any obligation arising independently of their status as a member of such party.

48. Additional Provisions to this Deed of Trust are contained in Exhibit C which is attached hereto and made part hereof.

IN WITNESS WHEREOF, Grantor has caused this Deed of Trust to be duly executed as a sealed instrument as of the 30th day of November, 2005.

GRANTOR:

HIGHLAND SPRINGS, INC.

By:

Name:

JAMES M. ANDERS, JR.

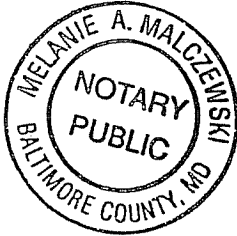
Title:

TREASURER

Baltimore County
State of Maryland, SS.

On this 29th day of November, 2005, before me, JAMES M. ANDERS, JR.
personally appeared and acknowledged himself to be the TREASURER of
Highland Springs, Inc., a Maryland corporation, and being authorized to do so, executed the
foregoing instrument for the purposes contained therein.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Melanie A. Malczewski

Notary Public

My Commission Expires: 10/1/09

EXHIBIT "A" ANNEXED TO AND MADE A PART OF THE
DEED OF TRUST AND
SECURITY AGREEMENT

LEGAL DESCRIPTION

LEGAL

DESCRIPTION

TRACT 1:

BEING a tract of land situated in the John Clay Survey, Abstract No. 223, in the City of Dallas, Collin County, Texas, and being a part of the City of Dallas Block No. 8735, and the 88.918 acre tract of land described in deed to Dallas Campus, LP, recorded in Volume 05927, Page 01725 of the Land Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8-inch iron rod with cap found for the intersection of the northwesterly right-of-way line of the Dallas Area Rapid Transit Railroad (DART) {100 foot right-of-way} with the easterly right-of-way line of Coit Road (FM 3193, a 130 foot public right-of-way);

THENCE with said easterly right-of-way line of Coit Road, North 00 degrees 27 minutes 35 seconds East, a distance of 1809.63 feet to a cross mark cut in concrete in the center of Frankford Road (formerly Renner Road), an undedicated road for corner;

THENCE with said center of Frankford Road, South 89 degrees 12 minutes 16 seconds East, a distance of 1949.94 feet to a PK nail set for corner;

THENCE leaving the said corner of Frankford Road, South 00 degrees 13 minutes 00 seconds West, a distance of 1263.22 feet to a 5/8-inch iron rod set with cap stamped "KHA" for corner in the northwesterly right-of-way of DART;

THENCE with said northwesterly right-of-way line, South 75 degrees 09 minutes 26 seconds West, a distance of 2027.14 feet to the POINT OF BEGINNING and containing 68.8864 acres of land.

TRACT 2:

BEING a tract of land situated in the John Clay Survey, Abstract No. 223, in the City of Dallas, Collin County, Texas, and being a part of the City of Dallas Block No. 8735, and the 88.918 acre tract of land described in deed to Dallas Campus, LP, recorded in Volume 05927, Page 01725 of the Land Records of Collin County, Texas, and being more particularly described as follows:

COMMENCING at a 5/8-inch iron rod with cap found for record for the intersection of the northwesterly right-of-way line of the Dallas Area Rapid Transit Railroad (DART) (100 foot right-of-way) with the easterly right-of-way line of Coit Road (FM 3193, a 130 foot public right-of-way);

THENCE with said easterly right-of-way line of Coit Road, North 00 degrees 27 minutes 35 seconds East, a distance of 1809.63 feet to a cross mark cut in concrete

in the center of Frankford Road (formerly Renner Road), an undedicated road for corner;

THENCE with said corner of Frankford Road, South 89 degrees 12 minutes 16 seconds East, a distance of 1949.94 feet to a PK nail set for the POINT OF BEGINNING;

THENCE continuing with said center of Frankford Road, South 89 degrees 12 minutes 16 seconds East, a distance of 753.52 feet to a PK nail found, from which a 5/8 inch iron rod found bears South 00 degrees 13 minutes 00 seconds West, 18.0 feet, for the northwest corner of Lot 1, Block B/8735, Phase I, U.T.D. Synergy Park, an addition in the City of Dallas, Collin County, Texas, according to the plat thereof recorded in Cabinet F, Page 551 of the Map Records of Collin County, Texas;

THENCE with west line of said Lot 1, Block B/873 5, South 00 degrees 13 minutes 00 seconds West, a distance of 1052.87 feet to a 3/8 inch Iron rod with cap found in the northwesterly right-of-way of DART, for the southwest corner of said Lot 1, Block B, Phase I, U.T.D. Synergy Park;

THENCE with the said northwesterly right-of-way line, South 75 degrees 09 minutes 26 seconds West, a distance of 780.28 feet to 5/8 inch iron rod set with a cap stamped "KHA" for corner;

THENCE leaving the northwesterly right-of-way line of DART, North 00 degrees 13 minutes 00 seconds East, a distance of 1263.22 feet to the POINT OF BEGINNING and containing 20.0314 acres of land.

TRACTS 1 AND 2 ALSO BEING DESCRIBED AS

FOLLOWS; OVERALL TRACT:

BEING a tract of land situated in the John Clay Survey, Abstract No. 223, in the City of Dallas, Collin County, Texas, and being a part of the City of Dallas Block No. 8735, and the 88.918 acre tract of land described in deed to Dallas Campus, LP recorded in Volume 05927, Page 0172S of the Land Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8 inch iron rod with cap found for the intersection of the Northwesterly Right-of-Way line of the Dallas Area Rapid Transit Railroad (DART) (100 foot Right-of-way) with the Easterly Right-of-Way line of Coit Road (FM 3193, a 130 foot public Right-of-Way);

THENCE with said Easterly Right-of-Way line of Coit Road, North 00 degrees 27 minutes 35 seconds East, a distance of 1809.63 feet to a cross mark cut in concrete in the center of Frankford Road (formerly Renner Road), an undedicated road for corner;

THENCE with the center of Frankford Road, South 89 degrees 12 minutes 16 seconds East, a distance of 2703.46 feet to a PK nail found, from which a 5/8 inch iron rod found bears South 00 degrees 13 minutes 00 seconds West, 18.0 feet, for the Northwest corner of Lot 1, Block B/8735, Phase I, U.T.D. Synergy Park, an addition in the City of Dallas, Collin County, Texas, according to the plat thereof recorded in Cabinet F, Page 551 of the Map Records of Collin County, Texas;

THENCE with the West line of said Lot 1, Block B/8735, South 00 degrees 13 minutes 00 seconds West, a distance of 1052.87 feet to a 3/8 inch iron rod with cap found in the Northwesternly Right-of-Way of DART, for the Southwest corner of said Lot 1, Block B, Phase I, U.T.D. Synergy Park;

THENCE with said Northwesternly Right-of-Way line, South 75 degrees 09 minutes 26 seconds West, a distance of 2807.41 feet to the POINT OF BEGINNING and containing 88.918 acres of land.

EXHIBIT "B" ANNEXED TO AND MADE A PART OF THE
DEED OF TRUST

PERMITTED TITLE EXCEPTIONS

The exceptions set forth on Schedule B of the title insurance policy no. 44-903-80-681655 issued by Chicago Title Insurance Company.

13

EXHIBIT "C"
ANNEXED TO AND MADE PART OF THE DEED OF TRUST

STATE OF TEXAS PROVISIONS

1. Foreclosure. Upon the occurrence of an Event of Default, it shall thereupon, or at any time thereafter while any part of the Obligations remains undischarged, be the duty of the Trustee, or his successors, as hereinafter provided, at the request of Beneficiary (which request shall be presumed), to enforce this Deed of Trust and to sell the Premises, as an entirety or in parcels, by one sale or by several sales, held at one time or at different times, all as the Trustee acting may elect, each sale to be held at the location within the county courthouse designated for the holding of nonjudicial foreclosure sales by the Commissioners Court of any county in which a part of the Premises to be sold is situated (or if no area has been so designated, then in an area within said courthouse described in the notice referred to in Section 2 and to be made on the first Tuesday of some month between the hours of 10 o'clock a.m. and 4 o'clock p.m. to the highest bidder for cash at public venue, after the Trustee (or a person or persons selected by the Trustee) and Beneficiary shall have given notices of the proposed sale in the manner hereinafter set forth, and to make due conveyance to the purchaser or purchasers, with general warranty of title to such purchaser or purchasers binding upon Grantor and its heirs, executors, administrators, and successors. Such sale must begin at the time stated in the notice referred to in Section 2 below or not later than three hours after that time. Grantor, for itself, its heirs and assigns, hereby expressly and specifically waive all rights to a marshaling of the assets of Grantor, including the Premises, or to a sale in inverse order of alienation.

2. Trustee Notices. The Trustee (or a person or persons selected by the Trustee) shall give notice of each such proposed sale by posting written notice of the time, place, and terms of sale at the courthouse door, and by filing a copy of such written notice in the office of the county clerk, of the county in which the sale is to be made for at least twenty-one (21) consecutive days preceding the date of the sale. Where the Premises to be sold is situated in more than one county, one notice shall be posted at the courthouse door, and a copy of such notice shall be filed with the county clerk, of each county in which a part of the Premises to be sold is situated, and such notices shall designate the county where such Premises will be sold, which may be any county in which a part of said Premises is situated. In addition to the foregoing notice or notices to be posted and filed by the Trustee (or a person or persons selected by the Trustee), Beneficiary shall, at least twenty-one (21) days preceding the date of sale, serve or cause to be served written notice of the proposed sale by certified mail on each debtor obligated to pay such indebtedness according to the records of Beneficiary. The service of such notice shall be completed upon deposit of the notice, enclosed in a postpaid wrapper, properly addressed to each such debtor at the most recent address (which shall be within the United States of America) as shown by the records of Beneficiary, in a post office or official depository under the care and custody of the United States Postal Service. The affidavit of any person having knowledge of the facts to the effect that such service was completed shall be prima facie evidence of the fact of service. In this respect and to the full extent they may legally do so, Grantor also expressly covenants, stipulates, and agrees that: (a) the address of Grantor set out on the first page of this Deed of Trust shall be deemed and considered conclusively to be and remain at all times the most recent address of all debtors obligated to pay such indebtedness as shown by the records of Beneficiary, provided such address may be changed as set forth in Section 15.1 of the Loan Agreement, (b) the records of Beneficiary shall not be deemed to reflect any change in the name or identity of the debtors obligated to pay the indebtedness (to whom notice of a proposed sale shall be required to be mailed as provided for above) unless and until express written notice of such change signed by all debtors obligated to pay such indebtedness shall have been actually delivered to and received by Beneficiary, and (c) no notice of such sale or sales other than the notices hereinabove provided shall be required to be given to Grantor or any other persons and any other notice is expressly waived.

3. Compliance with Property Code. The provisions of Section 2 immediately above with respect to posting, serving, filing, and giving notices of sale are intended to comply with the provisions of section 51.002 of the Property Code of the State of Texas (in this Section 3 such section 51.002 being called the "Subject Statute"). In the event the requirement for any notice, or the posting, serving, filing, or giving thereof, under the Subject Statute shall be eliminated or the prescribed manner of posting, serving, filing, or giving same is modified by future amendment to the Subject Statute, the requirement for such particular notice shall be stricken from, or the manner of posting, serving, filing, or giving any notice hereunder modified in, this Deed of Trust in conformity with such amendment. The manner herein prescribed for posting, serving, filing, or giving any notice, other than that to be posted and filed or caused to be posted and filed by the Trustee, shall not be deemed exclusive but such notice or notices may be posted, served, filed, or given in any other manner which may be permitted by applicable law. Further, in relation to this Deed of Trust and the exercise of any power of sale by the Trustee hereunder, if the Subject Statute shall be amended or modified to require any other notice or the posting, filing, serving, or

giving thereof or any statute hereafter enacted shall require any other notice or the posting, filing, serving, or giving thereof, the Trustee or the person selected by him is hereby authorized and empowered by Grantor to give such notice or make such posting, filing, serving, or giving thereof; *provided, however*, Grantor waives such other notice or the posting, filing, serving, or giving thereof to the full extent Grantor may lawfully so do.

4. Expenses of Sale. At any sale conducted under this Deed of Trust, credit upon all or any part of the Obligations shall be deemed cash paid for the purpose of this Exhibit C; and the holder of all or any part of the Obligations may purchase at any such sale. With the proceeds arising from such sale or sales, the Trustee shall first pay all expenses of advertising, sale and conveyance, and shall next apply such proceeds toward the discharge and payment of the Secured Obligations (including principal, interest, and attorneys' fees, if any) and the remaining balance, if any, shall be paid to Grantor, it's heirs and assigns.

5. Installment Foreclosure Without limiting any of the powers or remedies provided elsewhere, Grantor agrees that, in the event the Obligations are payable in installments or include, at any time, items of matured as well as unmatured indebtedness, the holder of the matured installments or items of indebtedness, as the case may be, shall have the right to have the Premises sold, subject to the part of the Obligations which is unmatured at the time the Trustee is requested to make such sale, at Trustee's sale to satisfy the lien and security interest hereof securing the then matured portion of said indebtedness and the Trustee is expressly authorized and empowered to conduct such sale which is called in this Section 5 "Installment Foreclosure." Any Installment Foreclosure made under this Section 5 shall not affect the liens, assignments, and security interest of this Deed of Trust existing to secure that portion of the Obligations to which the sale is to be made subject. No Installment Foreclosure shall exhaust the power of the Trustee to conduct future Installment Foreclosures nor in anywise limit the powers of sale provided elsewhere in this Deed of Trust. The provisions elsewhere in this Deed of Trust relating to manner of conducting Trustee's sales, including the posting, filing, and giving of notices thereof, shall also apply to any Installment Foreclosure and the same presumptions shall be applicable to any Trustee's deed or recital therein contained in connection with an Installment Foreclosure and to any other affidavit as hereinabove provided.

6. Substitute Trustee. In the case of the absence of the Trustee from the state, or of his death, refusal, or failure to act, or in the event the Beneficiary should elect at any time (with or without cause) to remove the Trustee then acting, a successor or substitute may be named, constituted, and appointed by Beneficiary, without further formality than an appointment and designation in writing, which appointment and designation shall be full evidence of the right and authority to make the same and of all facts therein recited; and this conveyance shall vest in the Successor or Substitute Trustee the title, powers, and duties conferred on the Trustee named herein and the conveyance by the Successor or Substitute Trustee to the purchaser at any sale made pursuant hereto shall be valid and effective as fully as hereinabove provided in the case of a conveyance by the Trustee. Such right to appoint a Successor or Substitute Trustee shall exist as often as and whenever the Trustee, original, successor, or substitute, cannot or will not act or has been removed. Grantor specifically covenants and stipulates that the recitals in the conveyance made to the purchaser, either by the Trustee or any Successor or Substitute Trustee, shall be full proof and evidence of the matters therein stated; no other proof shall be requisite of

the request by Beneficiary on the Trustee or on any Successor or Substitute Trustee to enforce this trust, or of the due, timely, and proper posting, filing, and giving of all notices and making of the sale, or any particulars thereof, or of the inability, refusal, or failure of the Trustee or any Successor or Substitute Trustee to act, or of the removal of the Trustee or any Successor or Substitute Trustee, or of the appointment of a Successor or Substitute Trustee, as herein provided, either as to the legality of his appointment or otherwise, or of the contingencies which brought about the failure or inability of the Trustee or any Successor or Substitute Trustee to act, or of his removal, as the case may be; all prerequisites of said sale shall be presumed to have been performed; and any sale made under the powers herein granted shall be a perpetual bar against Grantor, it's heirs and assigns.

7. Successive Sales. The right of sale hereunder shall not be exhausted by one or any sale, but, so long as any of the Obligations remain undischarged, the Trustee or Successor or Substitute Trustee may make other and successive sales until all the Premises shall be legally sold.

8. No Obligation of Trustee or Beneficiary. The assignment and security interest herein granted shall not be deemed or construed to constitute Trustee or Beneficiary as a trustee in possession of the Premises, to obligate Trustee or Beneficiary to lease the Premises or attempt to do same, or to take any action, incur any expense or perform or discharge any obligation, duty or liability whatsoever under the Obligation Documents or with respect to any of the other Premises.

9. UCC. If an Event of Default shall occur, Beneficiary may elect, in addition to exercising any and all other rights, remedies and recourses set forth in any provision hereof or referred to in hereof, to proceed in the manner set forth in Chapter 9 of the UCC relating to the procedure to be followed when a security agreement covers both real and personal property. Except as otherwise set forth in this Paragraph, at any foreclosure and sale as described herein, it shall be deemed that the Trustee proceeded under the provisions of Chapter 9 of the UCC relating to the procedure to be followed when a security agreement covers both real and personal property and that such sale passed title to all of the Premises and other property described herein to the purchaser thereat. Beneficiary, acting by and through the Trustee or any other representative, may elect either prior to or at such sale not to proceed under such provision of such Chapter 9 by notifying Grantor of the manner in which Beneficiary intends to proceed with regard to the Personal Property collateral described herein.

10. No Required Action by Trustee. Trustee shall not be required to take any action toward the execution and enforcement of the trust hereby created or to institute, appear in or defend any action, suit or other proceeding in connection therewith where in his opinion such action will be likely to involve him in expense or liability, unless requested so to do by a written instrument signed by Beneficiary and, if Trustee so requests, unless Trustee is tendered security and indemnity satisfactory to him against any and all costs, expense and liabilities arising therefrom. Trustee shall not be responsible for the execution, acknowledgment or validity of the Security Documents, or for the proper authorization thereof, or for the sufficiency of the lien and security interest purported to be created hereby, and makes no representation in respect thereof or in respect of the rights, remedies and recourses of Beneficiary.

11. Certain Rights of Trustee. With the approval of Beneficiary, Trustee shall have the right to take any and all of the following actions: (a) to select, employ and advise with counsel (who may be, but need not be, counsel for Beneficiary) upon any matters arising hereunder, including the preparation, execution and interpretation of this Deed of Trust, and shall be fully protected in relying as to legal matters on the advice of counsel; (b) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his agents or attorneys; (c) to select and employ, in and about the execution of his duties hereunder, suitable accountants, engineers and other experts, agents and attorneys-in-fact, either corporate or individual, not regularly in the employ of Trustee, and Trustee shall not be answerable for any act, default or misconduct of any such accountant, engineer or other expert, agent or attorney-in fact, if selected with reasonable care, or for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for Trustee's gross negligence or bad faith; and (d) to take any and all other lawful action as Beneficiary may instruct Trustee to take to protect or enforce Beneficiary's rights hereunder. Trustee shall not be personally liable in case of entry by him, or anyone entering by virtue of the powers herein granted him, upon the Premises for debts contracted or liability or damages incurred in the management or operation of the Premises. Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine. Trustee shall be entitled to reimbursement for expenses incurred by him in the performance of his duties hereunder and to reasonable compensation for such of his services hereunder as shall be rendered. Grantor will, from time to time, pay the compensation due to Trustee hereunder and reimburse Trustee for, and save him harmless against, any and all liability and expenses which may be incurred by him in the performance of his duties.

12. Retention of Moneys. All moneys received by Trustee shall, until used or applied as herein provided or in the Loan Agreement, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law) and Trustee shall be under no liability for interest on any moneys received by him hereunder.

13. Successor Trustees. Trustee may resign by the giving of notice of such resignation in writing to Beneficiary. If Trustee shall die, resign or become disqualified from acting in the execution of this trust, or shall fail or refuse to execute the same when requested by Beneficiary so to do, or if, for any reason, Beneficiary shall prefer to appoint a substitute trustee to act instead of the aforementioned Trustee, Beneficiary shall have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who shall succeed to all the estates, properties, rights, powers and duties of the aforementioned Trustee. Such appointment may be executed by any authorized agent of Beneficiary, and if such Beneficiary be a corporation and such appointment be executed in its behalf by any officer of such corporation, such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the board of directors or any superior officer of the corporation. Grantor hereby ratifies and confirms any and all acts which the aforementioned Trustee, or his successor or successors in this trust, shall do lawfully by virtue hereof.

14. Perfection of Appointment. Should any deed, conveyance or instrument of any nature be required from Grantor by any successor Trustee to more fully and certainly vest in and confirm to such new Trustee such estates, rights, powers and duties, then, upon request by such Trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged and delivered and shall be caused to be recorded and/or filed by Grantor.

15. Succession Instruments. Any new Trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its or his predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of Beneficiary or of the successor Trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such Trustee to the successor Trustee so appointed in its or his place.

16. No Representation by Trustee or Beneficiary. By accepting or approving anything required to be observed, performed or fulfilled or to be given to Trustee or Beneficiary pursuant to the Security Documents, including but not limited to, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal or insurance policy, neither Trustee nor Beneficiary shall be deemed to have warranted, consented to, or affirmed the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty, consent or affirmation with respect thereto by Trustee or Beneficiary.

17. Final Agreement of the Parties.

THE OBLIGATION DOCUMENTS ARE WRITTEN AGREEMENTS UNDER SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE. SUCH WRITTEN OBLIGATION DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

18. Insurance. Notwithstanding anything otherwise contained in any of the Security Documents seemingly to the contrary, in order to comply with the provisions of Article 21.48A of the Texas Insurance Code, subsection 2(d), Grantor is not required to furnish evidence of renewal or replacement of insurance more than fifteen (15) days prior to the termination date of an existing policy.

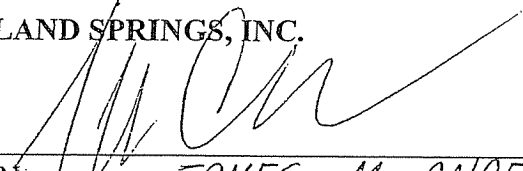
19. In the event of any conflict between the terms set forth in this Exhibit C and those set forth in the Deed of Trust, the terms set forth in this Exhibit C will control for all purposes.

Executed this 30th day of November, 2005.

GRANTOR:

HIGHLAND SPRINGS, INC.

By:


Name: JAMES M. ANDERS, JR.
Title: TREASURER

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**PLEDGE AND ASSIGNMENT
(Highland Springs)**

PLEDGE AND ASSIGNMENT (said agreement, as the same may be amended or modified, from time to time, is herein collectively called the "Pledge and Assignment") dated as of November 30, 2005, made by **HIGHLAND SPRINGS, INC.**, a Maryland corporation (the "Assignor"), in favor of **DALLAS CAMPUS, LP**, a Maryland limited partnership (hereinafter called "Assignee").

In consideration of the agreement of the Assignee to extend credit or other financial accommodations to the Assignor, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of any and all loans, advances, and extensions of credit now or hereafter made or extended by Assignee to, for the account of or on behalf of the Assignor, the Assignor hereby agrees as follows:

1. **Defined Terms.** The following terms when used herein shall have the respective meanings set forth in this Section.

"Collateral" means all of the Assignor's right, title and interest in, to and under (i) all Residence and Care Agreements entered into between the Assignor and any Resident (each such Resident is defined hereunder as a "Resident Obligor") with respect to Continuing Care Units on the Property, together with each and every other agreement between the Resident Obligors and the Assignor or given by the Resident Obligors for the benefit of the Assignor (collectively, the "Residence and Care Documents"), (ii) all Entrance Deposits now or hereafter made pursuant thereto and as defined therein (the "Entrance Deposits"), (iii) the deposit account, being Account No. [75-4613016] at Bank of Texas, N.A. and all subsequent deposits thereto, all income now or hereafter earned thereon and all investments now or hereafter made thereof, and all proceeds thereof (the "Escrow Account") established pursuant to a certain Escrow Agreement between Assignor, and Bank of Texas, N.A. dated as of March 10, 2005 (the "Escrow Agreement") and (iv) all Proceeds of any of the foregoing.

"Continuing Care Unit" means the residential unit of a Resident at the Retirement Community, including independent living units, assisted living units, and nursing units.

"Obligations" means the prompt and complete payment and performance when due of all obligations and liabilities of the Assignor to the Assignee under the Master Lease, the Community Loan Agreement and the Working Capital Loan Agreement, now existing or hereafter incurred, direct or indirect, absolute or contingent, secured or unsecured, matured or unmatured, joint or several, liquidated or unliquidated, including without limitation obligations of the Assignor to advance or repay loans, and the obligations of the Assignor as a tenant of Assignee.

“Master Lease” means that certain Master Lease and Use Agreement dated as of the date hereof by and between Assignor as lessee and Assignee as lessor, as the same may be amended, restated, supplemented or otherwise modified in writing from time to time.

“Premises” means the portion of the Property, together with all improvements located thereon, leased from time to time to Assignor pursuant to the Master Lease.

“Proceeds” has the meaning given such term under the UCC and, in any event, includes (but is not limited to) (a) any and all proceeds of any insurance, indemnity, warranty or guaranty payable from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any Person acting under color of governmental authority), (c) whatever is received upon any collection, exchange, sale, lease or other disposition of any of the Collateral and any property into which any of the Collateral is converted, whether cash or non-cash proceeds, and (d) any and all other products of, or any rents, profits or other amounts from time to time paid or payable under, or in connection with, any of the Collateral.

“Property” means the real property of Assignee located in Dallas, Texas, known as Highland Springs.

“Residence and Care Agreement” means the continuing care contract executed by and between Assignor and each Resident of the Retirement Community detailing the residential and other rights and obligations of the Resident and the rights and obligations of Assignor.

“Resident” means an occupant of the Retirement Community pursuant to a Residence and Care Agreement.

“Retirement Community” means the continuing care retirement community located on the Premises.

“UCC” means the Uniform Commercial Code as it may from time to time be in effect in the State of Texas or any other applicable jurisdiction.

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, demand or otherwise) of all the Obligations, the Assignor hereby sells, assigns, conveys, mortgages, pledges, hypothecates and transfers to Assignee, and hereby grants to the Assignee a security interest in, all of the Assignor's right, title and interest in, to and under the Collateral. This grant of a security interest is in addition to, and supplemental of, any security interest previously granted by the Assignor to the Assignee and shall continue in force and effect applicable to all Obligations and to any future advances made by the Assignee to or on behalf of Assignor.

Notwithstanding any other provision of this Pledge and Assignment, Assignee acknowledges that Assignor's rights in the Escrow Account are subject to and limited by the terms of the Escrow Agreement, and Assignee's rights under this Pledge and Assignment are also so limited, both before and after the occurrence of an Event of Default.

3. **Rights of and Limitations on Liability of Assignee.** (a) It is expressly agreed by the Assignor that, anything herein to the contrary notwithstanding, the Assignor shall remain liable under all Residence and Care Documents to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof. The Assignee shall not have any obligation or liability under any Residence and Care Documents by reason of, or arising out of, this Pledge and Assignment or the assignment by the Assignor to the Assignee of, or the receipt by the Assignee of, any payment relating to any of the Residence and Care Documents pursuant hereto (unless and until, in either case, Assignee elects to take over Assignor's obligations under the Residence and Care Documents), nor shall the Assignee be required or obligated in any manner to perform or fulfill any of the obligations of the Assignor under or pursuant thereto to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any person thereunder or by any account debtor, to present or file any claim or to take any action to collect or enforce any performance or the payment of any amounts that may have been assigned to the Assignor or to which the Assignor may be entitled at any time or times.

(b) The Assignee hereby authorizes the Assignor to collect all payments due under the Residence and Care Documents, subject to the Assignee's right, without cause or notice, to curtail or terminate such authority at any time. If required by the Assignee at any time any and all Proceeds, when collected by the Assignor, whether consisting of cash, checks, notes, drafts, bills of exchange, money orders, commercial paper of any kind whatsoever or other documents received in payment of any amount due under the Residence and Care Documents shall be promptly delivered by the Assignor to Assignee in precisely the form received, except for its endorsement when required, in payment of the Obligations in such order as Assignee shall determine, in its discretion, and until so turned over shall be deemed to be held in trust by the Assignor as the Assignee's property for the benefit of the Assignee and shall not be commingled with the Assignor's other funds. Such Proceeds, when delivered to Assignee, shall continue to be collateral security for all of the Obligations and shall not constitute payment thereof until applied in payment of the Obligations. At Assignee's request upon the occurrence of an Event of Default and during the continuance thereof, the Assignor shall deliver to the Assignee all original and other documents evidencing, and relating to, the sale and delivery of Inventory or Equipment or the performance of labor or service, including (but not limited to) all original orders, invoices and shipping receipts.

(c) The Assignee may, at any time after the occurrence of an Event of Default, notify the Resident Obligors that the Residence and Care Documents and the other Collateral have been assigned to the Assignee and that payments shall be made directly to the Assignee. On the request of the Assignee at any time after the occurrence of an Event of Default, the Assignor will so notify the Resident Obligors.

4. **Representations and Warranties.** The Assignor hereby represents and warrants to the Assignee that:

(a) except for Permitted Encumbrances, the Assignor has rights in or the power to transfer the Collateral and, the Assignor is the sole holder of the Collateral pledged hereunder and Assignor's title to such Collateral is, free and clear of any and all pledges, liens, claims or rights of others; and in this regard, no security agreement, financing statement, equivalent security or lien instrument or continuation statement covering 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 connection with any Permitted Encumbrances;

(b) the execution, delivery and performance of all instruments and agreements with the Assignee, including, without limitation, this Pledge and Assignment (i) have been duly authorized by all requisite action, corporate or otherwise, on its part, (ii) do not require the consent of any party (including, without limitation, Assignor's member and creditors), (iii) will not (A) violate any law or regulation or its charter or by-laws, (B) violate any order of any court, tribunal or governmental agency binding on it or any of its properties, (C) violate or constitute (after due notice or lapse of time or both) a default under any indenture, agreement, license or other instrument or contract to which it is a party or by which it or any of its properties is bound or (D) result in the creation or imposition of any lien of any nature whatsoever on any of its assets (except any liens as are created hereby), and (iv) do not require any filing or registration with, or any permit, license, consent or approval of, any governmental agency or regulatory authority;

(c) this Pledge and Assignment has been duly executed and delivered by the Assignor and is a legal, valid and binding obligation, enforceable against the Assignor in accordance with its terms; and

(d) there are no actions, suits, proceedings or claims pending or, to the Assignor's knowledge, threatened against or affecting the Assignor that relate to the transactions contemplated by this Pledge and Assignment, or which materially adversely affect the business or condition (financial or otherwise) of the Assignor.

5. **Covenants.** The Assignor covenants and agrees that from and after the date of this Pledge and Assignment and until the Obligations are fully satisfied and the Assignor has no further right to request loans and extensions of credit from the Assignee:

(a) **Payment of Obligations.** The Assignor shall pay when due (or on demand if so payable) and punctually, promptly and faithfully perform each Obligation.

(b) **Location of Collateral.** The documents, books and records evidencing the Collateral will be kept at the Assignor's principal place of business. The Assignor will not remove the Collateral from said locations, or sell, transfer, lease or otherwise dispose of any Collateral or attempt, offer or contract to do so, except without the prior written consent of the Assignee except for disposition of Inventory or other Collateral as permitted by subsection (g) below.

(c) **Further Documentation, Pledge of Instruments.** At any time and from time to time, at its sole expense, the Assignor will, promptly upon request by the Assignee, duly execute and deliver any and all such further instruments and documents and take such further action as Assignee may reasonably deem desirable in obtaining the full benefits of this Pledge and Assignment and of the rights and powers herein granted, including (without limitation) the filing of any financing or continuation statements under the UCC in effect in any jurisdiction with respect to the liens and security interests granted hereby. The Assignor also hereby authorizes the Assignee to file any such financing or continuation statement describing the Collateral, the liens effected by the Pledge or any agricultural liens or other statutory liens held by Assignee. If any Collateral, or if any amount payable under or in connection with any of the Collateral, shall be or become evidenced by any negotiable document of title, or by any promissory note or other instrument, such document, note or instrument shall be immediately delivered to the Assignee hereunder, duly endorsed in a manner satisfactory to the Assignee.

(d) **Compliance with Terms of the Residence and Care Documents.** The Assignor will perform and comply in all material respects with all its obligations under and will promptly and diligently exercise its rights under each Residence and Care Document. Assignee shall have the right at any time to enforce Assignor's rights against the account debtors and obligors.

(e) **Limitation on Liens on Collateral.** The Assignor will not create, permit or suffer to exist, and it will defend the Collateral against and take such other action as is necessary to remove, any lien, claim or right, in or to the Collateral, except Permitted Encumbrances.

(f) **Limitations on Modifications, Waivers, Extensions.** Except in the normal course of business and for good cause and reasonable consideration, the Assignor will not (i) amend, modify, extend, terminate or waive any provision of the Residence and Care Documents in any manner that would increase or expand the Assignor's obligations thereunder or that might materially and adversely affect the value of such as Collateral, or (ii) grant any extension of the time of payment of any amounts due under the Residence and Care Documents, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any person liable for the payment thereof.

(g) **Limitations on Dispositions of Inventory and Equipment.** The Grantor will not sell, transfer, lease or otherwise dispose of any of its interest in the Inventory or Equipment, or attempt, offer or contract to do so, except for (i) use, sales or exchanges of Inventory in the ordinary course of its business, and (ii) the disposition in the ordinary course of business of Equipment and other Collateral that has become worn out or obsolete. The Grantor will not transfer any Inventory on consignment, or attempt, offer or contract to do so.

(h) **Maintenance of Records; Inspection.** The Assignor will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral including (without limitation) a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral. The Assignor will mark its

books and records pertaining to the Collateral to evidence this Pledge and Assignment and the security interests granted hereby. The Assignor agrees that the Assignee will have a special property interest in all of its books and records pertaining to the Collateral (including, without limitation, customer lists, correspondence with present or future or prospective suppliers or customers, advertising materials, credit files, computer tapes, programs, printouts, and all other computer materials, records and electronic data processing software), and upon and during the continuance of an Event of Default, the Assignor will deliver and turn over any such books and records to the Assignee or to its representatives at any time on demand of the Assignee. The Assignor may make copies of such books and records before its delivery to the Assignee, provided that such copying does not unreasonably delay such delivery. The Assignor will furnish to the Assignee from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Assignee may reasonably request, all in reasonable detail.

(h) **Escrow Account.** The Escrow Account (a) shall be subject to withdrawals pursuant to Section [] of the Escrow Agreement, and (b) shall be subject to withdrawals pursuant to Section [] of the Escrow Agreement so long as such withdrawals pursuant to said Section [] are remitted directly by Bank of Texas, N.A. to Account No. [] at Bank of America N.A., and (c) shall otherwise be subject to withdrawal by order only of such officers and agents of Assignee as Assignee may designate from time to time. After the occurrence of an Event of Default (and subject to the terms of the Escrow Agreement and to the rights of Resident Obligors), the Escrow Account shall be subject to withdrawals only by order only of such officers and agents of Assignee as Assignee may designate from time to time.

(i) **Third Parties.** Where Collateral is in the possession of a third party, the Assignor will advise the Assignee and, upon the Assignee's request, join with the Assignee in notifying the third party of the Assignee's security interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of the Assignee.

(j) **Control Agreements.** Assignor will cooperate with Assignee in obtaining a control agreement in form and substance satisfactory to Assignee with respect to Collateral consisting of Deposit Accounts, Investment Property, Letter-of-Credit Rights, and electronic chattel paper.

(k) **Chattel Paper.** Assignor will neither hold nor create any chattel paper without placing a legend on the Chattel Paper acceptable to Assignee indicating that Assignee has a security interest in the Chattel Paper.

(l) **Perfection Issues.** The Assignor will preserve its corporate existence and not: (i) in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets; (ii) change the state of its incorporation; or (iii) change its corporate name without providing Assignee with 30 days' prior written notice.

(m) **Further Assurances.** The Assignor will promptly execute and deliver to the Assignee such further deeds, mortgages, assignments, security agreements and other

instruments, documents, certificates and assurances and take such further action as the Assignee may from time to time in its sole discretion deem necessary to perfect, protect or enforce the security interest of the Assignee in the Collateral.

6. **Assignee's Appointment as Attorney-in-Fact.** (a) The Assignor hereby irrevocably constitutes and appoints the Assignee 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 Assignor and in the name of the Assignor or in its own name, from time to time in the Assignee's discretion, for the purpose of carrying out the terms of this Pledge and Assignment, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Pledge and Assignment and, without limiting the generality of the foregoing, hereby gives the Assignee the power and right, on behalf of the Assignor, without notice to or assent by the Assignor, after the occurrence of an Event of Default, to do the following:

(i) to ask, demand, collect, receive and give acquittances and receipts for any and all moneys due and to become due to Assignor under any of the Residence and Care Documents, and, in the name of the Assignor or its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due to Assignor thereunder 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 Assignee for the purposes of collecting any and all such moneys due whenever payable;

(ii) to pay or discharge taxes or liens levied or placed on or threatened against the Collateral; and

(iii) (A) to direct the Resident Obligors or any other party liable for any payment to Assignor under the Collateral, or otherwise, to make payment of any and all moneys due and to become due thereunder directly to the Assignee or as the Assignee shall direct; (B) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) 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 part thereof and to enforce any other right in respect of any Collateral; to sign Assignor's name on any proof of claim against any Resident Obligor or any other person liable under the Collateral; (D) to defend any suit, action or proceeding brought against the Assignor with respect to any Collateral; (E) to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Assignee may deem appropriate; (F) to sign Assignor's name on and file or record any financing statement necessary to perfect the Assignee's interest in the Collateral; and (G) otherwise to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Assignee were the absolute owner thereof for all purposes, and to do, at the Assignee's option and the Assignor's expense, at any time or from time to time, all acts and things that the Assignee deems necessary to protect, preserve or realize upon the Collateral and

the Assignee's security interests therein, in order to effect the intent of this Pledge and Assignment, all as fully and effectively as the Assignor might do.

The Assignor 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.

(b) The powers conferred on the Assignee hereunder are solely to protect the interests of the Assignee in the Collateral and shall not impose any duty upon the Assignee to exercise any such powers. The Assignee shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Assignor for any act or failure to act, except for its own willful misconduct taken or omitted in bad faith.

(c) Any expenses incurred by the Assignee under this Section shall be paid by the Assignor on demand and until so paid shall be added to the principal amount of any obligations secured hereby and shall bear interest (calculated on the basis of a 360-day year for the actual days elapsed) at the highest rate applicable to the Obligations.

7. **Events of Default.** The term "Event of Default" as used herein shall mean any (a) any "Event of Default" of Grantor under the Master Lease, (b) any default of the Grantor as described in Section 9 of the Working Capital Loan Agreement or (c) any default of Grantor described in Section 9 of the Community Loan Agreement.

8. **Remedies, Rights Upon Default.** If an Event of Default occurs and is continuing, in addition to all other rights and remedies granted to Assignee hereunder or under applicable law:

(a) All payments received by the Assignor under or in connection with any of the Collateral shall be held by the Assignor in trust for the Assignee, shall be segregated from other funds of the Assignor and shall forthwith upon receipt by the Assignor be turned over to the Assignee, in the same form as received by the Assignor (duly endorsed by the Assignor to the Assignee, if required). Any and all such payments so received by the Assignee (whether from the Assignor or otherwise) shall be held by the Assignee as collateral security for, and then or at any time thereafter, may be applied in whole or in part for the benefit of the Assignee against, all or any part of the Obligations in such order as the Assignee, in its discretion, may determine.

(b) The Assignee may exercise for the benefit of the Assignee, in addition to all other rights and remedies granted in this Pledge and Assignment and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, the Assignor expressly agrees that in any such event the Assignee may, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or on the Assignor or any other Person, all and each of which demands, advertisements and/or notices are (to the extent permitted by applicable law) hereby

expressly waived, forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, forthwith take possession and operate or use the Collateral or any part thereof for the purpose of preserving it or its value, and/or forthwith sell, lease, assign, give option or options to purchase, or sell or otherwise dispose of and deliver the Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of the Assignee's offices or elsewhere, at such prices as it may deem appropriate, for cash or on credit or for future delivery without assumption of any credit risk. Assignee shall have the right on any such public sale or sales and, to the extent permitted by law, on any such private sale or sales to purchase the whole or any part of said Collateral so sold, free of any right or equity of redemption in the Assignor, which right or equity is (to the extent permitted by applicable law) hereby expressly waived or released. The Assignor further agrees, at the Assignee's request, to assemble the Collateral and make it available to the Assignee at places that the Assignee shall reasonably select, whether at the Assignor's premises or elsewhere. To the extent permitted by applicable law, the Assignor waives all claims, damages and demands against the Assignee arising out of the repossession, retention, sale, or other disposition of the Collateral unless resulting from such Assignee's willful misconduct committed in bad faith. Assignor waives any right it may have to require Assignee to pursue any third person for any of the Obligations. The Assignor agrees that the Assignee need not give more than ten (10) days' notice (which notification shall be deemed given when mailed) of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters. No notification need be given to the Assignor if it has signed, after default, a statement renouncing or modifying any right to notification of sale or other intended disposition. Assignee may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. The Assignor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which the Assignee is entitled, the Assignor also being liable for the fees and expenses of any attorneys employed by Assignee to collect such deficiency. The Assignee shall have the right, in its sole discretion, to determine which rights, security, liens, guaranties or remedies the Assignee shall retain, pursue, release, subordinate, modify, or enforce, without in any way modifying or affecting any of the other of them or any of its rights hereunder.

(c) Assignee may sell the Collateral without giving warranties as to the Collateral. Assignee may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

(d) If Assignee sells any of the Collateral upon credit, Assignor will be credited only with payments actually made by the purchaser, received by the Assignor, and applied to the indebtedness of the purchaser. In the event, the purchaser fails to pay for the Collateral, Assignee may resell the Collateral and Assignor shall be credited with the proceeds of the sale.

9. **Limitation on Assignee's Duty in Respect to Collateral.** Beyond the safe custody thereof, the Assignee shall have no duty as to any Collateral in its possession or its

nominee's or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. Assignor has the risk of loss of the Collateral. Assignee has no duty to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral. Assignee has no obligation to clean-up or otherwise prepare the Collateral for sale or lease. In any suit, proceeding or action brought by Assignee under any of the Residence and Care Documents for any sum owing thereunder or to enforce any provision thereof, Assignor will save, indemnify and keep Assignee harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction or liability whatsoever of the obligee thereunder arising out of a breach by Assignor of any agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from Assignor, and all such obligations of Assignor shall be and remain enforceable against Assignor and shall not be enforceable against Assignee.

10. **Notices.** Any notices given in connection with this Agreement shall be effective only if given according to the provisions of [Section 18] of the Working Capital Loan Agreement between Assignor and Assignee of even date herewith.

11. **Severability.** Any provision of this Pledge and Assignment that 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. **No Waiver, Cumulative Remedies.** The Assignee shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder and no waiver shall be valid unless in writing, signed by the Assignee and then only to the extent therein set forth. A waiver of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy that the Assignee would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising, on the part of any Assignee, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights and remedies provided by law.

13. **No Oral Modification, Successors, Governing law.** None of the terms or provisions of this Pledge and Assignment may be waived, altered, modified or amended except by an instrument in writing, duly executed by the Assignee. This Pledge and Assignment and all obligations of the Assignor hereunder shall be binding on the respective successors and assigns of the Assignor and shall, together with the rights and remedies of the Assignee hereunder, inure to the benefit of the Assignee and its respective successors and assigns. This Pledge and Assignment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Texas.

14. **Counterparts.** This Pledge and Assignment may be executed in any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

15. **Descriptive Headings.** The captions in this Pledge and Assignment are for convenience of reference only and shall not define or limit the provisions hereof.

16. **Submission to Jurisdiction; Waiver of Trial by Jury.**

(a) ASSIGNOR AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE STATE OF TEXAS OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON ASSIGNOR BY MAIL AT THE ADDRESS SET FORTH ABOVE. ASSIGNOR HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT FORUM.

(b) ASSIGNOR AND ASSIGNEE (BY ACCEPTANCE OF THIS AGREEMENT) MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY, INCLUDING, WITHOUT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF ASSIGNEE RELATING TO THE ADMINISTRATION OF THE LOANS OR ENFORCEMENT OF THE LOAN DOCUMENTS, AND AGREE THAT NEITHER PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, ASSIGNOR HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. ASSIGNOR CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ASSIGNEE HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT ASSIGNEE WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR ASSIGNEE TO ACCEPT THIS AGREEMENT AND MAKE THE LOANS.

17. **Limitation on Liability of Members.** The parties hereby agree and confirm that upon the occurrence of any default and/or Event of Default under any provision of this Pledge and Assignment if any judicial proceedings to enforce the obligations of either party is brought by any party, such proceedings shall be limited to the property and assets of the party. No judgment or suit shall be sought or obtained by any party against the members of the parties, or

any officer, director or employee of a member or their assets. Nothing herein contained shall limit or impair the liability of a member of a party for any obligation arising independently of their status as a member of such party.

[REST OF PAGE INTENTIONALLY LEFT BLANK]


[SIGNATURE PAGE FOR PLEDGE AND ASSIGNMENT – AGENDA NO. __]

IN WITNESS WHEREOF, the undersigned has executed this Pledge and Assignment as an instrument under seal as of the date first written above.

ASSIGNOR:

HIGHLAND SPRINGS, INC.

By:



Name: JAMES M. Anders, Jr.
Title: TREASURER

ASSIGNMENT

Pursuant to the Credit Agreement by and among DALLAS CAMPUS, LP, having an address at 701 Maiden Choice Lane, Baltimore, Maryland 21228 as Borrower, BANK OF AMERICA, N.A., having an address at 100 Federal Street, Mail Stop: MA De 10007A, Boston, Massachusetts 02110 as administrative agent ("Administrative Agent") for itself and other Lenders (collectively the "Lenders") dated as of the date hereof (the "Credit Agreement"), Dallas Campus, LP hereby assigns to Administrative Agent all of its right, title and interest under this Pledge and Assignment relating to the Escrow Account and agrees that from and after the date hereof, Administrative Agent may exercise all of the rights and privileges of Dallas Campus, LP under this Agreement relating to such Escrow Account as if Administrative Agent were the original Assignee hereunder.

This Assignment has been executed and delivered as an instrument under seal as of the ____ day of November, 2005.

DALLAS CAMPUS, LP

By: Dallas Campus GP, LLC, its general partner

By: Erickson Retirement Communities, LLC, its member

By: _____
Name: Jeffrey A. Jacobson
Title: Executive Vice President

CONSENTED TO:

HIGHLAND SPRINGS, INC.

By: _____

Name: James M. Anders, Jr.
Title: Treasurer

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ASSIGNMENT

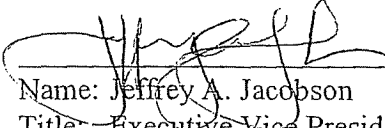
Pursuant to the Credit Agreement by and among DALLAS CAMPUS, LP, having an address at 701 Maiden Choice Lane, Baltimore, Maryland 21228 as Borrower, BANK OF AMERICA, N.A., having an address at 100 Federal Street, Mail Stop: MA De 10007A, Boston, Massachusetts 02110 as administrative agent ("Administrative Agent") for itself and other Lenders (collectively the "Lenders") dated as of the date hereof (the "Credit Agreement"), Dallas Campus, LP hereby assigns to Administrative Agent all of its right, title and interest under this Pledge and Assignment relating to the Escrow Account and agrees that from and after the date hereof, Administrative Agent may exercise all of the rights and privileges of Dallas Campus, LP under this Agreement relating to such Escrow Account as if Administrative Agent were the original Assignee hereunder.

____ This Assignment has been executed and delivered as an instrument under seal as of the ____ day of November, 2005.

DALLAS CAMPUS, LP

By: Dallas Campus GP, LLC, its general partner

By: Erickson Retirement Communities, LLC, its member

By: 
Name: Jeffrey A. Jacobson
Title: Executive Vice President

CONSENTED TO:

HIGHLAND SPRINGS, INC.

By: _____
Name:
Title:

COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT
IN RESPECT OF CONTRACTS, LICENSES AND PERMITS
(HIGHLAND SPRINGS, INC.)

1. **PARTIES.**

Highland Springs, Inc., a Maryland corporation, having a place of business at 701 Maiden Choice Lane, Baltimore, Maryland 21228 (hereinafter called "Assignor") hereby assigns, transfers, sets over, pledges and, if applicable, delivers, to Dallas Campus, LP, a Maryland limited partnership, with a principal place of business at 701 Maiden Choice Lane, Baltimore, Maryland 21228 (hereinafter called "Assignee"), and hereby grants to Assignee a continuing security interest in the Assigned Contracts and Permits (as defined herein) to secure the Obligations (as defined herein).

2. **DEFINED TERMS.** Capitalized terms not otherwise specifically defined herein shall have the same meaning herein as in the other agreements between Assignor and Assignee.

3. **ASSIGNED CONTRACTS AND PERMITS.** The term "Assigned Contracts and Permits" shall mean all of the contracts, licenses, permits, approvals, agreements and warranties, and all of Assignor's right, title and interest therein, whether now owned or hereafter acquired, but only to the extent that the assignment thereof is not prohibited by applicable law or by the terms thereof, and all proceeds and products thereof, and all accounts, contract rights and general intangibles related thereto, which are in any manner related to either or both of: (i) the Land located at Coit Road and Frankfort Road, Dallas, Texas (more particularly described in Exhibit A hereto) and the Improvements on or to be constructed on the Land (such Land and Improvements together called the Property), or (ii) the construction and operation of the Improvements (the "Project") other than the Obligation Documents.

4. **OBLIGATIONS.** The term "Obligations" shall mean the prompt and complete payment and performance when due of all obligations and liabilities of the Assignor to the Assignee under the Master Lease, the Community Loan Agreement and the Working Capital Loan Agreement, now existing or hereafter incurred, direct or indirect, absolute or contingent, secured or unsecured, matured or unmatured, joint or several, liquidated or unliquidated, including without limitation obligations of the Assignor to advance or repay loans, and the obligations of the Assignor as a tenant of Assignee.

5. **COVENANTS, WARRANTIES AND REPRESENTATIONS.** Assignor covenants with, and warrants and represents to, Assignee that:

- 5.1. Assignor is and shall be the owner of the Assigned Contracts and Permits free and clear of all pledges, liens, security interests and other encumbrances of every nature whatsoever except for Permitted Encumbrances;
- 5.2. Assignor has the full right, power and authority to assign, and to grant the pledge of and security interest in, the Assigned Contracts and Permits as herein provided;
- 5.3. The execution, delivery and performance of this Collateral Assignment and Security Agreement by Assignor does not and will not result in the violation of any mortgage, indenture, contract, instrument, agreement, judgment, decree, order, statute, rule or regulation to which Assignor is subject or by which it or any of its property is bound;
- 5.4. Assignor shall not make any other assignment of, or permit any pledge, lien, security interest or encumbrance to exist with respect to, the Assigned Contracts and Permits except for Permitted Encumbrances, and Assignor shall not otherwise transfer, assign, sell or exchange its interest in the Assigned Contracts and Permits;
- 5.5. A true and complete executed counterpart, or certified copy, of each Assigned Contract and Permit which now exists and which is evidenced by a written agreement or document has been delivered to Assignee and a true and complete counterpart, or certified copy, of each material Assigned Contract and Permit which becomes effective or is issued in the future shall be promptly delivered to Assignee;
- 5.6. Each Assigned Contract and Permit presently in existence is in full force and effect, is valid and enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability), has not been modified, and no default exists thereunder on the part of Assignor. Each material Assigned Contract and Permit which comes into existence after the date hereof shall be valid and enforceable in accordance with its terms in all material respects (except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability);
- 5.7. No Assigned Contract and Permit shall be amended, modified or changed in any material respect, have any of its material terms waived by Assignor, or cancelled or terminated, without Assignee's prior written consent in each instance; and
- 5.8. Assignor shall pay and perform all of its material obligations under or with respect to each Assigned Contract and Permit and not permit any material default by it to exist with respect thereto. Assignor shall exercise all commercially

reasonable efforts necessary to enforce or secure performance by any other party to any Assigned Contract and Permit.

6. **RIGHTS OF ASSIGNOR PRIOR TO DEFAULT.** So long as there is no Event of Default, Assignor shall have and may exercise all rights as the owner or holder of the Assigned Contracts and Permits which are lawful and are not inconsistent with the provisions of the Obligation Documents. Immediately upon the occurrence of any Event of Default, the right described in the preceding sentence shall cease and terminate, and in such event Assignee is hereby expressly and irrevocably authorized, but not required, to exercise every right, option, power or authority inuring to Assignor under any one or more of the Assigned Contracts and Permits as fully as Assignor could itself.
7. **IRREVOCABLE DIRECTION.** Assignor hereby irrevocably directs the contracting party to, or grantor or licensor of, any such Assigned Contract and Permit, to the extent not prohibited by either such Assigned Contract and Permit or applicable law, or to the extent permitted under any recognition or other agreement executed by such grantor or licensor, upon demand and after notice from Assignee of the occurrence of an Event of Default under any of the Obligation Documents, to recognize and accept Assignee as the holder of such Assigned Contract and Permit for any and all purposes as fully as it would recognize and accept Assignor and the performance of Assignor thereunder. Assignor does hereby constitute and appoint Assignee, while this Collateral Assignment remains in force and effect, irrevocably, and with full power of substitution and revocation, its true and lawful attorney for and in its name, place and stead, after the occurrence of such an Event of Default, to demand and enforce compliance with all the terms and conditions of the Assigned Contracts and Permits and all benefits accrued thereunder, whether at law, in equity or otherwise.
8. **UCC RIGHTS AND REMEDIES.** Further, and without limitation of the foregoing rights and remedies, upon an Event of Default Assignee shall have the rights and remedies of a secured party under the Uniform Commercial Code, as enacted in Texas, with respect to the Assigned Contracts and Permits, in addition to the rights and remedies otherwise provided for herein or by law or in equity or in any other Obligation Document. The Assignee shall give Assignor ten (10) days' prior written notice of the time and place of any public sale of any such Assigned Contracts and Permit or the time after which any private sale or any other intended disposition is to be made. After deducting all expenses incurred in connection with the enforcement of its rights hereunder, Assignee shall cause the proceeds of the Assigned Contracts and Permits to be applied to the Obligations in such order as Assignee may determine and Assignor shall remain liable for any deficiency. If Assignee sells any of the Assigned Contracts and Permits upon credit, Assignor will be credited only with payments actually made by the purchaser, received by Assignee and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for any Assigned Contracts and Permits, Assignee may resell any Assigned Contracts and Permits and Assignor shall be credited with the proceeds of the sale.

9. **INDEMNIFICATION.** Assignor hereby agrees to indemnify and to defend and hold Assignee harmless against and from all liability loss, damage and expense, including reasonable attorney's fees, which it may or shall incur by reason of this Collateral Assignment, or by reason of any commercially reasonable action taken in good faith by Assignee hereunder or with respect to the Assigned Contracts and Permits, and against and from any and all claims and demands whatsoever which may be asserted against Assignee by reason of any alleged obligation or undertaking on its part to perform or discharge any of the terms, covenants and conditions contained in any of the Assigned Contracts and Permits. Should Assignee incur any such liability, loss, damage or expense, the amount thereof, together with interest thereon at highest rate of interest applicable to the Obligations, shall be payable by Assignor to Assignee immediately upon demand, or at the option of Assignee, Assignee may reimburse itself therefor out of any receipts, rents, income or profits of the Property collected by Assignee before the application of such receipts, rents, income or profits to any other Obligations. Notwithstanding the foregoing, Assignor shall not be required to indemnify, defend or hold Assignee harmless for any matters caused by Assignee's gross negligence or willful misconduct, or for liability, loss or damages incurred as a result of any of Assignee's actions or inactions after Assignee elects to take over the obligations of Assignor under any of the Assigned Contracts and Permits.
10. **ASSIGNEE NOT OBLIGATED.** Nothing contained herein or elsewhere shall operate to obligate, or be construed to obligate, Assignee to perform any of the terms, covenants or conditions contained in the Assigned Contracts and Permits or otherwise to impose any obligation upon Assignee with respect to the Assigned Contracts and Permits prior to written notice by Assignee to Assignor of Assignee's election to assume Assignor's obligations under one or more of the Assigned Contracts and Permits. Prior to written notice from Assignee of such election, this Collateral Assignment shall not operate to place upon Assignee any responsibility for the operation, control, care, management or repair of the Property or for the payment, performance or observance of any obligation, requirement or condition under any such Assigned Contract and Permit, or under any agreement in respect to any such Assigned Contract and Permit, and the execution of this Collateral Assignment by Assignor shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Property as well as the payment, performance or observance of any obligation, requirement or condition under the Assigned Contracts and Permits is and shall be that of Assignor, prior to written notice from Assignee of such election. Even if Assignee does exercise its rights, it may only be liable to the Architect, the Contractor, or any of the other parties only during the period that it is exercising the rights of Assignor under the Assigned Contracts and Permits, and at all times Assignor retains the obligation to reimburse Assignee promptly upon demand or otherwise pay when due all obligations incurred in connection with the Assigned Contracts and Permits.
11. **FURTHER ASSURANCES; UCC FILINGS.** Assignor authorizes Assignee to execute one or more financing statements, and any continuation thereof, pursuant to the provisions of the Uniform Commercial Code as enacted in Texas, at any time or times during which this Collateral Assignment shall be in effect, such further instruments as

Assignee in good faith may deem necessary to make effective this Collateral Assignment, the security interest created hereby and the covenants of Assignor herein contained. Assignor shall pay the cost for filing thereof.

12. **NO WAIVER; CUMULATIVE RIGHTS.** Failure of Assignee to avail itself of any of the terms, covenants, and conditions of this Collateral Assignment for any period of time, or at any time or times, shall not be construed or deemed to be a waiver of any of its rights hereunder. The rights and remedies of Assignee under this Collateral Assignment are cumulative and are not in lieu of, but are in addition to, any other rights and remedies which Assignee shall have under or by virtue of the Obligations and the instruments and documents evidencing or securing the same (the "Obligation Documents"). The rights and remedies of Assignee hereunder may be exercised from time to time and as often as such exercise is deemed expedient by Assignee.
13. **ASSIGNEE; RIGHT TO ASSIGN.** Assignor agrees that upon any sale or transfer by Assignee of the Obligation Documents and the indebtedness evidenced thereby, or upon any person acquiring the Property or any interest therein, Assignee may deliver to the purchaser or transferee the Assigned Contracts and Permits and may assign to such purchaser or transferee the rights of Assignee hereunder, who shall thereupon become vested with all powers and rights given to Assignee in respect thereto (and subject to Assignee's obligations hereunder), and Assignee shall be forever relieved and fully discharged from any liability or responsibility thereafter accruing in connection therewith. In no event shall Assignee be liable with respect to, or on account of, the Assigned Contracts and Permits, except for the safekeeping of any instruments delivered to Assignee pursuant hereto, and Assignee shall specifically have no obligation to enforce any rights against any contractor, or grantor or issuer.
14. **TERMINATION AND REASSIGNMENT.** Upon full payment and performance of the obligations and liabilities set forth or contained in or secured by this Collateral Assignment, this Collateral Assignment shall become and be void and of no effect and, in that event, upon the request of Assignor, Assignee covenants to execute and deliver to Assignor instruments effective to evidence the termination of this Collateral Assignment and the reassignment (without recourse) to Assignor of the Assigned Contracts and Permits and the rights, title, interest, power and authority assigned herein; provided, however, that any affidavit, certificate or other written statement of any officer of Assignee stating that any part of said obligations remains unpaid or unperformed shall be and constitute conclusive evidence of the then validity, effectiveness and continuing force of this Collateral Assignment and any person, firm, or corporation receiving any such affidavit, certificate or statement may, and is hereby authorized to rely thereon.
15. **COPIES OF DEFAULT NOTICES.** Assignor agrees to provide Assignee promptly, but in any event within five (5) Business Days after receipt or knowledge thereof by Assignor, with copies of any and all notices received by Assignor which allege, either directly or indirectly, that Assignor is in default of, or deficient in the performance of the terms of any obligation of Assignor under, any Assigned Contract and Permit, or that any

fact or circumstance exists which could reasonably lead to the termination, suspension, revocation or loss of any Assigned Contract and Permit.

- 16: **NO CANCELLATION.** Assignor covenants and agrees that without the prior written consent of Assignee in each instance, Assignor will not permit or agree to any cancellation, abridgement, or modification of any of the material terms, covenants and conditions of any Assigned Contract and Permit.
17. **NOTICES.** Any notices given pursuant to this Collateral Assignment shall be sufficient only if given in the manner provided for in Section 18 of the Working Capital Loan Agreement between Assignor and Assignee of even date.
18. **SUCCESSORS AND ASSIGNS.** All of the agreements, obligations, undertakings, representations and warranties herein made by Assignor shall inure to the benefit of Assignee and their successors and assigns and shall bind Assignor and its successors and assigns.
19. **CAPTIONS AND HEADINGS.** Captions and headings in this Collateral Assignment are intended solely for the convenience of the parties and shall not be considered in the determination of the meaning of any provision hereof.
20. **COUNTERPARTS.** This Collateral Assignment may be executed in several counterparts, each of which when executed and delivered is an original, but all of which together shall constitute one instrument. In making proof of this agreement, it shall not be necessary to produce or account for more than one such counterpart which is executed by the party against whom enforcement of such collateral assignment is sought.
21. **LIMITATION ON LIABILITY OF MEMBERS.** The parties hereby agree and confirm that upon the occurrence of any default and/or Event of Default under any provision of this Collateral Assignment and Security Agreement if any judicial proceedings to enforce the obligations of either party is brought by any party, such proceedings shall be limited to the property and assets of the party. No judgment or suit shall be sought or obtained by any party against the members of the parties, or any officer, director or employee of a member or their assets. Nothing herein contained shall limit or impair the liability of a member of a party for any obligation arising independently of their status as a member of such party.

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[SIGNATURE PAGE TO COLLATERAL ASSIGNMENT OF SECURITY
AGREEMENT IN RESPECT OF CONTRACTS, LICENSES AND PERMITS – AGENDA
NO.]

IN WITNESS WHEREOF, Assignor has caused this Collateral Assignment to be duly executed and delivered as a sealed instrument as of the 30th day of November, 2005.

ASSIGNOR:

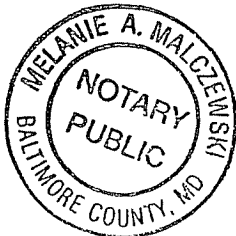
HIGHLAND SPRINGS, INC.

By:


Name: James M. Anders, Jr.
Title: Treasurer

State Maryland of Maryland
County of Baltimore

On the 29th day of Nov., 2005, then personally appeared the above-named James M. Anders, Jr., the Treasurer of Highland Springs, Inc., a Maryland corporation, and acknowledged the foregoing instrument to be the free act and deed of said person and said corporation, before me,





Notary Public
My commission Expires: 10/1/09

EXHIBIT A

Legal Description of Land

1391851 v2 - DRAPER SM - 017100/0135

**SECURITY AGREEMENT
(HIGHLAND SPRINGS, INC.)**

SECURITY AGREEMENT (the "Security Agreement") dated as of November 30, 2005, made by **HIGHLAND SPRINGS, INC.**, a Maryland corporation ("Grantor"), in favor of **DALLAS CAMPUS, LP**, a Maryland limited partnership having a place of business at 701 Maiden Choice Lane, Baltimore, Maryland 21228 (hereinafter called "Secured Party" and the term Secured Party shall include, whenever the context permits, its successors and assigns). In consideration of the agreement of the Secured Party to extend credit or other financial accommodations to the Grantor, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of any and all loans, advances, and extensions of credit now or hereafter made or extended by Secured Party to, for the account of or on behalf of the Grantor, the Grantor hereby agrees for the benefit of the Secured Party as follows:

1. **Defined Terms.** The following terms when used herein shall have the respective meanings set forth in this Section. Any term used in the UCC and not defined herein shall have the meaning given to the term in the UCC.

"Accounts" means all "accounts", as such term is defined in the UCC, now or hereafter owned by the Grantor, and also means and includes all healthcare insurance receivables and any right of the Grantor to payment for goods sold or leased or for services rendered that the Grantor may now have or hereafter acquire, whether or not such right has been earned by performance, including (without limitation) all accounts, accounts receivable, book debts, instruments and chattel paper, leases, notes, drafts, acceptances, payments under leases of Inventory or Equipment or sale of Inventory or Equipment and other forms of obligations now or hereafter received by or belonging or owing to the Grantor for goods sold or leased and/or services rendered, all guaranties and security therefor, all goods giving rise thereto and all rights pertaining to such goods including (without limitation) the rights of a seller under the UCC to reclaim such goods or stop them in transit, and all of the Grantor's rights in, to and under all purchase orders, instruments and other documents now or hereafter delivered by or to it evidencing obligations for and representing payment for goods sold or leased and/or services rendered, and all monies due or to become due to the Grantor under all contracts for the sale or lease of goods and/or the performance of services, now in existence or hereafter arising, including (without limitation) the right to receive the Proceeds of such purchase orders and contracts.

"Chattel Paper" means all "chattel paper", as such term is defined in of the UCC.

“Collateral” means all tangible and intangible personal property of Grantor, now existing or hereafter acquired, including without limitation (a) all Accounts, Deposit Accounts, Instruments and Documents, Chattel Paper, Investment Property, Letter-of-Credit Rights, Commercial Tort Claims and General Intangibles in which the Grantor now or hereafter has any right, title or interest, including (without limitation) (i) all moneys, residues and property of any kind due and to become due under any contract or in any depository account, (ii) any damages arising out of or for breach or default in respect of any such Accounts, Instruments and Documents, Chattel Paper, Investment Property or General Intangibles, and (iii) all other amounts from time to time paid or payable under or in connection therewith; (b) all Equipment now owned or hereafter acquired; (c) all Inventory and other Goods now owned or hereafter acquired; (d) all Fixtures now owned or hereafter acquired; (e) all farm products as that term is defined in the UCC; (f) all books, records, and information relating to the Collateral and/or the operation of the Grantor's business and all rights of access to such books, records and information, and all property in which such books, records and information are stored, recorded and maintained; (g) all insurance proceeds, refunds, and premium rebates, including without limitation, proceeds of fire and credit insurance whether or not such proceeds, refunds and premiums arise out of the foregoing; and (h) all easements, rights of way, licenses, privileges, permits and appraisals in connection with the Mortgaged Property; (i) all leases of the Mortgaged Property or portions thereof, now or hereafter existing, as the same may be extended or renewed, and the right to collect and receive all rents, income and other sums payable or receivable thereunder as rent or otherwise, and the right to bring proceedings for the enforcement of any lease; (j) all insurance proceeds including interest payable in connection with any damage or loss to the Collateral or Mortgaged Property (k) all deposits and credits of Grantor in actual or constructive possession of Secured Party or others; (l) all eminent or domain awards and all municipal tax abatements made with respect to the Mortgaged Property; (m) all books and records relating to the operation of the Mortgaged Property; and (n) to the extent not otherwise included, all accessions to and additions to, substitutions for, and replacements, Proceeds and products of any and all of the foregoing and supporting obligations with respect thereto.

“Commercial Tort Claims” means all “commercial tort claims”, as such term is defined in the UCC.

“CCRC” means the continuing care retirement community located on the Premises.

“Deposit Accounts” means all “deposit accounts”, as such term is defined in the UCC.

“Equipment” means all “equipment”, as such term is defined in the UCC, now or hereafter owned by the Grantor, and also means and includes all personal property constituting machinery, equipment, plant, furnishings, fixtures, and other fixed assets now owned or hereafter used, owned, or acquired by the Grantor, or in which Grantor has an interest including (without limitation) all items of machinery and equipment of any

kind, nature and description, as well as trucks and vehicles of every description, trailers, handling and delivery equipment and office furniture, and all additions to, substitutions for, replacements of or accessions to any of the foregoing items and all attachments, components, parts (including spare parts) and accessories, whether installed thereon or affixed thereto, and all fuel for any thereof.

“Fixtures” means all “fixtures”, as such term is defined in the UCC.

“General Intangibles” means all “general intangibles”, as such term is defined in the UCC, and all intangible personal property not included in Accounts, Chattel Paper, or Instruments and Documents, now or hereafter owned or acquired by the Grantor, and also means and includes all right, title and interest of the Grantor now or hereafter owned or acquired in intellectual property, patents, patent applications, goodwill, trademarks, trademark applications, trade names, service marks, copyrights, permits, licenses, federal, state, or local tax refunds, claims under insurance policies (whether or not Proceeds), other rights (if any) to payment, rights of set off, choses in action, rights under judgments, computer programs and software, customer lists, and all contracts and agreements to, or of which Grantor is a party or beneficiary, and all leasehold interests of Grantor in real estate to the extent considered personal property under applicable law.

“Goods” means all “goods”, as that term is defined in the UCC.

“Instruments and Documents” means all “instruments,” “documents,” and “deposit accounts,” as defined in the UCC, all securities, and includes (without limitation) all warehouse receipts and other documents of title, policies and certificates of insurance, checking, savings, and other bank accounts, certificates of deposit, checks, promissory notes, notes and drafts, now or hereafter acquired, to the extent not included in Accounts.

“Inventory” means all “inventory”, as such term is defined in the UCC, now owned or hereafter created or acquired by the Grantor, and also means and includes all inventory, wherever located, now owned or hereafter acquired by the Grantor, or in which the Grantor now has or hereafter may acquire any right, title or interest, including (without limitation) all consigned goods and all goods and other personal property now or hereafter owned by the Grantor that are held for sale or lease or are furnished or are to be furnished under a contract of service or that constitute raw materials, work in process or materials used or consumed or to be used or consumed in the Grantor's business, or in the processing, packaging or shipping of the same, and all finished goods.

“Investment Property” means all “investment property”, as such term is defined in the UCC, now owned or hereafter acquired by the Grantor, and also shall mean all of Grantor's now owned and hereafter existing or acquired securities, financial assets, securities accounts, securities entitlements and all other investment property of whatsoever kind or nature, wherever located.

“Letters-of-Credit Rights” means all “letter-of-credit rights”, as such term is defined in the UCC.

“Master Lease” means the Master Lease and Use Agreement dated as of this date between Grantor and Secured Party.

“Mortgaged Property” means the property, improvements, buildings, fixtures, and other property mortgaged to the Secured Party pursuant to the Mortgages.

“Mortgages” means the deed of trust or mortgages granted by the Grantor to the Secured Party in respect of the Grantor’s real property located at Coit Road and Frankfort Road, Dallas, Texas.

“Obligations” means the prompt and complete payment and performance when due of all obligations and liabilities of the Grantor to the Secured Party under the Master Lease, the Community Loan Agreement or the Working Capital Loan Agreement, now existing or hereafter incurred, direct or indirect, absolute or contingent, secured or unsecured, matured or unmatured, joint or several, liquidated or unliquidated, including without limitation obligations of the Grantor to advance or repay loans, and the obligations of the Grantor as a tenant of Secured Party.

“Permitted Encumbrances” means, as of any particular time:

- (i) liens for taxes, assessments and governmental charges which are either not yet due or are due but payable without penalty or are the subject of a good faith contest;
- (ii) such minor defects, irregularities, encumbrances, utility, access and other easements and rights of way, mineral rights, restrictions and exceptions, statutory liens and clouds on title as normally exist with respect to properties similar in character to the CCRC that will not in the aggregate materially interfere with or impair the operations being conducted at the CCRC (or, if no operations are being conducted thereat, the operations for which the CCRC was designed or last modified) or that will not in the aggregate result in a material adverse effect, or which are under contract to be removed or altered in the normal course of constructing the CCRC;
- (iii) This Security Agreement and any and all liens or rights arising in connection herewith;
- (iv) any mechanic’s, laborer’s materialmen’s, suppliers, vendors, construction or other like liens or rights arising in the ordinary course of business or incident to the construction or improvement of any property in respect of obligations which are not yet due or which are the subject of a good faith contest;

- (v) all deposits or pledges to secure: statutory obligations or appeals; releases of attachments, stays of execution or injunctions; performance of bids, tenders, contracts (other than for the repayment of borrowed money), permits or leases; or for purposes of like general nature in the ordinary course of business;
- (vi) liens in connection with workers' compensation, unemployment insurance or other social security or pension obligations;
- (vii) any liens permitted under the Community Loan Agreement, the Master Lease and/or the Working Capital Loan Agreement; and
- (viii) legal or equitable encumbrances deemed to exist by reason of the existence of any litigation or other legal proceeding if the same is the subject of a good faith contest (excluding any attachment prior to judgment, judgment lien or attachment in aid of execution on a judgment).

"Premises" means the property, together with all improvements located thereon, leased from time to time to the Grantor pursuant to the Master Lease.

"Proceeds has the meaning given such term under the UCC and, in any event, includes (but is not limited to) (a) any and all proceeds of any insurance, indemnity, warranty or guaranty payable from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any Person acting under color of governmental authority), (c) whatever is received upon any collection, exchange, sale, lease or other disposition of any of the Collateral and any property into which any of the Collateral is converted, whether cash or non-cash proceeds, and (d) any and all other products of, or any rents, profits or other amounts from time to time paid or payable under, or in connection with, any of the Collateral.

"Resident" means an occupant of the CCRC pursuant to a Residence and Care Agreement.

"Residence and Care Agreement" means the continuing care contract executed by and between Grantor and each Resident of the CCRC detailing the residential and other rights and obligations of the Resident and the rights and obligations of Grantor.

"Security Agreement" means this Security Agreement as it may be amended, supplemented or otherwise modified.

"UCC" means the Uniform Commercial Code as it may from time to time be in effect in the State of Texas or any other applicable jurisdiction.

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, demand or otherwise) of all the Obligations, the Grantor hereby sells, assigns, conveys, mortgages, pledges, hypothecates and transfers to Secured Party, and hereby grants to the Secured Party a security interest in, all of the Grantor's right, title and interest in, to and under the Collateral. This grant of a security interest is in addition to, and supplemental of, any security interest previously granted by the Grantor to the Secured Party and shall continue in force and effect applicable to all Obligations and to any future advances made by the Secured Party to or on behalf of Grantor, until the Obligations are paid in full and the Secured Party has no further obligation to make any extensions of credit to Grantor and Grantor has no future performance obligations to Secured Party.

3. **Rights of and Limitations on Liability of Secured Party.** (a) It is expressly agreed by the Grantor that, anything herein to the contrary notwithstanding, the Grantor shall remain liable under all Accounts, Instruments and Documents, Chattel Paper and General Intangibles to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof. The Secured Party shall not have any obligation or liability under any Accounts, Instruments and Documents, Chattel Paper or General Intangibles by reason of, or arising out of, this Security Agreement or the assignment by the Grantor to the Secured Party of, or the receipt by the Secured Party of, any payment relating to any Accounts, Instruments and Documents, Chattel Paper or General Intangibles pursuant hereto, nor shall the Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of the Grantor under or pursuant thereto to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any Person thereunder or by any account Grantor, to present or file any claim or to take any action to collect or enforce any performance or the payment of any amounts that may have been assigned to the Grantor or to which the Grantor may be entitled at any time or times.

(b) The Secured Party hereby authorizes the Grantor to collect the Accounts, subject to the Secured Party's right, without cause or notice, to curtail or terminate such authority at any time. If required by the Secured Party at any time after the occurrence of an Event of Default, any and all Proceeds, when collected by the Grantor, whether consisting of cash, checks, notes, drafts, bills of exchange, money orders, commercial paper of any kind whatsoever or other documents received in payment of any Account or in payment for any Inventory or Equipment, or in connection with or on account of any Instruments and Documents, Chattel Paper or General Intangibles, shall be promptly delivered by the Grantor to Secured Party in precisely the form received, except for its endorsement when required, in payment of the Obligations in such order as Secured Party shall determine, in its discretion, and until so turned over shall be deemed to be held in trust by the Grantor as the Secured Party's property for the benefit of the Secured Party and shall not be commingled with the Grantor's other funds. Such Proceeds (to the extent they are non-cash Proceeds), when delivered to Secured Party, shall continue to be collateral security for all of the Obligations and shall not constitute payment thereof until applied in payment of the Obligations. At Secured Party's request upon the occurrence of an Event of Default and during the continuance thereof, the Grantor shall deliver to the Secured Party all original and other documents evidencing, and relating to, the sale and

delivery of Inventory or Equipment or the performance of labor or service, including (but not limited to) all original orders, invoices and shipping receipts.

(c) The Secured Party may, at any time after the occurrence of an Event of Default, and the continuance thereof, notify account grantors that the Accounts have been assigned to the Secured Party and that payments shall be made directly to the Secured Party. On the request of the Secured Party at any time after the occurrence of an Event of Default and during the continuance thereof, the Grantor will so notify such account grantors. The Secured Party, may in its own name or in the name of others communicate with account grantors in order to verify with them to the Secured Party's satisfaction the existence, amount and terms of any Accounts.

(d) The Secured Party shall have the right to make test verifications of the Accounts in any manner and through any medium that it considers advisable, and the Grantor agrees to furnish all such assistance and information as the Secured Party may require in connection therewith and the Grantor is reasonably able to provide.

4. **Representations and Warranties.** The Grantor hereby represents and warrants to the Secured Party that:

(a) each Account currently in existence is a bona fide, valid and legally enforceable obligation of the account Grantor in respect thereof, arising in the ordinary course of Grantor's business, and that Grantor's right, title and interest in and to each Account is not subject to any defense, offset, counterclaim or claim; no transaction giving rise to an Account violated or will violate any applicable federal, state or local law, rule or ordinance; if any of the Accounts arise out of contracts with the United States, or any department, agency or instrumentality thereof, Grantor shall immediately so notify Secured Party and execute such instruments of assignment and take such other measures as may be required to assign such Accounts to Secured Party and provide proper notice thereof to the government under the Federal Assignment of Claims Act; otherwise, none of the Accounts currently in existence is subject to terms prohibiting assignment or requiring notice or consent to such assignment;

(b) except for Permitted Encumbrances and except as otherwise permitted in any other document or agreement between Secured Party and Grantor, the Grantor has rights in or the power to transfer the Collateral and, the Grantor is the sole owner of each item of the Collateral, having good and marketable title thereto, and the Grantor's title to such Collateral is free and clear of any and all liens, claims or rights of others; and in this regard, no security agreement, financing statement, equivalent security or lien instrument or continuation statement covering 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 connection with any Permitted Encumbrances;

(c) the Grantor is organized in Maryland and the exact legal name of the Grantor is set forth in the caption hereof, and the Grantor is not now doing business and has not during the last five (5) years done business under any other name, except as listed on Schedule A; and all trade names and trade styles under which the Grantor presently conducts or ever conducted business are listed on Schedule A; and

(d) the addresses of the Grantor set forth on Schedule A hereof are the only locations where any Collateral consisting of goods is located. Grantor is the owner or lessee of all such locations except as may be disclosed on Schedule A hereto, or disclosed to Administrative Agent in writing for off-site storage as permitted under the Credit Agreement.

(e) the Commercial Tort Claims set forth on Schedule B hereof are the only such pending claims of the Grantor as of the date and year set forth in the caption hereof; and

(f) the Deposit Accounts set forth on Schedule C hereof are the only such accounts of the Grantor as of the date and year set forth in the caption hereof.

5. **Covenants.** The Grantor covenants and agrees that from and after the date of this Security Agreement and until the Obligations are fully satisfied and the Grantor has no further right to request loans and extensions of credit from the Secured Party:

(a) **Payment of Obligations.** The Grantor shall pay when due (or on demand if so payable) and punctually, promptly and faithfully perform each Obligation.

(b) **Location of Collateral.** The Collateral will be kept at the locations set forth on the Schedule A attached hereto, and the Grantor will not remove the Collateral from said locations, or sell, transfer, lease or otherwise dispose of any Collateral or attempt, offer or contract to do so, except with the prior written consent of the Secured Party except for dispositions of Inventory or other Collateral as permitted by Subsection (g) below.

(c) **Further Documentation, Pledge of Instruments.** At any time and from time to time, at its sole expense, the Grantor will, promptly upon request by the Secured Party, duly execute and deliver any and all such further instruments and documents and take such further action as Secured Party may reasonably deem desirable in obtaining the full benefits of this Security Agreement and of the rights and powers herein granted, including (without limitation) the filing of any financing or continuation statements under the UCC in effect in any jurisdiction with respect to the liens and security interests granted hereby. The Grantor also hereby authorizes the Secured Party to file any such financing or continuation statement describing any agricultural liens or other statutory liens held by Secured Party. If any Collateral, or if any amount payable under or in connection with any of the Collateral, shall be or become evidenced by any negotiable document of title, or by any promissory note or other instrument, such document, note or instrument shall be immediately delivered to the Secured Party hereunder, duly endorsed in a manner satisfactory to the Secured Party.

(d) **Compliance with Terms of the Accounts.** The Grantor will perform and comply in all material respects with all its obligations under and will promptly and diligently exercise its rights under each Account, and all agreements to which it is a Party or by which it is bound relating to the Collateral. Secured Party shall have the right at any time to enforce Grantor's rights against the account grantors and obligors.

(e) Limitation on Liens on Collateral. The Grantor will not create, permit or suffer to exist, and it will defend the Collateral against and take such other action as is necessary to remove, any lien, claim or right, in or to the Collateral, except for Permitted Liens.

(f) Limitations on Modifications, Waivers, Extensions. Except in the normal course of business and for good cause and reasonable consideration, the Grantor will not (i) amend, modify, extend, terminate or waive any provision of any contract giving rise to any Account in any manner that would increase or expand the Grantor's obligations thereunder or that might materially and adversely affect the value of such as Collateral, or (ii) grant any extension of the time of payment of any of the Accounts, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any Person liable for the payment thereof or allow any credit or discount whatsoever thereon other than trade discounts.

(g) Limitations on Dispositions of Inventory and Equipment. The Grantor will not sell, transfer, lease or otherwise dispose of any of its interest in the Inventory or Equipment, or attempt, offer or contract to do so, except for (i) use, sales or exchanges of Inventory in the ordinary course of its business, and (ii) the disposition in the ordinary course of business of Equipment and other Collateral that has become worn out or obsolete. The Grantor will not transfer any Inventory on consignment, or attempt, offer or contract to do so.

(h) Notices Regarding Collateral. The Grantor will advise the Secured Party promptly, in reasonable detail, (i) of any lien or claim made or asserted against any of the Collateral, (ii) of any material change in the composition of the Collateral, (iii) of all disputes, and the basis therefor, with account grantors involving amounts in excess of \$10,000 for any one dispute or for all disputes with any one account Grantor, and (iv) of the occurrence of any other event that would have a material adverse effect on the Collateral taken as a whole or on the security interests created hereunder.

(i) Maintenance of Records; Inspection. The Grantor will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral including (without limitation) a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral. The Grantor will mark its books and records pertaining to the Collateral to evidence this Security Agreement and the security interests granted hereby. The Grantor agrees that the Secured Party will have a special property interest in all of its books and records pertaining to the Collateral (including, without limitation, customer lists, correspondence with present or future or prospective suppliers or customers, advertising materials, credit files, computer tapes, programs, printouts, and all other computer materials, records and electronic data processing software), and upon and during the continuance of an Event of Default, the Grantor will deliver and turn over any such books and records to the Secured Party or to its representatives at any time on demand of the Secured Party. The Grantor may make copies of such books and records before its delivery to the Secured Party, provided that such copying does not unreasonably delay such delivery. The Grantor will permit the Secured Party and its representatives at all times to enter into and upon any premises where any of the Inventory or Equipment is located for the purpose of inspecting the same, observing its use or otherwise protecting the Secured Party's interests therein. The Grantor will furnish to the Secured Party from time to time statements and schedules further identifying and describing the

Collateral and such other reports in connection with the Collateral as the Secured Party may reasonably request, all in reasonable detail.

(j) Protect Rights of Secured Party. The Grantor will, upon the Secured Party's written request, defend the right, title and interest of the Secured Party in and to any of the Collateral against the claims and demands of all Persons whomsoever.

(k) Maintenance of Insurance. The Grantor will comply with the insurance requirements set forth in Section 7 of the Master Lease.

(l) Maintenance of Equipment. The Grantor will keep and maintain each item of Equipment in good operating condition, ordinary wear and tear excepted, and the Grantor will provide all maintenance and service and all repairs necessary for such purpose.

(m) Intentionally Deleted.

(n) Third Parties. Where Collateral is in the possession of a third party not the Manager (as such term is defined in the Highland Springs Management and Marketing Agreement, dated the date hereof, between the Grantor and Erickson Retirement Communities, LLC), the Grantor will advise the Secured Party and, upon the Secured Party's request, join with the Secured Party in notifying the third party of the Secured Party's security interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of the Secured Party.

(o) Control Agreements. Grantor will cooperate with Secured Party in obtaining a control agreement in form and substance satisfactory to Secured Party with respect to Collateral consisting of Deposit Accounts, Investment Property, Letter-of-Credit Rights, and electronic chattel paper.

(p) Chattel Paper. Grantor will neither hold nor create any chattel paper without placing a legend on the Chattel Paper acceptable to Secured Party indicating that Secured Party has a security interest in the Chattel Paper.

(q) Purchase Money Security Interests. To the extent Grantor uses the proceeds obtained pursuant to the Credit Agreement to purchase Collateral, Grantor's repayment of the indebtedness shall apply on a "first-in-first-out" basis so that the portion of the indebtedness used to purchase a particular item of Collateral shall be paid in the chronological order the Grantor purchased the Collateral.

(r) Perfection Issues. The Grantor will preserve its corporate existence and not: (i) in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets; (ii) change the state of its incorporation; or (iii) change its corporate name without providing Secured Party with 30 days' prior written notice.

(s) Commercial Tort Claims. Grantor will advise the Secured Party promptly, in reasonably detail, of any new Commercial Tort Claims, and the basis therefor, that arise and will cooperate with the Secured Party in obtaining a perfected, first priority, Security Interest in any new such claims.

(t) Further Assurances. The Grantor will promptly execute and deliver to the Secured Party such further deeds, mortgages, assignments, security agreements and other instruments, documents, certificates and assurances and take such further action as the Secured Party may from time to time in its sole discretion deem necessary to perfect, protect or enforce the security interest of the Secured Party in the Collateral.

6. Secured Party's Appointment as Attorney-in-Fact. (a) The Grantor hereby irrevocably constitutes and appoints the Secured Party 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 Grantor and in the name of the Grantor or in its own name, from time to time in the Secured Party'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 that may be necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, hereby gives the Secured Party the power and right, on behalf of the Grantor, without notice to or assent by the Grantor after the occurrence of an Event of Default, to do the following:

(i) to ask, demand, collect, receive and give acquittances and receipts for any and all moneys due and to become due to Grantor under any Account, or otherwise, and, in the name of the Grantor or its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due to Grantor 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 Secured Party for the purposes of collecting any and all such moneys due whenever payable;

(ii) to pay or discharge taxes or liens levied or placed on or threatened against the Collateral, 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) (A) to direct any party liable for any payment to Grantor under any Account, or otherwise, to make payment of any and all moneys due and to become due thereunder directly to the Secured Party or as the Secured Party shall direct; (B) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against grantors, assignments, verifications and notices in connection with Accounts and other documents relating to 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 part thereof and to enforce any other right in respect of

any Collateral; to sign Grantor's name on any proof of claim against Account Grantors; (E) to defend any suit, action or proceeding brought against the Grantor with respect to any Collateral; (F) to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Secured Party may deem appropriate; (G) to notify the postal authorities to change the address for delivery of any mail of the Grantor to an address designated by the Secured Party, and to receive, open, and dispose of all mail addressed to the Grantor; (H) to sign Grantor's name on and file or record any financing statement necessary to perfect the Secured Party's interest in the Collateral; and (I) otherwise to repair, assemble, complete, alter, supply, use, license, sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do, at the Secured Party's option and the Grantor's expense, at any time or from time to time, all acts and things that the Secured Party deems necessary to protect, preserve or realize upon the Collateral and the Secured Party's security interests therein, in order to effect the intent of this Security Agreement, all as fully and effectively as the Grantor might do.

The Grantor 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.

(b) The powers conferred on the Secured Party hereunder are solely to protect the interests of the Secured Party in the Collateral and shall not impose any duty upon the Secured Party to exercise any such powers. The Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Grantor for any act or failure to act, except for its own gross negligence or willful misconduct.

(c) Any actual expenses incurred by the Secured Party under this Section shall be paid by the Grantor on demand and until so paid shall be added to the principal amount of any obligations secured hereby and shall bear interest (calculated on the basis of a 360-day year for the actual days elapsed) at the highest rate applicable to the Obligations.

7. **Events of Default.** The term "Event of Default" as used herein shall mean any (a) any "Event of Default" of Grantor under the Master Lease, (b) any default of the Grantor as described in Section 9 of the Working Capital Loan Agreement or (c) any default of Grantor described in Section 9 of the Community Loan Agreement.

8. **Remedies, Rights Upon Default.** If an Event of Default occurs and is continuing:

(a) All payments received by the Grantor under or in connection with any of the Collateral shall be held by the Grantor in trust for the Secured Party, shall be segregated from other funds of the Grantor and shall forthwith upon receipt by the Grantor be turned over to the Secured Party, in the same form as received by the Grantor (duly endorsed by the Grantor to the Secured Party, if required). Any and all such payments so received by the Secured Party (whether from the Grantor or otherwise) shall be held by the Secured Party as collateral security

for, and then or at any time thereafter, may be applied in whole or in part for the benefit of the Secured Party against, all or any part of the Obligations in such order as the Secured Party, in its discretion, may determine.

(b) The Secured Party shall have the right to seize and take possession of any Collateral (or any paper, documents, correspondence, computer tapes, programs, printouts and all other computer materials, records and electronic data processing software relating to the Collateral) and may enter the premises where they, or any of them, are located for the purposes of effecting such seizure. The Secured Party shall not be liable to the Grantor for any damage suffered by the Grantor by reason of such entry or seizure unless it results from the Secured Party's gross negligence or willful misconduct, and the Grantor shall indemnify the Secured Party for any liability that may accrue to any Person by reason of such entry or seizure.

(c) The Secured Party may hire and maintain on any of the Grantor's premises a custodian or independent contractor selected by the Secured Party who shall have full authority to do all lawful acts necessary to protect the Secured Party's interests and to report to the Secured Party thereon. The Grantor hereby agrees to cooperate with any such Person and to do whatever the Secured Party may reasonably request to preserve the Collateral.

(d) The Secured Party may exercise for the benefit of the Secured Party, in addition to all other rights and remedies granted 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 UCC. Without limiting the generality of the foregoing, the Grantor expressly agrees that in any such event the Secured Party may, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or on the Grantor or any other Person, all and each of which demands, advertisements and/or notices are (to the extent permitted by applicable law) hereby expressly waived, forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, forthwith take possession and operate or use the Collateral or any part thereof for the purpose of preserving it or its value, and/or forthwith sell, lease, assign, give option or options to purchase, or sell or otherwise dispose of and deliver the Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of the Secured Party's offices or elsewhere, at such prices as it may deem appropriate, for cash or on credit or for future delivery without assumption of any credit risk. Secured Party shall have the right on any such public sale or sales and, to the extent permitted by law, on any such private sale or sales to purchase the whole or any part of said Collateral so sold, free of any right or equity of redemption in the Grantor, which right or equity is (to the extent permitted by applicable law) hereby expressly waived or released. The Grantor further agrees, at the Secured Party's request, to assemble the Collateral and make it available to the Secured Party at places that the Secured Party shall reasonably select, whether at the Grantor's premises or elsewhere. To the extent permitted by applicable law, the Grantor waives all claims, damages and demands against the Secured Party arising out of the repossession, retention, sale, or other disposition of the Collateral unless resulting from such Secured Party's willful misconduct committed in bad faith. Grantor waives any right it may have to require Secured Party to pursue any third person for any of the Obligations. The Grantor agrees that the Secured Party need not give more than ten (10) days' notice (which notification

shall be deemed given when mailed) of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters. No notification need be given to the Grantor if it has signed, after default, a statement renouncing or modifying any right to notification of sale or other intended disposition. Secured Party may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. The Grantor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which the Secured Party is entitled, the Grantor also being liable for the fees and expenses of any attorneys employed by Secured Party to collect such deficiency. The Secured Party shall have the right, in its sole discretion, to determine which rights, security, liens, guaranties or remedies the Secured Party shall retain, pursue, release, subordinate, modify, or enforce, without in any way modifying or affecting any of the other of them or any of its rights hereunder.

(e) To the extent that it may lawfully do so, the Grantor agrees that it will not at any time insist upon, plead or in any manner whatsoever claim or take the benefit or advantage of any appraisement, valuation, stay, extension or redemption laws, or any law permitting it to direct the order in which the Collateral or any part thereof shall be sold, now or at any time hereafter in force, which may delay, prevent or otherwise affect the performance or enforcement of this Security Agreement or the Obligations and hereby expressly waives all benefit or advantage of any such laws and covenants that it will not hinder, delay or impede the execution of any power granted or delegated to the Secured Party in this Security Agreement, but will suffer and permit the execution of every such power as though no such laws were in force.

(f) Secured Party may sell the Collateral without giving warranties as to the Collateral. Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

(g) If Secured Party sells any of the Collateral upon credit, Grantor will be credited only with payments actually made by the purchaser, received by the Secured Party, and applied to the indebtedness of the purchaser. In the event, the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Grantor shall be credited with the proceeds of the sale.

(h) Grantor shall be responsible for any and all expenses, including reasonable attorneys' fees and expenses, incurred or paid by Secured Party in protecting or enforcing any rights of Secured Party hereunder, including its right to take possession, store, operate, use and dispose of the Collateral or to collect the Proceeds thereof. Secured Party shall also have the right to pay all other sums deemed necessary or desirable by it for the preservation and protection of the Collateral, or for the realization thereupon, including taxes, insurance, salaries (directly related to the preservation or use of the Collateral or continued operation of the Grantor's businesses to that end), fees and costs. All such sums so paid by Secured Party shall be "Obligations" within the meaning of this Security Agreement, due upon demand.

9. **Limitation on Secured Party's Duty in Respect to Collateral.** Beyond the safe custody thereof, the Secured Party shall have no duty as to any Collateral in its possession or its nominee's or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. Grantor has the risk of loss of the Collateral. Secured Party has no duty to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral. Secured Party has no obligation to clean-up or otherwise prepare the Collateral for sale or lease. In any suit, proceeding or action brought by Secured Party under any Accounts, Instruments and Documents, Chattel Paper, or any General Intangibles for any sum owing thereunder or to enforce any provision thereof, Grantor will save, indemnify and keep Secured Party harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction or liability whatsoever of the obligee thereunder arising out of a breach by Grantor of any agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from Grantor, and all such obligations of Grantor shall be and remain enforceable against Grantor and shall not be enforceable against Secured Party.

10. **Notices.** All notices, requests, demands or other communications to or on the Grantor or the Secured Party shall be sufficient only if delivered pursuant to [Section 18] of the Working Capital Loan Agreement between Secured Party and Grantor of even date herewith.

11. **Severability.** Any provision of this Security Agreement that 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. **No Waiver, Cumulative Remedies.** The Secured Party shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder and no waiver shall be valid unless in writing, signed by the Secured Party and then only to the extent therein set forth. A waiver of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy that the Secured Party would otherwise have had on any future occasion. 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; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights and remedies provided by law.

13. **No Oral Modification, Successors, Governing law.** None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by the Secured Party. This Security Agreement and all obligations of the Grantor hereunder shall be binding on the respective successors and assigns of the Grantor and shall, together with the rights and remedies of the Secured Party hereunder, inure to the benefit of the Secured Party and its respective successors and assigns. This Security Agreement shall be governed by, and construed and interpreted in accordance with, the laws of Texas.

14. **Counterparts.** This Security Agreement may be executed in any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

15. **Descriptive Headings.** The captions in this Security Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

16. **Submission to Jurisdiction; Waiver of Trial by Jury.**

(a) GRANTOR AND SECURED PARTY AGREE THAT ANY SUIT FOR THE ENFORCEMENT OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE STATE OF TEXAS OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON GRANTOR BY MAIL AT THE ADDRESS SET FORTH ABOVE. GRANTOR HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT FORUM.

(b) GRANTOR AND SECURED PARTY (BY ACCEPTANCE OF THIS AGREEMENT) MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY, INCLUDING, WITHOUT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF SECURED PARTY RELATING TO THE ADMINISTRATION OF THE LOANS OR ENFORCEMENT OF THE LOAN DOCUMENTS, AND AGREE THAT NEITHER PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, GRANTOR HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. GRANTOR CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF SECURED PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SECURED PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR SECURED PARTY TO ACCEPT THIS AGREEMENT AND MAKE THE LOANS.

17. **LIMITATION ON LIABILITY OF MEMBERS.** The parties hereby agree and confirm that upon the occurrence of any default and/or Event of Default under any provision of this Security Agreement if any judicial proceedings to enforce the obligations of either party is

brought by any party, such proceedings shall be limited to the property and assets of the party. No judgment or suit shall be sought or obtained by any party against the members of the parties, or any officer, director or employee of a member or their assets. Nothing herein contained shall limit or impair the liability of a member of a party for any obligation arising independently of their status as a member of such party.

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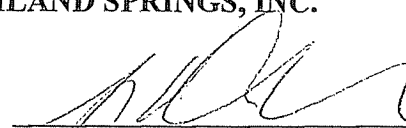
[SIGNATURE PAGE OF SECURITY AGREEMENT – AGENDA NO.]

IN WITNESS WHEREOF, the parties have executed this Security Agreement as an instrument under seal as of the date first written above.

GRANTOR:

HIGHLAND SPRINGS, INC.

By:

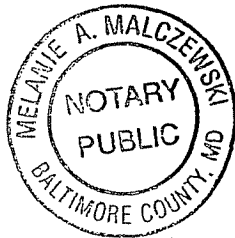

Name: Jeffrey A. Jacobson JAMES H. ANDERS, JR.
Title: TREASURER

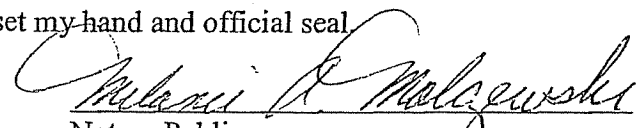
Baltimore County
State of Maryland, SS.

November 29, 2005

On this 29th day of November, 2005, before me, James H. Anders, Jr.,
personally appeared and acknowledged himself to be the Treasurer of
Highland Springs, Inc., and being authorized to do so, executed the foregoing instrument for the
purposes contained therein.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.




Notary Public
My Commission Expires: 10/1/09

SCHEDULE A

Locations of Grantor:

Address of Chief Executive Office:

701 Maiden Choice Lane
Baltimore, Maryland 21228

Address Where Collateral is Located:

88 acres of land located at Coit Road and Frankfort Road
Dallas, Texas

Trade Names and other Legal Names:

None

SCHEDULE B

Commercial Tort Claims of Grantor:

[INSERT CLAIMS]

SCHEDULE C

Deposit Accounts of Grantor:

1391853 v2 - DRAPERSM - 017100/0135

WORKING CAPITAL LOAN AGREEMENT

THIS WORKING CAPITAL LOAN AGREEMENT (this "Loan Agreement") is made as of this 30th day of November 2005, by and between HIGHLAND SPRINGS INC., a Maryland corporation ("HS"), having an address at 701 Maiden Choice Lane, Baltimore, Maryland 21228, and DALLAS CAMPUS, LP, a Maryland limited partnership ("DC"), having an address at 701 Maiden Choice Lane, Baltimore, Maryland 21228.

RECITALS

DC is the owner of certain property located in Dallas, Texas (the "Property"), which DC intends to develop as a continuing care retirement community (the "Retirement Community").

HS and DC have entered into a Master Lease and Use Agreement of even date herewith (the "Master Lease"); pursuant to which HS shall lease the Property.

Under the Master Lease, HS is or shall be obligated to, inter alia, purchase insurance for the Property, pay taxes on the Property, and to otherwise make any and all valid, operating expenditures necessary or desirable for maintaining the Property.

The parties have determined that HS shall borrow from DC from time to time certain sums as a loan to enable HS to perform its aforementioned obligations pursuant to the Master Lease.

The parties intend that the aggregate loan made by DC to HS shall not exceed at any one time an amount equal to Thirty Three Million Six Hundred Fifty Seven Thousand Dollars (\$33,657,000).

As evidence of the loan, HS has executed a Working Capital Promissory Note in the form attached hereto as Exhibit C (the "Note").

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. For the purposes of this Loan Agreement and the Note, the following terms shall have the indicated meanings:

Capital Budget - The annual budget prepared by HS setting out all capital repairs and replacements HS is obligated to perform pursuant to the terms of the Master Lease, which budget shall be prepared by HS and submitted to DC no later than February 15 of each year.

Construction Financing - The loan or loans made by a bank or other financial institution to DC to finance the construction of the Retirement Community.

Continuing Care Unit - The residential unit of a Resident at the Retirement Community, including independent living units, assisted living units, and nursing units.

DC – Dallas Campus, LP, a Maryland limited partnership authorized to do business in Texas, and its successors and assigns under this Loan Agreement.

Disbursement Date - The date on which Loan advances shall be disbursed from DC to HS.

Disbursement Request - The written request by HS to DC for an advance of the Loan.

HS – Highland Springs, Inc., a Maryland corporation authorized to do business in Texas, and its successors and assigns under this Loan Agreement.

Loan - The funds advanced by DC to HS pursuant to this Loan Agreement and the Note.

Loan Agreement - This Working Capital Loan Agreement, as the same may be amended, restated, supplemented or otherwise modified in writing from time to time.

Loan Documents - All notes, certificates, financing statements, security instruments and any other documents or agreements executed and delivered by HS in connection with the Loan.

Master Lease - That certain Master Lease and Use Agreement by and between DC and HS dated as of the date of this Loan Agreement, as the same may be amended, restated, supplemented or otherwise modified in writing from time to time.

Note - The Working Capital Promissory Note of even date herewith, executed by HS, evidencing the Loan, as the same may be amended, restated, supplemented or otherwise modified in writing from time to time.

Operating Budget - The annual budget prepared by HS setting forth HS's costs and income with respect to the operation of the Retirement Community, which operating budget shall be prepared and submitted to DC for review and approval no later than February 15 of each year.

Operating Deficiency – The excess of HS's Total Operating Expenses over HS's Operating Revenues for any period.

Operating Revenues – The sum of HS's gross resident and patient service revenues plus other operating revenues and non-operating revenues, but excluding contractual allowances and provisions for uncollectible accounts, free care and discounted care, amortization of resident deposits, unrealized investment income, non-cash gains and any other non-cash items.

Premises - The Property, together with all improvements located thereon, leased to HS pursuant to the Master Lease.

Property - The real property of DC located in Dallas, Texas, which Property is more particularly described in Exhibit A attached hereto.

Residence and Care Agreement - The continuing care contract executed by and between HS and each Resident of the Retirement Community detailing the residential and other rights and obligations of the Resident and the rights and obligations of HS.

Resident - An occupant of the Retirement Community pursuant to a Residence and Care Agreement.

Retirement Community - The continuing care retirement community located on the Premises.

Total Operating Expenses – For any period the sum of all expenses of HS for such period, exclusive of items that do not require the expenditure of cash (including, without limitation, depreciation and amortization), including management fees, determined in accordance with generally accepted accounting principles consistently applied and in accordance with the Operating Budget.

2. The Loan. Upon and subject to the terms and conditions set forth herein, DC agrees to lend to HS, and HS agrees to borrow from DC the Loan, in an aggregate principal amount outstanding at any one time not to exceed Thirty Three Million Six Hundred Fifty Seven Thousand Dollars (\$33,657,000), to be disbursed as set forth herein. Notwithstanding any term to the contrary herein, DC shall not be obligated to lend to HS any sums in excess of Thirty Three Million Six Hundred Fifty Seven Thousand Dollars (\$33,657,000).

3. Loan Disbursement. Not more often than once a month, HS shall send to DC a Disbursement Request for the amount of any proposed advance under the Loan. Such written request shall include supporting documentation, acceptable to DC in DC's sole discretion, to evidence that the Loan advances shall be used for valid operating expenditures for the operation of the Retirement Community, pursuant to an Operating Budget and a Capital Budget that DC has reviewed and approved in accordance with the Master Lease. Subject to the provisions of Article 8

of this Loan Agreement, DC shall disburse to HS the Loan advances within ten (10) business days of receipt of the Disbursement Request and supporting documentation acceptable to DC.

4. The Note. As evidence of the Loan, HS has executed and delivered the Note to DC in the original principal balance of Thirty Three Million Six Hundred Fifty Seven Thousand Dollars (\$33,657,000).

5. Interest. Accrued interest on the aggregate amount of Loan advances outstanding shall be payable monthly in accordance with the terms and conditions of the Note.

6. Repayment of Principal. The entire principal amount outstanding under the Loan, unless sooner accelerated or paid, shall be due and payable on the maturity date of the Note. HS may prepay or repay all or any portion of the principal amount of the Loan at any time, without penalty.

7. Representations, Covenants, and Warranties.

7.1 HS hereby represents, covenants, and warrants that:

7.1.1. HS has been duly established as a Maryland corporation, is authorized to do business in and is in good standing in the State of Texas, has full power and authority to own its assets, to conduct the activities in which it is engaged, and is in compliance in all material respects with all laws, regulations, ordinances, orders and other requirements of all governmental bodies or agencies applicable to it or its business activities.

7.1.2. The borrowing evidenced by this Loan Agreement and the Note is duly within the power of HS, has been duly authorized, has received all necessary governmental approvals, and will not violate any provision of law, order of court or governmental agency, or any indenture, agreement or other instrument to which HS or any of its members is party or is bound. This Loan Agreement and the Note, when executed and delivered by HS, shall constitute the legal, valid, and binding obligations of HS according to their terms.

7.1.3. All Loan advances disbursed pursuant to this Loan Agreement shall be used by HS solely for valid operating expenditures for the Retirement Community, pursuant to the Operating Budget and the Capital Budget.

7.1.4. The Articles of Incorporation and By-Laws of HS forwarded by HS to DC are true, correct and complete, and unmodified as of the date hereof.

7.2 Contemporaneous with the execution of this Loan Agreement, DC shall deliver to HS:

7.2.1. A copy of the Certificate of Limited Partnership and the Limited Partnership Agreement of DC;

7.2.2. Certificate of the Maryland State Department of Assessments and Taxation as to the good standing of DC; and

7.2.3. A resolution executed by the partners of DC consenting to the lending of the funds evidenced by the Loan and the execution and delivery of this Loan Agreement by DC.

8. Conditions Precedent to Disbursement. In addition to any other condition stated herein, the following shall be conditions precedent to the disbursement of any proceeds of the Loan:

8.1. Contemporaneous with the execution of this Loan Agreement, HS shall deliver to DC:

8.1.1. A copy of the Articles of Incorporation and By-Laws of HS;

8.1.2. Certificate of the Maryland State Department of Assessments and Taxation as to the good standing of HS;

8.1.3. Certificate of the State of Texas as to the registration or qualification of HS to transact business in Texas;

8.1.4. A resolution executed by the Board of Directors of HS consenting to the borrowing of the funds evidenced by the Loan and the execution and delivery of this Loan Agreement and the Note by HS; and

8.1.5. The Note, fully executed by HS.

8.2. All representations and warranties of HS shall be true and correct in all material respects on the date of each disbursement.

8.3. There shall not have occurred and be continuing any Event of Default in the performance or observance of any of the covenants, agreements or conditions to be performed or observed by HS under this Loan Agreement, the Note, or the Master Lease, nor shall there have occurred and be continuing any event, fact or circumstance which, with the passage of time, the giving or notice, or both, could constitute such a default.

8.4. Until the Construction Financing has been satisfied and released, DC shall have received an advance under the Construction Financing equivalent to any such proposed Loan disbursement that is authorized to be disbursed to HS under the Loan.

9. Default.

9.1. HS shall be deemed to be in default of this Loan Agreement in the event of any one or more of the following occurrences:

9.1.1. HS fails to make any payment of interest or principal under this Loan Agreement or the Note within ten (10) days following the due date thereof;

9.1.2. HS fails to perform any of its covenants and obligations other than the payment of interest or principal pursuant to this Loan Agreement or the Note and fails to either cure said default within ten (10) days of written notice from DC specifying the failure or, if the default is of a nature that cannot be cured within ten (10) days, commence curing said default within such time;

9.1.3. HS fails to perform or satisfy any of its covenants or obligations under the Master Lease and fails to cure said default within the time provided in the Master Lease (if any);

9.1.4. HS uses any of the disbursed Loan advances for any purpose other than valid operating expenses of the Retirement Community;

9.1.5. HS is adjudicated to be bankrupt or insolvent;

9.1.6. HS makes an assignment for the benefit of its creditors;

9.1.7. HS consents or applies for the appointment of a trustee or receiver for HS;

9.1.8. Any voluntary or involuntary petition is filed by or against HS under any section or chapter of the United States Bankruptcy Code, or any similar federal or state statute, and in the event of an involuntary filing, such filing is not vacated within thirty (30) days; or

9.1.9. HS fails to maintain its status as a 501(c)(3) corporation after first qualifying as such, pursuant to a final and unappealable adjudication by a competent authority.

9.2. Upon a default by HS under this Loan Agreement, DC's obligation to disburse Loan advances shall immediately terminate. DC may also, at its sole discretion, declare the Note to be immediately due and payable in full, together with any accrued interest thereunder, and bring an action therefor, without necessity for presentment, demand, notice, or protest, all of which are waived by HS. DC's rights upon default are in addition to any rights which DC may have at law or in equity.

10. Entire Agreement. This Loan Agreement and the Note constitute the entire agreement between the parties in respect of the Loan and there are no oral agreements between the parties in connection herewith. This Loan Agreement and the Note may be amended only in writing upon execution of both parties.
11. Assignment. HS shall not assign its rights and obligations under this Loan Agreement or the Note without the prior written consent of DC.
12. Survival of Covenants. All representations, covenants, and warranties made herein shall survive the making of the Loan and the delivery of the Note.
13. Governing Law. This Loan Agreement and the Note shall be governed by the law of the State of Maryland, and venue for all proceedings under this Loan Agreement, the Note or the Loan shall be in the State of Maryland.
14. Severability. In the event that any provision of this Loan Agreement or the Note is held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the remainder of the Loan Agreement or the Note which shall remain in full force and effect and shall be construed as though they had not contained the invalid or unenforceable provision.
15. Consent to Representation. The parties hereto consent to multiple representation by the attorney(s) drafting this Loan Agreement or the Note, or any amendments thereto and waive any claim of conflict of interest.
16. Successors and Assigns. The covenants herein shall be binding upon, and the rights hereunder shall inure to the benefit of the parties, their personal representatives, successors and assigns.
17. Waiver. No delay on the part of DC in exercising any of its rights under this Loan Agreement or the Note shall operate as a waiver thereof, and no single or partial exercise of any such rights (including acceptance of late payments by DC) shall preclude other or further exercise thereof, or the exercise of any other rights. Waiver by DC of any default by HS, or any other party, shall not constitute a waiver of any subsequent defaults but shall be restricted to the default so waived.
18. Notices. Any notice required or permitted by this Loan Agreement or the Note, to be given by either party to the other, may be either personally delivered or sent by certified mail, properly addressed and prepaid, to the addresses of the parties set forth on Exhibit B hereof, unless another address shall have been substituted for such address by notice in writing, the date of personal delivery being taken as the date of the giving of such notice.
19. Security. As collateral security for HS's obligations hereunder, HS herewith assigns and sets over to DC all of its right, title and interest in and to all Residence and Care Agreements

entered into with respect to Continuing Care Units in the Property, and particularly all payments due thereunder, and grants to DC a security interest therein. HS will, on request, execute and cause to be filed in appropriate record offices any financing statements, continuation statements or other documents, including a collateral assignment, as may be necessary or appropriate to perfect such security interest. In the event of default by HS in any of its obligations under this Loan Agreement, DC shall have the right to exercise all rights of HS under such Residence and Care Agreements, including the right to collect all payments due thereunder, to set fees and charges payable to all future periods, and to enter into such modifications, terminations or amendments thereof as DC may deem appropriate (provided the rights of Residents to occupy the Continuing Care Units within their respective Residence and Care Agreements are not impaired) all without notice to or concurrence of HS. In such event, HS will give notice to each resident subject to a Residence and Care Agreement assigned hereunder that DC has succeeded to HS's rights thereunder. In addition, HS herewith assigns and sets over to DC all of its right, title and interest in, to and under all licenses, certificates of need, operating permits, franchises and other governmental authorizations and approvals now or hereafter existing with respect to the acquisition, construction, renovation, expansion, leasing, ownership and/or operation of the Retirement Community, including all certificates of need, licenses and other authorizations of any kind in connection with any nursing home or other health care facilities which are a part of the Retirement Community, and any and all licenses issued by any governmental authority relating to the operation of food and beverage facilities and/or amenities, and any and all third-party payment contracts under which payment may be made for services rendered at the Retirement Community, including, but not limited to, Medicare and Medicaid provider agreements issued to HS and the Retirement Community, together with all additions to, modifications of and substitutions for any of the foregoing.

20. Limitation on Liability of Partners. The parties hereby agree and confirm that upon the occurrence of any default and/or Event of Default under any provision of this Loan Agreement, if any judicial proceedings to enforce the obligations of either party is brought by any party, such proceedings shall be limited to the property and assets of the party. No judgment or suit shall be sought or obtained by any party against the partners of the parties, or any officer, director or employee of a partner or their assets. Nothing herein contained shall limit or impair the liability of a partner of a party for any obligation arising independently of their status as a partner of such party.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed as of the date first above written.

WITNESS:

Joseph A. Schall

HIGHLAND SPRINGS, INC.

By: [Signature] (Seal)
James M. Anders, Jr.
Treasurer

WITNESS:

DALLAS CAMPUS, LP

By: Dallas Campus GP, LLC
General Partner

By: Erickson Retirement Communities, LLC
Sole Member

By: _____
Gerald F. Doherty
Executive Vice President

APPROVED AS TO LEGAL
SUFFICIENCY _____

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed as of the date first above written.

WITNESS:

HIGHLAND SPRINGS, INC.

By: _____ (Seal)

James M. Anders, Jr.
Treasurer

WITNESS:

Dawn E. Hughes

DALLAS CAMPUS, LP

By: Dallas Campus GP, LLC

General Partner

By: Erickson Retirement Communities, LLC
Sole Member

By: _____

Gerald F. Doherty
Executive Vice President

**APPROVED AS TO LEGAL
SUFFICIENCY** _____

WORKING CAPITAL LOAN AGREEMENT
BY AND BETWEEN
HIGHLAND SPRINGS, INC.
AND
DALLAS CAMPUS, LP

EXHIBIT A

Property Description

LEGAL DESCRIPTION

TRACT 1:

BEING a tract of land situated in the John Clay Survey, Abstract No. 223, in the City of Dallas, Collin County, Texas, and being a part of the City of Dallas Block No. 8735, and the 88.918 acre tract of land described in deed to Dallas Campus, LP, recorded in Volume 05927, Page 01725 of the Land Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8-inch iron rod with cap found for the intersection of the northwesterly right-of-way line of the Dallas Area Rapid Transit Railroad (DART) (100 foot right-of-way) with the easterly right-of-way line of Coit Road (FM 3193, a 130 foot public right-of-way);

THENCE with said easterly right-of-way line of Coit Road, North 00 degrees 27 minutes 35 seconds East, a distance of 1809.63 feet to a cross mark cut in concrete in the center of Frankford Road (formerly Renner Road), an undedicated road for corner;

THENCE with said center of Frankford Road, South 89 degrees 12 minutes 16 seconds East, a distance of 1949.94 feet to a PK nail set for corner;

THENCE leaving the said corner of Frankford Road, South 00 degrees 13 minutes 00 seconds West, a distance of 1263.22 feet to a 5/8-inch iron rod set with cap stamped "KHA" for corner in the northwesterly right-of-way of DART;

THENCE with said northwesterly right-of-way line, South 75 degrees 09 minutes 26 seconds West, a distance of 2027.14 feet to the POINT OF BEGINNING and containing 68.8864 acres of land.

NOTE: COMPANY DOES NOT REPRESENT THAT THE ABOVE ACREAGE AND/OR SQUARE FOOTAGE CALCULATIONS ARE CORRECT.

TRACT 2:

BEING a tract of land situated in the John Clay Survey, Abstract No. 223, in the City of Dallas, Colling County, Texas, and being a part of the City of Dallas Block No. 8735, and the 88.918 acre tract of land described in deed to Dallas Campus, LP, recorded in Volume 05927, Page 01725 of the Land Records of Collin County, Texas, and being more particularly described as follows:

COMMENCING at a 5/8-inch iron rod with cap found for record for the intersection of the northwesterly right-of-way line of the Dallas Area Rapid Transit Railroad (DART) (100 foot right-of-way) with the easterly right-of-way line of Coit Road (FM 3193, a 130 foot public right-of-way);

THENCE with said easterly right-of-way line of Coit Road, North 00 degrees 27 minutes 35 seconds East, a distance of 1809.63 feet to a cross mark cut in concrete in the center of Frankford Road (formerly Renner Road), an undedicated road for corner;

THENCE with said corner of Frankford Road, South 89 degrees 12 minutes 16 seconds

LEGAL DESCRIPTION

East, a distance of 1949.94 feet to a PK nail set for the POINT OF BEGINNING;

THENCE continuing with said center of Frankford Road, South 89 degrees 12 minutes 16 seconds East, a distance of 753.52 feet to a PK nail found, from which a 5/8 inch iron rod found bears South 00 degrees 13 minutes 00 seconds West, 18.0 feet, for the northwest corner of Lot 1, Block B/8735, Phase I, U.T.D. Synergy Park, an addition in the City of Dallas, Collin County, Texas, according to the plat thereof recorded in Cabinet F, Page 551 of the Map Records of Collin County, Texas;

THENCE with west line of said Lot 1, Block B/8735, South 00 degrees 13 minutes 00 seconds West, a distance of 1052.87 feet to a 3/8 inch iron rod with cap found in the northwesterly right-of-way of DART, for the southwest corner of said Lot 1, Block B, Phase I, U.T.D. Synergy Park;

THENCE with the said northwesterly right-of-way line, South 75 degrees 09 minutes 26 seconds West, a distance of 780.28 feet to 5/8 inch iron rod set with a cap stamped "KHA" for corner;

THENCE leaving the northwesterly right-of-way line of DART, North 00 degrees 13 minutes 00 seconds East, a distance of 1263.22 feet to the POINT OF BEGINNING and containing 20.0314 acres of land.

NOTE: COMPANY DOES NOT REPRESENT THAT THE ABOVE ACREAGE AND/OR SQUARE FOOTAGE CALCULATIONS ARE CORRECT.

TRACTS 1 AND 2 ALSO BEING DESCRIBED AS FOLLOWS:

OVERALL TRACT:

BEING a tract of land situated in the John Clay Survey, Abstract No. 223, in the City of Dallas, Collin County, Texas, and being a part of the City of Dallas Block No. 8735, and the 88.918 acre tract of land described in deed to Dallas Campus, LP recorded in Volume 05927, Page 01725 of the Land Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8 inch iron rod with cap found for the intersection of the Northwestern Right-of-Way line of the Dallas Area Rapid Transit Railroad (DART) (100 foot Right-of-Way) with the Easterly Right-of-Way line of Coit Road (FM 3193, a 130 foot public Right-of-Way);

THENCE with said Easterly Right-of-Way line of Coit Road, North 00 degrees 27 minutes 35 seconds East, a distance of 1809.63 feet to a cross mark cut in concrete in the center of Frankford Road (formerly Renner Road), an undedicated road for corner;

THENCE with the center of Frankford Road, South 89 degrees 12 minutes 16 seconds East, a distance of 2703.46 feet to a PK nail found, from which a 5/8 inch iron rod found bears South 00 degrees 13 minutes 00 seconds West, 18.0 feet, for the Northwest corner of Lot 1, Block B/8735, Phase I, U.T.D. Synergy Park, an addition in the City of Dallas, Collin County, Texas, according to the plat thereof recorded in Cabinet F, Page 551 of the Map Records of Collin County, Texas;

GF# 000681655 - M

Commitment No. 44-903-80-

000681655

LEGAL DESCRIPTION

THENCE with the West line of said Lot 1, Block B/8735, South 00 degrees 13 minutes 00 seconds West, a distance of 1052.87 feet to a 3/8 inch iron rod with cap found in the Northwestern Right-of-Way of DART, for the Southwest corner of said Lot 1, Block B, Phase I, U.T.D. Synergy Park;

THENCE with said Northwestern Right-of-Way line, South 75 degrees 09 minutes 26 seconds West, a distance of 2807.41 feet to the POINT OF BEGINNING and containing 88.918 acres of land.

NOTE: COMPANY DOES NOT REPRESENT THAT THE ABOVE ACREAGE AND/OR SQUARE FOOTAGE CALCULATIONS ARE CORRECT.

WORKING CAPITAL LOAN AGREEMENT
BY AND BETWEEN
HIGHLAND SPRINGS, INC.
AND
DALLAS CAMPUS, LP

EXHIBIT B

Notice Addresses

Notice shall be given as follows:

DC: Dallas Campus, LP
c/o Erickson Retirement Communities, LLC
701 Maiden Choice Lane
Baltimore, Maryland 21228
Attention: Legal Department

HS: Highland Springs, Inc.
701 Maiden Choice Lane
Baltimore, Maryland 21228
Attention: Legal Department

WORKING CAPITAL LOAN AGREEMENT
BY AND BETWEEN
HIGHLAND SPRINGS, INC.
AND
DALLAS CAMPUS, LP

EXHIBIT C

FORM OF PROMISSORY NOTE

November 30, 2005

\$33,657,000

WORKING CAPITAL PROMISSORY NOTE

FOR VALUE RECEIVED, HIGHLAND SPRINGS, INC. ("HS") promises to pay to the order of DALLAS CAMPUS, LP ("DC") at DC's offices at 701 Maiden Choice Lane, Baltimore, Maryland, 21228, the principal sum of Thirty Three Million Six Hundred Fifty Seven Thousand Dollars (\$33,657,000) (or so much thereof as has been advanced hereunder from time to time), together with interest thereon at the rate hereinafter provided and any and all other sums which may be owing to the holder of this Note by HS, on the eighth (8th) anniversary date of the date of this Note (the "Maturity Date"). The following terms shall apply to this Note:

1. Interest Rate. For the period from the date of this Note until the Maturity Date, interest shall accrue on the outstanding principal of this Note at the floating rate obtained by adding one percentage point (1 %) to the prime rate of interest, such rate to be adjusted based on the interest rate in effect as of the last business day of each month during the term hereof. The prime rate as used herein refers to that interest rate declared by Bank of America, a National Association, from time to time.
2. Repayment. Interest accrued hereunder shall be paid to DC over the term hereof monthly in arrears, beginning on January 1, 2006 and continuing on the first date of each succeeding calendar month until the Maturity Date, at which time the entire outstanding principal amount hereof together with any accrued and unpaid interest, as well as any other fees and charges due hereunder, shall be due and payable in full in a single lump sum payment.
3. Calculation of Interest. Interest shall be calculated on the basis of a three hundred sixty (360) days per year factor applied to the actual days on which there exists an unpaid principal balance. Interest shall be calculated by DC and billed to HS for each appropriate period; provided, however, that failure of DC to bill HS shall not relieve HS's payment obligations hereunder.
4. Application of Payments. All payments made hereunder shall be applied first to accrued interest, and then to principal.
5. Prepayment. HS may prepay or repay all or any portion of the principal amount of this Note at any time without penalty.
6. Default Interest Rate. At any time after a default in the payment of any installment of interest, or of principal and interest, or in the payment of any other sums due hereunder, or upon the occurrence of any default by HS as defined in the Loan Agreement, DC may raise the rate of interest accruing on the disbursed unpaid principal balance by two (2) percentage points above the rate of interest otherwise applicable, independent of whether DC elects to accelerate the unpaid principal balance as a result of such default.

7. Interest Rate after Judgment. If judgment is entered against HS on this Note, the amount of the judgment entered (which may include principal, interest, default interest, late charges, fees and costs) shall be interest at the highest rate authorized under this Note as of the date of entry of the judgment.

8. Expenses of Collection. Should this Note be referred to an attorney for collection, whether or not suit has been filed, HS shall pay all of DC's costs, fees (including reasonable attorneys' fees) and expenses resulting from such referral.

9. Waiver of Protest. HS, and all parties to this Note, whether maker, indorser, or guarantor, waive presentment, notice of dishonor and protest.

10. Waiver of Jury Trial. HS and DC hereby voluntarily and intentionally waive any right they may have to a trial by jury in any action, proceeding or litigation directly or indirectly arising out of or under or in connection with this Note. This waiver applies to all claims against all parties to such actions and proceedings, including parties who are not parties to this Note. This waiver is knowingly, intentionally, and voluntarily made by HS, which acknowledges that it has been represented in the execution of this Note and in the making of this waiver by legal counsel and that it has had the opportunity to discuss this waiver with counsel. HS further acknowledges that it has read and understands the meaning and ramifications of this waiver provision.

11. Extension of Maturity Date. All parties to this Note, whether HS, maker, indorser, or guarantor, agree that the maturity of this Note, or any payment due hereunder, may be extended at any time or from time to time without releasing, discharging, or affecting the liability of such party.

WITNESS:-----

HIGHLAND SPRINGS, INC.-----

By: _____ (Seal)

Name: Ronald E. Walker

Title: President

APPROVED AS TO LEGAL
SUFFICIENCY _____

COMMUNITY LOAN AGREEMENT

THIS COMMUNITY LOAN AGREEMENT (this "Loan Agreement") is made as of this 30th day of November 2005 by and between HIGHLAND SPRINGS, INC., a Maryland corporation ("HS") located at 701 Maiden Choice Lane, Baltimore, Maryland 21228, and DALLAS CAMPUS, LP, a Maryland limited partnership ("DC"), located at 701 Maiden Choice Lane, Baltimore, Maryland 21228.

RECITALS

Pursuant to the terms of the Master Lease (all capitalized terms herein being defined in Section 1 below) between HS and DC, HS is in possession of the Retirement Community located in Dallas, Texas. HS has entered or shall enter into Residence and Care Agreements with the prospective Residents of the Retirement Community and has or shall receive Entrance Deposits from such Residents, based upon the Schedule of Anticipated Entrance Deposits set forth in Exhibit A attached and incorporated hereto (as may be amended from time to time).

In order to finance the acquisition, development, improvement and construction of the Property and the Retirement Community, HS and DC have determined that DC shall, from time to time, borrow from HS the Loan, consisting of all Initial Entrance Deposits paid or to be paid by the Residents.

As collateral security for DC's payment and performance of its obligations under this Loan Agreement and the Note, DC shall execute the Mortgage in favor of HS, encumbering the Property upon which the Retirement Community is located.

The parties intend that the aggregate Loan of all Entrance Deposits loaned by HS to DC shall not exceed Four Hundred Eight Three Million Dollars (\$483,000,000). However, in the event that the outstanding principal sum of the Loan at any time meets or exceeds the aggregate Loan amount stated in this Loan Agreement, from time to time, HS and DC agree to execute an amendment to this Loan Agreement and to any other Loan Documents, increasing the maximum permitted outstanding principal amount to Two Hundred percent (200%) of the then stated maximum permitted outstanding principal amount, or to such lesser sum as HS and DC may agree upon.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, DC and HS agree as follows:

1. Definitions. For the purposes of this Loan Agreement and the Loan Documents, the following terms shall have the indicated meanings:

Charges – means all fees, charges and/or other things of value, if any, contracted for, charged, received, taken or reserved by HS in connection with the transactions relating to the Note and the Loan Documents, which are treated as interest under applicable law.

Continuing Care Unit - The residential unit of a Resident at the Retirement Community, including independent living units, assisted living units and nursing units.

Date of Settlement - The date on which a Resident and HS settle upon a Residence and Care Agreement for a Continuing Care Unit, which shall be the date when the Resident is authorized to take possession of the Continuing Care Unit.

DC – Dallas Campus, LP, a Maryland limited partnership authorized to do business in Texas.

Development Loan - The loans and other credit facilities extended to DC for the purpose of financing, directly or through credit support facilities, the acquisition, development, improvement and/or construction of the Property and the Retirement Community.

Disbursement Date - The date that any funds to be advanced to DC under this Loan Agreement come into possession of HS, free of Regulatory Escrow Requirements.

Entrance Deposit - The deposit received from a Resident of the Retirement Community to secure the performance of such Resident's obligations under his or her Residence and Care Agreement.

HS – Highland Springs, Inc., a Maryland corporation authorized to do business in Texas.

Indebtedness – means (a) the principal of, interest on, or other sums evidenced by the Note or the Loan Agreement; (b) any other amounts, payments, or premiums payable under the Loan Agreement or any of the other Loan Documents (c) such additional or future sums (whether or not obligatory,) with interest thereon, as may hereafter be borrowed or advanced from HS, its successors or assigns, by the then record owner of the Property, when evidenced by a promissory note which, by its terms, is secured hereby (it being contemplated by DC and HS that such future indebtedness may be incurred); and (d) any and all other indebtedness, obligations, and liabilities of any kind or character of DC to HS, now or hereafter existing, absolute or contingent, due or not due, arising by operation of law or otherwise, or direct or indirect, primary or secondary, joint, several, joint and several, fixed or contingent, secured or unsecured by additional or different security or securities, including indebtedness, obligations, and liabilities to HS of DC as a member of any partnership, joint venture, trust or other type of business association, or other group, and whether incurred by DC as principal, surety, endorser, guarantor, accommodation party or otherwise, and any and all renewals, modifications, amendments, restatements, rearrangements, consolidations, substitutions, replacements, enlargements, and extensions thereof, it being contemplated by DC and HS that DC may hereafter become indebted to HS in further sum or sums. Notwithstanding the foregoing provisions of this definition, the Mortgage shall not secure any such other loan,

advance, debt, obligation or liability with respect to which HS is by applicable law prohibited from obtaining a lien or real estate, nor shall this definition operate or be effective to constitute or require any assumption or payment by any person, in any way, of any debt or obligation of any other person to the extent that the same would violate or exceed the limited provided in any applicable usury or other law.

Initial Entrance Deposit – The first full Entrance Deposit received from a Resident of a Unit.

Initial Move-In Period - The period for each Phase beginning with substantial completion of construction for such Residential Building and ending with the achievement of ninety-five percent (95%) occupancy of such Phase. Completion of the Initial Move-In Period shall be the achievement of the ninety-five percent (95%) occupancy level.

Interest Payment Date - The first day of each calendar month, on which date accrued interest on the Loan is due and payable.

Loan - The aggregate funds advanced from time to time by HS to DC pursuant to this Loan Agreement and the other Loan Documents.

Loan Agreement - This Loan Agreement.

Loan Documents - A term sometimes used to refer collectively to this Loan Agreement, the Note, the Mortgage, and any other documents evidencing or securing the Loan.

Master Lease - The Master Lease and Use Agreement of even date herewith between HS and DC.

Mortgage - The mortgage or deed of trust of even date herewith granted by DC to HS and encumbering the Property to secure DC's payment and performance of its obligations under this Loan Agreement and the Note.

Maximum Law Rate – means the maximum lawful rate of interest which may be contracted for, charged, taken, received or reserved by HS in accordance with the applicable laws of the State of Texas (or applicable United States federal law to the extent that it permits HS to contract for, charge, take, receive or reserve a greater amount of interest than under Texas law), taking into account all Charges made in connection with the transaction evidenced by the Note, the Loan Agreement or any of the other Loan Documents. To the extent that HS is relying on Chapter 303 of the Texas Finance Code to determine the Maximum Lawful Rate payable on the Note and/or the Indebtedness, HS will utilize the weekly ceiling from time to time in effect as provided in such Chapter 303, as amended. To the extent United States federal law permits HS to contract for, charge, take, receive or reserve a greater amount of interest than under Texas law, HS will rely on United States federal law instead of such Chapter 303 for the purpose of determining the Maximum Lawful Rate. Additionally, to the extent permitted by applicable law now or hereafter in effect, HS may, at its option and from

time to time, utilize any other method of establish the Maximum Lawful Rate under such Chapter 303 or under other applicable law by giving notice, if required, to DC as provided by applicable law now or hereafter in effect.

Note - The promissory note to be executed by DC evidencing the Loan, in substantially the form attached hereto as Exhibit C.

Phase - Each interval of development of the Retirement Community, consisting of a building and/or other improvements.

Property - The real property located in Dallas, Texas, upon which the Retirement Community will be built and which is more particularly described in the Mortgage.

Regulatory Escrow - The escrow account (if any) established by HS to hold Entrance Deposits pursuant to applicable Regulatory Escrow Requirements.

Regulatory Escrow Requirements - The state and local laws, regulations and orders (if any) applicable to the Retirement Community which require that Entrance Deposits (or any portion thereof) be deposited into escrow during the development and/or construction phases of the Retirement Community.

Residence and Care Agreement - The continuing care contract executed between HS and each Resident of the Retirement Community, detailing the residential and other rights and obligations of the Resident and the rights and obligations of HS.

Resident - Each occupant of the Retirement Community pursuant to a Residence and Care Agreement.

Residential Building – A building constructed on the Property in which Independent Living Units, Assisted Living Units or Nursing Units are located.

Retirement Community - The continuing care community located on the Property.

2. The Loan. Upon and subject to the terms and conditions set forth herein, HS agrees to lend to DC, and DC agrees to borrow from HS, a sum equal to the Initial Entrance Deposits received by HS, to be disbursed as set forth herein.

3. Loan Disbursement. The Loan advance disbursed on each Disbursement Date shall be confirmed by written notice from HS to DC. The Loan shall be disbursed as follows:

3.1. HS agrees to disburse to DC on each Disbursement Date the Loan advance, consisting of the Initial Entrance Deposits, or any portion thereof, which are either (i) released from the Regulatory Escrow after the immediately preceding Disbursement Date, or (ii) if not required to be deposited upon receipt from each Resident into the Regulatory

Escrow, received by HS from each Resident occupying a Continuing Care Unit pursuant to a Residence and Care Agreement which has been settled after the immediately preceding Disbursement Date.

3.2. If, on the Date of Settlement of his or her Residence and Care Agreement, a Resident has not paid the required Initial Entrance Deposit in full, then HS shall require such Resident to execute and deliver to HS a promissory note with a maturity date of not more than twelve months from such Date of Settlement and bearing interest of not less than five percent (5%) per annum for the unpaid balance of the Initial Entrance Deposit. Upon payment of any interest and/or principal to HS, HS shall either (i) if required by Regulatory Escrow Requirements, deposit such payment into Regulatory Escrow or (ii) if not required to be deposited, disburse such payment to DC as a Loan advance.

4. Interest Payments.

4.1. During the Initial Move-In Period for each Phase, DC agrees to pay interest monthly on the aggregate Loan advances disbursed for such Phase at the rate of one-twelfth (1/12) of four and six-tenths percent (4.6%) per annum. The interest shall be payable to HS monthly in arrears on the Interest Payment Date.

4.2. Upon the completion of the Initial Move-In Period for a Phase, the aggregate amount of the Loan shall be increased by the amount equal to the sum of the then applicable Initial Entrance Deposits for all of the remaining unsettled Continuing Care Units in such Phase, plus the amounts outstanding, if any, of the Resident's promissory notes referenced in Section 3.2 above applicable to such Phase. Upon completion of the Initial Move-In Period for each Phase, the monthly payment for such Phase shall be calculated as if the aggregate amount of principal attributed to such Phase is amortized in equal monthly installments over a thirty (30) year term at the rate of four and six-tenths percent (4.6%), per annum (even though the full face amount of such Note and the entire principal attributed to such Phase have not been advanced). Due to the fact that the principal amount outstanding under the Note may increase due to the disbursement of certain Loan advances subsequent to the completion of the Initial Move-In Period for a Phase, the portion of such monthly payment allocated to the payment of interest under the Note for such Phase will increase upon DC's receipt of such additional Loan advances. Thereafter, as HS receives the Initial Entrance Deposits on the remaining unsettled Continuing Care Units and payments of principal and interest on Residents' promissory notes evidencing all or any portion of an Initial Entrance Deposit for such Phase, HS shall disburse to DC such sums received as advances on the Loan, and such advances shall be confirmed by written notice from HS to DC. Interest shall be due and payable on such Loan advances only from the date of such Loan advance.

4.3. HS acknowledges and agrees that in the event that HS fails to pay to DC any sums as and when due under the Master Lease, DC may offset against payments due under the Note an amount equal to such sums not paid by HS. In addition, HS and DC acknowledge and agree that payments due from HS to DC under this Loan Agreement shall

be credited against sums due HS from DC pursuant to the Master Lease.

5. The Note.

5.1. Upon execution and delivery of this Loan Agreement by the parties hereto, HS shall execute and deliver to DC the Note in the form attached hereto as Exhibit C, and DC agrees to commence monthly interest payments on the Loan advances for such Phase (and each Phase thereafter upon commencement of the Initial Move-In Period for that Phase), calculated in accordance with the terms of this Loan Agreement and the Note.

5.2. DC agrees to maintain accurate and complete books and records reflecting all sums advanced under the Loan, all payments thereunder, and the proper application of each monthly payment under the Note to principal and interest under the Note. DC further agrees to provide to HS, upon request, a written statement of the principal amount due under the Note, and the application of monthly payments under the Note.

6. Security by HS.

6.1. The parties acknowledge that DC is relying on the commitment of HS to advance funds in accordance with the terms of this Loan Agreement, and that in the event HS defaults in such obligation, DC will suffer material adverse consequences. Consequently, as collateral security for HS's obligations hereunder, HS herewith assigns and sets over to DC all of its right, title and interest in and to (i) the Residence and Care Agreements; and (ii) the Entrance Deposits; and grants to DC a security interest therein. HS will, on request, execute and cause to be filed in appropriate record offices any financing statements, continuation statements or other documents, including a collateral assignment, as may be necessary or appropriate to perfect such security interest. In the event of default by HS in any of its obligations under this Loan Agreement, DC shall have the right to exercise all rights of HS under the Residence and Care Agreements, including the right to enter into such modifications, terminations or amendments thereof as DC may deem appropriate (provided the rights of Residents to occupy the Continuing Care Units subject to their respective Residence and Care Agreements, and to receive the health care services provided for therein, are not impaired, and provided DC satisfies any laws, rules and regulations applicable to DC exercising such rights), all without notice to or concurrence of HS.

6.2. As additional security for all of HS's obligations hereunder, and to the extent not prohibited by law, HS assigns and sets over to DC all of HS's right, title and interest in, to and under (i) all licenses, certificates of need, operating permits, franchises and other governmental authorizations and approvals now or hereafter existing with respect to the acquisition, construction, renovation, expansion, leasing, ownership and/or operation of the Retirement Community, including all certificates of need, licenses and other authorizations of any kind in connection with any nursing home or other health care facilities which are a part of the Retirement Community; (ii) any and all licenses issued by any governmental authority relating to the operation of food and beverage facilities and/or amenities; (iii) any

and all third-party payment contracts under which payment may be made for services rendered at the Retirement Community, including, but not limited to, Certificate of Registration, Medicare and Medicaid provider agreements issued to HS and the Retirement Community; and (iv) any and all personalty of HS located on the Property and utilized in connection with the operation or maintenance of the Retirement Community; together with all additions to, modifications of and substitutions for any of the foregoing. HS will, on request, execute and cause to be filed in appropriate record offices, any financing statements, continuation statements or other documents including a collateral assignment, as may be necessary or appropriate to perfect such security interest.

6.3. HS acknowledges and agrees that DC may collaterally assign this Loan Agreement and the other Loan Documents to any lender providing financing for construction of all or any part of the Retirement Community (the "Bank"), as security for any Development Loan made by the Bank to DC. HS agrees to recognize the Bank and its successors or assigns rights to Loan advances upon HS's receipt of written notice from the Bank that DC is in default under such Development Loan, and to execute and deliver such documents as the Bank may reasonably request to confirm such assignment.

7. Representations, Covenants and Warranties.

7.1. DC hereby represents, covenants and warrants as follows:

7.1.1. DC has been duly established as a Maryland limited partnership, is validly existing and authorized to do business and is in good standing in the State of Maryland; is qualified to do business in the State of Texas; has full power and authority to own its assets and to conduct the activities in which it is engaged; and is in compliance in all material respects with all laws, regulations, ordinances, orders and other requirements of all governmental bodies or agencies applicable to it or its business activities. The copies of the Certificate of Limited Partnership and the Limited Partnership Agreement submitted by DC to HS are true and correct.

7.1.2. The borrowings evidenced by this Loan Agreement and the Note are duly within the power of DC, have been duly authorized, have received all necessary governmental approvals, and will not violate any provision of law, order of court or governmental agency, or any indenture, agreement or other instrument to which DC or any of its partners is a party or is bound. This Loan Agreement and the Note, when executed and delivered by DC, shall constitute legal, valid, and binding obligations of DC, enforceable against DC according to their terms.

7.1.3. DC has an insurable title in the Property described in the Mortgage, free and clear of all mortgages, security interests, liens and encumbrances, except for liens to secure the Development Loans and except for such items as are set forth on Exhibit D attached hereto.

7.2. Contemporaneous with the execution of this Loan Agreement, HS covenants to deliver to DC:

7.2.1. A copy of the Articles of Incorporation and By-Laws of HS;

7.2.2. A certificate as to HS's qualification to do business in the State of Texas or such other evidence of the due organization and valid existence of HS as may be reasonably acceptable to DC; and

7.2.3. A resolution executed by the Board of Directors of HS, consenting to the lending of the funds evidenced by the Loan and the execution and delivery of this Loan Agreement by HS.

8. Conditions Precedent to Disbursement. In addition to any other condition stated herein, the following shall be conditions precedent to the initial disbursement of the Loan:

8.1. Contemporaneous with the execution of this Loan Agreement, DC shall deliver to HS:

8.1.2. A copy of the Certificate of Limited Partnership and Limited Partnership Agreement of DC;

8.1.3. Certificates as to the good standing and/or existence of DC in the State of Maryland and the State of Texas;

8.1.4. A resolution executed by the partners of DC, consenting to the borrowing of the funds evidenced by the Loan and the execution and delivery of this Loan Agreement, the Note and the Mortgage by DC;

8.1.5. The Note, in the form attached hereto as Exhibit C; and

8.1.6. The Mortgage, in a form acceptable to HS.

8.2. All representations and warranties of DC shall be true and correct in all material respects.

8.3. There shall not have occurred and be continuing any default in the performance or observance of any of the covenants, agreements or conditions to be performed or observed by DC under any of the Loan Documents or the Master Lease nor shall there have occurred and be continuing any event, fact or circumstance which, with the passage of time, the giving or notice, or both, would constitute such a default.

9. Default.

9.1. Upon any failure by DC to make any payment of principal or interest under this Loan Agreement or the Note within ten (10) days after the due date thereof, HS, at HS's option may elect to terminate this Loan Agreement, in which event HS's obligation to disburse Loan advances shall immediately terminate. HS may also, in such event and at its sole discretion, declare the Note to be immediately due and payable in full, and bring an action therefor, without necessity for presentment, demand, notice or protest, all of which are waived by DC.

9.2. Upon default by either party of its obligations under the Loan Documents, the other party shall have the right to seek damages or the remedy of specific performance.

9.3. Upon default by DC, the Bank shall have an opportunity to cure such default within the same time frame provided to DC under this Loan Agreement, and no additional time shall be granted to the Bank.

10. Subordination. HS agrees that it will subordinate the Mortgage to the operation and effect of any current or future mortgages, deeds of trust and security interests which DC has imposed or may impose on the Property in accordance with the Master Lease, including liens to secure Development Loans, and to consent to and recognize any pledge by DC to any holder of any Development Loans DC's interest in the Loan as security for such Development Loans.

11. Entire Agreement. This Loan Agreement and the other Loan Documents constitute the entire agreement between the parties in respect of the Loan, and there are no oral agreements between the parties in connection herewith. This Loan Agreement and the other Loan Documents may be amended only in writing executed by both parties.

12. Assignment. The rights and obligations of DC under the Loan Documents may be (i) assigned to any entity which becomes the landlord under the Master Lease or master tenant under any master lease which may replace the Master Lease and (ii) pledged to secure any Development Loans; however, neither HS nor DC shall otherwise assign or pledge any of their respective rights or obligations hereunder without the prior written consent of the other party. Notwithstanding the foregoing, in order to enable the Residents to receive refunds of their Entrance Deposits upon their departure from the Retirement Community, the following assignments shall occur without the necessity of any additional documentation:

(a) HS shall conclusively be deemed to have assigned its rights and obligations hereunder, including its rights to receive repayment of the Loan, to any successor (either by voluntary or involuntary act or by operation of law) to its rights, title and interest under the Master Lease; and

(b) In the event the Master Lease is terminated for any reason, HS shall conclusively be deemed to have assigned its rights and obligations hereunder, including its rights to receive repayment of the Loan, (i) to the entity legally responsible for the obligation to refund the Entrance

Deposits to Residents upon their departure from the Retirement Community, or, in the event no entity or entities are legally responsible, then (ii) to DC. DC and HS agree to execute and deliver such documents as may be requested by either party hereto to evidence, secure and assure the assignments contemplated by this Section.

13. Survival of Covenants. All representations, covenants and warranties made herein shall survive the making of the Loan and the delivery of the Note and other Loan Documents.

14. Governing Law. This Loan Agreement and all of the other Loan Documents shall be governed by the law of the State of Texas, and venue for any proceedings under this Loan Agreement shall be in the State of Texas.

15. Severability. In the event that any provision of this Loan Agreement or any other Loan Document is held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the remainder of this Loan Agreement and other Loan Documents, which shall remain in full force and effect and shall be construed as though they had not contained the invalid or unenforceable provision.

16. Limitation on Liability of Members/Partners. The parties hereby agree and confirm that upon the occurrence of any default under any provision of this Loan Agreement or any other Loan Document, if any judicial proceedings to enforce the obligations of either party are brought by the other party, such proceedings shall be limited to the property and assets of the party against whom enforcement is being sought (which, in the case of HS, includes but is not limited to the Entrance Deposits in HS's possession or control, to the extent not prohibited by Regulatory Escrow Requirements and other applicable law). No judgment or suit shall be sought or obtained by any party against the members, partners or any officer, director or employee of a member or partners of the other party or against the assets of such persons or entities. Nothing herein contained shall limit or impair the liability of a member or partner of a party for any obligation arising independently of their status as a member or partner of such party.

17. Successors and Assigns. The covenants herein shall be binding upon, and the rights hereunder shall inure to the benefit of, the parties, their personal representatives, successors and assigns.

18. Waiver. No delay on the part of HS in exercising any of its rights under this Loan Agreement or the Note shall operate as a waiver thereof, and no single or partial exercise of any such rights (including acceptance of late payments by HS) shall preclude other or further exercise thereof or the exercise of any other rights. Waiver by HS of any default by DC, or any other party, shall not constitute a waiver of any subsequent defaults but shall be restricted to the default so waived.

19. Notices. Any notice required or permitted by this Loan Agreement or the other Loan Documents, to be given by either party to the other, may be either personally delivered or sent by certified mail, properly addressed and prepaid, to the addresses of the parties set forth in Exhibit B hereof, unless another address shall have been substituted for such address by notice in writing, the

date of so depositing or of personal delivery being taken as the date of the giving of such notice.

20. WAIVER OF JURY TRIAL: HS AND DC HEREBY VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LOAN AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. THIS WAIVER APPLIES TO ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS AND PROCEEDINGS, INCLUDING PARTIES WHO ARE NOT PARTIES TO THIS AGREEMENT. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY HS AND DC WHO ACKNOWLEDGE THAT THEY HAVE BEEN REPRESENTED IN THE EXECUTION OF THIS LOAN AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF THEIR OWN FREE WILL, AND THAT THEY HAVE HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL. HS AND DC FURTHER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE MEANING AND RAMIFICATIONS OF THIS WAIVER PROVISION.

21. Maximum Interest. It is expressly stipulated and agreed to be the intent of DC and HS at all times to comply strictly with the applicable Texas law governing the maximum rate or amount of interest payable on the Note or the Indebtedness (or applicable United States federal law to the extent that it permits HS to contract for, charge, take, reserve or received a greater amount of interest than under Texas law). If the applicable law is ever judicially interpreted so as to render usurious any amount (i) contracted for, charged, taken, reserved or received pursuant to the Note, Loan Agreement or any of the other Loan Documents or any other communication or writing by or between DC and HS related to the transaction or transactions that are the subject matter of the Loan Agreement or any of the other Loan Documents, (ii) contracted for, charged or received by reason of HS's exercise of the option to accelerate the maturity of the Note and/or the Indebtedness, or (iii) DC will have paid or HS will have received by reason of any voluntary prepayment by DC of the Note and/or the Indebtedness, then it is DC's and HS's express intent that all amounts charged in excess of the Maximum Lawful Rate shall be automatically canceled, ab initio, and all amounts in excess of the Maximum Lawful Rate theretofore collected by HS shall be credited on the principal balance of the Note and/or the Indebtedness (or, if the Note and all Indebtedness have been or would thereby be paid in full, refunded to DC), and the provisions of the Note, Loan Agreement or any other Loan Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder; provided, however, if the Note has been paid in full before the end of the stated term of the Note, then DC and HS agree that HS shall, with reasonable promptness after HS discovers or is advised by DC that interest was received in an amount in excess of the Maximum Lawful Rate, either refund such excess interest to DC and/or credit such excess interest against the Note and/or any Indebtedness then owing by DC to HS. DC hereby agrees that as a condition precedent to any claim seeking usury penalties against HS, DC will provide written notice to HS, advising HS in reasonable detail of the nature and amount of the violation, and HS shall have sixty (60) days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest to DC or crediting such excess interest against the Note and/or the

Indebtedness then owing by DC to HS. All sums contracted for, charged or received by HS for the use, forbearance or detention of any debt evidenced by the Note and/or the Indebtedness shall, to the extent permitted by applicable law, be amortized or spread, using the actuarial method, throughout the stated term of the Note and/or the Indebtedness (including any and all renewal and extension periods) until payment in full so that the rate or amount of interest on account of the Note and/or the Indebtedness does not exceed the Maximum Lawful Rate from time to time in effect and applicable to the Note and/or the Indebtedness for so long as debt is outstanding. In no event shall the provisions of Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts and revolving triparty accounts) apply to the Note and/or the Indebtedness. Notwithstanding anything to the contrary contained herein or in the Loan Agreement or any of the other Loan Documents, it is not the intention of HS to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

22. ENTIRE AGREEMENT; AMENDMENT. THIS LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO. The provisions hereof and any of the other Loan Documents may be amended or waived only by an instrument in writing signed by DC and HS.

23. Exhibits. The following Exhibits are attached hereto and are hereby made a part hereof:

- Exhibit A - Schedule of Anticipated Entrance Deposits
- Exhibit B - Notice Addresses
- Exhibit C - Form of Promissory Note
- Exhibit D – Title Exceptions

IN WITNESS WHEREOF, the parties hereto have caused this Community Loan Agreement to be duly executed as of the date first above written.

WITNESS:

Joseph A. Schall

HIGHLAND SPRINGS, INC.

By: [Signature] (SEAL)
James M. Anders, Jr.
Treasurer

WITNESS:

DALLAS CAMPUS, LP

By: Dallas Campus GP, LLC
General Partner

By: Erickson Retirement Communities, LLC
Sole Member

By: _____
Gerald F. Doherty
Executive Vice President

APPROVED AS TO LEGAL
SUFFICIENCY _____

IN WITNESS WHEREOF, the parties hereto have caused this Community Loan Agreement to be duly executed as of the date first above written.

WITNESS:

HIGHLAND SPRINGS, INC.

Dawn E. Anders

By: _____ (SEAL)
James M. Anders, Jr.
Treasurer

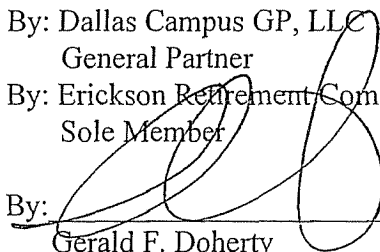
WITNESS:

DALLAS CAMPUS, LP

By: Dallas Campus GP, LLC
General Partner

By: Erickson Retirement Communities, LLC
Sole Member

Dawn E. Anders

By: 
Gerald F. Doherty
Executive Vice President

**APPROVED AS TO LEGAL
SUFFICIENCY** _____

COMMUNITY LOAN AGREEMENT

EXHIBIT A

SCHEDULE OF ANTICIPATED ENTRANCE DEPOSITS

**Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits**

Residential Building 1.1

Opening Date Sep-06

| | | | <i>Base Year 2006</i> | | |
|-------------------------------------------------|--------------|------|---------------------------|---------------|--------------------------|
| | | | <i>Deposit \$</i> | <i>RB 1.1</i> | <i>RB 1.1</i> |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 12 | 1,764,000 |
| Large 1 BR | Dover | C3 | 179,000 | 10 | 1,790,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 5 | 935,000 |
| Large 1 BR 1.5B | Fremont | C4.5 | 195,000 | 4 | 780,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 3 | 540,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | 214,000 | 3 | 642,000 |
| 1 BR & Den | Gilbert | D2 | 206,000 | 4 | 824,000 |
| 1 BR 1B & Den | Gilbert | D2m | 214,000 | 4 | 856,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 5 | 1,140,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | 231,000 | 5 | 1,155,000 |
| 2 BR-1B | Flagstaff | E1 | 208,000 | 5 | 1,040,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 10 | 2,180,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 11 | 2,541,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 9 | 2,205,000 |
| 1 BR-(1-1/2)B w/SR | Heritage | H2 | 275,000 | 2 | 550,000 |
| 2 BR-(1-1/2)B | Jenkins | H3 | 282,000 | 4 | 1,128,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 5 | 1,420,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 12 | 3,312,000 |
| 2 BR-2B with Den | Worthington | F8 | 290,000 | 7 | 2,030,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 10 | 2,670,000 |
| Large 2 BR-2B | Manchester | F4 | 315,000 | 10 | 3,150,000 |
| Large 2 BR-2B w/SR | Patterson | F12 | 374,000 | 5 | 1,870,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | 354,000 | 3 | 1,062,000 |
| Large 2 BR-2B w/SR | Wellington | J2 | 366,000 | 5 | 1,830,000 |
| Large 2 BR-2B w/SR | Wyeth | J6 | 368,000 | 4 | 1,464,000 |
| Large 2 BR-2B w/SR | | 0 J7 | 341,000 | 1 | 341,000 |
| Large 2 BR-2B | Williamsburg | K1 | 394,000 | 5 | 1,970,000 |
| Total: | | | | <u>167</u> | <u>42,109,000</u> |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | <u>25%</u> | <u>208,750</u> |
| | | | | 167 | 208,750 |
| Total with Amenities | | | | <u>167</u> | <u>42,317,750</u> |
| Projected Deposits without Amenities (Inflated) | | | 0.00% | 167 | 42,109,000 |
| Total Amenities | | | | | 208,750 |
| Total Projected Deposits | | | | | <u><u>42,317,750</u></u> |

**Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits**

Residential Building 1.2

Opening Date Jun-07

| | | | <i>Base Year 2006</i> | | |
|-------------------------------------------------|--------------|-------|---------------------------|---------------|--------------------------|
| | | | Deposit \$ | RB 1.2 | RB 1.2 |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 4 | 588,000 |
| Large 1 BR | Dover | C3 | 179,000 | 10 | 1,790,000 |
| Large 1 BR | Fenwick | C7 | 180,000 | 1 | 180,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 4 | 720,000 |
| Large 1 BR-(1-1/2)B | Hamilton | G10 | 207,000 | 4 | 828,000 |
| 1 BR & Den | Georgetown | D1 | 206,000 | 12 | 2,472,000 |
| 1 BR 1B & Den | Gilbert | D2m | 214,000 | 5 | 1,070,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 8 | 1,824,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | 231,000 | 4 | 924,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 14 | 3,052,000 |
| 2 BR-1B | Franklin | E3 | 222,000 | 4 | 888,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 13 | 3,003,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 5 | 1,150,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 4 | 980,000 |
| 2 BR-(1-1/2)B | | 0 E4+ | 245,000 | 4 | 980,000 |
| 2 BR-2B | Hawthorne | F2 | 264,000 | 8 | 2,112,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 9 | 2,556,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 4 | 1,104,000 |
| 2 BR-2B with Den | Worthington | F8 | 290,000 | 9 | 2,610,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 16 | 4,272,000 |
| Large 2 BR-2B w/SR | Patterson | F12 | 374,000 | 9 | 3,366,000 |
| Large 2 BR-2B w/SR | Wyeth | J6 | 366,000 | 4 | 1,464,000 |
| Large 2 BR-2B w/SR | | 0 J7 | 341,000 | 6 | 2,046,000 |
| Large 2 BR-2B | Williamsburg | K1 | 422,000 | 5 | 2,110,000 |
| Total: | | | | <u>166</u> | <u>42,089,000</u> |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 207,500 |
| | | | | 166 | 207,500 |
| Total with Amenities | | | | <u>166</u> | <u>42,296,500</u> |
| Projected Deposits without Amenities (Inflated) | | | 3.00% | 166 | 43,351,670 |
| Total Amenities | | | | | 207,500 |
| Total Projected Deposits | | | | | <u><u>43,559,170</u></u> |

Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 1.3

Opening Date

Mar-08

| | | | <i>Base Year</i> | | |
|-------------------------------------------------|--------------|------|-------------------|---------------|-------------------|
| | | | 2006 | | |
| | | | Deposit \$ | RB 1.3 | RB 1.3 |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 5 | 735,000 |
| Large 1 BR | Ellicott | C2 | 180,000 | 4 | 720,000 |
| Large 1 BR | Dover | C3 | 179,000 | 4 | 716,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 4 | 748,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 3 | 540,000 |
| Large 1 BR-(1-1/2)B | Hamilton | G10 | 207,000 | 4 | 828,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | 214,000 | 8 | 1,712,000 |
| 1 BR & Den | Gilbert | D2 | 206,000 | 8 | 1,648,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 4 | 912,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | 231,000 | 2 | 462,000 |
| 2 BR-1B | Flagstaff | E1 | 208,000 | 4 | 832,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 9 | 1,962,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 10 | 2,310,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 8 | 1,960,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 4 | 1,136,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 10 | 2,670,000 |
| Large 2 BR-2B w/SR | Patterson | F12 | 374,000 | 4 | 1,496,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | 354,000 | 8 | 2,832,000 |
| Large 2 BR-2B w/SR | Wyeth | J6 | 366,000 | 2 | 732,000 |
| Large 2 BR-2B w/SR | | 0 J7 | 341,000 | 2 | 682,000 |
| Large 2 BR-2B | Williamsburg | K1 | 422,000 | 4 | 1,688,000 |
| Total: | | | | 115 | 28,241,000 |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 143,750 |
| | | | | 115 | 143,750 |
| Total with Amenities | | | | 115 | 28,384,750 |
| Projected Deposits without Amenities (Inflated) | | | 6.09% | 115 | 29,960,877 |
| Total Amenities | | | | | 143,750 |
| Total Projected Deposits | | | | | 30,104,627 |

**Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits**

Residential Building 1.4

Opening Date Sep-08

| | | | | <i>Base Year</i> | | |
|-------------------------------------------------|------------|------|--|-------------------|---------------|-------------------|
| | | | | 2006 | | |
| | | | | Deposit \$ | RB 1.4 | RB 1.4 |
| <u>Unit categories:</u> | | | | | | |
| 1 BR | Brighton | C1 | | 147,000 | 10 | 1,470,000 |
| Large 1 BR | Dover | C3 | | 179,000 | 9 | 1,611,000 |
| Large 1 BR | Fremont | C4 | | 187,000 | 4 | 748,000 |
| Large 1 BR | Fenwick | C7 | | 180,000 | 2 | 360,000 |
| Large 1 BR | Dawson | C8 | | 180,000 | 2 | 360,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | | 214,000 | 4 | 856,000 |
| 1 BR & Den | Gilbert | D2 | | 206,000 | 3 | 618,000 |
| 1 BR, Den, 1.5B | Gibson | D6.5 | | 216,000 | 4 | 864,000 |
| 2 BR-1B | Fallston | E1m | | 203,000 | 4 | 812,000 |
| 2 BR-1B | Fairmont | E2 | | 218,000 | 7 | 1,526,000 |
| 2 BR-1B | Harrison | G4 | | 231,000 | 10 | 2,310,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | | 245,000 | 17 | 4,165,000 |
| 2 BR-(1-1/2)B | Jenkins | H3 | | 282,000 | 3 | 846,000 |
| 2 BR-2B | Kingston | F3 | | 284,000 | 8 | 2,272,000 |
| 2 BR-2B | Oxford | F5 | | 276,000 | 5 | 1,380,000 |
| 2 BR-2B | Jackson | G6 | | 267,000 | 10 | 2,670,000 |
| Large 2 BR-2B | Manchester | F4 | | 315,000 | 8 | 2,520,000 |
| Large 2 BR-2B | Lexington | H4 | | 349,000 | 2 | 698,000 |
| Large 2 BR-2B w/SR | | 0 J7 | | 341,000 | 3 | 1,023,000 |
| Total: | | | | | 119 | 28,029,000 |
| <u>Amenities</u> | | | | | | |
| 25% of Units * \$5,000 | | | | | 25% | 148,750 |
| | | | | | 119 | 148,750 |
| Total with Amenities | | | | | 119 | 28,177,750 |
| Projected Deposits without Amenities (Inflated) | | | | 6.09% | 119 | 29,735,966 |
| Total Amenities | | | | | | 148,750 |
| Total Projected Deposits | | | | | | 29,884,716 |

Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 2.1

Opening Date

Jul-09

| | | | <i>Base Year</i> | | |
|-------------------------------------------------|--------------|------|-------------------|---------------|-------------------|
| | | | 2006 | | |
| | | | Deposit \$ | RB 2.1 | RB 2.1 |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 11 | 1,617,000 |
| Large 1 BR | Ellicott | C2 | 180,000 | 4 | 720,000 |
| Large 1 BR | Dover | C3 | 179,000 | 4 | 716,000 |
| Large 1 BR | Fenwick | C7 | 180,000 | 1 | 180,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 3 | 540,000 |
| Large 1 BR | Easton | C11 | 189,000 | 2 | 378,000 |
| 1 BR & Den | Georgetown | D1 | 206,000 | 3 | 618,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | 214,000 | 4 | 856,000 |
| 1 BR 1B & Den | Gilbert | D2m | 214,000 | 4 | 856,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 4 | 912,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | 231,000 | 4 | 924,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 10 | 2,180,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 12 | 2,772,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 9 | 2,205,000 |
| 2 BR-(1-1/2)B | Jenkins | H3 | 282,000 | 2 | 564,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 4 | 1,136,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 8 | 2,208,000 |
| 2 BR-2B with Den | Worthington | F8 | 290,000 | 8 | 2,320,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 17 | 4,539,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | 354,000 | 4 | 1,416,000 |
| Large 2 BR-2B | Lexington | H4 | 349,000 | 2 | 698,000 |
| Large 2 BR-2B w/SR | Wyeth | J6 | 366,000 | 2 | 732,000 |
| Large 2 BR-2B w/SR | | 0 J7 | 341,000 | 2 | 682,000 |
| Large 2 BR-2B | Williamsburg | K1 | 422,000 | 4 | 1,688,000 |
| Total: | | | | 128 | 31,457,000 |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 160,000 |
| | | | | 128 | 160,000 |
| Total with Amenities | | | | 128 | 31,617,000 |
| Projected Deposits without Amenities (Inflated) | | | 9.27% | 128 | 34,373,913 |
| Total Amenities | | | | | 160,000 |
| Total Projected Deposits | | | | | 34,533,913 |

**Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits**

Residential Building 2.2

Opening Date Sep-09

| | | | <i>Base Year</i> 2006 | | |
|-------------------------------------------------|--------------|-------|--------------------------|--------|-------------------|
| | | | Deposit \$ | RB 2.2 | RB 2.2 |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 11 | 1,617,000 |
| 1 BR | Bradford | C5 | 137,000 | 4 | 548,000 |
| Large 1 BR | Ellicott | C2 | 180,000 | 1 | 180,000 |
| Large 1 BR | Dover | C3 | 179,000 | 4 | 716,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 8 | 1,496,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 1 | 180,000 |
| 1 BR & Den | Georgetown | D1 | 206,000 | 4 | 824,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 4 | 912,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 4 | 872,000 |
| 2 BR-1B | Franklin | E3 | 222,000 | 4 | 888,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 3 | 693,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 17 | 4,165,000 |
| 2 BR-(1-1/2)B | | 0 E4+ | 245,000 | 1 | 245,000 |
| 2 BR-(1-1/2)B | Jenkins | H3 | 282,000 | 2 | 564,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 10 | 2,840,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 3 | 828,000 |
| 3 BR-2B with Den | | 0 F6+ | 359,000 | 4 | 1,436,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 6 | 1,602,000 |
| Large 2 BR-2B w/SR | Patterson | F12 | 374,000 | 5 | 1,870,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | 354,000 | 5 | 1,770,000 |
| Large 2 BR-2B | Lexington | H4 | 349,000 | 2 | 698,000 |
| Large 2 BR-2B w/SR | Washington | J3 | 366,000 | 5 | 1,830,000 |
| Large 2 BR-2B | Williamsburg | K1 | 422,000 | 5 | 2,110,000 |
| Total: | | | | 117 | 29,804,000 |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 146,250 |
| | | | | 117 | 146,250 |
| Total with Amenities | | | | 117 | 29,950,250 |
| Projected Deposits without Amenities (Inflated) | | | 9.27% | 117 | 32,567,636 |
| Total Amenities | | | | | 146,250 |
| Total Projected Deposits | | | | | 32,713,886 |

Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 2.3

Opening Date Mar-11

| | | | <i>Base Year</i> | | |
|-------------------------------------------------|--------------|------|-------------------|---------------|--------------------------|
| | | | <i>2006</i> | | |
| | | | <i>Deposit \$</i> | <i>RB 2.3</i> | <i>RB 2.3</i> |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 11 | 1,617,000 |
| 1 BR | Bradford | C5 | 137,000 | 4 | 548,000 |
| Large 1 BR | Ellicott | C2 | 180,000 | 8 | 1,440,000 |
| Large 1 BR | Dover | C3 | 179,000 | 4 | 716,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 4 | 748,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 2 | 360,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | 214,000 | 8 | 1,712,000 |
| 1 BR 1B & Den | Gilbert | D2m | 214,000 | 8 | 1,712,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 4 | 912,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 6 | 1,308,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 9 | 2,079,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 9 | 2,205,000 |
| 1 BR-(1-1/2)B w/SR | Heritage | H2 | 275,000 | 3 | 825,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 4 | 1,136,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 4 | 1,104,000 |
| 2 BR-2B with Den | Monterey | F6 | 290,000 | 5 | 1,450,000 |
| 2 BR-2B with Den | Worthington | F8 | 290,000 | 4 | 1,160,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 10 | 2,670,000 |
| Large 2 BR-2B | Manchester | F4 | 315,000 | 8 | 2,520,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | 354,000 | 1 | 354,000 |
| Large 2 BR-2B w/SR | Wellington | J2 | 366,000 | 4 | 1,464,000 |
| Large 2 BR-2B w/SR | Washington | J3 | 366,000 | 4 | 1,464,000 |
| Large 2 BR-2B | Williamsburg | K1 | 422,000 | 8 | 3,376,000 |
| Total: | | | | <u>136</u> | <u>33,800,000</u> |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | <u>25%</u> | <u>170,000</u> |
| | | | | 136 | 170,000 |
| Total with Amenities | | | | <u>136</u> | <u>33,970,000</u> |
| Projected Deposits without Amenities (Inflated) | | | 15.93% | 136 | 39,183,464 |
| Total Amenities | | | | | <u>170,000</u> |
| Total Projected Deposits | | | | | <u>39,353,464</u> |

Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 2.4

Opening Date Mar-12

| | | | | <i>Base Year</i> | | |
|-------------------------------------------------|-------------|-------|--|------------------------|--------|-------------------|
| | | | | 2006 | | |
| | | | | Deposit \$ | RB 2.4 | RB 2.4 |
| <u>Unit categories:</u> | | | | | | |
| 1 BR | Brighton | C1 | | 147,000 | 10 | 1,470,000 |
| Large 1 BR | Ellicott | C2 | | 180,000 | 9 | 1,620,000 |
| Large 1 BR | Dover | C3 | | 179,000 | 4 | 716,000 |
| Large 1 BR | Fremont | C4 | | 187,000 | 4 | 748,000 |
| Large 1 BR | Dawson | C8 | | 180,000 | 2 | 360,000 |
| Large 1 BR | Easton | C11 | | 189,000 | 5 | 945,000 |
| Large 1 BR-(1-1/2)B | Hamilton | G10 | | 207,000 | 4 | 828,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | | 214,000 | 9 | 1,926,000 |
| 1 BR & Den | Glendale | D5 | | 228,000 | 5 | 1,140,000 |
| 2 BR-1B | Fairmont | E2 | | 218,000 | 7 | 1,526,000 |
| 2 BR-1B | Harrison | G4 | | 231,000 | 14 | 3,234,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | | 230,000 | 8 | 1,840,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | | 245,000 | 12 | 2,940,000 |
| 2 BR-(1-1/2)B | | 0 E4+ | | 245,000 | 3 | 735,000 |
| 2 BR-2B | Kingston | F3 | | 284,000 | 8 | 2,272,000 |
| 2 BR-2B | Oxford | F5 | | 276,000 | 5 | 1,380,000 |
| 2 BR-2B with Den | Worthington | F8 | | 290,000 | 3 | 870,000 |
| 2 BR-2B | Jackson | G6 | | 267,000 | 9 | 2,403,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | | 354,000 | 8 | 2,832,000 |
| Total: | | | | | 129 | 29,785,000 |
| <u>Amenities</u> | | | | | | |
| | | | | 25% of Units * \$5,000 | 25% | 161,250 |
| | | | | | 129 | 161,250 |
| Total with Amenities | | | | | 129 | 29,946,250 |
| Projected Deposits without Amenities (Inflated) | | | | 19.41% | 129 | 35,564,848 |
| Total Amenities | | | | | | 161,250 |
| Total Projected Deposits | | | | | | 35,726,098 |

Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 3.1

Opening Date

Sep-12

| | | | | <i>Base Year</i> | | |
|-------------------------------------------------|--------------|-----|--|-------------------|---------------|-------------------|
| | | | | 2006 | | |
| | | | | Deposit \$ | RB 3.1 | RB 3.1 |
| <u>Unit categories:</u> | | | | | | |
| 1 BR | Brighton | C1 | | 147,000 | 9 | 1,323,000 |
| Large 1 BR | Dover | C3 | | 179,000 | 5 | 895,000 |
| Large 1 BR | Fremont | C4 | | 187,000 | 8 | 1,496,000 |
| Large 1 BR | Dawson | C8 | | 180,000 | 2 | 360,000 |
| Large 1 BR | Easton | C11 | | 189,000 | 1 | 189,000 |
| Large 1 BR-(1-1/2)B | Hamilton | G10 | | 207,000 | 4 | 828,000 |
| 1 BR & Den | Georgetown | D1 | | 206,000 | 7 | 1,442,000 |
| 1 BR & Den | Gilbert | D2 | | 206,000 | 4 | 824,000 |
| 1 BR 1B & Den | Gilbert | D2m | | 214,000 | 4 | 856,000 |
| 1 BR & Den | Glendale | D5 | | 228,000 | 8 | 1,824,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | | 231,000 | 4 | 924,000 |
| 2 BR-1B | Flagstaff | E1 | | 208,000 | 8 | 1,664,000 |
| 2 BR-1B | Fairmont | E2 | | 218,000 | 7 | 1,526,000 |
| 2 BR-1B | Franklin | E3 | | 222,000 | 4 | 888,000 |
| 2 BR-1B | Harrison | G4 | | 231,000 | 16 | 3,696,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | | 245,000 | 16 | 3,920,000 |
| 2 BR-2B | Oxford | F5 | | 276,000 | 4 | 1,104,000 |
| 2 BR-2B with Den | Monterey | F6 | | 290,000 | 4 | 1,160,000 |
| 2 BR-2B | Jackson | G6 | | 267,000 | 14 | 3,738,000 |
| Large 2 BR-2B | Manchester | F4 | | 315,000 | 10 | 3,150,000 |
| Large 2 BR-2B w/SR | Patterson | F12 | | 374,000 | 9 | 3,366,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | | 354,000 | 10 | 3,540,000 |
| Large 2 BR-2B | Williamsburg | K1 | | 422,000 | 5 | 2,110,000 |
| Total: | | | | | 163 | 40,823,000 |
| <u>Amenities</u> | | | | | | |
| 25% of Units * \$5,000 | | | | | 25% | 203,750 |
| | | | | | 163 | 203,750 |
| Total with Amenities | | | | | 163 | 41,026,750 |
| Projected Deposits without Amenities (Inflated) | | | | 19.41% | 163 | 48,744,797 |
| Total Amenities | | | | | | 203,750 |
| Total Projected Deposits | | | | | | 48,948,547 |

Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 3.2

Opening Date Sep-13

| | | | Base Year 2006 | | |
|-------------------------------------------------|--------------|------|-------------------|--------|------------|
| | | | Deposit \$ | RB 3.2 | RB 3.2 |
| <u>Unit categories:</u> | | | | | |
| Studio | Avalon | B4 | 106,000 | 2 | 212,000 |
| 1 BR | Brighton | C1 | 147,000 | 16 | 2,352,000 |
| Large 1 BR | Ellicott | C2 | 180,000 | 4 | 720,000 |
| Large 1 BR | Dover | C3 | 179,000 | 4 | 716,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 8 | 1,496,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 3 | 540,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | 214,000 | 4 | 856,000 |
| 1 BR 1B & Den | Gilbert | D2m | 214,000 | 4 | 856,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 4 | 912,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | 231,000 | 8 | 1,848,000 |
| 2 BR-1B | Flagstaff | E1 | 208,000 | 4 | 832,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 9 | 1,962,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 12 | 2,772,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 9 | 2,205,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 9 | 2,556,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 4 | 1,104,000 |
| 2 BR-2B with Den | Worthington | F8 | 290,000 | 7 | 2,030,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 12 | 3,204,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | 354,000 | 8 | 2,832,000 |
| Large 2 BR-2B w/SR | Wyeth | J6 | 366,000 | 6 | 2,196,000 |
| Large 2 BR-2B w/SR | | 0 J7 | 341,000 | 2 | 682,000 |
| Large 2 BR-2B | Williamsburg | K1 | 422,000 | 4 | 1,688,000 |
| Total: | | | | 147 | 35,491,000 |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 183,750 |
| | | | | 147 | 183,750 |
| Total with Amenities | | | | 147 | 35,674,750 |
| Projected Deposits without Amenities (Inflated) | | | 22.99% | 147 | 43,649,453 |
| Total Amenities | | | | | 183,750 |
| Total Projected Deposits | | | | | 43,833,203 |

Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 3.3

Opening Date

Sep-14

| | | | <i>Base Year</i> | | |
|-------------------------------------------------|-------------|------|-------------------|---------------|-------------------|
| | | | 2006 | | |
| | | | Deposit \$ | RB 3.3 | RB 3.3 |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 1 | 147,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 4 | 748,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 3 | 540,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | 214,000 | 10 | 2,140,000 |
| 1 BR 1B & Den | Gilbert | D2m | 214,000 | 4 | 856,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 4 | 912,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | 231,000 | 8 | 1,848,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 10 | 2,180,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 4 | 924,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 6 | 1,470,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 10 | 2,840,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 4 | 1,104,000 |
| 2 BR-2B with Den | Monterey | F6 | 290,000 | 4 | 1,160,000 |
| 2 BR-2B with Den | Worthington | F8 | 290,000 | 13 | 3,770,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 26 | 6,942,000 |
| Large 2 BR-2B w/SR | Wyeth | J6 | 366,000 | 4 | 1,464,000 |
| Total: | | | | 119 | 29,965,000 |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 148,750 |
| | | | | 119 | 148,750 |
| Total with Amenities | | | | 119 | 30,113,750 |
| Projected Deposits without Amenities (Inflated) | | | 26.68% | 119 | 37,958,765 |
| Total Amenities | | | | | 148,750 |
| Total Projected Deposits | | | | | 38,107,515 |

Dallas Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 3.4

Opening Date

May-15

| | | | Base Year 2006 | | |
|-------------------------------------------------|--------------|------|-------------------|--------|------------|
| | | | Deposit \$ | RB 3.4 | RB 3.4 |
| <u>Unit categories:</u> | | | | | |
| 1 BR | Brighton | C1 | 147,000 | 12 | 1,764,000 |
| Large 1 BR | Dover | C3 | 179,000 | 4 | 716,000 |
| Large 1 BR | Fremont | C4 | 187,000 | 4 | 748,000 |
| Large 1 BR | Dawson | C8 | 180,000 | 2 | 360,000 |
| Large 1 BR | Easton | C11 | 189,000 | 1 | 189,000 |
| Large 1 BR-(1-1/2)B | Hamilton | G10 | 207,000 | 3 | 621,000 |
| 1 BR & Den | Georgetown | D1 | 206,000 | 7 | 1,442,000 |
| 1 BR 1B & Den | Georgetown | D1.5 | 214,000 | 3 | 642,000 |
| 1 BR & Den | Gilbert | D2 | 206,000 | 4 | 824,000 |
| 1 BR & Den | Glendale | D5 | 228,000 | 8 | 1,824,000 |
| 1 BR, Den, 1.5B | Griffin | D8 | 231,000 | 8 | 1,848,000 |
| 2 BR-1B | Flagstaff | E1 | 208,000 | 4 | 832,000 |
| 2 BR-1B | Fairmont | E2 | 218,000 | 8 | 1,744,000 |
| 2 BR-1B | Harrison | G4 | 231,000 | 20 | 4,620,000 |
| 2 BR-(1-1/2)B | Franklin | E3.5 | 230,000 | 4 | 920,000 |
| 2 BR-(1-1/2)B | Hastings | E4 | 245,000 | 11 | 2,695,000 |
| 1 BR-(1-1/2)B w/SR | Heritage | H2 | 275,000 | 3 | 825,000 |
| 2 BR-2B | Kingston | F3 | 284,000 | 5 | 1,420,000 |
| 2 BR-2B | Oxford | F5 | 276,000 | 4 | 1,104,000 |
| 2 BR-2B | Jackson | G6 | 267,000 | 6 | 1,602,000 |
| Large 2 BR-2B w/SR | Lancaster | H1 | 354,000 | 9 | 3,186,000 |
| Large 2 BR-2B w/SR | | O J7 | 341,000 | 5 | 1,705,000 |
| Large 2 BR-2B | Williamsburg | K1 | 422,000 | 5 | 2,110,000 |
| Total: | | | | 140 | 33,741,000 |
| <u>Amenities</u> | | | | | |
| 25% of Units * \$5,000 | | | | 25% | 175,000 |
| | | | | 140 | 175,000 |
| Total with Amenities | | | | 140 | 33,916,000 |
| Projected Deposits without Amenities (Inflated) | | | 30.48% | 140 | 44,024,352 |
| Total Amenities | | | | | 175,000 |
| Total Projected Deposits | | | | | 44,199,352 |

COMMUNITY LOAN AGREEMENT

EXHIBIT B

NOTICE ADDRESSES

Notice shall be given as follows:

HS: Erickson Retirement Communities, LLC
701 Maiden Choice Lane
Baltimore, Maryland 21228
Attn: Legal Department

DC: Erickson Retirement Communities, LLC
701 Maiden Choice Lane
Baltimore, Maryland 21228
Attn: Legal Department

Bank: Bank of America, N.A.
As Administrative Agent
100 Federal Street
Mail Stop: MA DE 10007A
Boston, MA 02110
Attention: Steven W. Previte, Vice President

COMMUNITY LOAN AGREEMENT

EXHIBIT C

FORM OF PROMISSORY NOTE

November 30, 2005

\$483,000,000

COMMUNITY LOAN NOTE

FOR VALUE RECEIVED, Dallas Campus, LP ("DC") promises to pay to the order of Highland Springs, Inc. ("HS") at HS's offices 701 Maiden Choice Lane, Baltimore, Maryland 21228, the aggregate principal sum of Four Hundred Eight Three Million Dollars (\$483,000,000), or such portion thereof as may have been advanced, from time to time, together with interest thereon at the rate hereinafter provided and any and all other sums which may be owing to the holder this Note by DC, on the "Maturity Date" (as hereinafter defined). The following terms shall apply to this Note:

1. Interest Rate. For the period from the date of this Note until the Maturity Date, interest shall accrue on the outstanding principal of this Note at the rate of four and six-tenths percent (4.6%) per annum of the outstanding principal of the Note.

2. Repayment. During the Initial Move-In Period for each Phase, as defined in the Community Loan Agreement by and between HS and DC dated as of even date herewith, (the "Community Loan Agreement"), DC agrees to pay HS interest monthly in arrears on the first calendar day of the month on the aggregate Loan advances disbursed for such Phase at the rate of one twelfth (1/12) of four and six-tenths percent (4.6%) per annum. Upon completion of the Initial Move-In Period for a Phase, DC agrees to pay to HS equal monthly installments of principal and interest in an amount to be calculated based on amortizing the aggregate principal amount attributable to such Phase at 4.6% per annum over thirty (30) years (even though the full face amount of this Note or such principal has not been advanced as of the date hereof.) If additional Loan advances are made pursuant to the terms of the Community Loan Agreement for such Phase, the monthly payments shall not increase, but the portion of such payment allocated to the payment of interest shall increase. To the extent required above, the payments of principal and interest for each Phase shall commence on the first day of the first Calendar Month following the date Loan proceeds are first advanced by HS to DC under the Community Loan Agreement, and continue thereafter on the same day of each succeeding calendar month until the earlier to occur of (i) payment in full of all sums due under this Note, or (ii) the 360th month thereafter (such date as calculated in this Clause 2(ii) shall be the "Maturity Date"), at which time the entire remaining principal balance, together with accrued but unpaid principal and interest thereon, shall be due and payable.

3. Calculation of Interest. Interest shall be calculated on the basis of a three hundred sixty (360) days per year factor applied to the actual days on which there exists an unpaid principal balance. Interest shall be calculated by HS and billed to DC for each appropriate period; provided, however, that failure of Lender to bill to DC shall not relieve DC's payment obligations hereunder.

4. Application of Payments. All payments made hereunder shall be applied first to accrued interest, and then to principal.

5. Prepayment. DC may prepay or repay all or any portion of the principal amount of this Note at any time without penalty or premium.

6. Default Interest Rate. At any time after a default in the payment of any installment of interest, or of principal and interest, or in the payment of any other sums due hereunder, or upon the occurrence of any default by DC as defined in the Community Loan Agreement, HS may raise the rate of interest accruing on the disbursed unpaid principal balance by two (2) percentage points above the rate of interest otherwise applicable, independent of whether HS elects to accelerate the unpaid principal balance as a result of such default.

7. Interest Rate after Judgment. If judgment is entered against DC on this Note, the amount of the judgment entered (which may include principal, interest, default interest, late charges, fees and costs) shall be interest at the highest rate authorized under this Note as of the date of entry of the judgment.

8. Expenses of Collection. Should this Note be referred to an attorney for collection, whether or not judgment has been confessed or suit has been filed, DC shall pay all of HS's costs, fees (including reasonable attorney's fees) and expenses resulting from such referral.

9. Waiver of Protest. DC, and all parties to this Note, whether maker, indorser, or guarantor, waive presentment, notice of dishonor and protest.

10. Waiver of Jury Trial. DC and HS hereby voluntarily and intentionally waive any right they may have to a trial by jury in any action, proceeding or litigation directly or indirectly arising out of or under or in connection with this Note. This waiver applies to all claims against all parties to such actions and proceedings, including parties who are not parties to this Note. This waiver is knowingly, intentionally, and voluntarily made by DC who acknowledges that it has been represented in the execution of this Note and in the making of this waiver by legal counsel and that it had the opportunity to discuss the waiver with counsel. DC further acknowledges that it has read and understands the meaning and ramifications of this waiver provision.

11. Extension of Maturity Date. All parties to this Note, whether DC, maker, indorser, or guarantor, agree that the maturity of this Note, or any payment due hereunder, may be extended at any time or from time to time without releasing, discharging, or affecting the liability of such party.

12. Assignment. The rights and obligations of Lender shall be assigned pursuant to the terms and provisions of the Community Loan Agreement.

13. Limitation of Liability of Partners. The parties hereby agree and confirm that upon the occurrence of any default and/or Event of Default under any provision of this Note, if any judicial proceedings to enforce the obligations of either party are brought by any party, such proceedings shall be limited to the property and assets of the party (which, in the case of HS, includes but is not limited to the Entrance Deposits in HS's possession or control, to the extent not prohibited by Regulatory Escrow Requirements and other applicable law). No judgment or suit shall be sought or obtained by any party against the partners of the parties, or any officer, director or employee of a partner or their assets. Nothing herein contained shall limit or impair the liability of a partner of a party for any obligation arising independently of their status as a partner of such party.

14. Maximum Interest. It is expressly stipulated and agreed to be the intent of DC and HS at all times to comply strictly with the applicable Texas law governing the maximum rate or amount of interest payable on the Note or the Indebtedness (or applicable United States federal law to the extent that it permits HS to contract for, charge, take, reserve or received a greater amount of interest than under Texas law). If the applicable law is ever judicially interpreted so as to render usurious any amount (i) contracted for, charged, taken, reserved or received pursuant to the Note, Community Loan Agreement or any of the other Loan Documents or any other communication or writing by or between DC and HS related to the transaction or transactions that are the subject matter of the Community Loan Agreement or any of the other Loan Documents, (ii) contracted for, charged or received by reason of HS's exercise of the option to accelerate the maturity of the Note and/or the Indebtedness, or (iii) DC will have paid or HS will have received by reason of any voluntary prepayment by DC of the Note and/or the Indebtedness, then it is DC's and HS's express intent that all amounts charged in excess of the Maximum Lawful Rate shall be automatically canceled, ab initio, and all amounts in excess of the Maximum Lawful Rate theretofore collected by HS shall be credited on the principal balance of the Note and/or the Indebtedness (or, if the Note and all Indebtedness have been or would thereby be paid in full, refunded to DC), and the provisions of the Note, Community Loan Agreement or any other Loan Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder; provided, however, if the Note has been paid in full before the end of the stated term of the Note, then DC and HS agree that HS shall, with reasonable promptness after HS discovers or is advised by DC that interest was received in an amount in excess of the Maximum Lawful Rate, either refund such excess interest to DC and/or credit such excess interest against the Note and/or any Indebtedness then owing by DC to HS. DC hereby agrees that as a condition precedent to any claim seeking usury penalties against HS, DC will provide written notice to HS, advising HS in reasonable detail of the nature and amount of the violation, and HS shall have sixty (60) days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest to DC or crediting such excess interest against the Note and/or the Indebtedness then owing by DC to HS. All sums contracted for, charged or received by HS for the use, forbearance or detention of any debt evidenced by the Note and/or the Indebtedness shall, to the extent permitted by applicable law, be amortized or spread, using the actuarial method, throughout the stated term of the Note and/or the Indebtedness (including any and all renewal and extension periods) until payment in full so that the rate or amount of interest on account of the Note and/or the Indebtedness does not exceed the Maximum Lawful Rate from time to time in effect and applicable to the Note and/or the Indebtedness for so long as debt is outstanding. In no event shall the provisions of Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts and revolving triparty accounts) apply to the Note and/or the Indebtedness. Notwithstanding anything to the contrary contained herein or in the Community Loan Agreement or any of the other Loan Documents, it is not the intention of HS to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

22. ENTIRE AGREEMENT; AMENDMENT. THIS NOTE AND THE OTHER LOAN DOCUMENTS EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS,

REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO. The provisions hereof and any of the other Loan Documents may be amended or waived only by an instrument in writing signed by DC and HS.

WITNESS:

DALLAS CAMPUS, LP

By: Dallas Campus GP, LLC

General Partner

By: Erickson Retirement Communities, LLC

Sole Member

By: _____

Gerald F. Doherty

Executive Vice President

STATE OF MARYLAND)

) ss

COUNTY OF BALTIMORE)

I hereby certify that on the 30th day of November, 2005, personally appeared before me, a Notary Public of the State of Maryland, Gerald F. Doherty, known to me or satisfactorily proven to be the person whose name is subscribed in the foregoing instrument, and acknowledged that he executed the same in the capacity therein contained and for the purpose therein contained.

Notary Public

My commission expires:

COMMUNITY LOAN AGREEMENT

EXHIBIT D

TITLE EXCEPTIONS

SCHEDULE B

EXCEPTIONS FROM COVERAGE

In addition to the Exclusions and Conditions and Stipulations, your Policy will not cover loss, costs, attorney's fees, and expenses resulting from:

- A 1. (Deleted)
- F 2. *Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments, or protrusions, or any overlapping of improvements.*

An acceptable survey of subject property having been received, Schedule B, Item 2 will be amended to read "Shortages in area" in its entirety.
(MORTGAGEE POLICY)
- H 3. *Homestead or community property or survivorship rights, if any, of any spouse of any insured. (Applies to the Owner Policy only.)*
- J 4. *Any titles or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities,*
 - a. *to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or*
 - b. *to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or*
 - c. *to filled-in lands, or artificial islands, or*
 - d. *to statutory water rights, including riparian rights, or*
 - e. *to the area extending from the line of mean low tide to the line of vegetation, or the rights of access to that area or easement along and across that area.**(Applies to the Owner Policy only.)*
- L 5. *Standby fees, taxes and assessments by any taxing authority for the year 2006 and subsequent years; and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax year. (If Texas Short Form Residential Mortgagee Policy (T-2R) is issued, that policy will substitute "which become due and payable subsequent to Date of Policy" in lieu of "for the year 2006 and subsequent years.")*

Upon compliance with Rules P-29 and R-24, the Company will amend Schedule B, Item 5 to read "Standby fees, taxes, and assessments by any taxing authority for the year 2006 and subsequent years; but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax year. Company insures that standby fees, taxes and assessments by any taxing authority for the year 2006 are not yet due and payable". (MORTGAGEE POLICY ONLY)

- O 6. *The terms and conditions of the documents creating your interest in the land.*

SCHEDULE B (continued)

- P 7. *Materials furnished or labor performed in connection with planned construction before signing and delivering the lien document described in Schedule A, if the land is part of the homestead of the owner. (Applies to the Mortgagee Title Policy Binder on Interim Construction Loan only, and may be deleted if satisfactory evidence is furnished to us before binder is issued.)*
- Q 8. *Liens and leases that affect the title to the land, but that are subordinate to the lien of the insured mortgage. (Applies to Mortgagee Policy (T-2) only.)*
- T 9. *The Exceptions from Coverage and Express Insurance in Schedule B of the Texas Short Form Residential Mortgagee Policy (T-2R). (Applies to Texas Short Form Residential Mortgagee Policy (T-2R) only.) Separate exceptions 1 through 8 of this Schedule B do not apply to the Texas Short Form Residential Mortgagee Policy (T-2R).*
- U 10. *The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception.):*
ITEM NOS. 11 THROUGH 26, INCLUSIVE
- AN 11. *Rights of tenants in possession, as tenants only, under unrecorded lease agreements.*

(TO BE DELETED OR AMENDED TO REFLECT SPECIFIC LEASE/S ONLY UPON EXECUTION AND DELIVERY OF AN OWNER'S AFFIDAVIT AT CLOSING)
- BJ 12. ***Deleted**.*
- BK 13. ***Deleted**.*
- AQ 14. *Easement granted by Estate of W. A. Brooks, deceased to Texas Power & Light Company, dated January 23, 1950, filed for record on May 31, 1950 and recorded in Volume 414, Page 338, Deed Records, Collin County, Texas, as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.*
- AR 15. *Easement granted by Board of Regents, The Texas A&M University System to TU Electric, dated February 18, 1999, filed for record on March 9, 1999 and recorded in Volume 4369, Page 417, Land Records, Collin County, Texas, as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.*
- AS 16. *Easement granted by Board of Regents, The Texas A&M University System to TXU Gas Company, dated February 22, 2000, filed for record on March 13, 2000 and recorded in Volume 4623, Page 123, Land Records, Collin County,*

SCHEDULE B (continued)

Texas, as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.

- AT 17. Easement granted by The Texas A&M University System to the City of Dallas, dated September 7, 1984, filed for record on January 7, 1987 and recorded in Volume 2536, Page 252, Land Records, Collin County, Texas, as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- AU 18. Easement granted by Board of Regents, The Texas A&M University System to TXU Electric & Gas Company, dated January 4, 2000, filed for record on February 2, 2000 and recorded in Volume 4595, Page 543, Land Records, Collin County, Texas, as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- AV 19. Easement granted by Board of Regents of the Texas A&M University System to State Department of Highways and Public Transportation, dated January 17, 1990, filed for record on April 16, 1990 and recorded in Volume 3255, Page 690, Land Records, Collin County, Texas, as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- AW 20. Easement granted by Board of Regents, The Texas A&M University System to Southwestern Bell Telephone Company, dated June 18, 2002, filed for record on August 15, 2002 and recorded in Volume 5233, Page 582, Land Records, Collin County, Texas, as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- AX 21. All of the oil, gas and other minerals and all other elements not considered a part of the surface estate are excepted herefrom, not insured herein nor guaranteed hereunder, all having been reserved in instrument recorded in Volume 5927, Page 1725, Land Records, Collin County, Texas.

And affected by Surface Waiver recorded in Volume 5927, Page 1744, Land Records, Collin County, Texas.

- AY 22. Vendor's Lien retained in Deed from Board of Regents of the Texas A&M University System to Dallas Campus, LP, dated May 25, 2005, filed for record on May 26, 2005 and recorded in Volume 5927, Page 1725, Land Records, Collin County, Texas, securing the payment of a note in the original principal sum of \$4,400,000.00, payable to the order of Board of Regents of the Texas A&M University System, additionally secured by Deed of Trust of even date therewith, to Dan K. Buchly, Trustee, filed for record on May 26, 2005 and recorded in Volume 5927, Page 1735, Land Records, Collin County, Texas, and subject to all of the terms, conditions and stipulations contained therein, including but not limited to any future indebtedness also secured by this lien. (AFFECTS TRACT 2)

SCHEDULE B (continued)

- BG 23. That portion of subject property lying within the right-of-way of Frankford Road as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- BH 24. Box culvert located across northwest corner of Tract 1 as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- BI 25. Encroachment of metal barrier in northwest corner of Tract 1 as shown on survey prepared by John Vicain, Registered Professional Land Surveyor No. 4097, dated May 16, 2005, updated November 15, 2005.
- BM 26. Any and all liens arising by reason of unpaid bills or claims for work performed or materials furnished in connection with improvements placed, or to be placed, upon the subject land. However, the Company does insure the Insured against loss, if any, sustained by the Insured under this Policy if such liens have been filed with the County Clerk of Collin County, Texas, prior to the date hereof.

Pending disbursement of the full proceeds of the loan secured by the lien instrument set forth under Schedule A hereof, this policy insures only to the extent of the amount actually disbursed, but increases as each disbursement is made in good faith and without knowledge of any defects in, or objections to, the title up to the face amount of the policy. Nothing contained in this paragraph shall be construed as limiting any exception under Schedule B, or any printed provision of this policy.

GF # 2105-01630-FKS
631655

4.00

FILE STAMP

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Agenda No. 17
Lease Subordination
and Attornment Agreement with Highland Springs
Document #1391860

**LEASE SUBORDINATION, NON-DISTURBANCE OF POSSESSION AND
ATTORNMENT AGREEMENT**

This agreement ("Lease Subordination and Attornment Agreement" or "Agreement") is made as of the 30th day of November, 2005 among Bank of America, N.A. having a place of business at 100 Federal Street, Mail Stop: MA5 100 07 01, Boston, Massachusetts 02110 as administrative agent ("Administrative Agent") for itself and those Lenders (defined below), Dallas Campus, LP, a Maryland limited partnership, having a place of business at 701 Maiden Choice Lane, Baltimore, Maryland 21228 ("Landlord" or "Borrower"), and Highland Springs, Inc. a Maryland non-stock corporation ("Tenant").

Introductory Provisions

A. This Agreement is being delivered pursuant to the terms of an agreement captioned "Amended and Restated Loan Agreement" dated as of even date herewith (the "Loan Agreement") between Borrower, Administrative Agent and the lenders named therein ("Lenders"). Lenders are relying on this Agreement as an inducement to Lenders in making and maintaining a loan ("Loan") secured by, among other things, an Amended and Restated Deed of Trust, Security Agreement and Fixture Financing Statement dated as of the date hereof ("Deed of Trust") given by Borrower covering property commonly known as 88 acres located at Coit Road and Frankfort Road, Dallas, Texas ("Property"), which Deed of Trust, including a legal description of the Property, is recorded herewith. Lender is also the "Assignee" under an Amended and Restated Assignment of Leases and Rents ("Assignment") dated as of the date hereof, from Borrower with respect to the Property which Assignment is recorded herewith.

B. Tenant is the tenant under that certain Master Lease and Use Agreement ("Lease") dated of even date herewith, made with Landlord, covering the Property (the "Premises") as more particularly described in the Lease and in the "Notice of Lease" dated of even date herewith which is recorded herewith.

C. Lenders require, as a condition to the making and maintaining of the Loan, that the Deed of Trust be and remain superior to the Lease and that its rights under the Assignment be recognized.

D. Tenant requires as a condition to the Lease being subordinate to the Deed of Trust that its rights under the Lease be recognized.

E. Administrative Agent on behalf of Lenders, Landlord, and Tenant desire to confirm their understanding with respect to the Deed of Trust and the Lease.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements contained herein, and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, and with the understanding by Tenant that Lenders shall rely hereon in making and maintaining the Loan, Administrative Agent on behalf of Lenders, Landlord, and Tenant agree as follows:

1. **SUBORDINATION.** The Lease and the rights of Tenant thereunder are subordinate and inferior to the Deed of Trust and any amendment, renewal, substitution, extension or replacement thereof and each advance made thereunder as though the Deed of Trust, and each such amendment, renewal, substitution, extension or replacement were executed and recorded, and the advance made, before the execution of the Lease. Without limiting the foregoing and notwithstanding any other term or provision of this Agreement, Tenant's rights with respect to proceeds of insurance and of eminent domain awards are expressly made subject and subordinate to the rights of Administrative Agent on behalf of Lenders, and the disposition of such proceeds shall be governed by the Deed of Trust, and the other "Loan Documents" referred to therein, in all respects.

2. **NON-DISTURBANCE.** So long as Tenant is not in default (beyond any period expressed in the Lease within which Tenant may cure such default) in the payment of rent or in the performance or observance of any of the terms, covenants or conditions of the Lease on Tenant's part to be performed or observed, (i) Tenant's occupancy of the Premises shall not be disturbed by Administrative Agent on behalf of Lenders in the exercise of any of its rights under the Deed of Trust during the term of the Lease, or any extension or renewal thereof made in accordance with the terms of the Lease, and (ii) Administrative Agent will not join Tenant as a party defendant in any action or proceeding or take other action for the purpose of terminating Tenant's interest and estate under the Lease because of any default under the Deed of Trust.

3. **ATTORNMEN AND CERTIFICATES.** In the event Administrative Agent on behalf of Lenders succeeds to the interest of Borrower as Landlord under the Lease, or if the Property or the Premises are sold pursuant to the power of sale under the Deed of Trust at the direction of Administrative Agent, Tenant shall attorn to Administrative Agent, or a purchaser upon any such foreclosure sale, and shall recognize Administrative Agent, or such purchaser, thereafter as the Landlord under the Lease. Such attornment shall be effective and self-operative without the execution of any further instrument. Tenant agrees, however, to execute and deliver at any time and from time to time, upon the request of any holder(s) of any of the indebtedness or other obligations secured by the Deed of Trust, or upon request of any such purchaser, (a) any instrument or certificate which, in the reasonable judgment of such holder(s), or such purchaser, may be necessary or appropriate in any such foreclosure proceeding or otherwise to evidence such attornment, and (b) an instrument or certificate regarding the status of the Lease, consisting of statements, if true (and if not true, specifying in what respect), (i) that the Lease is in full force and effect, (ii) the date through which rentals have been paid, (iii) the duration and date of the commencement of the term of the Lease, (iv) the nature of any amendments or modifications to the Lease, (v) that no default, or state of facts, which with the passage of time, or notice, or both, would constitute a default, exists on the part of either party to the Lease, and (vi) the dates on which payments of additional rent, if any, are due under the Lease.

4. **LIMITATIONS.** If Administrative Agent on behalf of Lenders exercises any of its rights under the Assignment or the Deed of Trust, or if Administrative Agent on behalf of Lenders shall succeed to the interest of Landlord under the Lease in any manner, or if any purchaser acquires the Property, or the Premises, upon or after any foreclosure of the Deed of Trust, or any deed in lieu thereof, Administrative Agent or such purchaser, as the case may be, shall have the same remedies by entry, action or otherwise in the event of any default by Tenant (beyond any period expressed in the Lease within which Tenant may cure such default) in the payment of rent or in the performance or observance of any of the terms, covenants and conditions of the Lease on Tenant's part to be paid, performed or observed that the Landlord had or would have had if Administrative Agent or such purchaser had not succeeded to the interest of the present Landlord. From and after any such attornment, Administrative Agent or such purchaser shall be bound to Tenant under all the terms, covenants and conditions of the Lease, and Tenant shall, from and after such attornment to Administrative Agent, or to such purchaser, have the same remedies against Administrative Agent, or such purchaser, for the breach of an agreement contained in the Lease that Tenant might have had under the Lease against Landlord, if Administrative Agent or such purchaser had not succeeded to the interest of Landlord. Provided, however, that Administrative Agent or such purchaser shall only be bound during the period of its ownership, and that in the case of the exercise by Administrative Agent of its rights under the Deed of Trust, or the Assignment, or any combination thereof, or a foreclosure, or deed in lieu of foreclosure, all Tenant claims shall be satisfied only out of the interest, if any, of Administrative Agent, or such purchaser, in the Property, and Administrative Agent and such purchaser shall not be (a) liable for any act or omission of any prior landlord (including the Landlord); or (b) liable for or incur any obligation with respect to the construction of the Property or any improvements of the Premises or the Property; or (c) subject to any offsets or defenses which Tenant might have against any prior landlord (including the Landlord); or (d) bound by any rent or additional rent which Tenant might have paid for more than the then current rental period to any prior landlord (including the Landlord); or (e) bound by any amendment or modification of the Lease, or any consent to any assignment or sublet, made without Administrative Agent's prior written consent; or (f) bound by or responsible for any security deposit not actually received by Administrative Agent; or (g) liable for or incur any obligation with respect to any breach of warranties or representations of any nature under the Lease or otherwise including without limitation any warranties or representations respecting use, compliance with zoning, landlord's title, landlord's authority, habitability and/or fitness for any purpose, or possession; or (h) liable for consequential damages; or (i) obligated to make the Working Capital Loan (as defined in the Lease) to Tenant or to perform any of the obligations of Landlord under the Working Capital Loan.

5. **RIGHTS RESERVED.** Nothing herein contained is intended, nor shall it be construed, to abridge or adversely affect any right or remedy of: (a) the Landlord under the Lease, or any subsequent Landlord, against the Tenant in the event of any default by Tenant (beyond any period expressed in the Lease within which Tenant may cure such default) in the payment of rent or in the performance or observance of any of the terms, covenants or conditions of the Lease on Tenant's part to be performed or observed; or (b) the Tenant under the Lease against the original or any prior Landlord in the event of any default by the original Landlord to

pursue claims against such original or prior Landlord whether or not such claim is barred against Lender or a subsequent purchaser.

6. INTENTIONALLY DELETED.

7. NOTICE AND RIGHT TO CURE. Tenant agrees to provide Administrative Agent with a copy of each notice of default given to Landlord under the Lease, at the same time as such notice of default is given to the Landlord, and that in the event of any default by the Landlord under the Lease, Tenant will take no action to terminate the Lease (a) if the default is not curable by Administrative Agent (so long as the default does not interfere with Tenant's use and occupation of the Premises), or (b) if the default is curable by Administrative Agent, unless the default remains uncured for a period of thirty (30) days after written notice thereof shall have been given, postage prepaid, to Landlord at Landlord's address, and to Administrative Agent at the address provided in Section 6 below; provided, however, that if any such default is such that it reasonably cannot be cured within such thirty (30) day period, such period shall be extended for such additional period of time as shall be reasonably necessary (including, without limitation, a reasonable period of time to obtain possession of the Property and to foreclose the Deed of Trust), if Administrative Agent gives Tenant written notice within such thirty (30) day period of Administrative Agent's election to undertake the cure of the default and if curative action (including, without limitation, action to obtain possession and foreclose) is instituted within a reasonable period of time and is thereafter diligently pursued. Administrative Agent on behalf of Lenders shall have no obligation to cure any default under the Lease.

8. NOTICES. Any notice or communication required or permitted hereunder shall be in writing, and shall be given or delivered: (i) by United States mail, registered or certified, postage fully prepaid, return receipt requested, or (ii) by recognized courier service or recognized overnight delivery service; and in any event addressed to the party for which it is intended at its address set forth below:

To Lender: Bank of America, N.A., as Administrative Agent
100 Federal Street
Mail Stop: MA5 100 07 01
Boston, MA 02110
Attention: Healthcare & Institutions Division

To Tenant: Highland Springs, Inc.
701 Maiden Choice Lane
Baltimore, Maryland 21228
Attention: President

With a copy to: Highland Springs, Inc.
701 Maiden Choice Lane
Baltimore, Maryland 21228
Attention: General Counsel

or such other address as such party may have previously specified by notice given or delivered in accordance with the foregoing. Any such notice shall be deemed to have been given and received on the date delivered or tendered for delivery during normal business hours as herein provided.

9. **NO ORAL CHANGE.** This Agreement may not be modified orally or in any manner than by an agreement in writing signed by the parties hereto or their respective successors in interest.

10. **SUCCESSORS AND ASSIGNS.** This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, personal representatives, successors and assigns, and any purchaser or purchasers at foreclosure of the Property or any portion thereof, and their respective heirs, personal representatives, successors and assigns.

11. **PAYMENT OF RENT TO LENDER.** Tenant acknowledges that it has notice that the Lease and the rent and all sums due thereunder have been assigned to Administrative Agent on behalf of Lenders as part of the security for the Obligations secured by the Deed of Trust. In the event Administrative Agent notifies Tenant of a default under the Loan and demands that Tenant pay its rent and all other sums due under the Lease to Administrative Agent, Tenant agrees that it will honor such demand and pay its rent and all other sums due under the Lease to Administrative Agent, or Administrative Agent's designated agent, until otherwise notified in writing by Administrative Agent. Borrower unconditionally authorizes and directs Tenant to make rental payments directly to Administrative Agent following receipt of such notice and further agrees that Tenant may rely upon such notice without any obligation to further inquire as to whether or not any default exists under the Deed of Trust or the Assignment, and that Borrower shall have no right or claim against Tenant for or by reason of any payments of rent or other charges made by Tenant to Administrative Agent following receipt of such notice.

12. **NO AMENDMENT OR CANCELLATION OF LEASE.** So long as the Deed of Trust remains undischarged of record, Tenant shall not amend, modify, cancel or terminate the Lease, or consent to an amendment, modification, cancellation or termination of the Lease, or agree to subordinate the Lease to any other deed of trust, without Administrative Agent's prior written consent in each instance.

13. **OPTIONS.** With respect to any options for additional space provided to Tenant under the Lease, Administrative Agent agrees to recognize the same if Tenant is entitled thereto under the Lease after the date on which Administrative Agent on behalf of Lenders succeeds as Landlord under the Lease by virtue of foreclosure or deed in lieu of foreclosure or Administrative Agent on behalf of Lenders takes possession of the Premises; provided, however, Administrative Agent shall not be responsible for any acts of any prior landlord under the lease, or the act of any tenant, subtenant or other party which prevents Administrative Agent from complying with the provisions hereof and Tenant shall have no right to cancel the Lease or to make any claims against Administrative Agent on behalf of Lenders on account thereof.

14. **CAPTIONS.** Captions and headings of sections are not parts of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions of this Agreement.

15. **COUNTERPARTS.** This Agreement may be executed in several counterparts each of which when executed and delivered is an original, but all of which together shall constitute one instrument.

16. **GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

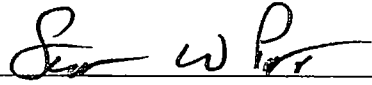
17. **PARTIES BOUND.** The provisions of this Agreement shall be binding upon and inure to the benefit of Tenant, Administrative Agent and Borrower and their respective successors and assigns; provided, however, reference to successors and assigns of Tenant shall not constitute a consent by Landlord or Borrower to an assignment or sublet by Tenant, but has reference only to those instances in which such consent is not required pursuant to the Lease or for which such consent has been given.

[SIGNATURE PAGE TO LEASE SUBORDINATION – AGENDA NO. 17]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.

BY: 
Name: Steven W. Previte
Title: Vice President

TENANT:

HIGHLAND SPRINGS, INC.

BY: _____
Name: _____
Title: _____

[SIGNATURE PAGE TO LEASE SUBORDINATION – AGENDA NO. 17]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.

BY: _____

Name: Steven W. Previte

Title: Vice President

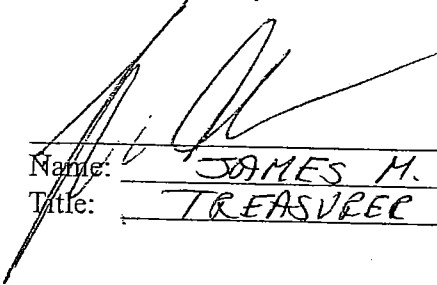
TENANT:

HIGHLAND SPRINGS, INC.

BY: _____

Name: _____

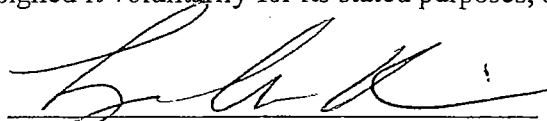
Title: _____


JAMES M. ANDERS, JR.
TREASURER

Commonwealth of Massachusetts

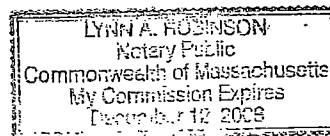
Suffolk, ss.

On this 29th day of November, 2005, before me, the undersigned notary public, personally appeared Steven W. Previte, proved to me through satisfactory evidence of identification, which was drivers license, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed it voluntarily for its stated purposes, as Vice President for Bank of America, N.A.



Notary Public

My Commission Expires:

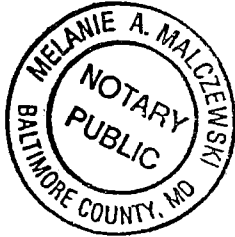


Baltimore County
State of Maryland, SS,

November 29, 2005

On this 29th day of November, 2005, before me, Jones M. Anders Jr.
personally appeared and acknowledged himself to be the Treasurer of
Highland Springs, Inc., and being authorized to do so, executed the foregoing instrument for the
purposes contained therein.

IN WITNESS WHEREOF, I hereunto set my hand and official seal



Melanie A. Malczewski
Notary Public

My Commission Expires:

10/1/09

Dallas Campus, LP, as Landlord under the Lease, and Borrower under the Deed of Trust, the Loan Agreement and the other Loan Documents, agrees for itself and its successors and assigns that:

1. The above agreement does not:
 - (a) constitute a waiver by Administrative Agent on behalf of Lenders of any of its rights under the Deed of Trust or any of the other Loan Documents; or
 - (b) in any way release Borrower from its obligations to comply with the terms, provisions, conditions, covenants and agreements and clauses of the Deed of Trust and other Loan Documents;
2. The provisions of the Deed of Trust remain in full force and effect and must be complied with by Borrower;
3. Tenant shall have the right to rely on any notice or request from Administrative Agent which directs Tenant to pay rent to Administrative Agent without any obligation to inquire as to whether or not a default exists and notwithstanding any notice from or claim of Borrower to the contrary. Borrower shall have no right or claim against Tenant for rent paid to Administrative Agent after Administrative Agent so notifies Tenant to make payment of rent to Administrative Agent; and
4. The Borrower shall be bound by all of the terms, conditions and provisions of the foregoing Agreement in all respects.

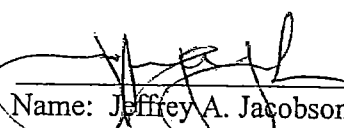
Executed and delivered as a sealed instrument as of the 30th day of November, 2005.

BORROWER:

DALLAS CAMPUS, LP.

By: DALLAS CAMPUS GP, LLC, its general partner

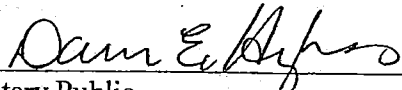
By: ERICKSON RETIREMENT COMMUNITIES, LLC, a Member

By: 
Name: Jeffrey A. Jacobson
Title: Executive Vice President

Baltimore County
State of Maryland, SS.

On this 30th day of November, 2005, before me, Jeffrey A. Jacobson, personally appeared and acknowledged himself to be the Executive Vice President of Erickson Retirement Communities, LLC, the member of Dallas Campus GP, LLC, general partner of Dallas Campus, LP, a Maryland limited partnership, and being authorized to do so, executed the foregoing instrument for the purposes contained therein.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Notary Public
My Commission Expires:

DAWN E. HUGHES
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires February 23, 2009