

UNITED STATES BANKRUPTCY COURT

Northern District of Texas (Dallas Division)

PROOF OF CLAIM

Name of Debtor: Erickson Retirement Communities, LLC

Case Number: 09-37010

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

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

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

Name and address where notices should be sent:

20835747007751
HENLEY, MARYMAE
42 CLONAVOR ROAD
WEST ORANGE, NJ 07052

YOUR CLAIM IS SCHEDULED AS:

Schedule/Claim ID: s2751
AMOUNT/CLASSIFICATION
\$27,797.00 UNSECURED
35,920.00

FILED

FEB 24 2010

Court Claim Number: _____
(If known)

Filed on: _____

Name and address where payment should be sent (if different from the creditor's address):
TAVIANA C. MARSHALL, CLERK
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

☐ 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:

973 731 6322 or 973 222 2229

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

1. Amount of Claim as of Date Case Filed:

\$ 35,920.00

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

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

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

2. Basis for Claim:

(See instruction #2 on reverse side.)

SECURED PERMANENT

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

3375

3a. Debtor may have scheduled account as:

NA

(See instruction #3a on reverse side.)

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

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

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

Describe:

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

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

if any: \$ _____ Basis for perfection: _____

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

RECEIVED

MAR 02 2010

BMC GROUP

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

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

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

If the documents are not available, please explain:

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

Specify the priority of the claim.

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

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

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

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

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

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

Amount entitled to priority:

\$ 35,920.00

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

Date: 2/15/10

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.

FOR COURT USE ONLY

Erickson Ret. Comm. LLC



01714

February 15, 2010

BMC Group Inc
Attn: Erickson Retirement Communities, LLC
Claims Processing
PO Box 3020
Chanhassen, MN 55317-3020

Dear Processors of Erickson Retirement Communities Bankruptcy Claims:

Enclosed please find documentation regarding my claim for \$35,920.00 from Erickson Retirement Communities, LLC in response to Case Number 09-37010. My Claim ID is: s2751.

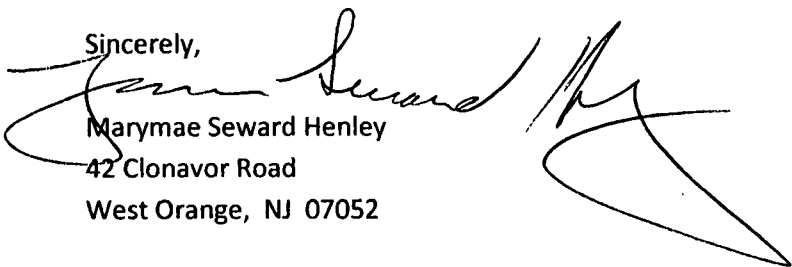
Your form suggests my unsecured claim should be for \$27,737.00. I believe my claim should be for \$35,920.00 as Erickson Retirement Communities, LLC stated that the payout would be an amount (\$27,737.00) plus 9% interest per annum. Thus, the amount due me and the amount of my claim is \$35,920.00.

I may be identified by my name: Marymae Henley or Marymae Seward Henley, the last four digits of my social security number are 4719; my DOB 5/2/62; and my term of employment at Cedar Crest Village Pompton Plains NJ was 2001-2007.

Attached you will find a summary of my GPP history/account. Additionally, you will find the individual documents supporting my claim.

Please recognize these documents and paperwork as my claim to funds from Erickson Retirement Communities. I look forward to your updates, and resolution of this situation. I can best be reached at the address below, or by phone at cell 973.222.2229 or home 973.731.6322. Thank you.

Sincerely,



Marymae Seward Henley
42 Clonavor Road
West Orange, NJ 07052

Enclosures

<p align="center">Summary of records of Claimant Marymae Henley Against Debtor Erickson Retirement Communities, LLC Case number 09-37010-2gj11:</p>
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4/6/01	Marymae Seward Henley was hired by Erickson Retirement Communities.
5/23/02	Rec'd documentation that I was now a participant in the Erickson Growth Participation Plan (GPP), receiving 200 units at a per unit value of \$647.00.
3/10/04	Rec'd notification that units were valued at \$900.00 each.
2004	Personal statement of total compensation, including a current GPP value of \$50,600.00.
3/17/05	Letter from GPP Plan Administrators, that the GPP per unit value had risen to \$1,051.74.
2005	Personal statement of total compensation, including a current GPP value of \$80,948.00.
4/13/06	Memo from Jeff Jacobson, Erickson, that the GPP, a Deferred Compensation Plan, would receive the highest return due to their delay in investing additional funding.
2006	Personal notes from GPP presentation at Cedar Crest Village, Pompton Plains, NJ. "If 5 yr by 5/20/06, VESTED then, 5/20 check for ¼ current plan. Paid ¼ x 4 yrs and accrues 9% interest per year 2006/7/8/9 then, 2010 begins payout in new plan" (note: new plan not applicable).
Undated	Letter from The Plan Administrators, "With the establishment of the new unit value of \$1201.74, your total unit grant(s) is now worth \$110948. As announced, we will begin to pay out your unit grant in the existing plan over a four year period starting on May 18. The initial installment on your payout is \$27737. The remaining unit grant will earn interest at a rate of 9% until the final installment, scheduled to be paid in 2009."
5/13/06	Letter from The Plan Administrators, "you are eligible to receive the 2007 installment of your vested unit grant. Enclosed is a check for this year's installment, including a 9 per cent interest component on the outstanding balance."
2006	Personal statement of total compensation, including a current GPP value of \$83,211. Note: 27,737 had already been paid out by the time the annual report was prepared.
8/13/07	Check date for GPP distribution. Total earnings of \$36,474.16, minus taxes of \$15,056.61 for net check of \$21,408.65.
3/5/09	Letter from Bruce R. Grindrod, Jr., president and CEO of Erickson Retirement Communities. "As a vested participant in the GPP, you were scheduled to receive your fourth and final payment from the plan during 2009. In accordance with the plan document, Erickson is notifying you of its intent to defer your final GPP distribution and does not expect to make this payment in 2009."
12/4/09	Letter from Gary Cole, Vice President of Human Resources Operations, Erickson Retirement Communities. "Erickson's compensation programs and processes have been impacted as a result of our recent filing for bankruptcy and restructuring under Chapter 11. The Growth Participation Plan is among those programs affected by the filing.
1/5/10	US Bankruptcy Court documents from Northern district of Texas (Dallas Division) regarding Erickson Retirement communities received.



December 4, 2009

Dear Fellow GPP Participant,

As you may know, some of Erickson's compensation programs and processes have been impacted as a result of our recent filing for bankruptcy and restructuring under Chapter 11. The Growth Participation Plan is among those programs affected by the filing.

Due to the complexity of Erickson's structure and financing, there are many secured creditors of the company that have priority claim to available funds in the bankruptcy proceedings. Any vested units in the Plan that are held by employees are considered unsecured debt. Unfortunately, it is unlikely that there will be significant remaining funds from the bankruptcy estate to make payments under the Plan to participants after the secured debt or other priority claimants are satisfied. In addition, it is not likely that the eventual buyer of the company will agree to assume the GPP liabilities.

Given this probable outcome, we have provided the Court with information pertaining to the Plan and the associated outstanding balances for units held by vested participants as of November 23, 2009. As a plan participant, you will be contacted in the near future by the Bankruptcy Court through the BMC group, a restructuring service provider. Their notice will provide the outstanding balance that the company has in your name, and your options for filing a claim with the Court. The balances will include any units not redeemed under both the old and new versions of the GPP, or any deferred payments held in accounts with PenCal.

You will not be required to file a claim; it will be your choice whether or not to do so. In order to file a claim you will need the relevant information provided by BMC. There will be a time limit to submit the claim, so please be aware of the deadline if you plan on filing. Filing a claim does not guarantee that you will receive any funds.

As company growth was impacted by the economy, the value of the Plan was impacted as well. We regret the outcome for plan participants but want to make sure that everyone is advised.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gary Cole", is written over a horizontal line.

Gary Cole
Vice President of Human Resources Operations
Erickson Retirement Communities



March 5, 2009

To: Participants in the Erickson pre-2006 Growth Participation Plan (GPP)

From: Rick Grindrod

As a vested participant in the GPP, you were scheduled to receive your fourth and final payment from the plan during 2009. In accordance with the plan document, Erickson is notifying you of its intent to defer your final GPP distribution and does not expect to make this payment in 2009.

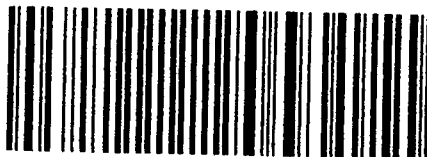
Erickson, like many companies, is facing short-term challenges as a result of the current economic downturn. The decision to defer this distribution is necessary to maintain our commitment to provide a high level of affordable care to our 23,000 residents during the current economic climate. It also will help enable us to continue to fulfill our mission from a position of strength when the economy improves.

You may contact Mary Ann Lambrechts, GPP Plan Administrator, at 443-883-4829 or at maryann.lambrechts@erickson.com if you have any questions regarding the Erickson Growth Participation Plan.

Thank you for your understanding.

A handwritten signature in cursive script that reads "Rick".

Bruce R. Grindrod, Jr.
President and CEO



7006 0100 0001 8593 6646

02 JUL 2007
08/13/2007
AUG 13 2007
08/13/2007

Erickson Retirement Communities

991 Corporate Blvd
Linthicum MD 21090

Pay Group: SAL-Salaried Paygroup

Pay Begin Date: 07/29/2007

Pay End Date: 08/11/2007

- On-line Check -

Business Unit: CORPO

Check #: 00002648

Check Date: 08/13/2007

Marymae Henley
42 Clonavor Road
West Orange NJ 07052

Employee ID: 007463

Department: 60710510-Resident Life Administration

Location: Cedar Crest Village

Job Title: Dir of Resident Life

Pay Rate: \$3,316.35 Biweekly

TAX DATA: Federal State

Marital Status:

Allowances: 0 0

Addl. Pct.:

Addl. Amt.:

HOURS AND EARNINGS

Description	Rate	Current		YTD	
		Hours	Earnings	Hours	Earnings
GPP Distribution			36,474.16		36,474.16
Severance Wages			0.00	136.00	8,954.06
Holiday			0.00	8.00	331.63
Regular Pay			0.00	552.00	22,882.79

TAXES

Description	Current	YTD
Fed Withholding	9,118.54	11,457.69
Fed MED/EE	528.87	973.95
Fed OASDI/EE	2,261.40	4,164.48
NJ Unempl EE	0.00	101.75
NJ NJ HCSF	0.00	0.00
NJ NJ WDPF	0.00	6.65
NJ NJ SWAF	0.00	4.66
NJ Withholding	3,068.47	3,706.06
NJ OASDI/EE	88.23	249.07

Total: 36,474.16 696.00 68,642.64

Total: 15,065.51 20,664.29

BEFORE TAX DEDUCTIONS

Description	Current	YTD
FSA Medical	0.00	269.20
401(k)	0.00	4,825.26
Medical	0.00	1,204.42

AFTER TAX DEDUCTIONS

Description	Current	YTD
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Total: 0.00 6,298.88 Total: 0.00 0.00

TOTAL GROSS		FED TAXABLE GROSS		TOTAL TAXES		TOTAL DEDUCTIONS		NET PAY
Current:	36,474.16	36,474.16		15,065.51		0.00		21,408.65
YTD:	68,642.64	62,343.76		20,664.29		6,298.88		41,679.47

NET PAY DISTRIBUTION

Check #00002648 21,408.65

Total: 21,408.65

MESSAGE:

Your 2006
Personal
Statement
of Total
Compensation



Paygroup Code: IA2

Marymae Henley
42 Clonavor Road
West Orange, NJ 07052



EXTRAORDINARY PEOPLE

EXTRAORDINARY COMPANY

EXTRAORDINARY OPPORTUNITIES

Value of Your Total Compensation

Marymae Henley

Dear Marymae:

We are pleased to provide you with this personal statement that highlights your total compensation from Erickson Retirement Communities. This statement was prepared **especially for you** to provide you with a thorough summary of your entire compensation package.

For many of us, "compensation" means "paycheck." But pay is only part of the picture. Your benefits are a significant addition to your take-home pay, in both their financial value and in providing you and your family with security.

Our total compensation package is designed to attract and keep the best talent we can find – people like you. We owe our continued success to your participation and commitment, and we appreciate it. You make Erickson a great place to live and work! That's why we have created dozens of benefits that allow you to share in Erickson's success.

This statement shows the benefits you are enrolled in and Erickson's cost to provide you with this coverage. Please review your statement carefully and keep it with your personal records. If you have any questions about your statement or your benefits, please contact your Human Resources Department.

Sincerely,

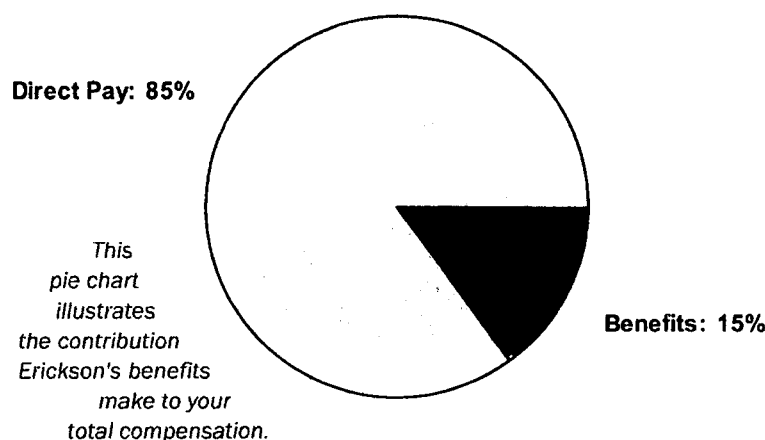


John C. Erickson
Chairman and CEO

Base Salary		
Your current annual base salary	\$	86,225
Bonus		
Your 2006 total bonus amount.....	\$	12,685
Growth Participation Plan (GPP) Distributions		
Your 2006 GPP Distributions.....	\$	27,737
Your Total Estimated 2006 Direct Pay	\$	126,647

Note: Your actual 2006 direct pay may be different than the above projection. Bonuses may include performance bonuses and special distributions.

Putting It All Together – The Rewards of Working at Erickson



Your Benefits	Your Estimated 2006 Contribution	Erickson's Estimated 2006 Contribution
Medical Insurance.....	\$ 4,261	\$ 9,774
Basic Life and AD&D Insurance.....	\$ 0	\$ 81
Long Term Disability.....	\$ 0	\$ 492
Retirement Savings Plan*.....	\$ 12,473	\$ 4,317
Social Security and Other Statutory Benefits.....	\$ 7,734	\$ 8,383
Total Value of Your Benefits.....	\$ 24,468	\$ 23,047
Your Estimated 2006 Direct Pay.....	\$	126,647
Your Total Compensation.....	\$	149,694

*Retirement Savings Plan contributions are as of 6/30/2006.

About This Statement

Every effort has been taken to assure that the information contained in this statement is accurate; however, no warranty or guarantee is implied or intended. Company contributions are based on the benefit plan provisions, your current base pay rate annualized as of 6/30/2006 and assumes fully insured status under Social Security. If a discrepancy is found to exist between this statement and the benefit booklets, summary plan descriptions or contracts, the provisions of the latter documents will govern.

Healthcare Coverage

Erickson recognizes the value to you of financial protection from the high cost of healthcare. For this reason, Erickson provides you with the opportunity for you and your family to enroll in medical and dental programs through company-sponsored plans.

Medical

Erickson provides you and your family the opportunity to enroll in one of two health plans: Standard Option Medical Plan or High Option Medical Plan.

You are currently enrolled in the Standard Option Medical Plan with Family coverage.

Dental

Erickson offers your choice of two dental plans through MetLife: Standard Option Dental Plan or High Option Dental Plan.

You are currently not participating in the dental plan.

Disability Income

Short Term Disability

You are covered under the New Jersey state disability plan. For off-the-job injuries or illnesses, benefits may be paid for up to 26 weeks. The benefit amount is two-thirds of your average weekly wage up to a maximum of \$488 per week.

Long Term Disability

Erickson provides Long Term Disability (LTD) coverage at no cost to you. In the event you have an illness or disability lasting longer than six months, you may be eligible to receive 60% of base earnings, up to a maximum of \$5,000 a month. You are automatically enrolled in the LTD plan after one year of continuous service. Benefits are payable after 180 days from the date of your disability.

Survivor Protection

Life Insurance and AD&D

Erickson provides basic life and accidental death and dismemberment (AD&D) insurance coverage at no cost to you. Additional coverage may be purchased through our voluntary plan offered at low group rates.

Basic Life and AD&D

Erickson provides you with a basic group term life insurance benefit equal to \$50,000. The coverage amount is your annual salary rounded to the next higher thousand up to a maximum of \$50,000. Accidental Death and Dismemberment (AD&D) coverage is included at the same amount.

Optional Life

You may purchase additional life insurance for you and your eligible family members. You may purchase supplemental life insurance for yourself equal to 1 or 2 times your basic annual earnings, up to \$150,000. You may also purchase \$10,000 of coverage for your spouse/partner and coverage for your children is available in units of \$5,000 to a maximum of \$25,000.

Optional AD&D

Supplemental AD&D benefits are payable in the event of serious injury or death as the result of an accident. You may purchase coverage for yourself or your entire family at one of the following levels: \$25,000, \$50,000, \$100,000 or \$150,000.

Work/Life Benefits

Flexible Spending Accounts: Through the Flexible Spending Accounts (FSA) Plan you are able to set aside pre-tax dollars to pay for unreimbursed medical/dental bills and child care expenses. ***For the 2006 plan year you have elected to contribute \$700 to your medical expense reimbursement account.***

Paid Time Off (PTO): Accrued PTO may be taken after six months of service. Accrued PTO in excess of 1.5 times your annual accrual will convert to ELB on your anniversary date. ***You are currently accruing 26 PTO days per year.***

Extended Leave Bank (ELB): Extended leave time is used for illness exceeding 24 hours (3 consecutive workdays). Full time employees accrue 6 days per year and part time employees accrue 4.8 days per year.

Holidays: Full time employees are eligible for 7 paid holidays a year. These days include: New Year's Day, Martin Luther King Jr. Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Bereavement: Bereavement leave is available to all full time employees upon hire. Up to three days may be granted for the death of an immediate family member. One day may be granted for the loss of one of your spouse's immediate family members.



Retirement Benefits

401(k) Plan

Through the 401(k) Plan, you and Erickson work as partners to help build your financial security for retirement;

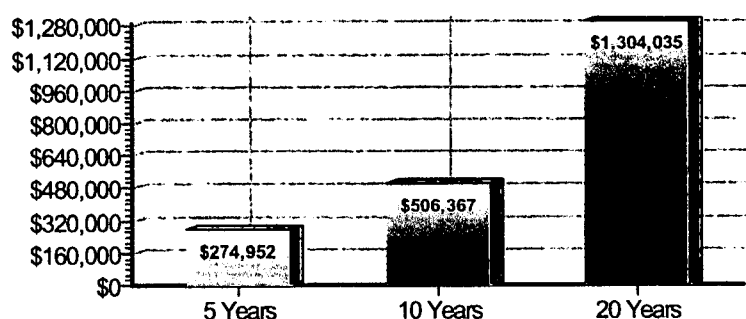
- Through your pre-tax contributions
- After one year of service (minimum 1000 hours worked), through Erickson's dollar-for-dollar matching contribution (up to 5% of your compensation)*
- Through the investment growth of your total account

As of 6/30/06 you were contributing 15% of your salary and your total account balance was \$118,639.*

****You are always 100% vested in your contributions. Please refer to the Plan document for vesting schedule on company matching contributions.***

The Future Value of Your 401(k) Account

The chart below shows the potential value of your account in the years ahead if you continue to contribute at your current rate. These estimates are based on 3% annual salary increase and 7% annual investment return. These estimates and account values are not guaranteed.



Social Security

Social Security is intended to replace between 20% to 40% of your final year's pay at retirement. You and Erickson share equally in the cost of Social Security taxes. In 2006, you and Erickson will each pay an estimated \$7,605 to the Social Security Administration.

Every year, the Social Security Administration sends a Social Security Statement to workers and former workers aged 25 and older. It includes a summary of the estimated benefits you and your family may receive as a result of your earnings. The statement gives you the opportunity to see if your account has been properly credited each year.

The Social Security Administration may be reached at 800-772-1213.

Additional Benefits

Growth Participation Plan

As a key employee you are eligible to participate in the Growth Participation Plan (GPP). The GPP is a long term compensation plan that has been established to allow you to share in the success of the company. When considering your total compensation, remember to include the value of your units in the plan as well as the distributions you may receive.

Your current GPP account value is \$83,211. Your estimated annual distribution (without interest) is \$27,737. You are fully vested in the original GPP after five years of service.

Education Assistance

After 3 months of service, Erickson will reimburse you up to \$3,500 per year for eligible educational expenses (tuition, registration and fees) for full time employees and up to \$2,250 per year for part time employees working 30 or more hours a week. You may request payment be made in advance.

Employee Help Line

The Help Line provides you and your family with private short term and confidential counseling. Help is also available for personal concerns such as family or marital issues, parenting issues, life changes, conflict resolution, drug and/or alcohol abuse, emotional or behavioral difficulties, child care referrals, legal and financial issues and many other topics. Phone consultations are available 24 hours a day, 7 days a week. Call (888) 300-0431 or visit the web site at www.lifebalance.net (our company ID is *erc* and our password is *2760*) for details. Erickson will have no knowledge of your use of the Help Line.

Other Benefits

- Adoption assistance
- Emergency transportation
- Discounts on baby products
- Transit passes
- Emergency assistance loans
- Employee meal discounts

August 13, 2006

Dear Former Employee:

We are writing in reference to the Growth Participation Plan and the installment for 2007.

As a former employee of Erickson or one of our affiliated communities, and as a vested participant in the Growth Participation Plan (GPP), you are eligible to receive the 2007 installment of your vested unit grant. Enclosed is the check for this year's installment, including a 9 per cent interest component on the outstanding balance. All funds paid out of the GPP are paid as ordinary earnings and will be taxed accordingly.

If you have any questions regarding the GPP, please contact the Human Resources Department at corporate or the community where you were employed.

Sincerely,

The Plan Administrators



Dear Marymae Henley:

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

With the establishment of the new unit value of \$1201.74, your total unit grant(s) is now worth \$110948. As announced, we will begin to pay out your unit grant in the existing plan over a four year period starting on May 18. The initial installment on your payout is \$27737. The remaining unit grant will earn interest at a rate of 9% until the final installment, scheduled to be paid in 2009.

As a vested employee, the payout will be sent to you as ordinary payroll checks are. One difference is that this will be a live check, even if your regular paycheck is normally deposited directly with your bank.

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

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

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

Sincerely,

The Plan Administrators

GPP

old
plan

2004
1051

2005
1103

+ 51

from 1099 → \$201 / 1200

2005 - 2001 = \$ Value x shares = overall

new
plan

4 year vesting
target share increase \$100 per year
per share

shares per grade that
(profit sharing)

example 100 shares per year grade

2006	2007	2008	2009	2010
25	25	25	25	25
0	\$100	\$100	\$100	\$100

25 shares x 400 = \$10,000

So, \$10,000 per year once vested, in exchange

old
plan

it is by 5/20/06, VESTED
then, 5/20 check for 1/4 current plan.
paid 1/4 x 4 yrs + amounts 990
interest per year 2006/7/8/9
then, 2010 begins payout in new plan

Memo

To: Participants
From: Jeff Jacobson
CC: Gary Cole
Date: April 13, 2006
Re: Pen-Cal - 2005 Funding

During 2005, Pen-Cal was acquired by another company, AST Trust Company, as well as a new tax law was passed governing "Deferred Compensation Plans" (which the GPP technically is under the IRS rules). The two events required us to re-negotiate our arrangement with Pen-Cal. Unfortunately, this took much longer than we anticipated and we have just finalized a new agreement. Until this was resolved, Pen-Cal would not allow any additional funding. As such, your 2005 distribution has not been invested during the past year.

We are in the process of funding the distribution, including an interest component to make up for the lost investment opportunity. We will use the highest return from the funds available to us through Pen-Cal to determine the interest amount. We will forward the final amounts and return computations to you individually as well as respond to any questions.

We apologize for any inconvenience.

Your 2005
Personal
Statement
of Total
Compensation



Paygroup Code: IA2

Marymae Henley
42 Clonavor Road
West Orange, NJ 07052



EXTRAORDINARY PEOPLE

EXTRAORDINARY COMPANY

EXTRAORDINARY OPPORTUNITIES

Value of Your Total Compensation

Marymae Henley

Dear Marymae:


It is our pleasure to provide you with your 2005 Personal Statement of Total Compensation from Erickson Retirement Communities.

Your total compensation package is a reward for your talent, hard work, and dedication. Because of your efforts, we have been able to serve an ever-growing number of residents each year. Our success is possible only as a result of your contributions and commitment to our residents. That's why we have made a commitment to your health and well-being, and provide a wide range of benefits to take care of you and your family, both now and in the future.

This statement presents a detailed overview of your *personal* compensation package. Take a look at the statement, and you will see that your salary is only part of your total compensation at Erickson. In addition to your base salary, we provide you with an award-winning benefits package. Your benefits not only provide you and your family with security, but they can save you hundreds or thousands of dollars each year.

Please review your statement carefully and keep it with your personal records, so that you may refer to it as needed. If you have any questions about the statement or your total compensation, please contact Human Resources.

Thank you for making Erickson a great place to live and work!


John C. Erickson
Chairman and CEO

Base Salary

Your current annual base salary \$ 82,909

Bonus

Your 2005 total bonus amount..... \$ 13,976

Your Total Estimated 2005 Direct Pay..... \$ 96,885

Note: Your actual 2005 direct pay may be different than the above projection. Bonuses may include performance bonuses and special distributions.

Putting It All Together – The Rewards of Working at Erickson

Direct Pay: 82%

This
pie chart
illustrates
the contribution
Erickson's benefits
make to your
total compensation.

Benefits: 18%

Your Benefits	Your Estimated 2005 Contribution	Erickson's Estimated 2005 Contribution
Medical Insurance.....	\$ 4,137	\$ 9,788
Basic Life and AD&D Insurance.....	\$ 0	\$ 81
Long Term Disability.....	\$ 0	\$ 473
Retirement Savings Plan*.....	\$ 10,228	\$ 3,409
Social Security and Other Statutory Benefits.....	\$ 7,042	\$ 8,057
Total Value of Your Benefits.....	\$ 21,407	\$ 21,808
Your Estimated 2005 Direct Pay.....	\$	\$ 96,885
Your Total Compensation.....	\$	\$ 118,693

*Retirement Savings Plan contributions are as of 8/31/2005.

About This Statement

Every effort has been taken to assure that the information contained in this statement is accurate; however, no warranty or guarantee is implied or intended. Company contributions are based on the benefit plan provisions and your current base pay rate annualized as of 9/02/2005 and assumes fully insured status under Social Security. If a discrepancy is found to exist between this statement and the benefit booklets, summary plan descriptions or contracts, the provisions of the latter documents will govern.

Healthcare Coverage

Erickson recognizes the value to you of financial protection from the high cost of healthcare. For this reason, Erickson provides you with the opportunity for you and your family to enroll in medical and dental programs through company-sponsored plans.

Medical

Erickson provides you and your family the opportunity to enroll in one of two health plans: Standard Option Medical Plan or High Option Medical Plan.

You are currently enrolled in the Standard Option Medical Plan with Family coverage.

Dental

Erickson offers your choice of two dental plans through MetLife: Standard Option Dental Plan or High Option Dental Plan.

You are currently not participating in the dental plan.

Disability Income

Short Term Disability

You are covered under the New Jersey state disability plan. For off-the-job injuries or illnesses, benefits may be paid for up to 26 weeks. The benefit amount is two-thirds of your average weekly wage up to a maximum of \$470 per week.

Long Term Disability

Erickson provides Long Term Disability (LTD) coverage at no cost to you. In the event you have an illness or disability lasting longer than six months, you may be eligible to receive 60% of base earnings, up to a maximum of \$5,000 a month. You are automatically enrolled in the LTD plan after one year of continuous service. Benefits are payable after 180 days from the date of your disability.

Survivor Protection

Life Insurance and AD&D

Erickson provides basic life and accidental death and dismemberment (AD&D) insurance coverage at no cost to you. Additional coverage may be purchased through our voluntary plan offered at low group rates.

Basic Life and AD&D

Erickson provides you with a basic group term **life insurance benefit equal to \$50,000**. The coverage amount is your annual salary rounded to the next higher thousand up to a maximum of \$50,000. Accidental Death and Dismemberment (AD&D) coverage is included at the same amount.

Optional Life

You may purchase additional life insurance for you and your eligible family members. You may purchase supplemental life insurance for yourself equal to 1 or 2 times your basic annual earnings, up to \$150,000. You may also purchase \$10,000 of coverage for your spouse and coverage for your children is available in units of \$5,000 to a maximum of \$25,000.

Optional AD&D

Supplemental AD&D benefits are payable in the event of serious injury or death as the result of an accident. You may purchase coverage for yourself or your entire family at one of the following levels: \$25,000, \$50,000, \$100,000 or \$150,000.

Work/Life Benefits

Flexible Spending Accounts: Through the Flexible Spending Accounts (FSA) Plan you are able to set aside pre-tax dollars to pay for unreimbursed medical/dental bills and child care expenses. ***For the 2005 plan year you have elected to contribute \$520 to your medical expense reimbursement account.***

Paid Time Off (PTO): Accrued PTO may be taken after six months of service. Accrued PTO in excess of 1.5 times your annual accrual will convert to ELB on your anniversary date. ***You are currently accruing 26 PTO days per year.***

Extended Leave Bank (ELB): Extended leave time is used for illness exceeding 24 hours (3 consecutive workdays). Full time employees accrue 6 days per year and part time employees accrue 4.8 days per year.

Holidays: Full time employees are eligible for 7 paid holidays a year. These days include: New Year's Day, Martin Luther King Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Bereavement: Bereavement leave is available to all full time employees upon hire. Up to three days may be granted for the death of an immediate family member. One day may be granted for the loss of one of your spouse's immediate family members.



Retirement Benefits

401(k) Plan

Through the 401(k) Plan you and Erickson work as partners to help build your financial security for retirement;

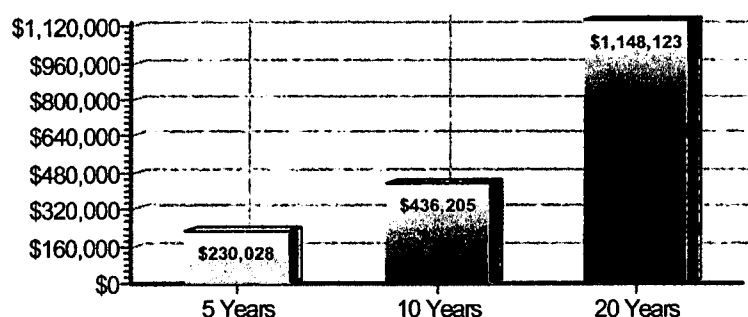
- Through your pre-tax contributions
- After one year of service (minimum 1000 hours worked), through Erickson's dollar-for-dollar matching contribution (up to 5% of your compensation)*
- Through the investment growth of your total account

*As of 8/31/05 you were contributing 15% of your salary and your total account balance was \$89,586.**

**You are always 100% vested in your contributions. Please refer to the Plan document for vesting schedule on company matching contributions.*

The Future Value of Your 401(k) Account

The chart below shows the potential value of your account in the years ahead if you continue to contribute at your current rate. These estimates are based on 3% annual salary increase and 7% annual investment return. These estimates and account values are not guaranteed.



Social Security

Social Security is intended to replace between 20% to 40% of your final year's pay at retirement. You and Erickson share equally in the cost of Social Security taxes. In 2005, you and Erickson will each pay an estimated \$6,917 to the Social Security Administration.

Every year, the Social Security Administration sends a Social Security Statement to workers and former workers aged 25 and older. It includes a summary of the estimated benefits you and your family may receive as a result of your earnings. The statement gives you the opportunity to see if your account has been properly credited each year.

The Social Security Administration may be reached at 800-772-1213.

Additional Benefits

Growth Participation Plan

As a Key Employee you are eligible to participate in the Growth Participation Plan (GPP). The GPP is a long term compensation plan that has been established to allow you to share in the success of the company. When considering your Total Compensation, remember to include the value of your units in the plan as well as the distributions you may receive. This year, a distribution of \$10 per unit was paid to eligible participants.

Your current GPP account value is \$80,948. You are fully vested in the GPP after five years of service.

Education Assistance

After 3 months of service, Erickson will reimburse you up to \$3,500 per year for eligible educational expenses (tuition, registration and fees) for full time employees and up to \$2,250 per year for part time employees working 30 or more hours a week. You may request payment be made in advance.

Employee Help Line

The Help Line provides you and your family with private short term and confidential counseling. Help is also available for personal concerns such as family or marital issues, parenting issues, life changes, conflict resolution, drug and/or alcohol abuse, emotional or behavioral difficulties, child care referrals, legal and financial issues and many other topics. Phone consultations are available 24 hours a day, 7 days a week. Call (888) 300-0431 or visit the web site at www.lifebalance.net (our Company ID is *erc* and our Password is *2760*) for details. Erickson will have no knowledge of your use of the Help Line.

Other Benefits

- Adoption assistance
- Emergency transportation
- Discounts on baby products
- Transit passes
- Emergency assistance loans
- Employee meal discounts



200-070

March 17, 2005

Dear Growth Participation Plan Participant:

As provided under the Growth Participation Plan, (the "Plan") the Plan Administrator will provide certain information on an annual basis to all participants. This information will be provided by June 30 of each year.

The information is as follows:

1. Value per unit based on 12/31/04 results: **\$1051.74** per unit.
(Copy of valuation and report by PriceWaterhouse Coopers attached.)
2. Put Period – March 21, 2005 through April 4, 2005.
(Vested employees may redeem up to 10% of their total unit grant(s) during this period. To the extent that the vested employee is over 50 years old or has been employed with the company 20 years, the participant may put a maximum of up to 33 1/3 %.)

We are pleased to announce a \$10.00 per unit distribution. If you are vested under the Plan as of March 14, 2005 (five years of Full-Time employment), a distribution check will be issued to you on March 18, 2005 equal to \$10.00 X (number of units you have) less any appropriate taxes.

If you are not vested but have previously received a distribution and have established a deferred compensation money market account with Pen-Cal, the distribution will be placed in that account based on the percentages that you have already established. You do not need to fill out any additional forms. Documents are attached explaining the account and the funds that you may choose to invest in. For those who do not have an account already established with Pen-Cal, an enrollment form is also enclosed (investment information will follow). Please complete the form and return to Gary Cole, Human Resources Department, Corporate Office by April 8, 2005, who will then forward them to Pen-Cal. Once Pen-Cal receives your enrollment form, you will be able to access your account and invest your funds via the phone or Internet as you desire.

Sincerely,

The Plan Administrators

200-070

Your 2004
Personal
Statement
of Total
Compensation



Paygroup Code: 1A2

Marymae Henley
42 Clonavor Road
West Orange, NJ 07052



EXTRAORDINARY PEOPLE

EXTRAORDINARY COMPANY

EXTRAORDINARY OPPORTUNITIES

Value of Your Total Compensation

Marymae Henley

Dear Marymae:

We are pleased to provide you with this personal statement that highlights your total compensation from Erickson Retirement Communities. This statement was developed **especially for you** to show your total compensation package, including: your salary, your benefits coverage and the company's cost to provide this coverage.


Salary is one way Erickson compensates you; benefits are another. Your benefits package, although not as visible as your pay, significantly increases the value of your total compensation at Erickson. You can refer to this portion of your compensation as your "Hidden Paycheck."

We feel that your total compensation package provided by Erickson is an important reward for your commitment, loyalty, hard work and dedication. The package is designed not only to help you meet your needs today, but also help you plan for the future.

Please review your statement carefully and keep it with your personal records so you can refer to it when necessary. If you have any questions concerning your statement or your benefits, contact our Human Resources Department.

You do a great job taking care of our residents every day. We believe our total compensation package will provide you with the resources to take care of you and your own family as well.

Sincerely,


John C. Erickson
Chairman and CEO

Base Salary

Your current annual base salary \$ 78,961

Bonus

Your 2004 total bonus amount..... \$ 8,000

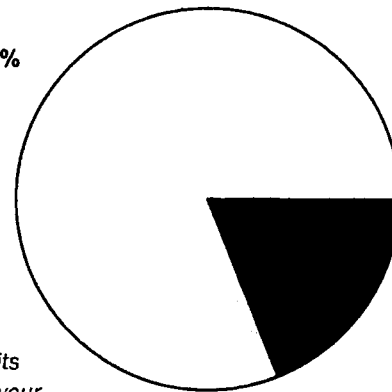
Your Total Estimated 2004 Direct Pay..... \$ 86,961

Note: Your actual 2004 direct pay may be different than the above projection. Bonuses may include performance bonuses and special distributions.

Putting It All Together – The Rewards of Working at Erickson

Direct Pay: 81%

This pie chart illustrates the contribution Erickson's benefits make to your total compensation.



Benefits: 19%

Your Benefits	Your Estimated 2004 Contribution	Erickson's Estimated 2004 Contribution
Medical Insurance.....	\$ 3,761	\$ 9,562
Basic Life and AD&D Insurance.....	\$ 0	\$ 81
Long Term Disability.....	\$ 0	\$ 450
Retirement Savings Plan*.....	\$ 8,944	\$ 2,981
Social Security and Other Statutory Benefits.....	\$ 6,260	\$ 6,936
Total Value of Your Benefits.....	\$ 18,965	\$ 20,010
Your Estimated 2004 Direct Pay.....		\$ 86,961
Your Total Compensation.....		\$ 106,971

*Retirement Savings Plan contributions are as of 8/31/2004.

About This Statement

Every effort has been taken to assure that the information contained in this statement is accurate; however, no warranty or guarantee is implied or intended. Company contributions are based on the benefit plan provisions and your current base pay rate annualized as of 9/03/2004 and assumes fully insured status under Social Security. If a discrepancy is found to exist between this statement and the benefit booklets, summary plan descriptions or contracts, the provisions of the latter documents will govern.

Healthcare Coverage

Erickson recognizes the value to you of financial protection from the high cost of healthcare. For this reason, Erickson provides you with the opportunity for you and your family to enroll in medical and dental programs through company-sponsored plans.

Medical

Erickson provides you and your family the opportunity to enroll in one of two health plans: Standard Option Medical Plan or High Option Medical Plan.

You are currently enrolled in the Standard Option Medical Plan with Family coverage.

Dental

Erickson offers your choice of two dental plans through MetLife: Standard Option Dental Plan or High Option Dental Plan.

You are currently not participating in the dental plan.

Disability Income

Short Term Disability

You are covered under the New Jersey state disability plan. For off-the-job injuries or illnesses, benefits may be paid for up to 26 weeks. The benefit amount is two-thirds of your average weekly wage up to a maximum of \$459 per week.

Long Term Disability

Erickson provides Long Term Disability (LTD) coverage at no cost to you. In the event you have an illness or disability lasting longer than six months, you may be eligible to receive 60% of base earnings, up to a maximum of \$5,000 a month. You are automatically enrolled in the LTD plan after one year of continuous service. Benefits are payable after 180 days from the date of your disability.

Survivor Protection

Life Insurance and AD&D

Erickson provides basic life and accidental death and dismemberment (AD&D) insurance coverage at no cost to you. Additional coverage may be purchased through our voluntary plan offered at low group rates.

Basic Life and AD&D

Erickson provides you with a basic group term life insurance benefit equal to \$50,000. The coverage amount is your annual salary rounded to the next higher thousand up to a maximum of \$50,000. Accidental Death and Dismemberment (AD&D) coverage is included at the same amount.

Optional Life

You may purchase additional life insurance for you and your eligible family members. You may purchase supplemental life insurance for yourself equal to 1 or 2 times your basic annual earnings, up to \$150,000. You may also purchase \$10,000 of coverage for your spouse and coverage for your children is available in units of \$5,000 to a maximum of \$25,000.

Optional AD&D

Supplemental AD&D benefits are payable in the event of serious injury or death as the result of an accident. You may purchase coverage for yourself or your entire family at one of the following levels: \$25,000, \$50,000, \$100,000 or \$150,000.

Work/Life Benefits

Flexible Spending Accounts

Through the Flexible Spending Accounts (FSA) Plan you are able to set aside pre-tax dollars to pay for unreimbursed medical/dental bills and child care expenses.

For the 2004 plan year you have elected to contribute \$260 toward your medical/dental expense reimbursement account and \$2,700 to your dependent care expense reimbursement account.

Time Off Benefits

Vacation: Accrued vacation may be taken after 6 months of service (or 1 year of service if you are a part time employee). ***You are currently accruing 15 vacation days a year.***

Personal Time: After one year of service, 24 hours of personal time may be used if you are a full time employee.

Sick Leave: Full time employees accrue 2 hours per pay period and part time employees working 30 or more hours per week accrue 1.5 hours of sick time per pay period. Accrued sick time may be taken after 6 months of service.

Holidays: Full time employees are eligible for 7 paid holidays a year. These days include: New Year's Day, Martin Luther King Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Bereavement: Bereavement leave is available to all full time employees upon hire. Up to three days may be granted for the death of an immediate family member. One day may be granted for the loss of one of your spouse's immediate family members.



Retirement Benefits

401(k) Plan

Through the 401(k) Plan you and Erickson work as partners to help build your financial security for retirement;

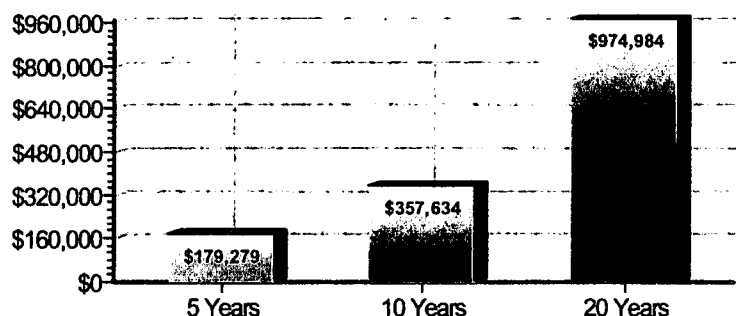
- Through your pre-tax contributions
- After one year of service (minimum 1000 hours worked), through Erickson's dollar-for-dollar matching contribution (up to 5% of your compensation)*
- Through the investment growth of your total account

As of 8/31/04 you were contributing 15% of your salary and your total account balance was \$57,190.*

**You are always 100% vested in your contributions. Please refer to the Plan document for vesting schedule on company matching contributions.*

The Future Value of Your 401(k) Account

The chart below shows the potential value of your account in the years ahead if you continue to contribute at your current rate. These estimates are based on 3% annual salary increase and 7% annual investment return. These estimates and account values are not guaranteed.



Social Security

Social Security is intended to replace between 20% to 40% of your final year's pay at retirement. You and Erickson share equally in the cost of Social Security taxes. In 2004, you and Erickson will each pay an estimated \$6,138 to the Social Security Administration.

Every year, the Social Security Administration sends a Social Security Statement to workers and former workers aged 25 and older. It includes a summary of the estimated benefits you and your family may receive as a result of your earnings. The statement gives you the opportunity to see if your account has been properly credited each year.

The Social Security Administration may be reached at 800-772-1213.

Additional Benefits

Growth Participation Plan

As a Key Employee you are eligible to participate in the Growth Participation Plan (GPP). The GPP is a long term compensation plan that has been established to allow you to share in the success of the company. When considering your Total Compensation, remember to include the value of your units in the plan as well as the distributions you may receive. This year, a distribution of \$10 per unit was paid to eligible participants.

Your current GPP account value is \$50,600. You are fully vested in the GPP after 5 years of service.

Education Assistance

After 3 months of service, Erickson will reimburse you up to \$3,500 per year for eligible educational expenses (tuition, registration and fees) for full time employees and up to \$2,250 per year for part time employees working 30 or more hours a week. You may request payment be made in advance.

Employee Help Line

The Help Line provides you and your family with private short term and confidential counseling. Help is also available for personal concerns such as family or marital issues, parenting issues, life changes, conflict resolution, drug and/or alcohol abuse, emotional or behavioral difficulties, child care referrals, legal and financial issues and many other topics. Phone consultations are available 24 hours a day, 7 days a week. Call (888) 300-0431 or visit the web site at www.lifebalance.net (our Company ID is **erc** and our Password is **2760**) for details. Erickson will have no knowledge of your use of the Help Line.

Other Benefits

- Adoption assistance
- Emergency transportation
- Discounts on baby products
- Transit passes
- Emergency assistance loans
- Employee meal discounts

200-010: GPP
Erickson



Maryland • New Jersey • Massachusetts • Michigan • Virginia • Pennsylvania

March 10, 2004

Dear Growth Participation Plan Participant:

As provided under the Growth Participation Plan, (the "Plan") the Plan Administrator will provide certain information on an annual basis to all participants. This information will be provided by June 30 of each year.

The information is as follows:

1. Value per unit based on 12/31/03 results: \$900.00 per unit.
(Copy of valuation and report by PriceWaterhouse Coopers attached.)
2. Put Period – March 15, 2004 through March 29, 2004.
(Vested employees may redeem up to 10% of their total unit grant(s) during this period. To the extent that the vested employee is over 50 years old or has been employed with the company 20 years, the participant may put a maximum of up to 33 1/3 %.)

+251

We are pleased to announce a \$10.00 per unit distribution. If you are vested under the Plan as of March 8, 2004 (five years of Full Time employment), a distribution check will be issued to you on March 12, 2004 equal to \$10.00 X (number of units you have) less any appropriate taxes.

If you are not vested but have previously received a distribution and have established a deferred compensation money market account with Pen-Cal, the distribution will be placed in that account based on the percentages that you have already established. You do not need to fill out any additional forms. Documents are attached explaining the account and the funds that you may choose to invest in. For those who do not have an account already established with Pen-Cal, an enrollment form is also enclosed (investment information will follow). Please complete the form and return to Gary Cole, Human Resources Department, Corporate Office by April 1, 2004, who will then forward them to Pen-Cal. Once Pen-Cal receives your enrollment form, you will be able to access your account and invest your funds via the phone or Internet as you desire.

Sincerely,

The Plan Administrators

MARYMAE SEWARD HENLEY

FACSIMILE TRANSMITTAL SHEET

TO:	Mari Shoebbotham	FROM:	Marymae Henley
COMPANY:	Corporate - Legal	DATE:	3/20/2003
FAX NUMBER:	410 737-8828	TOTAL NO. OF PAGES INCLUDING COVER:	2
PHONE NUMBER:	410.242.2880	SENDER'S REFERENCE NUMBER:	
RE:	GPP pencils application	YOUR REFERENCE NUMBER:	

URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

Hello Mari,

I am faxing my Pen cal application form related to GPP dividends.

Please note: I am leaving the country today (heading to China) and will return to Cedar Crest on April 2nd. If there are any questions regarding this form, please send a flagged email to my work account. Thank you!

Marymae Henley

Director, Resident Life

Cedar Crest Village

TO: Mr: Shoebottom

Fax:

Phone: 410.242.2880
#8183

DEEMED INVESTMENT ELECTION FORM

Please Print in Ink:

PARTICIPANT INFORMATION

Name: MARYMAE SEWARD HENLEY
Social Security Number: 141 66 4719
Address: 42 CLONAUKE RD
WEST ORANGE NJ
07052
Telephone Number: 973 731 6322

Single Investment Election for Existing Account Balance and For Future Contributions

I revoke any prior elections of deemed investment designations for the amounts credited to my Plan account, and I elect the following deemed investments for all amounts credited to my Plan account. This election shall become effective as soon as practicable, and is subject to all of the terms of the Plan.

<u>Investment Name</u>	<u>Percentage of Account</u>
1. Fidelity Advisor Short Fixed-Income Fund	_____ %
2. Fidelity Advisor Balanced Fund	_____ %
<input checked="" type="checkbox"/> 3. Fidelity Advisor Equity Income Fund	<u>100%</u>
4. Fidelity Advisor Equity Growth Fund	_____ %
5. Fidelity Advisor Growth Opportunities	_____ %
6. Fidelity Advisor High Yield Fund	_____ %
7. Fidelity Advisor Overseas Fund	_____ %
8. Fidelity U.S. Spartan Equity Index Fund	_____ %

I realize that my employer shall not be liable for any losses resulting from my selection indicated above. I realize that there may be a reasonable administrative delay in processing any deemed investment direction of transfers. I acknowledge that I have read this entire form, I understand it and agree to its terms and I acknowledge that I have received and had a reasonable opportunity to review current prospectus (s) for the fund(s) selected above.

3/22/03
Date

Marymae Seward Henley
Participant's Signature

By executing this form below, the undersigned hereby directs the Trustee of the trust maintained under the Plan to invest the above-designated Participant's account under the Plan in accordance with the above Deemed Investment election.

Date

Erickson Retirement Communities, LLC
EMPLOYER

By: _____

Print Name: Jeff Jacobson



Maryland • New Jersey • Massachusetts • Michigan • Virginia

May 23, 2002

Dear Growth Participation Plan Participant:

We are pleased to inform you that you are now a participant in the Erickson Growth Participation Plan. You became eligible for the Plan by virtue of your hire or promotion into an eligible position in 2001, and have now passed the threshold into the Plan. You are now participating in values of the units above the base 12/31/01 value of \$647.00. Your participation will be for the appreciation of unit values above \$647.00.

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

Please call Gary Cole at extension 8628 with any questions.

Sincerely,

The Plan Administrators

Senior Campus Living Holdings, L.L.C.

Growth Participation Plan

Certificate for

200 UNITS at the strike price of \$647.00

In The Growth Participation Plan Of
Senior Campus Living Holdings, L.L.C.

Granted To


Marymae Henley

*This certificate represents your right to the amount of Equity Units indicated above
under the Senior Campus Living Holdings, L.L.C. Growth Participation Plan (the Plan).*

*The designated holder of these Equity Units is entitled to all the rights, opportunities, values, and benefits
of future financial growth of the Company as specified in the Plan.*

*These Equity Units are granted in consideration of the holder's future contributions to corporate strategies
and the holder's productive delivery of services that form the foundation of the Company's growth.*

*These Equity Units may be transferred and redeemed only in accordance with the Plan
and are otherwise fully subject to the provisions of the Plan.*


John C. Erickson
Chairman

12/31/2001
Date

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

**ARTICLE I
Purpose**

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

**ARTICLE II
Definitions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Administration

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

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

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

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

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

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

ARTICLE IV

Equity Units Available

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

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

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

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

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

ARTICLE V

Participation

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

ARTICLE VI Equity Units

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VII

Distributions

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

ARTICLE VIII

Miscellaneous

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

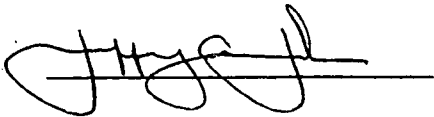
8.13 Governing Law. The validity, construction and effect of the Plan and of any rules, regulations, determinations or decisions made by the Administrator or Board relating to the Plan, and the rights of any and all persons having or claiming to have any interest therein or thereunder, shall be determined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

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

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

ATTEST:

SENIOR CAMPUS LIVING HOLDINGS, L.L.C.



By:



Title:

CEO and President

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APPENDIX I

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

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

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

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

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

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

a. Project valuation periods:

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

b. Project valuation rates:

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

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

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

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

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

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

Corporate overhead is capitalized at the same % used for present valuing income.

Unreimbursed expenses equal gross departmental expenses less community reimbursements and capitalized departmental costs charged to pre-development projects, excluding staff appreciation payments or distributions under the Plan.

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

7. Valuation Summary:

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

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

8. Any redemption or distribution to the Growth Participation Plan unit holders will only reduce the value allocable to the Growth Participation Plan.

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

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

1999 Amendments:

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

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

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

GPP AMENDMENT LANGUAGE

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

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

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

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

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

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

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

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

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

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

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

Such computation will be computed each year.

CEDAR CREST VILLAGE®

April 6, 2001

Marymae Henley
42 Clonavor Road
West Orange, NJ 07052

Dear Marymae:

We are delighted to confirm our offer of employment, and welcome you as a new member of the **Erickson Retirement Communities** team. Your title will be Director of Resident Life in the Resident Life Department at Cedar Crest Village. This offer is contingent upon satisfactory completion of an employment eligibility document (commonly referred to as an "I-9") and the results of both a drug screening and criminal background check.

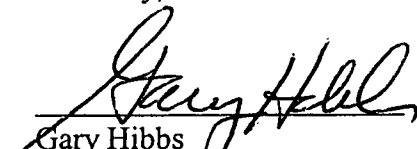
Your bi-weekly compensation will be \$2,577.00 and your vacation benefit in this position will be three weeks after one year of service (one-half of which would be available to you after completion of six months of employment). You will be eligible for health insurance benefits the first of the month following a full 60 days of employment (as we discussed, you currently do not plan on using this benefit). In addition, you may participate in the company's 401k retirement plan immediately.

If you have any questions regarding the above outlined benefits or wish to inquire about other benefits, you may contact **Cindy Rolfzen** in the Erickson Human Resource Department at (410) 242-2880, extension 8332.

As a Director with the company you will also be part of the Growth Participation Plan. This program entitles you to a share of the company's profits on an annual basis following a vesting period of five years. You will receive more information and a valuation of the company's growth after your first year of service.

Please signify your acceptance of this offer on the terms and conditions stated above and subject to the satisfactory completion of the I-9 as well as the satisfactory results of the drug screening and criminal background check, by signing and returning one copy of this letter. I look forward to working with you.

Sincerely,



Gary Hibbs
Executive Director,
Cedar Crest Village



CANDIDATE'S SIGNATURE

4/9/01

DATE