

B 10 (Official Form 10) (12/11) <b>UNITED STATES BANKRUPTCY COURT NORTHERN DISTRICT OF TEXAS</b>		<b>AMENDED PROOF OF CLAIM</b>	
Name of Debtor: <b>Erickson Retirement Communities, LLC</b>		Case Number: <b>09-37010</b>	
NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. § 503.			
Name of Creditor (the person or other entity to whom the debtor owes money or property): <b>Sovereign Bank</b>		<div style="text-align: center; font-weight: bold;">COURT USE ONLY</div> <input checked="" type="checkbox"/> Check this box if this claim amends a previously filed claim.  Court Claim Number: <b>01147</b> <i>(If known)</i>  Filed on: <b>02/24/2010</b>  <input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.	
Name and address where notices should be sent:  <b>Vicki A. Woodard</b> <b>Senior Vice President, Sovereign Bank</b> <b>Mail Code: MA1 - SST - 0410</b> <b>75 State Street</b> <b>Boston, MA 02109</b>			
Telephone number: <b>(617) 757-5591</b> email: <b>VWoodard@sovereignbank.com</b>			
Name and address where payment should be sent (if different from above):  Telephone number: _____ email: _____			
1. Amount of Claim: <b>\$9,789,887.26</b> If all or part of the claim is secured, complete item 4. If all or part of the claim is entitled to priority, complete item 5. <input checked="" type="checkbox"/> Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.		<div style="font-weight: bold;">5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.</div> <input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. §507 (a)(4). <input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5). <input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8). <input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507 (a)( ).  <b>Amount entitled to priority:</b> \$ _____  <small>* Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</small>	
2. Basis for Claim: <b>Guaranty of Land Loan; See Rider</b> (See instruction #2)			
3. Last four digits of any number by which creditor identifies debtor:  _____	3a. Debtor may have scheduled account as:  _____ (See instruction #3a)		3b. Uniform Claim Identifier (optional):  _____ (See instruction #3b)
4. Secured Claim (See instruction #4) Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.  Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other Describe: <b>LLC interests and see Rider</b> Value of Property: <b>Believed to be \$0; See Rider</b> Annual Interest Rate <b>See Rider</b> % <input type="checkbox"/> Fixed <input type="checkbox"/> Variable (when case was filed) Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: \$ <b>See Rider</b> Basis for perfection: <b>UCC financing statement; See Rider</b>  Amount of Secured Claim: \$ <b>Believed to be \$0; See Rider</b> Amount Unsecured: <b>\$9,789,887.26</b>			
6. Credits. The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)			
7. Documents: Attached are 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. If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. (See instruction #7, and the definition of "redacted".)  DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.  If the documents are not available, please explain:			
8. Signature: (See instruction #8) Check the appropriate box.  <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> I am the creditor.         </div> <div style="width: 30%;"> <input checked="" type="checkbox"/> I am the creditor's authorized agent.          (Attach copy of power of attorney, if any.)         </div> <div style="width: 30%;"> <input type="checkbox"/> I am the trustee, or the debtor, or their authorized agent.          (See Bankruptcy Rule 3004.)         </div> <div style="width: 30%;"> <input type="checkbox"/> I am a guarantor, surety, indorser, or other codebtor.          (See Bankruptcy Rule 3005.)         </div> </div>			

Erickson Ret. Comm. LLC



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I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: **Vicki A. Woodard**

Title: **Senior Vice President**

Company: **Sovereign Bank**

(Signature)

(Date)

Address and telephone number (if different from notice address above):

Telephone number:

email:

or after the date of adjustment.

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

B 10 (Official Form 10) (12/11)

### INSTRUCTIONS FOR PROOF OF CLAIM FORM

*The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, exceptions to these general rules may apply.*

#### Items to be completed in Proof of Claim form

#### Court, Name of Debtor, and Case Number:

Fill in the federal judicial district in which the bankruptcy case was filed (for example, Central District of California), the debtor's full name, and the case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is at the top of the notice.

#### Creditor's Name and Address:

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court-informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

#### 1. Amount of Claim as of Date Case Filed:

State the total amount owed to the creditor on the date of the bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

#### 2. Basis for Claim:

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on delivering health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if an interested party objects to the claim.

#### 3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

#### 3a. Debtor May Have Scheduled Account As:

Report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

#### 3b. Uniform Claim Identifier:

If you use a uniform claim identifier, you may report it here. A uniform claim identifier is an optional 24-character identifier that certain large creditors use to facilitate electronic payment in chapter 13 cases.

#### 4. Secured Claim:

Check whether the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See Definitions.) If the claim is secured, check the box for the nature and value of property that secures the claim, attach copies of lien documentation, and state, as of the date of the bankruptcy filing, the annual interest rate (and whether it is fixed or variable), and the amount past due on the claim.

#### 5. Amount of Claim Entitled to Priority Under 11 U.S.C. §507(a).

If any portion of the claim falls into any category shown, check the appropriate box(es) and state the amount entitled to priority. (See Definitions.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

#### 6. Credits:

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

#### 7. Documents:

Attach redacted copies of any documents that show the debt exists and a lien secures the debt. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary in addition to the documents themselves. FRBP 3001(c) and (d). If the claim is based on delivering health care goods or services, limit disclosing confidential health care information. Do not send original documents, as attachments may be destroyed after scanning.

#### 8. Date and Signature:

The individual completing this proof of claim must sign and date it, FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what constitutes a signature. If you sign this form, you declare under penalty of perjury that the information provided is true and correct to the best of your knowledge, information, and reasonable belief. Your signature is also a certification that the claim meets the requirements of FRBP 9011(b). Whether the claim is filed electronically or in person, if your name is on the signature line, you are responsible for the declaration. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. If the claim is filed by an authorized agent, attach a complete copy of any power of attorney, and provide both the name of the individual filing the claim and the name of the agent. If the authorized agent is a servicer, identify the corporate servicer as the company. Criminal penalties apply for making a false statement on a proof of claim.

## DEFINITIONS

### Debtor

A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

### Creditor

A creditor is a person, corporation, or other entity to whom debtor owes a debt that was incurred before the date of the bankruptcy filing. See 11 U.S.C. §101 (10).

### Claim

A claim is the creditor's right to receive payment for a debt owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101 (5). A claim may be secured or unsecured.

### Proof of Claim

A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the clerk of the same bankruptcy court in which the bankruptcy case was filed.

### Secured Claim Under 11 U.S.C. §506(a)

A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car. A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien.

A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

### Unsecured Claim

An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

### Claim Entitled to Priority Under 11 U.S.C. §507(a)

Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

### Redacted

A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor must show only the last four digits of any social-security, individual's tax-identification, or financial-account number, only the initials of a minor's name, and only the year of any person's date of birth. If the claim is based on the delivery of health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information.

### Evidence of Perfection

Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

## INFORMATION

### Acknowledgment of Filing of Claim

To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim or you may access the court's PACER system ([www.pacer.psc.uscourts.gov](http://www.pacer.psc.uscourts.gov)) for a small fee to view your filed proof of claim.

### Offers to Purchase a Claim

Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 *et seq.*), and any applicable orders of the bankruptcy court.

## **RIDER TO AMENDED PROOF OF CLAIM OF SOVEREIGN BANK**

Sovereign Bank ("Lender") files this amended proof of claim (the "Claim") in accordance with the provisions of the "Order Granting Joint Motion to Establish Protocol under Federal Rules of Bankruptcy Procedure 3001 and 2019 for Filing Proofs of Claim" [Docket No. 797] (the "Claims Protocol Order"). This Claim amends the original proof of claim filed February 24, 2010 (the "Original Claim"), which was assigned claim number 01147 in the Claims Register maintained by the Debtors' Claims Agent, BMC Group.

Erickson Retirement Communities, LLC ("ERC") is indebted to Lender under and/or in connection with a guaranty of a loan that Lender extended to St. Louis Campus, LLC (the "Borrower").

The obligation of ERC to Lender is evidenced by, among other things, the Guaranty Agreement dated June 4, 2008 (the "Guaranty") by ERC in favor of Lender. A true and correct copy of the Guaranty is attached hereto as **Exhibit 1**.<sup>1</sup> Pursuant to the Guaranty, ERC guaranteed the prompt and complete satisfaction when due of all the Guaranteed Obligations (as defined in the Guaranty), including, but not limited to, the Loan Obligations of the Borrower under a Loan Agreement dated as of June 4, 2008 (the "Loan Agreement") by and between the Borrower and Lender. A true and correct copy of the Loan Agreement is attached hereto as **Exhibit 2**. In connection with the Loan Agreement, the Borrower executed a Promissory Note dated June 4, 2008 (the "Note") in favor of the Lender in the principal amount of \$15,000,000.00. A true and correct copy of the Note is attached hereto as **Exhibit 3**. The Borrower's obligations under the Loan Agreement, as well as other of its obligations, are secured pursuant to a Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents dated as of June 4, 2008 (the "Deed of Trust") from the Borrower in favor of Michael J. Book, as trustee for the benefit of Lender. A true and correct copy of the Deed of Trust is attached hereto as **Exhibit 4**.

Also in connection with the Loan Agreement, ERC and the Borrower executed for the benefit of the Lender an Environmental Indemnity Agreement (the "Environmental Indemnity") dated as of June 4, 2008. A true and correct copy of the Environmental Indemnity is attached hereto as **Exhibit 5**.

Pursuant to the Pledge Agreement dated as of June 4, 2008 (the "Pledge") between ERC and Lender, ERC pledged as security for, among other things, the payment and performance of the Guaranteed Obligations, all of ERC's right, title and interest in and to the Pledged Security (as defined in the Pledge), including, but not limited to, all of ERC's limited liability company member interest or other evidence of beneficial interest in the Borrower. A true and correct copy of the Pledge is attached hereto as **Exhibit 6**. Lender has filed a UCC-1 Financing Statement (the "Financing Statement") with respect to ERC, as debtor, and Lender, as secured party, in the Maryland State Department of Assessments and Taxation as original file number 181350000. A true and correct copy of the Financing Statement is attached hereto as **Exhibit 7**.

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<sup>1</sup> Copies of all Exhibits have been filed with this Claim as "PDF" file documents on CDs supplied to the Claims Agent pursuant to the Claims Protocol Order.



The Guaranty, the Loan Agreement, the Note, the Deed of Trust, the Environmental Indemnity, the Pledge, and the Financing Statement, and the agreements, instruments, and documents referenced therein or executed in connection therewith, including, but not limited to, an Assignment of Contracts dated as of June 4, 2008 from the Borrower to Lender, are collectively referred to herein as the "Loan Documents."

Prior to October 19, 2009 (the "Petition Date"), the Borrower defaulted on its payment obligations to the Lender under the terms and conditions of the Loan Agreement and the Note. As of Petition Date, the amounts owed to the Lender under the Loan Documents were not less than the following (the "Pre-Petition Claim"):

Principal:	\$15,000,000.00
Interest:	\$ 329,876.04
Late Charges:	\$ 10,299.19
Legal Fees and Expenses	\$ 3,772.42
Professional Fees (non-legal):	\$ 6,000.00
<b>Total (as of Petition Date):</b>	<b><u>\$15,349,947.65</u></b>

*(Interest rate as of Petition Date = 5.75%)*  
*(Per diem interest as of Petition Date = \$2395.83)*

Subsequent to the filing of the Original Claim, Lender caused the Successor Trustee under the Deed of Trust to sell at public auction the real estate and other property (the "Deed of Trust Property") under the Deed of Trust. The Lender was the highest and best bidder for the Deed of Trust Property for the price of \$5,600,000.00, and the Deed of Trust Property was sold for that price. Lender assigned its rights and obligations under the sale to PBE Companies, LLC ("PBE"), and in consideration of \$5,600,000.00 paid by PBE to the Successor Trustee (the "Sale Price"), the Deed of Trust Property was conveyed to PBE under a Trustee's Deed executed on December 7, 2010. A copy of the Trustee's Deed is attached as **Exhibit 8**.

Lender incurred the following expenses in connection with the above-described sale (the "Sale Expenses"): attorneys' fees and expenses totaling \$39,939.61.

Accordingly, after crediting to the Pre-Petition Claim the amount of the Sale Price, as reduced by the amount of the Sale Expenses, Lender's claim against ERC is not less than \$9,789,887.26.

In addition to the foregoing amounts, Lender reserves the right to collect as part of its Claim, in accordance with the terms of the Loan Documents and applicable law: (i) all post-petition interest and late charges that accrue under the Loan Documents after the Petition Date, and (ii) all pre-petition and post-petition attorneys' fees and expenses that Lender has incurred and hereafter incurs as a result of the filing of this bankruptcy case, the defaults existing under the Loan Documents and the enforcement of rights and remedies of the Lender under the Loan Documents.

This Claim is an unsecured claim to the extent that the value of the Pledged Security is insufficient to satisfy the amount of this Claim. Lender is unaware of the precise value of the Pledged Security, but believes such value to be \$0, such that Lender believes its unsecured claim to be not less than \$9,789,887.26.

Lender also specifically reserves all rights to supplement, amend, and/or modify this Proof of Claim with any information, including, without limitation, updated amounts and/or other claims of liability arising out of or resulting from the Loan Documents.

By executing and filing this Claim, Lender does not waive any right with respect to any security or any other claim it has or may have against any debtor or non-debtor entity. The filing of this Claim is not intended and should not be construed to be an election of remedies or waiver of any past, present or future defaults or events of default under the Loan Documents.

The filing of this Claim is not an acknowledgment or admission that the Bankruptcy Court has jurisdiction over Lender's claims against any debtor or non-debtor entity, and Lender reserves all rights with respect thereto. In addition, nothing herein or otherwise, including, but not limited to, any later appearance, pleading, claim, or action, is intended or shall be deemed to be a waiver, release, or modification by Lender of its (a) right to have final orders in noncore matters entered after *de novo* review by a District Judge; (b) right to trial by jury in any proceeding so triable in this case or any case, controversy, or proceeding related to these cases; (c) right to have the District Court withdraw the reference in any matter subject to mandatory or discretionary withdrawal; or (d) other rights, remedies, claims, actions, defenses, setoffs, or recoupments to which Lender is or may be entitled, all of which are hereby expressly reserved.

CINCINNATI/81506.6

## GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (as from time to time in effect, this "**Guaranty**") is made as of June 4, 2008, by ERICKSON RETIREMENT COMMUNITIES, LLC, a Maryland limited liability company (the "**Guarantor**" or "**ERC**"), in favor of SOVEREIGN BANK, as Lender (the "**Lender**").

A. Pursuant to a Loan Agreement dated as of the date hereof (as from time to time in effect, the "**Loan Agreement**") between St. Louis Campus LLC, a Maryland limited liability company (the "**Borrower**") and the Lender, the Lender has agreed to make a loan to the Borrower in the maximum principal amount of Fifteen Million Dollars (\$15,000,000.00) (the "**Loan**").

B. The Guarantor owns all of the membership interests in the Borrower.

C. The Guarantor has agreed to execute and deliver this Guaranty in order to further the objectives and activities of the Borrower and acknowledge and agree that it has received adequate and fair consideration therefor and the Lender would not have been willing to make the Loan but for the execution and delivery of this Guaranty by the Guarantor.

NOW, THEREFORE, the Guarantor agrees as follows:

Section 1. Certain Rules of Construction; Definitions. Capitalized terms defined in the Loan Agreement and not otherwise defined herein are used herein with the meanings so defined. Certain other capitalized terms are used in this Guaranty as specifically defined below in this Section 1 and elsewhere in this Guaranty. Except as the context otherwise explicitly requires, (a) the capitalized term "Section" refers to sections of this Guaranty, (b) the capitalized term "Exhibit" refers to exhibits to this Guaranty, (c) references to a particular Section shall include all subsections thereof, (d) the word "including" shall be construed as "including without limitation", (e) references to a particular statute or regulation include all rules and regulations thereunder and any successor statute, regulation or rules, in each case as from time to time in effect and (f) references to a particular Person include such Person's successors and assigns to the extent not prohibited by this Guaranty. References to "the date hereof" mean the date first set forth above. Unless the context indicates otherwise, words used in this Guaranty in the singular number shall be deemed to include words in the plural number, and vice versa, and words in one gender shall be deemed to include words in the other genders. The section headings are for convenience only and neither limit nor amplify the provisions of this Guaranty.

**"Act of Bankruptcy"** means the filing of a petition in bankruptcy under the Bankruptcy Code, or the commencement of a proceeding under any other applicable law concerning insolvency, reorganization or bankruptcy, by or against a person or entity, as applicable.

***“Bankruptcy Code”*** means the United States Bankruptcy Code, 11 U.S.C. 101 et seq., and all future acts supplemental thereto or amendatory thereof.

***“Event of Default”*** means each of the following:

- (i) the occurrence of an “Event of Default” under any of the Loan Documents or the Pledge Agreement (as Event of Default is defined in such documents);
- (ii) except as provided in (v) below, the failure by the Guarantor to observe and perform any covenant, condition, agreement or provision contained in this Guaranty on the part of the Guarantor to be observed or performed, which failure continues for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Guarantor by the Lender;
- (iii) any representation of the Borrower, the Guarantor or the Pledgor contained in any Loan Document shall be untrue in any material respect as of its date;
- (iv) any Act of Bankruptcy with respect to the Borrower, the Guarantor or the Pledgor;
- (v) failure by the Guarantor to pay any Guaranteed Obligations within five (5) Business Days of demand therefor as provided in Section 2 of this Guaranty; or
- (vi) an event of default occurs under any other Indebtedness of the Guarantor and such failure continues after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness..

***“Loan Documents”*** has the meaning provided for such term in the Loan Agreement.

***“Loan Obligations”*** has the meaning provided for such term in the Loan Agreement.

***“Pledge Agreement”*** means the Pledge Agreement dated the date hereof from ERC to the Lender.

***“Subsidiary”*** means any Person of which ERC (or other specified Person) shall at the time, directly or indirectly through one or more of its Subsidiaries, own more than 50% of the outstanding capital stock, limited liability company interests, partnership interests or other shares of beneficial interest entitled to vote generally.

Section 2. Guaranty. (a) The Guarantor hereby guarantees the prompt and complete satisfaction when due of all of the Guaranteed Obligations as hereinafter defined. Such guaranty is an absolute, irrevocable, unconditional, present and continuing

guaranty, as primary obligor and not merely as surety, for payment and performance of the Guaranteed Obligations, and is in no manner conditioned or contingent upon any attempt to collect from the Borrower, the Pledgor or any other Person, or any other action, occurrence or circumstance whatsoever. For the purposes of this Guaranty, the term ***“Guaranteed Obligations”*** means the prompt payment when due, whether by acceleration or otherwise, of all liabilities, indebtedness and obligations of the Borrower to the Lender for the Loan Obligations, incurred or arising under the Loan Documents, whether direct or indirect, absolute or contingent, joint or several, secured or unsecured, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, or held or to be held by the Lender for its own account or as agent for another or others, whether created directly, indirectly, or acquired by assignment or otherwise, including but not limited to all extensions or renewals thereof, and all sums payable under or by virtue thereof, including without limitation, all amounts of principal and interest, all expenses (including reasonable attorneys’ fees and cost of collection) incurred in the collection thereof or the enforcement of rights thereunder, whether arising in the ordinary course of business or otherwise, in all cases whether now existing or hereafter incurred, including any such interest or other amounts which, but for any automatic stay under Section 362(a) of the Bankruptcy Code, would become due.

(b) Upon the occurrence and continuation of an Event of Default, Guarantor will, within five (5) Business Days of receipt of notice or demand by the Lender, pay to the Lender all Guaranteed Obligations then due and payable.

(c) The proceeds of all funds collected from the Guarantor, shall be applied as follows:

(i) First, to the payment of the costs and the reasonable expenses of the Lender and the reasonable fees and expenses of its special counsel; and

(ii) Second, to the Lender for the payment of the Loan Obligations to be applied in accordance with the Loan Documents.

Section 3. Guaranty Unconditional. The obligations of the Guarantor hereunder shall be absolute, continuing and unconditional and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any extension, renewal, compromise, settlement, waiver or release of any of the obligations of the Borrower, the Pledgor or the Guarantor under any of Loan Documents;

(b) any amendment or supplement to any Loan Document;

(c) any failure to perfect a lien granted by any of the Loan Documents or the Pledge Agreement, the release of any such lien or the substitution or exchange of any portion of the property subject to the Loan Documents;

(d) any change in the structure, existence or ownership of the Borrower, or the Pledgor, or the filing or entry of a final order in any insolvency, bankruptcy,

reorganization or other similar proceeding affecting the Borrower, the Pledgor or the Guarantor or their respective assets or releasing the Borrower, the Pledgor or the Guarantor from any of its obligations under any of the Loan Documents;

(e) the existence of any claim, set-off or other right which the Guarantor (separately or jointly) may have at any time against the Borrower, the Pledgor or the Lender, whether arising from the execution of any of the Loan Documents or the Pledge Agreement or otherwise; provided that nothing contained herein shall prevent the assertion of such a claim in a separate suit;

(f) the unenforceability, for any reason, of any of the obligations of the Borrower, the Pledgor or the Guarantor under any of the Loan Documents;

(g) the failure of the Lender or any other Person (A) to file or enforce a claim against the Borrower, the Pledgor or the Guarantor (or its estate in a bankruptcy or other proceeding); (B) to give notice of the creation or incurrence by the Borrower, the Pledgor or the Guarantor of any new or additional indebtedness or obligation with respect to the Loan Documents or the Pledge Agreement; (C) to commence any action against the Borrower, the Pledgor or the Guarantor; (D) to disclose to the Guarantor any facts which it may now or hereafter know with regard to the Borrower, the Pledgor or the Guarantor; or (E) to proceed with due diligence to collect any amount due to it under any of the Loan Documents or the Pledge Agreement or to realize upon any collateral provided under any of the Loan Documents; or

(h) any other act, failure to act or delay of any kind by the Borrower, the Pledgor, the Guarantor or the Lender, which might, but for the provisions of this Section 3, constitute a legal or equitable discharge of the Guarantor's obligations hereunder.

Section 4. Reserved.

Section 5. Discharge: Reinstatement in Certain Circumstances. This Guaranty shall remain in full force and effect until all of the Guaranteed Obligations shall have been indefeasibly paid in full. If at any time any payment by the Borrower under any of the Loan Documents or any payment by the Pledgor under the Pledge Agreement is rescinded or is required to be restored or returned because of insolvency, bankruptcy, reorganization or otherwise, the Guarantor's obligations hereunder with respect to such payment shall be reinstated as though such payment had been due, but not paid, at the time of such rescission or requirement. The Guarantor agrees that payment of any of the Guaranteed Obligations or other acts which toll any statute of limitations applicable to any such obligation shall also toll the statute of limitations applicable to the Guarantor's liability hereunder.

Section 6. Subrogation. Upon making any payment hereunder, the Guarantor shall be subrogated to the rights of the payee against the Borrower or the Pledgor, as applicable, with respect to such payment; provided, that no such right of subrogation shall be enforced until all of the Guaranteed Obligations have been indefeasibly and fully paid.

Section 7. Stay of Acceleration. If acceleration of the time for payment of any amount payable by the Borrower or the Pledgor pursuant to the Loan Documents or the Pledge Agreement is stayed upon insolvency or bankruptcy, such amount and all other amounts subject to acceleration under the terms of the Loan Documents shall, nevertheless, be payable by the Guarantor on demand by the Lender.

Section 8. Rights of Lender Not Impaired. No act or omission of any kind or at any time upon the part of the Lender in respect of any matter whatsoever shall in any way affect or impair the rights of the Lender to enforce any right, power or benefit of the Lender under this Guaranty, and no set-off, claim, diminution of any obligation or defense of any kind or nature which the Guarantor has or may have against the Lender shall be available against the Lender in any suit or action brought by the Lender to enforce any of its rights under this Guaranty. Nothing in this Guaranty shall be construed as a waiver by the Guarantor of any rights or claims it may have against the Lender under this Guaranty or otherwise, but any recovery upon such rights and claims shall be had from the Lender separately, it being the intent of this Guaranty that the Guarantor shall be unconditionally and absolutely obligated to perform fully all of its obligations hereunder for the benefit of the Lender.

Section 9. Representations of Guarantor. The Guarantor hereby represents and warrants the following to the Lender:

(a) It has full legal capacity to execute and deliver this Guaranty and to perform its obligations hereunder.

(b) Neither the execution and delivery of this Guaranty nor the performance of its obligations hereunder will violate any agreement to which it is a party or by which it is bound or any laws, orders or decrees of governmental authorities and courts having jurisdiction over such Guarantor of which such Guarantor is aware.

(c) No material adverse change has occurred in its financial condition or in the financial condition of the Borrower or any of its Subsidiaries or the Pledgor from that indicated in the financial statements, applications and other information it has heretofore furnished to the Lender. Such financial statements, applications and other information are true and complete in all material respects.

(d) It has duly executed and delivered this Guaranty, and this Guaranty constitutes a valid and binding obligation of such Guarantor.

(e) There are no pending or, to the best of its knowledge, threatened actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature against the Guarantor, the Pledgor, the Borrower or any Subsidiary thereof, the resolution of which could have a material adverse affect on its business, assets or condition (financial or otherwise) or its ability to perform its obligations under this Guaranty or on the business, assets or condition (financial or otherwise) of the Borrower or any of its Subsidiaries or the Pledgor or on the ability of any such Person to

perform its obligations under each Loan Document and the Pledge Agreement to which it is a party.

(f) To the best of the Guarantor's knowledge, each of the representations and warranties of the Borrower and the Pledgor set forth in the Loan Documents and Pledge Agreement to which each is a party is accurate as of the date hereof.

(g) Except for restrictions on transfer contained in certain documents executed and delivered in connection with construction loans made to subsidiaries of ERC for the development and construction of retirement communities, such interests and other equity are owned free of liens and encumbrances and other rights of third parties.

#### Section 10. Financial Statements and Other Information.

(a) The Guarantor shall furnish to the Lender (A) within 120 days after the end of each calendar year, a statement of its financial condition, as of the end of such preceding calendar year, in such detail as the Lender may reasonably request, and (B) within thirty (30) days following the filing thereof with the Internal Revenue Service a true and complete copy of its federal income tax returns prepared by an independent certified public accountant; and in addition, the Guarantor shall furnish to the Lender such other financial information with respect to the Guarantor as the Lender may from time to time reasonably request.

(b) As soon as reasonably practicable after obtaining knowledge of the commencement of, or of a material threat of the commencement of, an action, suit, proceeding or investigation against the Borrower, the Pledgor, or the Guarantor, the Guarantor shall cause to be furnished to the Lender an explanation of the nature of such pending or threatened action, suit, proceeding or investigation and such additional information as may be reasonably requested by the Lender.

(c) The Guarantor shall furnish, or cause to be furnished, to the Lender (A) within 120 days after the end of each fiscal year of ERC, the consolidated balance sheet of ERC and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income, changes in members' equity and cash flow of ERC and its Subsidiaries for such fiscal year (all in reasonable detail), together with comparative figures for the immediately preceding fiscal year and the unqualified report of McGladrey and Pullen LLP (or, if they cease to be auditors of ERC and its Subsidiaries, other independent certified public accounts), containing no material qualifications, to the effect that they have audited the foregoing consolidated financial statements in accordance with generally accepted accounting principles and that such consolidated financial statements present fairly, in all material respects, the financial position of ERC and its Subsidiaries covered thereby at the dates thereof and the results of their operations for the periods covered thereby in conformity with generally accepted account principles, and (B) within 60 days after the end of each of the first three fiscal quarters of ERC in each fiscal year, the consolidated balance sheet of ERC and its Subsidiaries as at the end of such fiscal quarter and the related consolidated statements of income, changes in members' equity and cash flows of ERC and its Subsidiaries for such fiscal quarter and for the portion of



the fiscal year ending with such fiscal quarter (all in reasonable detail), together with comparative figures for the corresponding periods of the preceding fiscal year and a certificate of the chief financial officer of ERC that such consolidated financial statements fairly present, in all material respects, the financial condition of ERC and its Subsidiaries as of the date indicated and the results of their operations and their cash flow for the periods indicated, all in accordance with generally accepted accounting principles, subject to changes resulting from normal year-end adjustments and the absence of footnotes.

(d) Within five (5) days after acquiring knowledge of any Event of Default, the Guarantor shall provide to the Lender a written report describing such Event of Default in reasonable detail.

(e) From time to time, the Guarantor shall provide such additional information relating to the Guarantor, the Borrower, the Pledgor or the Borrower and its Subsidiaries as the Lender shall reasonably request.

Section 11. Liquidity Covenant. During the term of the Loan, Guarantor shall maintain, at all times, aggregate Liquid Assets in an amount not less than Twenty-Four Million and 00/100 Dollars (\$24,000,000.00) or such greater amount as the Guarantor is obligated to maintain under any agreements with other senior construction lenders. In addition, if the Guarantor is involved in any continuing care retirement community or similar project (an ***“Other Project”***) which is being financed in whole or in part by bank construction financing or its equivalent, the Guarantor will maintain Liquid Assets equal in value to at least an additional Seven Million Five Hundred Thousand and 00/100 Dollars (\$7,500,000.00) for each Other Project in excess of the first four (4) such Other Projects (which are covered by the \$24,000,000 requirement above), provided that sites that are acquired after the date hereof shall not be deemed to be Other Projects until construction is commenced therein. For purposes of this Guaranty, ***“Liquid Assets”*** means unencumbered cash and unencumbered readily marketable securities (including both equity and debt instruments) satisfactory to Lender in its reasonable discretion.

Section 12. Lender’s Right of Set-Off. Upon the occurrence of any Event of Default, the Lender is hereby irrevocably authorized, at any time and from time to time without notice to the Guarantor, any such notice being expressly waived, to set off, appropriate and apply any amount, including any deposit, or claim, whether or not matured, owing by the Lender to or for the account of the Guarantor, or any part thereof against the obligations of the Guarantor to the Lender hereunder. The rights of the Lender under this Section 12 are in addition to any other rights and remedies which the Lender may have.

Section 13. Limitation of Damages; Governing Law; Jurisdiction.

(a) The Lender and the Guarantor agree that they shall not have a remedy of punitive or exemplary damages against the other in any dispute, claim or controversy, arising out of, connected with or relating to this Guaranty (each, a ***“Dispute”***) and hereby waive any right or claim to punitive or exemplary damages they have now or which may

arise in the future in connection with any Dispute whether the Dispute is resolved by arbitration or judicially.

(b) This Guaranty shall be construed in accordance with and governed by the laws of the State of Maryland.

(c) The Guarantor hereby agrees and consents that any suit, action or proceeding arising out of or brought to enforce the provisions of this Guaranty may be brought in any appropriate court in the State of Maryland or in any other court having jurisdiction over the subject matter, all at the sole election of the Lender, and by the execution of this Guaranty, the Guarantor irrevocably consents to the jurisdiction of each such court.

(d) THE PARTIES HERETO EACH HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THEY MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS GUARANTY. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THE LOAN DOCUMENTS. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE PARTIES, AND THE PARTIES EACH HEREBY REPRESENT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THE PARTIES EACH FURTHER REPRESENT THAT THEY HAVE BEEN REPRESENTED IN THE EXECUTION OF THIS GUARANTY AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED IN ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

Section 14. Successors and Assigns. This Guaranty shall be binding on the Guarantor and its respective successors and assigns and shall inure to the benefit of the Lender and its successors and assigns.

Section 15. Severability. If any provision of this Guaranty or the application thereof in any circumstance is held to be unenforceable, the remainder of this Guaranty shall not be affected thereby and shall remain enforceable.

Section 16. Indemnification and Reimbursement of Expenses.

(a) Indemnification. The Guarantor hereby agrees to jointly and severally indemnify and hold the Lender harmless from and against any claim, loss, cost (including reasonable attorneys' fees and court costs), expense, damage, right, demand or cause of action of any nature whatsoever in connection with, or arising from this Guaranty; provided, however, that the Guarantor will not be required to indemnify the Lender against any claim, loss, cost (including reasonable attorneys' fees and court costs), expenses, damage, right, demand or cause of action directly caused by the Lender's gross

negligence or willful misconduct if such gross negligence or willful misconduct has been conclusively established by final, non-appealable decision of a court of competent jurisdiction.

(b) Reimbursement of Expenses. The Guarantor hereby agrees, jointly and severally, to promptly pay, within five (5) Business Days of demand, all reasonable expenses of the Lender (including reasonable attorney fees and expenses) in connection with the preparation of this Guaranty, operations hereunder and enforcement and collection hereof, whether before or after bankruptcy or similar proceedings (and whether or not allowed as a claim therein).

Section 17. Notices. Any notice or other communication in connection with this Guaranty shall be deemed to be given if given in writing (including telecopy or similar teletransmission) addressed as provided below (or to the addressee at such other address as the addressee shall have specified by notice actually received by the addressor), and if either (a) actually delivered in fully legible form to such address or (b) in the case of a letter, five business days shall have elapsed after the same shall have been deposited in the United States mails, with first-class postage prepaid and certified, return receipt requested.

If to the Guarantor:

Erickson Retirement Communities, LLC  
701 Maiden Choice Lane  
Baltimore, Maryland 21228  
Attention: President  
Telecopier: 410-402-2348

With a copy to:

Rosenberg, Martin, Greenberg, LLP  
25 South Charles Street  
Suite 2115  
Baltimore, Maryland 21201  
Attention: Hilary J. O'Connor  
Telephone: 410-727-6600  
Telecopier: 410-727-1115

and

Erickson Retirement Communities, LLC  
701 Maiden Choice Lane  
Baltimore, Maryland 21228  
Attention: General Counsel  
Telecopier: 410-402-2348

If to the Lender:

Sovereign Bank  
111 South Wacker Drive  
Suite 3925  
Chicago, Illinois 60606  
Attention: Naomi O'Dell  
Telecopier: (312) 443-0996

With a copy to:

Squire, Sanders & Dempsey L.L.P.  
8000 Towers Crescent Drive  
14<sup>th</sup> Floor  
Tysons Corner, Virginia 22182  
Attention: John E. Thomas  
Telecopier: (703) 720-7801

Section 18. Waiver. The Guarantor hereby waives, to the extent permitted by law, (a) the benefit of any homestead or similar exemption, state or federal, with respect to its obligations hereunder, (b) notice of any of the matters referred to in Section 3 of this Guaranty, and (c) any demand (except as expressly specified herein), proof or notice of nonpayment, or failure to comply with, any of the Guaranteed Obligations.

Section 19. Amendments. This Guaranty may only be amended, supplemented or terminated in writing, signed by all of the parties hereto.

Section 20. Entire Agreement. This Guaranty expresses the entire understanding and all agreements between the parties.

Section 21. Counterparts. This Guaranty may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

[Signature page follows.]

WITNESS the following signatures and seals.

**GUARANTOR:**

ERICKSON RETIREMENT COMMUNITIES, LLC,  
a Maryland limited liability company

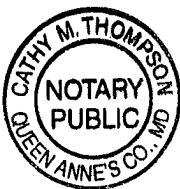
By: \_\_\_\_\_ (SEAL)  
Gerald F. Doherty  
Executive Vice President, General  
Counsel and Secretary

State of Maryland                    )  
  )     ss.  
County of Baltimore                )

On this 2nd day of May, 2008, before me, a Notary Public, in and for said county and state, personally appeared Gerald F. Doherty, the Executive Vice President, General Counsel and Secretary of Erickson Retirement Communities, LLC, known to me to be the person who executed the foregoing document and who upon his oath and upon being duly sworn, verified and acknowledged to me that he executed the same as his free act and deed for the purposes therein stated, and that the facts therein stated are true to the best of his knowledge and belief.

Cathy M. Thompson  
Notary Public

My commission expires:



**CATHY M. THOMPSON**  
Notary Public, State of Maryland  
Queen Anne's County  
My Commission Expires December 25, 2011

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**LOAN AGREEMENT**

**between**

**ST. LOUIS CAMPUS, LLC  
(as Borrower)**

**and**

**SOVEREIGN BANK  
(as Lender)**

**Dated as of June 4, 2008**

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## LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement" or this "Loan Agreement") is dated as of June 4, 2008, and is made by and between ST. LOUIS CAMPUS, LLC, a Maryland limited liability company ("**Borrower**"), and SOVEREIGN BANK (the "**Lender**").

### RECITALS

Certain of the terms and words used in these Recitals, and in the following agreements, are defined in Section 1.1 of this Loan Agreement.

WHEREAS, Borrower is the contract purchaser of a fee simple interest in real property located in St. Louis, Missouri, consisting of approximately 88 acres of land;

WHEREAS, the Borrower has requested that the Lender provide acquisition financing to the Borrower in the aggregate principal amount of up to \$15,000,000 (the "**Loan**");

WHEREAS, the Lender has agreed to make the Loan upon the terms and conditions herein set forth; and

WHEREAS, the Borrower's obligations to the Lender are evidenced and secured by this Agreement upon the terms and conditions herein set forth and by the other Loan Documents (as hereinafter defined).

### AGREEMENTS

NOW, THEREFORE, in consideration of the premises, the respective representations, covenants and agreements hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

## ARTICLE I

### DEFINITIONS

SECTION 1.1 Definitions. All words and terms defined in this Agreement shall have the same meanings throughout this Agreement, unless the context clearly requires otherwise. As used in this Agreement, in addition to the terms previously defined herein, the following terms shall have the meanings as provided in this Article I.

**"Act of Bankruptcy"** means the filing of a petition in bankruptcy under the Bankruptcy Code, or the commencement of a proceeding under any other applicable law concerning insolvency, reorganization or bankruptcy, by or against the Borrower.

**"Additional Indebtedness"** means any Indebtedness incurred or assumed by the Borrower subsequent to the date of making of the Loan secured hereby.

**"Affiliate"** means any person directly or indirectly controlling, controlled by or under common control with the Borrower as certified to the Lender by an Authorized Officer of the

Borrower. In addition, the term "**Affiliate**" shall also include any person who has guaranteed the payment of the Borrower's obligations under this Agreement.

**"Agreement"** or **"Loan Agreement"** means this Loan Agreement, together with any and all amendments hereto.

**"Anti-Terrorism Laws"** means any laws relating to terrorism or money laundering.

**"Assignment of Contracts"** means the Assignment of Contracts, dated as of the date hereof, from the Borrower assigning to the Lender any contracts entered into by the Borrower related to the development of the Community.

**"Authorized Officer"** means in the case of the Borrower, any Executive Vice President or higher ranking officer of the sole member of the Borrower.

**"Bankruptcy Code"** means the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq., and all future acts supplemental thereto or amendatory thereof.

**"Blocked Person"** shall have the meaning assigned such term in Section 7.1(x).

**"Business Day"** means a day other than a Saturday, Sunday or a legal holiday in the State or any other day on which banking institutions chartered under the laws of the State or the United States of America are authorized or required by law to close or a day on which the office of the Lender is authorized to be closed, or the Federal Reserve System is closed.

**"Closing Date"** means June 4, 2008.

**"Collateral"** means any property, account, contract right, license or other asset pledged to secure the Loan Obligations under any of the Loan Documents.

**"Community"** means the continuing care retirement community to be developed on the Land, currently planned to consist of two neighborhoods with approximately 1,500 independent living units and a health center with approximately 132 assisted living units and 84 skilled nursing beds.

**"Construction Financing"** means the financing for the construction of the Community, whether a construction loan, bond financing, or otherwise.

**"Default Rate"** has the meaning provided in the Note.

**"Encumbrance"** means any mortgage, pledge, lien, security interest, charge or other encumbrance.

**"Environmental Indemnity"** means the Environmental Compliance and Indemnification Agreement, dated as of the date hereof, from the Borrower to the Lender.

**"Environmental Laws"** has the meaning given to that term in Section 7.1(k) of this Loan Agreement.

***“Environmental Reports”*** has the meaning provided in the Environmental Indemnity.

***“Erickson”*** means Erickson Retirement Communities, LLC, a Maryland limited liability company, its successors and assigns.

***“ERISA”*** means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations and published interpretations thereof.

***“Event of Default”***, when used to refer to an event of default or default under this Loan Agreement, means any of those events specified in Section 13.1 of this Loan Agreement.

***“Federal Funds Rate”*** means a rate per day equal to the overnight federal funds rate in New York City, New York, as published for such day (or, if such day is not a New York Business Day, for the next preceding Business Day) in the Federal Reserve Statistical Release H.15 (519) or any successor publication, or if such rate is not so published for any day which is a New York business day, the average of the quotations for such day on overnight federal funds transactions in New York City received by the Lender from three federal funds brokers of recognized standing selected by the Lender.

***“Fiscal Quarter”*** means any one of the four three-consecutive month periods during a Fiscal Year.

***“Fiscal Year”*** means the period of 12 consecutive months beginning on January 1 in any calendar year and ending on December 31 of the same calendar year, or such other fiscal year as the Borrower, with prior written notice to the Lender, shall establish as the fiscal year of the Borrower.

***“GAAP”*** shall have the meaning given to that term under the heading “ACCOUNTING TERMS” below.

***“Governmental Authority”*** means any federal, state or local governmental or quasi-governmental entity, including, without limitation, any agency, department, commission, board, bureau, administration, service, or other instrumentality of any governmental entity.

***“Guarantor”*** means Erickson in its capacity as guarantor under the Guaranty Agreement.

***“Guaranty”*** means, as applied to any Indebtedness for borrowed money, (a) a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner, of any part or all of such Indebtedness or (b) an agreement, direct or indirect, contingent or otherwise, providing assurance of the payment or performance (or payment of damages in the event of non-performance) of any part or all of such Indebtedness, including, without limiting the foregoing, the payment of amounts drawn down by letters of credit. Notwithstanding anything herein to the contrary, a guarantee shall not include any agreement solely because such agreement creates a lien on the assets of any Person or any agreement providing for indemnification. The amount of a guarantee shall be deemed to be the maximum principal amount of the Indebtedness guaranteed for which the guarantor could be held liable under such guarantee.

***“Guaranty Agreement”*** means the Payment Guaranty dated as of the date hereof from the Guarantor.

***“Hazardous Materials”*** has the meaning given to that term by Section 7.1(k) of this Loan Agreement.

***“Hedge Agreement”*** means an interest rate swap, cap, collar, floor, forward, option, put, call or other agreement, arrangement or security, however denominated, entered into in order to hedge interest rate fluctuations, which may be with respect to all or a portion of any Indebtedness, or to change the payments to be made by the issuer with respect to any Indebtedness from fixed to variable or from variable to fixed or variable to variable with the goal of achieving lower or less volatile interest costs.

***“Highest Lawful Rate”*** means the maximum legal rate of interest which the Lender is legally entitled to charge, contract for or receive under any law to which such interest is subject.

***“Indebtedness”*** means any indebtedness or liability for borrowed money, any installment sale obligation or any obligation under any lease that is capitalized under generally accepted accounting principles and any Guaranty of any of the foregoing.

***“Independent Accountant”*** means an Independent Person engaged in the accounting profession, either entitled to practice, or having members or officers entitled to practice, as a certified public accountant under the laws of the State and in fact independent, designated in writing by the Borrower and qualified to pass upon those matters required by the Loan Documents to be passed upon by an Independent Accountant.

***“Independent Person”*** means a Person designated by the Borrower and not an employee, director or officer of the Borrower.

***“Land”*** has the meaning provided in the Mortgage.

***“Lender”*** means Sovereign Bank, a federal savings bank, in its capacity as provider of the Loan, its successors and assigns.

***“LIBOR Period”*** means a one (1) month period; provided that if any LIBOR Period begins on a day for which there is no numerically corresponding day in the calendar month at the end of such LIBOR Period, such LIBOR Period ends on the last Business Day of such calendar month; and if any LIBOR Period would otherwise expire on a day which is not a Business Day, such LIBOR Period expires on the next succeeding Business Day (provided that if such day is a day of the month after which no further Business Day occurs in such month, such LIBOR Period expires on the next preceding Business Day).

***“LIBOR Rate”*** has the meaning provided in the Note.

***“Loan Agreement”*** or ***“Agreement”*** means this Loan Agreement, together with any and all amendments hereto.

***“Loan Documents”*** means this Agreement, the Mortgage, the Guaranty Agreement, the Pledge Agreement, the Environmental Indemnity, the Assignment of Contracts and any other document executed in connection with this Agreement.

***“Loan Obligations”*** means the obligations of the Borrower under the Loan Documents to pay all payments required by the Loan Documents, when and as the same become due and payable, and timely perform, observe and comply with all of the terms, covenants, conditions, stipulations and agreements, express or implied, which the Borrower is required by the Loan Documents to observe or perform, including, without limitation, the Borrower’s obligation thereunder to reimburse the Lender, with interest, for all amounts drawn under the Loan and to pay certain fees and expenses to the Lender.

***“Material Adverse Effect”*** means a material adverse effect on the ability of the Borrower to pay or perform the Loan Obligations or on any security for the Loan Obligations, as determined by the Lender.

***“Maturity Date”*** means the earlier of (i) June 4, 2009, or (ii) the closing date of the Construction Financing.

***“Mortgage”*** means the Deed of Trust, Security Agreement and Assignment of Leases dated as of the date hereof from Borrower to secure its obligations under the Loan Documents.

***“Mortgaged Property”*** has the meaning provided in the Mortgage.

***“Note”*** means the Promissory Note dated as of the date hereof made by the Borrower for the benefit of the Lender.

***“Outstanding”*** means, as of any particular date, with reference to the Loan or any other Indebtedness, all Indebtedness theretofore issued or incurred other than any such Indebtedness that is deemed to have been paid and discharged under generally accepted accounting principles.

***“Permitted Encumbrance”*** means:

(a) any lien arising by reason of any deposit with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license or to enable the Borrower to maintain self-insurance or to participate in any funds established to cover any insurance risk or in connection with workers' compensation, unemployment insurance, any pension or profit-sharing plan or other social security, or to share in the privileges or benefits required for the participation of the Borrower in such arrangements;

(b) any judgment lien against the Borrower, so long as such judgment is being contested in good faith and is fully bonded, fully covered by a letter of credit or other surety, or covered by insurance;

(c) any right reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law affecting any property of the Borrower; any lien on any property of the Borrower for taxes, assessments, levies, fees, water and sewer rents or charges and other governmental and similar charges and any lien of any mechanic, materialman, laborer, supplier or vendor for work or services performed or materials furnished in connection with such property that is not due and payable or that is not delinquent or the amount or validity of which is being contested and execution thereon stayed;

(d) this Agreement, the Loan Documents; and any lien or encumbrance disclosed in the title insurance policy delivered in connection with the making of the Loan, provided that such lien or encumbrance is not extended, renewed or modified to apply to any property of the Borrower not subject to such lien or encumbrance on the date such policy is delivered, unless the lien or encumbrance, as so extended, renewed or modified, otherwise qualifies as a Permitted Encumbrance without reference to this clause;

(e) any lien on property received by the Borrower through any gift, grant or bequest constituting a restriction imposed by the donor, grantor or testator on such gift, grant or bequest or the income therefrom;

(f) such easements, rights-of-way, servitudes, restrictions and other defects, liens and encumbrances which shall not materially impair the use of the Mortgaged Property for its intended purposes or the value of the Mortgaged Property; and

(g) any banker's lien arising in connection with the establishment and maintenance of depository bank accounts in the ordinary course of business.

**"Person"** or **"person"** means any natural person, firm, association, corporation, company, joint venture, trust, partnership, public body or other entity.

**"Pledge Agreement"** means the Pledge Agreement, dated as of the date hereof, from Guarantor pledging all of the member interests in Borrower to secure the obligations of Erickson under the Guaranty.

**"Prime Rate"** means that rate of interest so denominated and set by the Lender from time to time as an interest rate basis for borrowings. The Prime Rate is but one of several interest rate bases used by the Lender, which lends at rates above and below the Prime Rate. For purposes of calculating any interest rate hereunder which is based on the Prime Rate, such interest rate shall be adjusted automatically on the effective date of any change in the Prime Rate.

**"Principal Office"** means, with respect to the Borrower and the Lender, the office at the address set forth in Section 14.1 of this Loan Agreement, or such other office which may be designated as such, from time to time, by the respective party in writing to the Borrower and the Lender.

***“Property”*** means any and all right, title and interest of any Person in and to any and all property, whether real or personal, tangible or intangible, and wherever situated.

***“Purchase Agreement”*** means the Purchase and Sale Agreement dated as of May 4, 2007 for the purchase of the Land by and between Borrower, as purchaser, and Grant’s Farm Manor, Inc., Andrew D. Busch, trustee under Irrevocable Trust of Andrew D. Busch dated October 30, 1998 and Andrew D. Busch, trustee under Irrevocable Trust of Andrew D. Busch dated January 4, 1999, collectively as seller, including all amendments, exhibits and schedules thereto.

***“State”*** means the State of Missouri.

***“Title Company”*** means Chicago Title Insurance Company.

***“USA Patriot Act”*** means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act) Act of 2001, as renewed March 9, 2006.

### **ERISA TERMS**

Certain terms used in this Loan Agreement are defined in ERISA. When and if used in this Loan Agreement or any of the other Loan Documents, such terms shall have the meanings given them in ERISA. Specifically, the following terms shall have the following meanings:

***“PBGC”*** means the Pension Benefit Guaranty Borrower.

***“Plan”*** means any pension, employee benefit, multi-employee, profit sharing, savings, stock bonus or other deferred compensation plan.

### **ACCOUNTING TERMS**

Unless specifically provided otherwise, all accounting terms have the definitions given them in accordance with generally accepted accounting principles as applied to the applicable person on a consistent basis by its accountants in the preparation of its previous annual financial statements (***“GAAP”***).

SECTION 1.2 **Rules of Construction.** The words “hereof”, “herein”, “hereunder”, “hereto”, and other words of similar import refer to this Loan Agreement in its entirety.

The terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants”.

References to Articles, Sections, and other subdivisions of this Loan Agreement are to the designated Articles, Sections, and other subdivisions of this Loan Agreement as originally executed.

The headings of this Loan Agreement are for convenience only and shall not define or limit the provisions hereof.

All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

SECTION 1.3        Valuation. For purposes of determining compliance with all covenants and provisions of this Agreement and the other Loan Documents, Property of the Borrower will be valued (a) with respect to Property constituting marketable securities, as most recently quoted in the New York Times or Wall Street Journal and, otherwise, as evaluated by a broker, appraiser or other expert appointed by the Borrower and reasonably satisfactory to the Lender and (b) with respect to all other Property, the book value of the assets as shown on the most recent audited financial statements of the Borrower.

## ARTICLE II

### THE LOAN

SECTION 2.1        Agreements to Lend and Borrow the Loan. Subject to the conditions and upon the terms herein provided, the Lender agrees to lend to the Borrower, and the Borrower agrees, to borrow from the Lender, the Loan in the maximum principal amount of \$15,000,000.

## ARTICLE III

### SECURITY; CONDITIONS TO CLOSING

SECTION 3.1        Security. The Loan Obligations are secured as provided in this Agreement and the other Loan Documents. The Lender shall not be liable for any loss to any Collateral or other security in its possession, other than a loss caused by the Lender's own gross negligence or willful misconduct, and, in no event, shall any such loss, regardless of the cause, diminish the Loan Obligations.

SECTION 3.2        Conditions to Closing. As a condition to the making of the Loan:

(a)        *Corporate Authority Documents.*

(i)        *Resolutions.* Copies of the resolutions of the governing body of the Borrower approving the Borrower's execution and delivery of the Loan Documents to which the Borrower is a party and the other matters contemplated hereby certified by an officer of the Borrower as being true and complete and in full force and effect on the Closing Date.

(ii)       *Articles of Organization.* The Articles of Organization of the Borrower certified to be in full force and effect as of a date not more than thirty (30) days preceding the Closing Date by an appropriate official of the state of formation and certified by an officer of the Borrower as being true and complete and in full force and effect on the Closing Date.



(iii) *Operating Agreement.* The Operating Agreement of the Borrower certified by an officer of the Borrower as being true and complete and in full force and effect on the Closing Date.

(iv) *Good Standing.* A certificate issued by an appropriate official of the applicable state, issued no more than thirty (30) days preceding the Closing Date, stating that the Borrower is in good standing in the State and its state of formation.

(v) *Incumbency Certificate of the Borrower.* A certificate of the Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign the Loan Documents and the other documents to be delivered by it hereunder or thereunder.

(b) *Guarantor Corporate Documents.*

(i) *Resolutions.* Copies of the resolutions of the governing body of the Guarantor approving its execution and delivery of the Loan Documents to which it is a party and the other matters contemplated hereby certified by an officer thereof as being true and complete and in full force and effect on the Closing Date.

(ii) *Formation Documents.* The Articles of Organization or other formation document of the Guarantor certified to be in full force and effect as of a date not more than thirty (30) days preceding the Closing Date by an appropriate official of the state of formation and certified by an officer thereof as being true and complete and in full force and effect on the Closing Date.

(iii) *Organization Documents.* The Operating Agreement or other organization document of the Guarantor certified by an officer thereof as being true and complete and in full force and effect on the Closing Date.

(iv) *Good Standing.* Certificates issued by an appropriate official of the state of formation of the Guarantor, issued no more than thirty (30) days preceding the Closing Date, stating that the Guarantor is in good standing in such jurisdiction.

(v) *Incumbency Certificate of the Guarantor.* A certificate of the Secretary of the Guarantor certifying the names and true signatures of the officers thereof authorized to sign the Loan Documents to which each is a party and the other documents to be delivered by it hereunder or thereunder.

(c) *Financing Documents.* An executed original of:

- (i) this Agreement;
- (ii) the Mortgage;

- (iii) the Environmental Indemnity;
- (iv) the Assignment of Contracts;
- (v) the Pledge Agreement;
- (vi) the Guaranty; and
- (vii) UCC Financing Statements.

(d) *Title Policy.* A mortgagee's ALTA 2006 title policy, issued by the Title Company in a form satisfactory to the Lender.

(e) *Survey.* A perimeter survey of the Land that meets ALTA Standards certified to the Lender as of a date no earlier than ninety (90) days prior to the Closing Date which survey and certification will be in a form reasonably acceptable to the Lender.

(f) *Zoning.* Evidence of satisfactory zoning and subdivision of the Land for the construction of the Community.

(g) *Environmental Report.* Lender shall have received and approved any environmental study of the Mortgaged Property from an Independent Engineer performed in the last 365 days;

(h) *Opinions.* Opinions, dated the Closing Date, addressed to the Lender, from counsel to the Borrower and the Guarantor in a form acceptable to the Lender, as to such matters as the Lender may reasonably request.

(i) *Insurance Certificates and Letter.* Declaration pages, endorsements and certificates of insurance executed by an authorized agent of each carrier evidencing the insurance policies currently in effect with respect to the Mortgaged Property and the Borrower.

(j) *UCC Searches.* UCC lien and litigation searches for the Borrower and Guarantor reasonably acceptable to the Lender.

(k) *Appraisal.* An M.A.I. appraisal of the Mortgaged Property in compliance with the Financial Institutions Reform, Recovery and Enforcement Act of 1989 requirements, at the expense of the Borrower, satisfactory in all respects to the Lender, and providing an appraised value that results in a loan to value ratio of not more than seventy-five percent (75%).

(l) *Purchase Agreement and Acquisition Documents.* A copy (i) of the Purchase Agreement, including all amendments, exhibits and schedules thereto, (ii) the documents evidencing the transfer of the Land to the Borrower and (iii) the settlement statement, all certified by an authorized officer of Borrower satisfactory to the Lender to be complete and accurate copies thereof.

(m) *Miscellaneous.* Such other instruments, documents and opinions as the Lender reasonably requires to evidence and secure the Obligations, this Agreement, the other Loan Documents, and the requirements of any Governmental Authority to which the Lender or the Borrower is subject.

(n) *Fees and Expenses.* Payment by the Borrower to the Lender of (i) the fees payable pursuant to this Agreement, (ii) the fees and expenses of counsel to the Lender and any other reasonable out-of-pocket expenses of the Lender incurred through the Closing Date and (iii) any other expenses of the Lender incurred through the Closing Date.

(o) *No Material Adverse Effect or Change.* In the reasonable judgment of the Lender, (i) since the most recent date on which the Borrower has supplied information, financial or otherwise, to the Lender, there has been no event which has caused or might reasonably be anticipated to cause a Material Adverse Effect on the Borrower, and (ii) in the reasonable judgment of the Lender, there has been no material adverse change or disruption in the financial, banking or capital markets or in or affecting the syndication markets for credit facilities similar in nature to this Agreement.

## **ARTICLE IV**

### **AGREEMENTS WITH RESPECT TO THE LOAN**

SECTION 4.1 Fees. The Borrower agrees to pay to the Lender the upfront fee as provided in Section 5 of the Note.

SECTION 4.2 Expenses. The Borrower shall pay all fees, commissions, costs, charges, taxes and other expenses incurred by the Borrower and by the Lender, and by any of their agents, employees and representatives in connection with (i) the making of the Loan, and (ii) the documentation and consummation of the transactions contemplated by the Loan Documents, including (without limitation), in all such cases, reasonable fees and expenses of the Lender's legal counsel, fees and charges for surveys, title examination and title insurance, hazard, liability and other insurance, bond premiums, brokerage fees, printing and duplication costs, and commissions, recordation taxes, transfer taxes and all filing and recording fees, charges, costs and taxes and appraisal fees, and any other fees pursuant to any fee arrangements between the Borrower and the Lender. The Borrower also shall pay all reasonable fees, commissions, costs, charges, taxes and other expenses incurred by the Borrower, by the Lender and by any of their agents, employees and representatives (excluding the Lender's internal overhead) in connection with the administration of the Loan Documents and the enforcement of all rights and remedies of the Lender thereunder, in all cases whether now payable or hereafter arising or becoming payable.

The provisions of this Section shall survive the maturity of the Loan and the termination of the Loan Documents.

SECTION 4.3 Lender's Obligation. The Lender shall exercise good faith and observe general banking usage in the performance of its obligations under the Loan Documents.

## ARTICLE V

### PAYMENT PROVISIONS

SECTION 5.1      Interest on the Loan. Interest on the Loan shall accrue as provided in the Note.

SECTION 5.2      Repayment and Prepayment of Loan. Payments on the Loan shall be made as provided in the Note.

SECTION 5.3      Reimbursement and Other Payments. The Borrower hereby unconditionally promises to pay to the Lender within 5 Business Days after demand by the Lender, a sum equal to (i) any amount advanced or paid by the Lender pursuant to the provisions of Section 14.8 of this Loan Agreement, plus (ii) any and all expenses incurred by the Lender in enforcing any rights under this Loan Agreement, plus (iii) all other reasonable costs and expenses of the Lender, as set forth in this Loan Agreement (including, without limitation, all costs and expenses payable pursuant to Section 4.2 of this Loan Agreement), plus (iv) interest on such amount at the Default Rate and any and all reasonable charges and expenses which the Lender may pay or incur relative to such payment.

SECTION 5.4      Increased Costs Due To Change In Law. If any change (including implementation of the "Risk-Based Capital Guidelines" by the Office of the Comptroller of the Currency) in any law, regulation or official directive of any international, federal, state or local governmental authority (whether or not having the force of law) having general applicability or in the interpretation thereof by any court or administrative agency having general applicability or compliance by the Lender with any lawful request, law, regulation or directive from any applicable fiscal or monetary authority having general applicability and not as a result of any improper action by the Lender (including compliance by the Lender with such "Risk-Based Capital Guidelines") (whether or not having the force of law) shall:

(a) impose, modify or render applicable any reserve, special deposit or similar requirement against loans made by the Lender, or require the inclusion of such loans in any analysis of minimum capital requirements or capital adequacy; or

(b) subject the Lender to any tax with respect to such loans or any amount payable under this Loan Agreement (other than a tax on the overall net income of the Lender imposed by the United States of America or the Commonwealth of Massachusetts); or

(c) impose on the Lender any other condition regarding this Loan Agreement or other Loan Document, and the result of any such event shall be:

(i) to increase the cost to the Lender of making or maintaining the Loan or any renewal thereof or of making, funding or maintaining the whole or any part of any unpaid advance under the Loan (which increase in cost shall be determined by the Lender's reasonable allocation of the aggregate of such cost increases resulting from such events); or

(ii) to reduce the amount of any sum received or receivable by the Lender under this Loan Agreement or to require the Lender to make any payment or forego any interest; or

(iii) to reduce the rate of return on the Lender's capital as a result of making or maintaining the Loan and/or any renewals thereof (which reduction shall be determined by the Lender taking into consideration the Lender's policies concerning capital adequacy),

then and in each such case, within 5 days of receipt from the Lender of the certificate described below, the Borrower shall pay immediately to the Lender, from time to time as specified by the Lender additional amounts which shall be sufficient to compensate the Lender for such increased cost, reduction, payment or foregone interest, together with interest on each such amount from the date demanded until payment in full thereof at the fluctuating rate of interest which is at all times equal to the Prime Rate plus 1% per annum. A certificate describing such increased cost, reduction, payment or foregone interest as a result of any such event, including the estimates, assumptions, allocations and the like which the Lender in good faith determines to be appropriate, submitted by the Lender to the Borrower, shall be conclusive evidence of such additional amounts to be paid by the Borrower and the basis therefor, absent manifest error as to the amount thereof.

SECTION 5.5      Computation. All payments of interest, any other fees payable by the Borrower to the Lender pursuant to the Loan Documents, or other charges and advances by the Lender under this Loan Agreement, shall be computed on the basis of a 360-day year factor applied to the actual number of days elapsed. The applicable rate of interest shall be adjusted on any day on which a change occurs in the applicable Prime Rate or LIBOR Rate, and the applicable rate of interest shall be based upon the applicable Prime Rate or LIBOR Rate in effect at the close of business on that date.

SECTION 5.6      Payment Procedure. All payments made by the Borrower under this Loan Agreement shall be made to the Lender in lawful money of the United States of America at the time of payment and in immediately available funds at the Lender's designated offices before 12:00 noon, prevailing Baltimore, Maryland time on the date when due, unless the Borrower and the Lender agree on another procedure for payment of the sums due hereunder.

SECTION 5.7      Business Days. If the date for any payment hereunder is a day which is not a Business Day, then for all purposes of this Loan Agreement the payment then due shall be made on the next following Business Day, and such extension of time shall in each case be included in any computation of payments of interest.

SECTION 5.8      Recapture. Any interest payable pursuant to this Agreement or the other Loan Documents will not exceed the Highest Lawful Rate. In the event any interest required to be paid hereunder at any time exceeds the Highest Lawful Rate, the portion of such interest required to be paid on a current basis will equal such Highest Lawful Rate; provided that the difference between the amount of interest payable assuming no Highest Lawful Rate and the amount paid on a current basis after giving effect to the Highest Lawful Rate will be carried forward and will be payable on any subsequent date of calculation so as to result in a recovery of

interest previously unrealized (because of the limitation dictated by such Highest Lawful Rate) at a rate of interest, and as part of the interest payable, that, after giving effect to the recovery of such excess and all other interest paid and accrued hereunder to the date of calculation, does not exceed such Highest Lawful Rate.

**SECTION 5.9**      LIBOR Breakage. In the event of any payment or prepayment (whether mandatory or optional) of the Loan bearing interest based on a LIBOR Rate, or conversion of the Loan to the Prime Rate based rate, for any reason (including, without limitation, acceleration) on a date other than the last day of the LIBOR Period; the Borrower will compensate the Lender for the loss, cost and expense attributable to such event, which amount will be equal to the excess, if any, of (i) the amount of interest that otherwise would have accrued on the principal amount had such event not occurred to the last day of the then current LIBOR Period for such Borrowing (or, in the case of a failure to borrow, convert or continue, the LIBOR Period that would have been applicable) at the applicable LIBOR Rate for such amount, over (ii) the amount of interest that would have accrued on such principal amount for the period from such event at the interest rate such Lender would bid, were it to bid, as of such event for dollar deposits of a comparable amount and period from other banks in the London Interbank Market (as reasonably determined by the Lender). Upon the Borrower's request, the Lender will provide the Borrower with a statement setting forth the basis for requesting such compensation and the method for determining the amount thereof.

## **ARTICLE VI**

### **UNCONDITIONAL OBLIGATIONS**

**SECTION 6.1**      Obligations Absolute. The obligations of the Borrower under this Loan Agreement shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Loan Agreement, under any and all circumstances whatsoever; including, without limitation, the following circumstances: (a) any invalidity or unenforceability of this Agreement, the other Loan Documents or any other agreement or instrument related thereto; (b) any amendment or waiver of, or any consent to departure from, the terms of the other Loan Documents or any other agreement or instrument related thereto; (c) the existence of any claim, set-off, defense or other right which Borrower may have at any time against the Lender or any other Person, whether in connection with this Loan Agreement, the Loan Documents, or any unrelated transaction; (d) the surrender or impairment of any security for the performance or observance of any of the agreements or terms of this Loan Agreement; or (e) any other circumstance, happening or omission whatsoever, whether or not similar to any of the foregoing. The Borrower understands and agrees that no payment under any other agreement will release it from liability hereunder unless the Lender has been indefeasibly paid in full.

## **ARTICLE VII**

### **REPRESENTATIONS AND WARRANTIES**

**SECTION 7.1**      Representations, Warranties and Undertakings. The Borrower makes the following representations to the Lender, to induce the Lender to enter into this Loan Agreement and to make the Loan:

(a) Organization, Good Standing and Power. Borrower (i) is a limited liability company duly organized, validly existing and in good standing under the laws of the State and its state of formation, is authorized to transact business in the State, (ii) has the power and authority and all necessary licenses, approvals and permits required to own its properties, to carry on its respective business as now being conducted and take the actions contemplated by the Loan Documents and (iii) is duly qualified as a foreign entity to do business in every jurisdiction in which the nature of its business makes such qualification necessary and is in good standing in each such jurisdiction.

(b) Authority. Borrower has full power and authority to enter into and execute and deliver this Loan Agreement and each of the other Loan Documents executed and delivered by the Borrower, and to incur and perform the obligations provided for herein and therein, all of which have been duly authorized by all proper and necessary corporate action. No consent or approval of the members of Borrower or of any other person or public authority or regulatory body is required as a condition to the validity or enforceability of this Loan Agreement or any of such other Loan Documents, or if required, the same has been duly obtained.

(c) Binding Agreements. This Loan Agreement and each of the other Loan Documents executed and delivered by Borrower has been duly and properly executed by the Borrower, constitute the valid and legally binding obligations of the Borrower, and are fully enforceable against the Borrower in accordance with their respective terms; provided, however, that the enforceability and binding nature of this Loan Agreement and each of the other Loan Documents are subject to bankruptcy, insolvency, reorganization and other state and federal laws affecting the enforcement of creditors' rights generally, and, to the extent that certain remedies under such documents require, or may require enforcement by a court of equity, such principles of equity as the court having jurisdiction may impose.

(d) Litigation. There are no proceedings pending or, so far as the Borrower knows, threatened before any court or other Governmental Authority which, if determined adversely to the interests of Borrower, would have a material adverse effect on the business, financial condition or operations of Borrower or the authority of Borrower to enter into this Agreement or any of the other Loan Documents executed and delivered by Borrower.

(e) No Conflicting Agreements, Laws, etc. There is (i) no provision of Borrower's organizational or operating documents and no provision of any existing mortgage, indenture, contract or agreement binding on Borrower or affecting any of Borrower's property, and (ii) to the knowledge of the Borrower, no provision of law or order of court binding on Borrower or affecting any of Borrower's property, which would conflict with or in any way prevent the execution, delivery, or performance of the terms of this Loan Agreement or any of the other Loan Documents executed and delivered by Borrower, or which would be in default or violated as a result of such execution, delivery or performance, or for which adequate consents or waivers have not been obtained.

(f) Financial Position. The unaudited balance sheet of Borrower as of December 31, 2007, together with statements of profit and loss for the period then ended, is complete and correct and fairly presents the financial position of Borrower and the results of its operations as of the date and for the period referred to. There are no liabilities (of the type required to be reflected on balance sheets prepared in accordance with GAAP), direct or indirect, fixed or contingent, of Borrower as of the date of such balance sheet which are not reflected therein or in the notes thereto. There has been no material adverse change in the financial condition or operations of Borrower since the date of such balance sheet (and to the Borrower's knowledge no such material adverse change is pending or threatened), and Borrower has not guaranteed the obligations of, or made any investment in or advances to, any person except as disclosed in such balance sheet. Borrower has good and marketable title to all of its properties and assets, and all of such properties and assets are free and clear of Encumbrances, except as reflected on such balance sheet or in the notes thereto or in the title commitment delivered by the Title Company on or before the Closing Date or otherwise incurred with respect to this financing. Borrower is not insolvent on the date hereof within the meaning of the Bankruptcy Code.

(g) No Defaults. No event has occurred and no condition exists that would constitute an Event of Default hereunder. Borrower is not in violation, and has not received notice of any claimed violation, of any term of any agreement or other instrument to which it is a party or by which it or its property may be bound, which violation could materially adversely affect the properties, activities, prospects or condition (financial or other) of Borrower or the ability of Borrower to perform its obligations under the Loan Documents.

(h) Reserved.

(i) Governmental Consent. Borrower has obtained all material permits and approvals that are currently required under currently applicable laws and regulations by any Governmental Authority or governmental officer for the making and performance by Borrower of its obligations under the Loan Documents and for the operation of its business. Borrower has complied with any material provisions of law requiring any notification, declaration, filing or registration with any Governmental Authority or governmental officer in connection with the making of and performance by Borrower of its obligations under the Loan Documents and for the operation of its business, the failure to comply with which could have a Material Adverse Effect. No consent, approval or authorization of, or filing, registration or qualification with, any Governmental Authority that has not been obtained is currently required on the part of Borrower as a condition to the execution and delivery of the Loan Documents, or the consummation of any transaction herein or therein contemplated and for the operation of its business as currently being conducted.

(j) Compliance with Law.

(i) Borrower is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject, the failure to comply with which could



materially adversely affect the ability of Borrower to perform its obligations under the Loan Documents or otherwise conduct its activities, or the condition (financial or other) of Borrower.

(ii) Borrower has obtained all licenses, permits, franchises, certifications and other governmental authorizations currently necessary to the operation or conduct of its activities which, if not obtained, could materially adversely affect the ability of Borrower to perform its obligations under the Loan Documents, or otherwise conduct its activities, or the condition (financial or other) of Borrower.

(k) Compliance with Environmental Laws.

(i) Borrower, to the best of its knowledge and except as set forth in the Environmental Report, is not in material violation of any applicable federal, state or local law, statute, rule, regulation or ordinance and has not received any notice of, or is the subject of, any investigation or complaint alleging that Borrower or any property of Borrower which is collateral and security for the Loan Obligations under the Loan Documents (or any part thereof) or any other property owned, leased, operated or used by Borrower is in violation of any law, statute, rule, regulation or ordinance which relate to Hazardous Materials (as hereinafter defined) and/or the protection of the environment or human health ("*Environmental Laws*").

(ii) To the best of Borrower's knowledge and except as set forth in the Environmental Report, no hazardous wastes, hazardous substances, toxic chemicals and substances, oil and petroleum products and their by-products, radon, asbestos, pollutants or contaminants ("*Hazardous Materials*") have been used, located, installed, spilled, treated, released or stored on, under or from any property in or on which Borrower conducts its operations except for those which have been handled in a manner not prohibited by applicable Environmental Laws.

(iii) To the best of Borrower's knowledge, the Environmental Report is true and correct in all material respects.

(l) Insurance. Borrower maintains, and has in full force and effect, with financially sound and reputable insurers, insurance with respect to its properties and business, and covering such risks, liabilities, casualties and contingencies and in such types and amounts as complies with the Loan Documents.

(m) Accurate and Complete Disclosure. No representation or warranty made by Borrower pursuant to or in connection with the Loan Documents, and no statement made by Borrower in any financial statement, certificate, report, exhibit or document furnished by it or on its behalf to the Lender pursuant to or in connection with the Loan Documents is false or misleading in any material respect (including by omission of material information necessary to make such representation, warranty or statement not misleading).

(n) Material Contracts. Borrower is in compliance with all material provisions of all material contracts to which it is a party, and there exists no material default under any material contract by Borrower or, to the best knowledge of Borrower, by any other party thereto.

(o) Tax Returns. Borrower has filed all required federal, state and local tax or information returns or has timely filed applications for extensions to file such returns and has paid all taxes as shown on such returns, if any, as they have become due. No claims have been assessed and are unpaid with respect to such taxes except as shown in the financial information referred to in subsection (f) above and no additional taxes for years which have not been audited by the respective tax authorities are expected by Borrower to be owed.

(p) Liens or Security Interests. Borrower is the owner of the Collateral owned by Borrower and has good and marketable title thereto, and, except for Permitted Encumbrances, there exist no Encumbrances on or with respect to the Collateral owned by Borrower.

(q) ERISA. No Plan established or maintained by Borrower which is subject to ERISA has an accumulated funding deficiency (as such term is defined in ERISA). No material liability to the PBGC has been incurred by Borrower with respect to any such Plan and no reportable event under ERISA has occurred. Borrower has no actual or anticipated liability under Section 4971 of the Internal Revenue Code (relating to tax on failure to meet the minimum funding standard of Section 412 of the Internal Revenue Code) with respect to any Plan to which it contributes but which is not maintained or established by it.

(r) Place of Business of Borrower and Location of Collateral. Borrower's location as a "registered organization," as that term is defined in, and for purposes of, the Uniform Commercial Code effective in the State of Maryland, is in the State of Maryland. Borrower has its principal place of business in Baltimore County, Maryland and maintains or keeps its records in Baltimore County, Maryland and St. Louis County, Missouri and in no other location.

(s) Name of Borrower. The exact legal name of Borrower is "St. Louis Campus, LLC", and the Borrower has never done business under any other name.

(t) Brokers, etc. No person, corporation or other entity has, or as a result of any action of or by Borrower in connection with the transactions contemplated hereby and by the other Loan Documents will have, any right, interest or valid claim against or on the Lender for any commission, fee or other compensation as a broker or finder, or in any similar capacity (other than fees to the Lender, which fees are the obligations solely of the Borrower). The Borrower shall pay any and all such fees, commissions or other compensation and shall indemnify the Lender against any claimed fee, commission or other compensation claimed by a broker or finder arising from or in connection with the transactions contemplated hereby or by the Loan Documents due to broker or finders claiming through the Borrower. The Lender has advised the Borrower that the Lender

has not engaged the services of any such broker or finder in connection with the transaction contemplated by this Loan Agreement.

(u) Licenses and Permits. The Borrower has obtained or caused to be obtained, and there are currently in full force and effect, all licenses, consents, permits and approvals from any and all Government Authorities that would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Borrower of the Loan Obligations and that are necessary for the conduct of the Borrower's business, in accordance with applicable federal, state and local laws and regulations. To the best knowledge of the Borrower, all fees, charges and other expenses required in connection with such licenses, consents, permits and approvals heretofore obtained have been paid, all information has been provided and all material conditions precedent to the issuance, maintenance, renewal and continuance of all such licenses, consents, permits and approvals have been complied with.

(v) Reserved.

(w) Labor Matters. Borrower is not subject to any collective bargaining agreements or any agreements, contracts, decrees or orders requiring it to recognize, deal with or employ any persons organized as a collective bargaining unit or other form of organized labor. There are no strikes or other material labor disputes pending or threatened against Borrower. Borrower has complied in all material respects with the Fair Labor Standards Act.

(x) Anti-Terrorism Law. Neither the Borrower nor any Affiliate of the Borrower is in violation of any Anti-Terrorism Law or engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law. Neither the Borrower nor any Affiliate of the Borrower is any of the following (each a "Blocked Person"): (i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224; (ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224; (iii) a Person or entity with which any bank or other financial institution is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (iv) a Person or entity that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224; (v) a Person or entity that is named as a "specially designated national" on the most current list published by the U.S. Treasury Department Office of Foreign Asset Control at its official website or any replacement website or other replacement official publication of such list; or (vi) a Person or entity who is affiliated with a Person or entity listed above. Neither the Borrower nor any Affiliate of the Borrower knowingly (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person or (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224.

## **ARTICLE VIII**

### **USE OF PROCEEDS OF THE LOAN**

SECTION 8.1      Application of Proceeds of the Loan. On the Closing Date, \$14,250,000 of the Loan proceeds will be deposited with the Title Company to be used for the purchase of the Land and expenses related thereto. The balance of the Loan will be used for the payment of interest and any other Loan Obligations during the term of the Loan.

SECTION 8.2      Advances to Pay Interest. Included in the Loan are amounts allocated to pay interest on the Loan. The Lender is hereby authorized and directed to disburse the amount of interest due on the Loan on each Payment Date (as defined in the Note). No separate fund or account will be created for such interest. The Lender may refuse to make a Loan for the payment of interest at any time that there has then occurred and is continuing an Event of Default. If the Lender determines not to make an advance for the payment of interest for the aforesaid reason, the Lender will promptly notify an Authorized Officer of the Borrower by telephone (promptly confirmed in writing), which notice will indicate the reason for such determination, and thereupon the Borrower will be obligated to pay within three (3) Business Days such interest then and thereafter becoming due on the Loan from a source other than Loan proceeds, in the manner and at the times provided herein and in the Note.

## **ARTICLE IX**

### **RESERVED**

## **ARTICLE X**

### **AFFIRMATIVE COVENANTS OF BORROWER**

SECTION 10.1      Affirmative Covenants of Borrower. Until the termination of this Loan Agreement, unless the prior written consent to do otherwise is obtained from the Lender, Borrower will:

(a)      Financial Statements and Other Reports. Maintain at all times a system of accounting established and administered in accordance with sound business practices, and will deliver, or cause to be delivered, to the Lender:

(i)      as soon as available, but in no event more than 45 days after the end of each fiscal quarter of Borrower, quarterly financial statements of Borrower, including the balance sheet of Borrower as of the end of each such quarter and the related statements of income, earnings and cash flows and a record of census for each such quarter prepared internally by Borrower and in form and content satisfactory to the Lender;

(ii)      as soon as available, but in no event more than 120 days after the end of each fiscal year of Borrower, annual financial statements of Borrower,

including the balance sheet of Borrower as of the end of such year and the related statements of income, earnings and cash flows for such year audited by McGladrey & Pullen LLP, or another Independent Accountant reasonably satisfactory to the Lender, including the letter and notes of the applicable Independent Accountant accompanying such audited financial statements;

(iii) as soon as available, but in no event less than 30 days prior to the end of each fiscal year of Borrower, the proposed operating budget and capital budget of Borrower for its next succeeding fiscal year including a balance sheet, income statement, statement of cash flows and assumptions relating to such budget in form and detail satisfactory to the Lender;

(iv) within 30 days after filing, copies of any federal, state and local tax and information returns filed by Borrower; and

(v) promptly upon request of the Lender, such other information, reports or documents respecting the business, properties, operation or financial condition of Borrower as the Lender may at any time and from time to time reasonably request.

(b) Compliance with Laws, etc. Comply with all laws, statutes, ordinances, orders, rules or regulations applicable to it and any of its property which is collateral and security for the Loan Obligations under the Loan Documents (or any part thereof) or to any other property owned, leased, operated or used by it, including, without limitation, Environmental Laws; provided, however, that the Borrower or Erickson may, at its sole cost and expense, in good faith and by appropriate and diligent proceedings, contest the validity or applicability of any such law, statute, ordinance, order, rule or regulation, so long as (i) the Borrower's ability to pay and perform the Loan Obligations or the security for the Loan Obligations is not, in the sole opinion of the Lender, materially impaired during the period of contest, (ii) the Borrower gives the Lender notice of its intention to contest, (iii) the Borrower diligently prosecutes such contest and (iv) the Borrower at all times effectively stays or prevents enforcement of any such law, statute, ordinance, order, rule or regulation, until resolution of the contest.

(c) Payment of Liabilities and Taxes. Pay, when due, all of its Indebtedness and liabilities (including, without limitation, the Loan Obligations), and pay and discharge promptly all taxes, assessments and governmental charges and levies (including, without limitation, F.I.C.A. payments and withholding taxes) upon it or upon its income, profits or property, except to the extent the amount or validity thereof is contested in good faith by appropriate proceedings so long as adequate reserves have been set aside therefor.

(d) Borrower's Contractual Obligations. Comply with any agreement or undertaking to which it is a party and maintain in full force and effect all material contracts and leases to which it is or becomes a party, to the extent that the failure to comply with such agreements or undertakings, or to maintain in full force and effect such contracts and leases shall, in the reasonable opinion of the Lender, have a Material

Adverse Affect, unless the amount or validity thereof is contested in good faith by appropriate proceedings so long as adequate reserves have been set aside therefor.

(e) Maintenance of Properties. Do all things necessary to maintain, preserve, protect and keep its properties in good repair, working order and condition (ordinary wear and tear excepted), and make all needed and proper repairs, renewals and replacements, in each case as and to the extent necessary or appropriate to the proper and advantageous conduct of its business so that its business may be properly conducted at all times, unless the failure to do so would not have a Material Adverse Effect on its business, operation or financial condition. The Borrower shall promptly notify the Lender of any event causing deterioration, loss or depreciation in value of any substantial portion of its properties and assets and the amount of such loss or depreciation.

(f) Insurance. Maintain insurance on all of its physical assets and properties, in such amounts and covering such risks as is consistent with sound business practice, and in any event as is ordinarily and customarily carried by companies similarly situated and in the same or similar businesses as Borrower. Borrower will pay, when due, all premiums on such insurance and will furnish to the Lender, upon request, evidence of payment of such premiums and other information as to the insurance carried by Borrower. Such insurance shall include, without limitation:

(i) comprehensive fire and extended coverage insurance on the physical assets and properties of Borrower against such risks, with such loss deductible amounts and in such amounts not less than those which may be satisfactory to the Lender but in all events conforming to prudent business practices and in such minimum amounts that Borrower will not be deemed a co-insurer under applicable insurance laws, regulations, policies and practices, together with a standard non-contributing and non-reporting mortgagee's endorsement in favor of the Lender in form satisfactory to the Lender;

(ii) commercial general liability and property damage insurance in amounts not less than the amounts in effect on the date hereof;

(iii) to the extent that Borrower has any employees, workers' compensation insurance in accordance with the requirements of applicable law or regulation; and

(iv) Business interruption insurance in an amount not less than the amount in effect on the date hereof.

Each policy of such insurance described in subpart (i) above shall contain a provision or endorsement satisfactory to the Lender naming the Lender as loss payee and mortgagee as to property damage insurance and providing that (1) such policy may not be surrendered or canceled and the Lender may not be removed as loss payee and mortgagee without at least thirty days prior written notice to the Lender, and (2) no act or default of Borrower or any other person shall affect the right of the Lender to recover under such policy. Borrower hereby irrevocably (x) assigns and grants to the Lender a security interest in any and all proceeds of each such

insurance policy, (y) directs each insurance company to pay all such proceeds of property damage insurance directly to the Lender, and (z) constitutes and appoints the Lender (and all officers, employees or agents designated by the Lender) as Borrower's true and lawful attorney-in-fact (coupled with an interest) with authority and power on behalf of Borrower to make, adjust, settle or compromise all claims under each such insurance policy, to collect and receive all proceeds payable under each such insurance policy and to endorse any check, draft or instrument for such proceeds.

(g) Reserved.

(h) Inspection. Permit the Lender, by its representatives and agents, to inspect any of its properties, books and financial records, examine and make copies of its books of accounts and other financial records, and to discuss its affairs, finances and accounts with, and to be advised as to the same by, it (or its representatives) at such reasonable times and intervals as the Lender may designate and after reasonable notice. In connection with the foregoing, the Lender and its representatives and agents, at the expense of the Borrower, and after reasonable advance notice, and to the extent that the Borrower may grant access, shall have the right to enter any business premises of Borrower or any other premises where any property serving as collateral and security for the Loan Obligations under the Loan Documents and the records relating thereto may be located and to audit, appraise, examine and inspect such property and all records related thereto and to make extracts therefrom and copies thereof.

(i) Licenses. (i) Do all things necessary and required to maintain, preserve, protect and keep in full force and effect all licenses, approvals, certifications and certificates required and necessary for the conduct of its activities in accordance with all applicable federal, state and local laws and regulations; and

(ii) inform the Lender promptly of any notices received by Borrower relating to the threatened or actual revocation, restriction, suspension or expiration of any of the licenses necessary for the conduct of its activities.

(j) ERISA. Comply with the funding requirements of ERISA with respect to employee pension benefit plans for its employees. Borrower will not permit, with respect to any employee benefit plan or plans covered by Title IV of ERISA, (i) any prohibited transaction or transactions under ERISA or the Internal Revenue Code, which results, or may result, in any material liability of Borrower; or (ii) any reportable event under ERISA if, upon termination of the plan or plans with respect to which one or more such reportable events shall have occurred, there is or would be any material liability of Borrower to the PBGC.

(k) Notice. Promptly give written notice to the Lender of (i) the occurrence of any Event of Default or any event, development or circumstance which is reasonably likely to materially adversely effect the business, operations, properties or financial condition of Borrower, (ii) any litigation instituted or threatened against Borrower or any judgment against Borrower where claims against Borrower exceed \$250,000 and are not covered in full by insurance, subject to applicable deductibles, (iii) any notice received by

Borrower of a claim against, or investigation of, Borrower, the Collateral, including, without limitation, the Mortgaged Property, or any other property owned, leased, operated or used by Borrower alleging a violation of Environmental Laws or the discovery, use, location, installation, spill, treatment, release or storage of any Hazardous Materials in violation of Environmental Laws by Borrower or on, under or from the Collateral (or any part thereof), including, without limitation, the Mortgaged Property (or any part thereof), or any other property owned, leased, used or operated by Borrower which could result in a breach of the provisions of Section 10.1(c) hereof, and (iv) the occurrence of any "reportable event" within the meaning of ERISA or any assertion of liability of Borrower by the PBGC.

(l) Reserved.

(m) Inspection of Collateral. Permit the agents of the Lender to have access to the Collateral owned by Borrower from time to time, as reasonably requested by the Lender, for purposes of examination, inspection, and appraisal thereof and verification of all records (with respect thereto).

(n) Name of Borrower; Location as a Registered Organization. Promptly notify the Lender in writing of (i) any proposed change in Borrower's name, or (ii) any proposed change in location as a registered organization, as described in Article 9 of the Maryland Uniform Commercial Code, at least 30 days prior to taking the action necessary to effect any such change in its corporate name or location as a registered organization.

(o) Subsequent Financings. Borrower shall provide to Lender, subject to Lender's review and approval, in its sole discretion, the first and last right and opportunity to provide development and construction financing ("**Subsequent Financing**") to finance the initial development and construction of the continuing care retirement community to be situated on the Land ("**First and Last Right of Negotiation**") provided the essential business terms offered by Lender for any Subsequent Financing (i.e., pricing, loan amount, allowable draws and other terms and conditions) are reasonably consistent with other construction financing currently provided to Guarantor and/or its subsidiaries after adjustment for current market conditions. The First and Last Right of Negotiation shall provide the Lender with (i) the first opportunity, but not the obligation, to provide the financing for the Subsequent Financing to Borrower before Borrower seeks financing from any other qualified lender; and (ii) the final opportunity, but not the obligation, to provide the financing for the Subsequent Financing to Borrower by matching (at Lender's option) the economic terms offered in writing for similar financing by other qualified lenders.

(p) Reserved.

(q) Hedge Agreement. The Borrower agrees that the Lender will be permitted to bid to provide any Hedge Agreement for the Loan.



## ARTICLE XI

### NEGATIVE COVENANTS OF BORROWER

SECTION 11.1 Negative Covenants of Borrower. Until the termination of this Loan Agreement, without the prior written consent of the Lender, Borrower will not and will not, directly or indirectly:

(a) Additional Indebtedness. Create, incur, assume or permit to exist any Additional Indebtedness.

(b) Liens. Create, incur, assume or permit to exist any Encumbrance of any nature whatsoever on any of Borrower's property or assets, both now owned and hereafter acquired and including the Collateral, except Permitted Encumbrances.

(c) Loans and Investments. Make or permit to remain outstanding any loan or advance to, provide any Guarantee for, or make or own any investment in (other than investments made or held in the ordinary course of investing its liquid assets), any Person.

(d) Mergers, Acquisitions, Etc. Enter into any merger or consolidation or acquire or purchase all or substantially all of the assets, properties or stock of any other person, or change its location as a registered organization, within the meaning of Article 9 of the Maryland Uniform Commercial Code.

(e) Sale of Assets and Liquidation. Except as permitted in Section 1.16 of the Mortgage, sell, lease or otherwise dispose of, in one transaction or a series of transactions, all or any part of its business, assets or properties, including, without limitation, the Collateral, outside of the ordinary course of business or take any action to liquidate, dissolve or wind up Borrower or its business or have any change of ownership of Borrower.

(f) Change of Business and Management. Enter into any business other than as currently conducted by the Borrower or is consistent with the purposes of the Borrower as described in the Articles of Organization of the Borrower, or permit any change in the management, ownership or control of the Borrower.

(g) Amendments; Termination. Amend its organizational documents in any material way or waive any material provisions thereof.

(h) Prepayments. Prepay any Indebtedness owing by Borrower prior to the stated due date thereof other than the Loan Obligations (if permitted hereunder), and Indebtedness to trade creditors where prepayment results in a discount on the amount due.

(i) Affiliates. Enter into or participate in any transaction with an Affiliate except on terms and at rates no more favorable than those which would have prevailed in an arm's length transaction between unrelated third parties.

(j) Sale and Leaseback Transactions. Sell or transfer any property in order to concurrently or subsequently lease as lessee such or similar property.

(k) ERISA. Engage in any “prohibited transaction” (as such term is defined by ERISA), incur any “accumulated funding deficiency” (as such term is defined by ERISA) whether or not waived, or terminate any Plan in a manner which could result in the imposition of a lien on any property of Borrower pursuant to the provisions of ERISA.

(l) Guaranties, Debt Assumptions and Endorsements. Guarantee, assume, endorse or otherwise become responsible for any indebtedness or obligations of any other person, except for endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business.

(m) Sale of Accounts Receivables. Sell, discount, transfer, assign or otherwise dispose of any of its accounts receivable, notes receivable, installment or conditional sales agreements or any other rights to receive income, revenues or moneys, however evidenced.

(n) Hazardous Materials. Place, or at any time permit to exist, any Hazardous Materials on any of its property except for Hazardous Materials originating from or necessary to the operations of Borrower that may be permitted by law to exist on such property and that have been handled in compliance with Environmental Laws. If at any time it is determined that there are any Hazardous Materials located on such property, the Borrower, within 30 days after written notice thereof, shall take or cause to be taken, at its sole expense, such actions (if any) as may be necessary to comply with all Environmental Laws.

(o) Changes to Community. Make any material change in design, concept or management of the Community. For purposes of this section, a material change in management of the Community would be that the development of the Community is no longer managed by an Affiliate of Erickson.

(p) Anti-Terrorism Laws. Knowingly: (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person; (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224; or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or the USA Patriot Act. The Borrower shall deliver to the Lender any certification or other evidence requested from time to time by the Lender confirming the Borrower’s compliance with this Section 11.1(p).

## ARTICLE XII

### INDEMNIFICATION

SECTION 12.1 Indemnification of Lender. In addition to all amounts payable hereunder, the Borrower shall protect, indemnify, and save harmless the Lender and its officers, employees and agents against and from any and all liabilities, suits, actions, claims, demands, losses, expenses and costs of every kind and nature incurred by, or asserted or imposed against, the Lender and its officers, agents or employees, by reason of (a) any accident, injury (including death) or damage to any person or property, however caused (other than the gross negligence or willful misconduct of the Lender and its officers, employees and agents), resulting from, connected with or growing out of any act of commission or omission of Borrower, or any officers, employees, agents, assignees, contractors or subcontractors of Borrower or any use, non-use, possession, occupation, condition, operation, service, design, construction, acquisition, maintenance or management of, or on, or in connection with, any of Borrower's properties, or any part thereof; and (b) any untrue statement by Borrower or any of its officers, employees or agents of a material fact or any omission by Borrower or any of its officers, employees or agents to state a material fact necessary in order to make any statements made, in light of the circumstances under which they were made, not misleading and made in connection with the making of the Loan; and, in any such case, regardless of whether such liabilities, suits, actions, claims, demands, damages, losses, expenses and costs be against, or be suffered or sustained by, the Lender or its officers, agents, or employees, or be against, or be suffered or sustained by, legal entities, officers, agents, or other persons to whom the Lender or its officers, agents or employees become liable therefor. Borrower may, and if so requested by the Lender shall, undertake to defend, at its sole cost and expense, any and all suits, actions and proceedings brought against the Lender or its officers, agents or employees in connection with any of the matters indemnified against in this Section. The Lender agrees to give the Borrower timely notice of and shall forward to the Borrower every demand, notice, summons or other process received with respect to any claim or legal proceedings within the purview hereof, but the failure of the Lender to give such notice shall not affect its rights to indemnification hereunder unless the failure to give notice shall have deprived the Borrower of a reasonable opportunity to contest any such matter.

If the indemnification provided for herein is held by a court to be unavailable or is insufficient to hold the Lender and its officers, employees and agents harmless in respect of any losses, claims, damages or liabilities (or actions in respect thereof), then the Borrower shall contribute to the amount paid or payable by the Lender and its officers, employees and agents as a result of the losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of Borrower on the one hand and the Lender and its officers, employees and agents on the other hand, as well as any other relevant equitable considerations.

The provisions of this Section shall survive the repayment of the Loan Obligations and the termination of the Loan Documents.

SECTION 12.2 Indemnification Under Loan Documents. In addition to all amounts payable hereunder, Borrower hereby protects, indemnifies and holds harmless the

Lender, its directors, officers, employees and agents from and against, and hereby agrees to defend the Lender, its directors, officers, employees and agents against, any and all claims, damages, losses, liabilities, costs or expenses whatsoever which the Lender, its directors, officers, employees and agents may, at any time, sustain or incur by reason of or in consequence of or arising out of the making of the Loan; it being the intention of the parties that this Loan Agreement shall be construed and applied to protect and indemnify the Lender against any and all risks involved in the making of the Loan, all of which risks are hereby assumed by the Borrower, including, without limitation, any and all risks of the acts or omissions, whether rightful or wrongful, of any present or future de jure or de facto government or governmental authority (all such acts and omissions herein called "**Government Acts**"). Notwithstanding anything to the contrary contained in this Loan Agreement, the Borrower shall have no obligation to indemnify the Lender from and against any liability incurred by the Lender arising solely out of the gross negligence or willful misconduct of the Lender. In addition, Borrower hereby protects, indemnifies and holds harmless the Lender, its directors, officers, employees and agents from and against, and hereby agrees to defend the Lender, its directors, officers, employees and agents against, any and all claims, damages, losses, liabilities, costs or expenses whatsoever which the Lender may incur (or which may be claimed against the Lender by any Person) by reason of or in connection with the Lender's execution and delivery of and performance under this Loan Agreement and the other Loan Documents.

Nothing in this Section 12.3 is intended to limit the Borrower's obligations contained in Section 4.2 and Article V hereof.

The provisions of this Section shall survive the repayment of the Loan Obligations and the termination of the Loan Documents.

## ARTICLE XIII

### EVENTS OF DEFAULT AND REMEDIES

SECTION 13.1 Events of Default Defined. The following shall be "**Events of Default**" under this Loan Agreement, and the term "Event of Default" shall mean, whenever it is used in this Loan Agreement, any one or more of the following events:

(a) Any representation or warranty made by Borrower herein or any statement or representation made in any certificate, report or opinion (including legal opinions), financial statement or other instrument furnished in connection with this Loan Agreement or any of the other Loan Documents, proves to have been incorrect, false or misleading in any material respect when made, and the Lender determines that such incorrect, false or misleading statement has a Material Adverse Effect; or

(b) Borrower fails to pay, within 5 days from the date on which the same is due and payable (including any applicable grace period specified herein) as herein provided, (i) any payment required by Articles IV or V hereof, or (ii) any payment required under the Note, or (iii) any other payment whatsoever required by this Loan Agreement or any other Loan Document to be paid by the Borrower; or

(c) Borrower fails to duly and promptly perform, comply with or observe any of the terms, covenants, conditions or agreements contained in Subsection (g) of Section 10.1 hereof or in Section 11.1 hereof; or

(d) Borrower fails to duly and promptly perform, comply with or observe any term, covenant, condition or agreement contained in this Loan Agreement, other than those covered by any other Subsection of this Section 13.1, which failure remains unremedied for a period of 60 days; provided, however, if such failure cannot be cured within such 60 day period, and if corrective action is initiated by the Borrower within such period and is being diligently pursued, and the Borrower certifies to the Lender that the conditions to such extension contained in this paragraph (d) have been complied with, the Borrower shall have an additional 60 days to cure such failure, and such failure shall not constitute an Event of Default so long as it is cured within such additional 60 day period; or

(e) An Act of Bankruptcy occurs with respect to Borrower or the Guarantor, or Borrower or the Guarantor becomes generally unable to pay any of its debts as they become due provided, however, that in the case of an involuntary filing or commencement of proceeding against Borrower or the Guarantor, it shall not be an Event of Default hereunder if Borrower or the Guarantor promptly contests any such filing or proceeding and the same is terminated or discharged favorable to Borrower or the Guarantor (as applicable) within 90 days of the filing or commencement thereof; or

(f) (i) Borrower or the Guarantor is dissolved, either pursuant to its organizational documents, by operation of law, or in any other manner, voluntarily or otherwise; or (ii) the organizational documents of Borrower are amended or modified in any material manner (other than as permitted or contemplated under Section 11.1(g) hereof) without the Lender's prior written consent thereto; or

(g) Any final, uninsured judgment with respect to a claim in excess of \$250,000 against Borrower or any attachment or other levy against the property of the Borrower remains unpaid, unstayed on appeal, undischarged, unbonded or undismissed for a period of 60 days, and the Lender determines that such judgment has a Material Adverse Effect; or

(h) An "Event of Default" occurs under any of the other Loan Documents; or

(i) Default is made with respect to any evidence of indebtedness or liability for borrowed money of Borrower to the Lender or to any other Person, if the effect of such default is to accelerate the maturity of such evidence of indebtedness or liability or to permit the holder or obligee thereof to cause any indebtedness to become due prior to its stated maturity, or any such indebtedness is not paid as and when due and payable; provided, however, that it shall not constitute an Event of Default if (A) the outstanding balance of such indebtedness or liability of Borrower to any Person other than the Lender is not in excess of \$250,000 and Borrower certifies to the Lender that the reason for non-payment is a good faith dispute as to the obligation to pay such indebtedness or liability,

or (B) such default, in the opinion of the Lender, does not cause a Material Adverse Effect; or

(j) Any execution or attachment is levied against the Collateral, or any part thereof, for a claim in excess of \$250,000, and such execution or attachment is not set aside, discharged, bonded against, or stayed within 60 days after the same is levied, and the Lender determines that the same has a Material Adverse Effect; or

(k) Borrower fails to materially comply with any requirement of any Governmental Authority having jurisdiction over it, within the time required by such Governmental Authority, or any proceeding is commenced or action taken to enforce any remedy for a violation of any requirement of a Governmental Authority, and the Lender determines that such failure or enforcement has a Material Adverse Effect; or

(l) Any amendment to any of the Loan Documents shall have been made without the prior written consent of the Lender; or

(m) Notwithstanding the provisions of Section 14.4 hereof, if any material provision of this Loan Agreement at any time for any reason ceases to be valid and binding on Borrower, or is declared to be null and void, or the validity or enforceability thereof is contested by Borrower or any governmental agency or authority, or Borrower denies that it has any or further liability or obligation under this Loan Agreement or any of the Loan Documents; or

(n) The Mortgage or any of the other documents which create a security interest to secure the Loan Obligations, after delivery thereof, except to the extent permitted by the terms thereof, ceases to create a valid, enforceable and perfected lien or security interest, as appropriate, of the priority required thereby, on any of the property purported to be covered thereby, or Borrower or any other person liable for the Loan Obligations so states in writing; or

(o) Any change occurs in the ownership or control of Borrower or the Guarantor; provided, however, that Erickson may engage in changes in its ownership so long as the Erickson family maintains control of Erickson; or

(p) Any provision of this Loan Agreement or any of the other Loan Documents pertaining to the repayment of the principal of or interest on the Loan transcends the limit of validity prescribed by law, or operates or would prospectively operate to invalidate this Loan Agreement or any of the other Loan Documents in whole or in part.

SECTION 13.2      Remedies on Default. Whenever any Event of Default referred to in Section 13.1 hereof occurs, the Lender may take any one or more of the following remedial steps:

(a) The Lender, at its option, may (i) declare all amounts payable under Articles IV and V hereof and the Note, together with all other moneys payable hereunder and any other Loan Document, to be immediately due and payable, whereupon the same

shall become immediately due and payable, by written notice to that effect given to the Borrower, without protest, presentment, or further notice or demand, all of which are expressly waived by the Borrower. Upon such declaration by the Lender, payment of all amounts declared due shall be made immediately by the Borrower, and the Borrower hereby promises to pay such amount immediately, to the Lender. Upon payment in full of all of the Loan Obligations, whether contingent or otherwise, but only upon the expiration of this Loan Agreement, any remaining surplus of such funds held by the Lender as a result of payment pursuant to this Section 13.2(a) shall be returned to the Borrower, unless otherwise agreed by the Borrower and the Lender.

(b) The Lender may take whatever action at law or in equity which may appear necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of all of the Loan Obligations, including, without limitation, any obligation, agreement or covenant of the Borrower under this Loan Agreement.

(c) The Lender, with or without resort to judicial process, may take such steps as the Lender deems appropriate to protect the Collateral from depredation or injury, including (without limitation) employment of watchmen or other protective services, and any reasonable expenses incurred by the Lender in taking such steps shall be paid by the Borrower to the Lender as provided in Section 14.8 hereof.

(d) The Lender may exercise its remedies under any of the other Loan Documents.

No action taken pursuant to this Section 13.2 shall relieve Borrower from any of the Loan Obligations, all of which shall survive any such action, and the Lender may take whatever action at law or in equity as may appear necessary and desirable to collect the payments and other amounts then due and thereafter to become due or to enforce the performance and observance of the Loan Obligations.

Any amounts collected pursuant to action taken under this Section shall be paid over to the Lender and applied to the Loan Obligations.

SECTION 13.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Lender is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or any of the other Loan Documents or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lender to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 13.4 Agreement to Pay Attorneys' Fees and Expenses. In the event Borrower defaults under any of the provisions of this Loan Agreement, and the Lender employs

attorneys or incurs other expenses for the collection of amounts due hereunder or the enforcement of performance or observance of any obligation or agreement on the part of Borrower herein contained, the Borrower agrees that it will, on demand therefor, pay to the Lender the reasonable fees of such attorneys and such other expenses so incurred by the Lender.

SECTION 13.5      Waiver of Event of Default; No Additional Waiver Implied by One Waiver. The Lender at its sole discretion may waive an Event of Default. In the event any agreement contained in this Loan Agreement is breached by Borrower and thereafter waived (expressly or implicitly) by the Lender, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. Any forbearance (expressly or implicitly) by the Lender to demand payment for any amounts payable hereunder shall be limited to the particular payment for which the Lender forbears demand for payment and will not be deemed a forbearance to demand any other amount payable hereunder.

## ARTICLE XIV

### MISCELLANEOUS

SECTION 14.1      Notices. Except as otherwise expressly provided in this Loan Agreement, all notices or other instruments required or permitted under this Loan Agreement shall be in writing and shall be telexed, cabled, telecopied, delivered by hand or by overnight delivery or mailed by first class mail, postage prepaid, and addressed as follows:

Borrower:      St. Louis Campus, LLC  
701 Maiden Choice Lane  
Baltimore, Maryland 21228  
Attention: President  
Telecopier: 410-402-2348

With a copy to:

Rosenberg, Martin, Greenberg, LLP  
25 South Charles Street  
Suite 2115  
Baltimore, Maryland 21201  
Attention: Hilary J. O'Connor  
Telephone: 410-727-6600  
Telecopier: 410-727-1115

Lender:      Sovereign Bank  
111 South Wacker Drive  
Chicago, Illinois 60606  
Attention: Naomi O'Dell  
Telecopier: (312) 443-0996



With a copy to:

Squire, Sanders & Dempsey L.L.P.  
8000 Towers Crescent Drive  
14<sup>th</sup> Floor  
Tysons Corner, Virginia 22182  
Attention: John E. Thomas  
Telecopier: (703) 720-7801

Any such notice, demand or request may also be transmitted to the appropriate party by telegram and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other parties by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

SECTION 14.2      Prior Agreements Canceled. This Loan Agreement and the other Loan Documents completely and fully supersede all other prior agreements, both written and oral, between the Lender and Borrower relating to the making of the Loan and the matters set forth herein and therein.

SECTION 14.3      Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Lender, Borrower and their respective successors and assigns.

SECTION 14.4      Illegality; Severability. If fulfillment of any provision hereof or any transaction related hereto or to the other Loan Documents, at the time performance of such provisions shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision herein contained, operates or would prospectively operate to invalidate this Loan Agreement in whole or in part, then such clause or provision only shall be void, as though not herein contained, and the remainder of this Loan Agreement shall remain operative and in full force and effect.

SECTION 14.5      Assignment.

(a) None of the Loan Documents may be assigned by Borrower. Lender may sell or offer to sell the Loan or interests therein to one or more assignees or participants (the "**Participant**"). Borrower shall execute, acknowledge and deliver any and all instruments reasonably requested by Lender in connection therewith, and to the extent, if any, specified in any such assignment or participation, such assignee(s) or participant(s) shall have the same rights and benefits with respect to the Loan Documents as such Person(s) would have if such Person(s) were Lender hereunder. Lender may disseminate any information it now has or hereafter obtains pertaining to the Loan, including any

security for the Loan, any credit or other information on the Collateral (including environmental reports and assessments), Borrower, any of Borrower's principals or the Guarantor, to any actual or prospective assignee or participant, to Lender's Affiliates, to any regulatory body having jurisdiction over Lender or to any other party as necessary or appropriate in Lender's reasonable judgment. Borrower hereby acknowledges and agrees that any such disposition will give rise to a direct obligation of Borrower to the Participant; however, the Borrower will be required to deliver any information required by the Loan Documents only to the Lender, in sufficient quantities for delivery to all such Participants. Subject to Borrower's consent, Lender may make amendments and waivers under this Agreement and the Loan Documents subject to approval of Participants, to the extent such approval is required, in accordance with any participation agreement between Lender and Participants. Borrower hereby authorizes the Lender and each such Participant, in case of an Event of Default hereunder, to proceed directly, by right of setoff, banker's lien or otherwise, against any assets of Borrower which may at the time of such default be in the hands of the Lender or in the hands of such Participant.

(b) Borrower agrees to actively assist the Lender in achieving a successful participation of the Loan Obligations. To assist the Lender in its participation efforts, the Borrower agrees to: (a) provide and cause its advisors to provide the Lender and any Participant upon request with all information reasonably deemed necessary by the Lender to complete the participation; (b) assist the Lender upon its reasonable request in the preparation of marketing materials to be used in connection with the participation of the Loan and; (c) otherwise assist the Lender, in its capacity as Lender under any participation agreement, in its participation efforts, including making available officers and advisors of the Borrower and its affiliates and subsidiaries from time to time to attend and make presentations regarding the business and prospects of the Borrower at a meeting or meetings of prospective Participants.

SECTION 14.6      Consent to Jurisdiction; Service of Process; Waiver of Jury Trial.

(a) Borrower hereby agrees and consents that any suit, action or proceeding arising out of or brought to enforce the provisions of this Loan Agreement may be brought in any appropriate court in the State of New York or in any other court having jurisdiction over the subject matter, all at the sole election of the Lender, and by the execution of this Loan Agreement Borrower irrevocably consents to the jurisdiction of each such court.

(b) THE LENDER AND THE BORROWER EACH HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH BORROWER AND THE LENDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO (I) THE LOAN DOCUMENTS, (II) THE LOAN OBLIGATIONS, (III) THE COLLATERAL OR (IV) THE MORTGAGED PROPERTY. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THE LOAN DOCUMENTS. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY BORROWER AND THE LENDER,

AND THE LENDER AND THE BORROWER EACH HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THE LENDER AND THE BORROWER EACH FURTHER REPRESENTS THAT IT HAS BEEN REPRESENTED IN THE EXECUTION OF THIS LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED IN ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

SECTION 14.7      Further Assurances and Corrective Instruments. The Lender and the Borrower each agree that they will, from time to time, execute and deliver or cause to be executed and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of the parties to, or facilitating the performance of, this Loan Agreement.

SECTION 14.8      Right to Perform; Payments by Lender. If the Borrower fails to make or cause to be made any payment, or fails to perform, observe or comply with any of the Loan Obligations, the Lender, without notice to Borrower and without waiving any default or releasing Borrower from any of the Loan Obligations, and without being under any obligation to do so, may make such payment or perform any of the Loan Obligations for the account of the Borrower. All amounts so paid by the Lender and all costs, fees and expenses incurred by the Lender in connection with such payment or performance (including, without limitation, reasonable attorneys' fees and expenses) shall be part of the Loan Obligations secured by the Loan Documents and shall be immediately due and payable by the Borrower as additional payments, together with interest thereon from the date the same are paid or incurred at the Default Rate until the same are paid in full by the Borrower. Borrower hereby irrevocably and unconditionally authorizes the making of such payments, and promises and agrees to repay such payments in accordance with the provisions of Section 5.3 hereof.

SECTION 14.9      Amendments, Changes and Modifications. This Loan Agreement may not be amended, changed, modified, altered or terminated except by a written instrument executed by the Lender and the Borrower.

SECTION 14.10      Execution of Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 14.11      Law Governing Construction of Agreement. This Loan Agreement is prepared and entered into with the intention that the law of the State of New York shall govern its construction.

SECTION 14.12      Reserved.

SECTION 14.13      Conflicting Agreements. Whenever any duty or obligation is imposed upon Borrower pursuant to the terms of any of the Loan Documents to which Borrower is not a party (provided that with respect to any Loan Documents entered into after the Closing

Date, Borrower shall have approved the same), such duty or obligation shall be binding upon Borrower to the same extent as if Borrower were a party to such Loan Document, and Borrower agrees to perform all of its duties and responsibilities thereunder.

SECTION 14.14 No Third Party Beneficiary. Except as herein otherwise specifically provided, nothing in this Loan Agreement expressed or implied is intended or shall be construed to confer upon any Person, other than the Borrower and the Lender, any right, remedy or claim under or by reason of this Loan Agreement, this Loan Agreement being intended to be for the sole and exclusive benefit of the Borrower and the Lender.

**[SIGNATURES APPEAR ON FOLLOWING PAGE]**

**IN WITNESS WHEREOF**, the Lender has caused this Loan Agreement to be executed, under seal, in its name and on its behalf by its duly authorized officer; and the Borrower has caused this Loan Agreement to be executed, under seal, in their names and on their behalf by their duly authorized officers; all being done as of the day and year first written above.

ST. LOUIS CAMPUS, LLC, a Maryland limited liability company

By: Erickson Retirement Communities, LLC,  
Member

By: \_\_\_\_\_ (SEAL)  
Gerald F. Doherty  
Executive Vice President, General  
Counsel and Secretary

SOVEREIGN BANK

By: \_\_\_\_\_ (SEAL)  
Naomi O'Dell  
Vice President

**IN WITNESS WHEREOF**, the Lender has caused this Loan Agreement to be executed, under seal, in its name and on its behalf by its duly authorized officer; and the Borrower has caused this Loan Agreement to be executed, under seal, in their names and on their behalf by their duly authorized officers; all being done as of the day and year first written above.

ST. LOUIS CAMPUS, LLC, a  
Maryland limited liability company

By: Erickson Retirement Communities, LLC,  
Member

By: \_\_\_\_\_ (SEAL)  
Gerald F. Doherty  
Executive Vice President, General  
Counsel and Secretary

SOVEREIGN BANK

By: Naomi O'Dell (SEAL)  
Naomi O'Dell  
Vice President

**COPY**

**PROMISSORY NOTE**

\$15,000,000.00

**Baltimore, Maryland  
June 4, 2008**

FOR VALUE RECEIVED, the undersigned ST. LOUIS CAMPUS, LLC, a Maryland limited liability company having an address at c/o Erickson Retirement Communities, 701 Maiden Choice Lane, Baltimore, Maryland 21228 (the "**Borrower**"), hereby promises to pay to the order of SOVEREIGN BANK having an address at 111 South Wacker Drive, Suite 3925 Chicago, Illinois 60606, together with its successors and assigns (collectively the "**Lender**"), at Lender's said address or at such other place or to such other person as may be designated in writing to Borrower by Lender, the principal sum of Fifteen Million and 00/100 Dollars (\$15,000,000.00) (the "**Loan**"), together with interest on the unpaid balance thereof at the rate hereinafter set forth.

This Promissory Note is the Note referred to in that certain Loan Agreement dated as of the date hereof by and between the Borrower and the Lender (the "**Loan Agreement**") and any capitalized terms not otherwise defined herein have the meaning provided in the Loan Agreement.

ON THE TERMS AND SUBJECT TO THE CONDITIONS which are hereinafter set forth:

Section 1. Interest Rate.

1.1 Interest Rate. Interest shall accrue on the outstanding principal balance of the Loan from and after the date hereof ("**Closing Date**") at the below defined Note Rate.

1.2 Calculation Basis; Interest Accrual Period. Interest on the outstanding principal balance of the Loan shall be calculated utilizing a 360 day year and paid for the actual number of days elapsed for any whole or partial month in which interest is being calculated.

1.3 Default Interest Rate. If Borrower fails to make any payment of principal, interest or fees on the date on which such payment becomes due and payable (taking into account any applicable grace, notice and/or cure periods) whether at maturity or by acceleration, or if an Event of Default exists, the Note Rate then payable on the Loan shall immediately increase to the Note Rate plus three hundred (300) basis points (3.00%) (the "**Default Rate**") and shall continue to accrue at the Default Rate until full payment is received or such Event of Default is waived in writing by Lender. Interest at the Default Rate shall also accrue on any judgment obtained by Lender in connection with collection of the Loan or enforcement of any obligations due under the Loan Documents until such judgment is paid in full.

1.4 LIBOR Note Rate. The "**LIBOR Note Rate**" shall mean the annual LIBOR interest rate (for a term of one (1) month) equal to the reserve adjusted rate per annum at which U.S. dollar deposits with maturities comparable to a term of one (1) month, which appears on

Reuters LIBOR 01 Page as of 11:00 a.m., London time, two Business Days prior to the commencement of such LIBOR Period plus the LIBOR Margin; provided, however, that if such rate does not appear on Reuters LIBOR 01 Page, the LIBOR Rate applicable to such LIBOR Period shall mean a rate per annum equal to the rate at which U.S. dollar deposits in an amount approximately equal to the outstanding LIBOR Advance amount and with maturities comparable to such LIBOR Period, are offered in immediately available funds in the London Interbank Market to the London office of the Lender by leading banks in the Eurodollar market at 11:00 a.m., London time, two (2) Business Days prior to the commencement of such LIBOR Period. The term “**LIBOR Margin**” means, initially, four hundred fifty (450) basis points (4.50%), provided, however, if the Loan has not been repaid in full by December 31, 2008, then beginning January 1, 2009 the LIBOR Margin will be five hundred (500) basis points (5.00%), and provided, further, if the Loan has not been repaid in full by March 31, 2009, then beginning April 1, 2009, the LIBOR Margin will be five hundred fifty (550) basis points (5.50%). The term “**Reuters LIBOR 01 Page**” shall mean the display designated as “LIBOR 01 Page” by Reuters (or such other page as may replace LIBOR 01 Page from Reuters or such other service as may be nominated by the British Bankers’ Association as the information vendor for the purpose of displaying British Bankers’ Association interest settlement rates for U.S. dollar deposits). Any LIBOR Rate determined on the basis of the rate displayed on LIBOR 01 Page in accordance with the foregoing provisions of this definition shall be subject to corrections, if any, made in such rate and displayed by Reuters within one (1) hour of the time when such rate is first displayed by Reuters. Each determination of the LIBOR Rate applicable to a particular LIBOR Period shall be made by the Lender and shall be conclusive and binding upon the Borrower absent manifest error.

1.5 Base Note Rate. The “**Base Note Rate**” shall mean, for any day, the Prime Rate plus the Base Rate Margin. “**Prime Rate**” means that rate of interest so denominated and set by the Lender from time to time as an interest rate basis for borrowings. The Prime Rate is but one of several interest rate bases used by the Lender, which lends at rates above and below the Prime Rate. The term “**Base Rate Margin**” means, initially, two hundred (200) basis points (2.00%), provided, however, if the Loan has not been repaid in full by December 31, 2008, then beginning January 1, 2009 the Base Rate Margin will be two hundred fifty (250) basis points (2.50%), and provided, further, if the Loan has not been repaid in full by March 31, 2009, then beginning April 1, 2009, the Base Rate Margin will be three hundred (300) basis points (3.00%). For purposes of calculating any interest rate hereunder which is based on the Prime Rate, such interest rate shall be adjusted automatically on the effective date of any change in the Prime Rate. Each change in any interest rate provided for herein resulting from a change in the Prime Rate will take effect at the time of such change in the Prime Rate.

1.6 Note Rate and Note Rate Adjustment Dates. The “**Note Rate**” shall mean, at Borrower’s option, an interest rate equal to either the LIBOR Note Rate or the Base Note Rate. Changes to the Note Rate between the LIBOR Note Rate and the Base Note Rate shall be made by the Borrower not less than two (2) Business Days prior to the first day of any calendar month (each “**Note Rate Adjustment Date**”) and will be effective on the first day of the following calendar month, except that the initial Note Rate shall be determined two (2) Business Days prior to the Closing Date. Adjustments to the Note Rate in connection with changes in LIBOR shall be made two (2) Business Days prior to the beginning of the calendar month.



1.7 Adjustments due to Calculation Errors. This Note shall bear interest at the Note Rate as determined in accordance with the provisions hereof; provided, however, that, if Lender at any time determines, in the sole but reasonable exercise of its discretion that it has miscalculated the amount of the monthly payment of principal and/or interest (whether because of a miscalculation of the Note Rate or otherwise), Lender shall give notice to Borrower of the corrected amount of such monthly payment (and the corrected amount of the Note Rate, if applicable) and (a) if the corrected amount of such monthly payment represents an increase thereof, Borrower shall, within ten (10) calendar days after the date of such notice, pay to Lender any sums that Borrower would have otherwise been obligated under this Note to pay to Lender had the amount of such monthly payment not been miscalculated or (b) if the corrected amount of such monthly payment represents a decrease thereof, and Borrower is not otherwise in breach or default under any of the terms and provisions of the Note or any of the other Loan Documents, Borrower shall, within ten (10) calendar days thereafter be paid the sums that Borrower would not have otherwise been obligated to pay to Lender had the amount of such monthly payment not been miscalculated.

1.8 LIBOR Note Rate Unascertainable. Lender's obligation to maintain interest based on LIBOR shall be suspended and the Note Rate shall be based on the Base Note Rate upon Lender's determination, in good faith, that adequate and reasonable means do not exist for ascertaining LIBOR or that a contingency has occurred which materially and adversely affects the London Interbank Eurodollar Market at which Lender prices loans (which determination by Lender shall be conclusive and binding on Borrower in the absence of manifest error). Computation of the Note Rate based on the Base Note Rate shall continue until Lender determines that the circumstances giving rise to Lender's substitution of the Base Note Rate for LIBOR no longer exists and Lender shall promptly notify Borrower of such determination.

## Section 2. Note Payments and Prepayment Rights.

2.1 Note Payments and Payment Dates. Commencing on July 1, 2008, and continuing on the first (1<sup>st</sup>) day of each successive month thereafter, provided that, if the first (1<sup>st</sup>) day of any month is not a Business Day, such payment shall be due and payable on the immediately preceding Business Day (each being a "**Payment Date**"), through and including the Payment Date immediately prior to the Maturity Date, Borrower shall make payments of interest determined at the Note Rate.

2.2 Prepayments. Borrower has the right to prepay all or any part of the Loan prior to the Maturity Date. Borrower may only prepay the Loan in whole or in part at any time so long as each of the following conditions are satisfied:

- (A) Borrower provides written notice to Lender of its intent to prepay not less than five (5) Business Days prior to the intended prepayment date.
- (B) Borrower pays with such prepayment all accrued interest through the date of prepayment and all other outstanding amounts then due and unpaid under the Loan Documents.

- (C) Borrower pays with such prepayment all costs and expenses incurred by Lender in connection with such prepayment and any other costs and expenses due and payable by Borrower under the Loan Documents.

2.3 Late Fees. Without limiting the generality of the foregoing provisions of this Section, if any payment due on a Payment Date is not received in full on or before the Payment Date, Borrower shall pay to Lender, immediately and without demand, a late payment charge, for each month during which such payment delinquency exists, equal to five percent (5%) of such amount ("**Late Fees**") to defray the expenses incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of use of such delinquent payment.

Section 3. Application of Payments. Payments made by Borrower on account hereof shall be applied, first, toward any Late Fees or other fees and charges due hereunder, second, toward payment of any interest due at the Default Rate, third, toward payment of any interest due at the then applicable Note Rate set forth in Section 1.6 above, and fourth, toward payment of principal. Notwithstanding the foregoing, if any advances made by Lender under the terms of any instruments securing this Note have not been repaid, any payments made may, at the option of Lender, be applied, first, to repay such advances and interest thereon, with the balance, if any, applied as set forth in the preceding sentence.

Section 4. Maturity Date. Anything in this Note to the contrary notwithstanding, the entire unpaid balance of the principal amount hereof and all interest accrued thereon, to and including the Maturity Date (as defined below) together with all fees, costs and amounts due and payable under the Loan Documents shall, unless sooner paid, and except to the extent that payment thereof is sooner accelerated, be and become due and payable on the earlier of (i) June 4, 2009 or (ii) the closing date of the Construction Financing (as defined in the Loan Agreement) (the "**Maturity Date**").

Section 5. Loan Fees. The Borrower agrees to pay to the Lender an upfront fee in an amount equal to Seventy Five Thousand and 00/100 Dollars (\$75,000) (fifty (50) basis points (0.50%) of the \$15,000,000 Loan amount). If the Loan is not repaid in full with the proceeds of the Construction Financing by December 31, 2008, the Borrower agrees to pay to Lender an additional fee in an amount equal to Seventy Five Thousand and 00/100 Dollars (\$75,000) (fifty (50) basis points (0.50%) of the \$15,000,000 Loan amount).

Section 6. Reserved.

Section 7. Delivery of Payments. All payments to the Lender will be made by federal wire transfer to Sovereign Bank, ABA No. 011075150, Account No. 8507-191500, Cr. Loan Operations, Reference: Erickson - St. Louis Campus, LLC (or to such other account as the Lender may specify by written notice to the Borrower) with further indication of the purpose of the payment. All amounts due under the Loan Documents shall be paid without setoff, counterclaim or any other deduction whatsoever. No payment due under this Note or any of the other Loan Documents shall be deemed paid to Lender until received by Lender at its designated office on a Business Day prior to 2:00 p.m. Eastern Standard Time. Any payment received after the time established by the preceding sentence shall be deemed to have been paid on the

immediately following Business Day. Each payment that is paid to Lender within ten (10) days prior to the date on which such payment is due, and prior to its scheduled Payment Date, shall not be deemed a prepayment and shall be deemed to have been received on the Payment Date solely for the purpose of calculating interest due. If any payment received by Lender is deemed by a court of competent jurisdiction to be a voidable preference or fraudulent conveyance under any bankruptcy, insolvency or other debtor relief law, and is required to be returned by Lender, then the obligation to make such payment shall be reinstated, notwithstanding that the Note may have been marked satisfied and returned to Borrower or otherwise canceled, and such payment shall be immediately due and payable upon demand.

Section 8.     Reserved.

Section 9.     Default.

9.1.1 Events of Default. Anything in this Note to the contrary notwithstanding, on the occurrence of an Event of Default as defined in the Loan Agreement, the Lender may declare all amounts due and payable under this Note to be immediately due and payable and or exercise any of its rights or remedies as provided in the Loan Agreement.

Section 10.   Costs of Enforcement. Borrower shall pay to Lender on demand the amount of any and all expenses incurred by Lender (a) in enforcing its rights hereunder or under the Mortgage and/or the Loan Documents, (b) as the result of the occurrence of an Event of Default by Borrower in performing its obligations under this Note, including but not limited to the expense of collecting any amount owed hereunder, and of any and all attorneys' fees incurred by Lender in connection with such default, whether suit be brought or not, and (c) in protecting the security for the Loan and Borrower's obligations under the Loan Documents. Such expenses shall be added to the principal amount hereof, shall be secured by the Mortgage and shall accrue interest at the Default Rate.

Section 11.   Borrower's Waiver of Certain Rights. Borrower and any endorser, guarantor or surety hereby waives the exercise of any and all exemption rights which it holds at law or in equity with respect to the debt evidenced by this Note, and of any and all rights which it holds at law or in equity to require any valuation, appraisal or marshalling, or to have or receive any presentment, protest, demand and notice of dishonor, protest, demand and nonpayment as a condition to Lender's exercise of any of its rights under this Note or the Loan Documents.

Section 12.   Reserved.

Section 13.   General.

13.1   Reserved.

13.2 Headings. The headings of the Sections, subsections, paragraphs and subparagraphs hereof are provided herein for and only for convenience of reference, and shall not be considered in construing their contents.

13.3 Construction. As used herein, (a) the term “**person**” means a natural person, a trustee, a corporation, a limited liability company, a partnership and any other form of legal entity, and (b) all references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well, and (iii) to any Section, subsection, paragraph or subparagraph shall, unless therein expressly indicated to the contrary, be deemed to have been made to such Section, subsection, paragraph or subparagraph of this Note.

13.4 Severability. No determination by any court, governmental body or otherwise that any provision of this Note or any amendment hereof is invalid or unenforceable in any instance shall affect the validity or enforceability of (a) any other such provision or (b) such provision in any circumstance not controlled by such determination. Each such provision shall be valid and enforceable to the fullest extent allowed by, and shall be construed wherever possible as being consistent with, applicable law.

13.5 No Waiver. Lender shall not be deemed to have waived the exercise of any right which it holds hereunder unless such waiver is made expressly and in writing. No delay or omission by Lender in exercising any such right (and no allowance by Lender to Borrower of an opportunity to cure a default in performing its obligations hereunder) shall be deemed a waiver of its future exercise. No such waiver made as to any instance involving the exercise of any such right shall be deemed a waiver as to any other such instance, or any other such right. Further, acceptance by Lender of all or any portion of any sum payable under, or partial performance of any covenant of, this Note, the Mortgage or any of the other Loan Documents, whether before, on, or after the due date of such payment or performance, shall not be a waiver of Lender’s right either to require prompt and full payment and performance when due of all other sums payable or obligations due thereunder or hereunder or to exercise any of Lender’s rights and remedies hereunder or thereunder.

**13.6 Consent to Jurisdiction; Service of Process; Waiver of Jury Trial.**

- (A) **Borrower hereby agrees and consents that any suit, action or proceeding arising out of or brought to enforce the provisions of this Loan Agreement may be brought in any appropriate court in the State of Maryland or in any other court having jurisdiction over the subject matter, all at the sole election of the Lender, and by the execution of this Promissory Note Borrower irrevocably consents to the jurisdiction of each such court.**
- (B) **THE LENDER AND THE BORROWER EACH HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH BORROWER AND THE LENDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO (I) THE LOAN DOCUMENTS, (II) THE BORROWER’S LOAN OBLIGATIONS, (III) THE COLLATERAL OR (IV) THE MORTGAGED PROPERTY. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY**

**JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THE LOAN DOCUMENTS. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY BORROWER AND THE LENDER, AND THE LENDER AND THE BORROWER EACH HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THE LENDER AND THE BORROWER EACH FURTHER REPRESENTS THAT IT HAS BEEN REPRESENTED IN THE EXECUTION OF THIS LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED IN ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.**

13.7 Offset. Upon the occurrence of an Event of Default, Lender may set-off against any principal and interest owing hereunder, any and all credits, money, stocks, bonds or other security or property of any nature whatsoever on deposit with, or held by, or in the possession of, Lender, to the credit of or for the account of Borrower, without notice to or consent of Borrower or the Guarantor.

13.8 Non-Exclusivity of Rights and Remedies. None of the rights and remedies herein conferred upon or reserved to Lender is intended to be exclusive of any other right or remedy contained herein or in any of the other Loan Documents and each and every such right and remedy shall be cumulative and concurrent, and may be enforced separately, successively or together, and may be exercised from time to time as often as may be deemed necessary or desirable by Lender.

13.9 Incorporation by Reference. All of the agreements, conditions, covenants and provisions contained in each of the Loan Documents are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. Borrower covenants and agrees to keep and perform, or cause to be kept and performed, all such agreements, conditions, covenants and provisions strictly in accordance with their terms.

13.10 Modification. This Note may be modified, amended, discharged or waived only by an agreement in writing signed by the party against whom enforcement of such modification, amendment, discharge or waiver is sought.

**13.11 Waiver of Automatic Stay. BORROWER HEREBY AGREES THAT, IN CONSIDERATION OF LENDER'S AGREEMENT TO MAKE THE LOAN AND IN RECOGNITION THAT THE FOLLOWING COVENANT IS A MATERIAL INDUCEMENT FOR LENDER TO MAKE THE LOAN, IN THE EVENT THAT BORROWER SHALL (A) FILE WITH ANY BANKRUPTCY COURT OF COMPETENT JURISDICTION OR BE THE SUBJECT OF ANY PETITION UNDER ANY SECTION**

OR CHAPTER OF TITLE 11 OF THE UNITED STATES CODE, AS AMENDED (THE "BANKRUPTCY CODE"), OR SIMILAR LAW OR STATUTE; (B) BE THE SUBJECT OF ANY ORDER FOR RELIEF ISSUED UNDER THE BANKRUPTCY CODE OR SIMILAR LAW OR STATUTE; (C) FILE OR BE THE SUBJECT OF ANY PETITION SEEKING ANY REORGANIZATION, ARRANGEMENT, COMPOSITION, READJUSTMENT, LIQUIDATION, DISSOLUTION, OR SIMILAR RELIEF UNDER ANY PRESENT OR FUTURE FEDERAL OR STATE ACT OR LAW RELATING TO BANKRUPTCY, INSOLVENCY, OR OTHER RELIEF FOR DEBTORS; (D) HAVE SOUGHT OR CONSENTED TO OR ACQUIESCED IN THE APPOINTMENT OF ANY TRUSTEE, RECEIVER, CONSERVATOR, OR LIQUIDATOR; OR (E) BE THE SUBJECT OF AN ORDER, JUDGMENT OR DECREE ENTERED BY ANY COURT OF COMPETENT JURISDICTION APPROVING A PETITION FILED AGAINST ANY BORROWER FOR ANY REORGANIZATION, ARRANGEMENT, COMPOSITION, READJUSTMENT, LIQUIDATION, DISSOLUTION, OR SIMILAR RELIEF UNDER ANY PRESENT OR FUTURE FEDERAL OR STATE ACT OR LAW RELATING TO BANKRUPTCY, INSOLVENCY OR RELIEF FOR DEBTORS, THEN, TO THE EXTENT PERMITTED BY APPLICABLE LAW AND SUBJECT TO COURT APPROVAL, LENDER SHALL THEREUPON BE ENTITLED, AND BORROWER HEREBY IRREVOCABLY CONSENTS TO, AND WILL NOT CONTEST, AND AGREES TO STIPULATE TO, RELIEF FROM ANY AUTOMATIC STAY OR OTHER INJUNCTION IMPOSED BY SECTION 362 OF THE BANKRUPTCY CODE OR SIMILAR LAW OR STATUTE (INCLUDING, WITHOUT LIMITATION, RELIEF FROM ANY EXCLUSIVE PERIOD SET FORTH IN SECTION 1121 OF THE BANKRUPTCY CODE) OR OTHERWISE, ON OR AGAINST THE EXERCISE OF THE RIGHTS AND REMEDIES OTHERWISE AVAILABLE TO LENDER AS PROVIDED IN THE LOAN DOCUMENTS, AND AS OTHERWISE PROVIDED BY LAW, AND BORROWER HEREBY IRREVOCABLY WAIVES ITS RIGHTS TO OBJECT TO SUCH RELIEF.

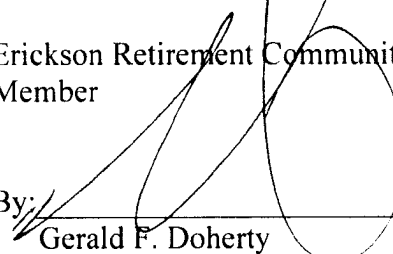
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**IN WITNESS WHEREOF**, Borrower has executed and sealed this Promissory Note or caused it to be executed and sealed on its behalf by its duly authorized representatives, the day and year first above written, and the obligations under this Promissory Note shall be binding upon Borrower's successors and assigns.

**BORROWER:**

ST. LOUIS CAMPUS, LLC,  
a Maryland limited liability company

By: Erickson Retirement Communities, LLC,  
Member

By:  (SEAL)  
Gerald F. Doherty  
Executive Vice President, General  
Counsel and Secretary



\* 2008060900463 \*

**JANICE M. HAMMONDS, RECORDER OF DEEDS**  
**ST. LOUIS COUNTY MISSOURI**  
**41 SOUTH CENTRAL, CLAYTON, MO 63105**

TYPE OF  
INSTRUMENT  
DT

GRANTOR  
ST LOUIS CAMPUS LLC

TO

GRANTEE  
SOVEREIGN BANK

PROPERTY  
DESCRIPTION:

TWP: 44 RNG: 6 U S SURVEY NO 3066 WOP

Lien Number

Notation

Locator

**NOTE:** I, the undersigned Recorder of Deeds, do hereby certify that the information shown on this Certification Sheet as to the **TYPE OF INSTRUMENT**, the **NAMES of the GRANTOR and GRANTEE** as well as the **DESCRIPTION of the REAL PROPERTY** affected is furnished merely as a convenience only, and in the case of any discrepancy of such information between this Certification Sheet and the attached Document, **the ATTACHED DOCUMENT governs**. Only the **DOCUMENT NUMBER**, the **DATE** and **TIME** of filing for record, and the **BOOK** and **PAGE** of the recorded Document is taken from this **CERTIFICATION SHEET**.

**RECORDER OF DEEDS DOCUMENT CERTIFICATION**

STATE OF MISSOURI )  
 SS.  
 COUNTY OF ST. LOUIS )

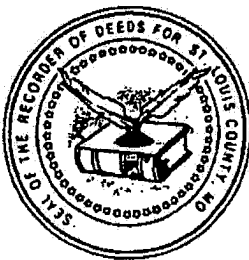
Document Number

00463

I, the undersigned Recorder of Deeds for said County and State, do hereby certify that the following and annexed instrument of writing, which consists of 34 pages, (this page inclusive), was filed for record in my office on the 9 day of June 2008 at 01:49PM and is truly recorded in the book and at the page number printed above.

In witness whereof I have hereunto set my hand and official seal the day, month and year aforesaid.

MY  
Deputy Recorder



*Janice M. Hammonds*

St. Louis County, Missouri

Mail to:

Destination code: 21 P

RECORDING FEE 120.00  
 (Paid at the time of Recording)



9  
33  
N/10/11

**DEED OF TRUST, SECURITY AGREEMENT, FIXTURE FILING  
AND ASSIGNMENT OF LEASES AND RENTS**

**DATE OF DOCUMENT:** June 4, 2008

**GRANTOR:** ST. LOUIS CAMPUS, LLC  
701 MAIDEN CHOICE LANE  
BALTIMORE, MARYLAND 21228  
ATTN: PRESIDENT

**GRANTEE:** SOVEREIGN BANK  
111 SOUTH WACKER DRIVE  
SUITE 3925  
CHICAGO, ILLINOIS 60606  
ATTN: NAOMI O'DELL

**LEGAL DESCRIPTION:** SEE ATTACHED SCHEDULE A

9wT uST21  
2-16661 E

**DEED OF TRUST, SECURITY AGREEMENT, FIXTURE FILING  
AND ASSIGNMENT OF LEASES AND RENTS**

Dated as of June 4, 2008

in the amount of \$15,000,000

from

ST. LOUIS CAMPUS, LLC

to

Michael J. Book, Esq., as Trustee

Beneficiary: Sovereign Bank as Lender

**LOCATION OF PREMISES:**

10501 Gravois Road  
St. Louis, MO 63123

**After recording, please return to:**

Squire, Sanders & Dempsey L.L.P.  
8000 Towers Crescent Drive, 14<sup>th</sup> Floor  
Tysons Corner, VA 22182  
Attention: John E. Thomas, Esq.

**THIS DEED OF TRUST AND SECURITY AGREEMENT SECURES FUTURE ADVANCES AND ALSO SECURES ALL OTHER FUTURE OBLIGATIONS OF BORROWER TO SECURED LENDERS AND AGENT WHICH ARE CONTRACTUAL IN NATURE. THE TOTAL PRINCIPAL AMOUNT OF THE OBLIGATIONS WHICH MAY BE SECURED HEREBY IS \$15,000,000. THIS DEED OF TRUST IS GOVERNED BY §443.055 RSMO.**

**DEED OF TRUST, SECURITY AGREEMENT, FIXTURE FILING AND ASSIGNMENT OF LEASES AND RENTS**

**THIS DEED OF TRUST, SECURITY AGREEMENT, FIXTURE FILING AND ASSIGNMENT OF LEASES AND RENTS** (this "*Mortgage*"), made as of June 4, 2008, by ST. LOUIS CAMPUS, LLC, a Maryland limited liability company, (the "*Mortgagor*"), having an office at 701 Maiden Choice Lane, Baltimore, Maryland 21228, in favor of Michael J. Book, Esq., a Missouri resident (the "*Trustee*"), having an address of 435 Nichols Road, Second Floor, Kansas City, MO 64112, as trustee for the benefit of Sovereign Bank, having an office at 111 South Wacker Drive, Suite 3925, Chicago, Illinois 60606 (the "*Beneficiary*" or "*Mortgagee*"), as Lender.

**PRELIMINARY STATEMENTS**

A. Pursuant to that certain Loan Agreement dated as of the date hereof (the "*Loan Agreement*") by and between Mortgagor and Mortgagee, the Mortgagee has agreed to make available to Mortgagor a loan in the aggregate principal amount of \$15,000,000 to finance a portion of the acquisition of the Mortgaged Property (as defined below) owned by Mortgagor.

B. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such term in the Loan Agreement and the rules of construction set forth in **Section 1.2** of the Loan Agreement shall be incorporated herein.

**GRANTING CLAUSES**

**NOW THEREFORE**, for good and valuable consideration in order to secure (i) the performance of any and all terms, covenants and conditions contained in the Loan Agreement, and all other Loan Documents, as the same may be amended from time to time; (ii) all amounts, sums and expenses paid hereunder by the Mortgagee in accordance with the provisions hereof; and (iii) all of the sums, obligations and liabilities of the Mortgagor due or to become due to the Mortgagee under this Mortgage, the Loan Agreement, and all other Loan Documents, together with all interest on the said indebtedness, obligations, liabilities, amounts, sums and expenses, (all of the aforesaid items referred to in clauses (i) through (iii) above hereinafter collectively referred to as the "*Obligations*"), plus any additional amounts or costs paid by the Mortgagee after an Event of Default by the Mortgagor to the extent that such amounts or costs shall constitute payment of (a) taxes, charges or assessments which may be imposed by law upon the

Premises (as hereinafter defined); (b) premiums for insurance policies required hereunder; (c) expenses incurred in upholding the lien of this Mortgage, including, but not limited to the expenses of any litigation to prosecute or defend the rights and lien created by this Mortgage; or (d) any amount, cost or charge to which the Mortgagee becomes subrogated, upon payment, whether under recognized principles of law or equity, or under express statutory authority, the Mortgagor hereby grants, bargains, conveys, assigns, sets over and confirms unto Trustee and the Trustee's successors and assigns, with power of sale, subject to the further terms of this instrument, all of Mortgagors right, title and interest in and to the following Mortgaged Property whether now owned or hereafter acquired, to have and to hold the same and all parts, rights, and appurtenances thereof:

the real property more particularly described on Schedule A attached hereto (collectively, the "**Land**"); and

**TOGETHER** with all right, title and interest, if any, of the Mortgagor in and to any and all buildings and other improvements constructed on the Land, the streets and roads abutting the Land to the center lines thereof, and strips and gores within or adjoining the Land, the air space and right to use said air space and all the development rights, if any, with respect to, appertaining to or above the Land, all rights of ingress and egress by motor vehicles to parking facilities on or within the Land, all easements now or hereafter affecting the Land, royalties and all rights appertaining to the use and enjoyment of the Land, including, without limitation, alley, drainage, mineral, water, oil and gas rights (the Land together with all other rights, privileges and interest encumbered or conveyed hereby, are hereinafter collectively referred to as the "**Premises**");

**TOGETHER** with all heating, lighting, plumbing, ventilating, air conditioning, refrigerating, incinerating and elevator plants, stoves, ranges, refrigerators, dishwashers, kitchen cabinets and counters, vacuum cleaning systems, call systems, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors, machinery, pipes, appliances and equipment, contained in the Premises and owned by the Mortgagor (the Premises and said fixtures and articles of personal property encumbered and conveyed hereby are hereinafter sometimes called the "**Mortgaged Property**") and the Mortgagee shall have, in addition to all rights and remedies provided herein, and in any other agreements, commitments and undertakings made by the Mortgagor to the Mortgagee, all of the rights and remedies of a "secured party" under the Uniform Commercial Code in effect in the State of Missouri (the "**Uniform Commercial Code**"). To the extent permitted under applicable law, this Mortgage shall be deemed to be and is intended to take effect as a "security agreement" (as defined in the Uniform Commercial Code). If the lien of this Mortgage is subject to a security interest covering any such personal property, then all of the right, title and interest of the Mortgagor in and to any and all such property, are hereby assigned to the Mortgagee, together with the benefits of all deposits and payments now or hereafter made thereon by the Mortgagor. This Mortgage constitutes and shall be construed and interpreted as constituting a fixture filing with respect to all fixtures located on the Land or within any improvements located on the Land in accordance with Section 400.9-502(c) RSMo.

**TOGETHER** with all leases, subleases, and, to the extent assignable, all lettings, licenses and other agreements under the terms of which any person other than Mortgagor

acquires any right to use or occupy of the Mortgaged Property or any part thereof now or hereafter entered into, (collectively, the **"Leases"** and individually, a **"Lease"**) and all right, title and interest of the Mortgagor thereunder, including, without limitation, cash and securities thereunder and the right to receive and collect the rents, issues and profits payable thereunder;

**TOGETHER** with all unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained by the Mortgagor and all proceeds of the conversion, voluntary or involuntary, of the Mortgaged Property or any part thereof into cash or liquidated claims, including, without limitation, proceeds of hazard and title insurance and all awards and compensation heretofore and hereafter made to the Mortgagor and all subsequent owners of the Mortgaged Property by any governmental or other lawful authorities for the taking by eminent domain, condemnation or otherwise, of all or any part of the Mortgaged Property or any easement therein, including awards for any change of grade of streets;

**TOGETHER** with all right, title and interest of the Mortgagor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property, hereafter acquired by, or released to, the Mortgagor or constructed, assembled or placed by the Mortgagor on the Mortgaged Property, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by the Mortgagor, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by the Mortgagor and specifically described herein;

**TOGETHER** with all of Mortgagor's right, title and interest in and to all permits and approvals issued by any governmental authorities in connection with the Mortgaged Property, to the extent assignable; and

**TOGETHER** with all of Mortgagor's right, title and interest in, and the grant of a continuing security interest, to the extent assignable and to the fullest extent that such collateral shall be determined to be of the type in which a security interest can be created pursuant to Article 9 of the Uniform Commercial Code, in the following property: all personal and fixture property of every kind and nature including without limitation, all furniture, fixtures, equipment, raw materials, inventory, other goods, accounts, securities and other investment property, deposit accounts, rights to proceeds of letters of credit, letter-of-credit rights, supporting obligations of every nature which the Mortgagor, or others on behalf of the Mortgagor, possess, use, or have the authority to possess or use, and all recorded data of any kind or nature, regardless of the medium of recording, including, without limitation, all software, writings, and for the limited purpose of completing the conversion of or rebuilding the Property all plans, specifications, and schematics, together with all replacements thereof, substitutions therefore and additions thereto (collectively, the **"Other Collateral"**) as well as, to the extent not already included therein, all Gross Revenues of the Mortgagor, whereby **"Gross Revenues"** shall mean all rents, receipts, revenues, income, gifts, rental payments, forfeited security deposits, entrance fees, deposits, service fees and other moneys received by or on behalf of the Mortgagor, whether or not in connection with the ownership, operation or disposition of any of the Mortgaged Property or any part thereof, and all other operating and non-operating revenues of the Mortgagor and all rights

to receive the same whether in the form of cash, lease rights, accounts receivable, contract rights, chattel paper, instruments, general intangibles or other rights and the proceeds thereof and of any insurance thereon or condemnation or similar awards, or any gain on the sale or other disposition of property, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Mortgagor and all amounts received or receivable from the investment or deposit of moneys in any fund or account under the Loan Documents. The Mortgagor further acknowledges and agrees that this description of the Other Collateral is intended to cover all assets of the Mortgagor.

All products and proceeds of each and every of the foregoing.

It is the express intention of the Mortgagor that this Mortgage secures payment and performance of all of the Obligations, whether now existing or hereinafter incurred, by reason of **FUTURE ADVANCES** by the Mortgagee or otherwise, and regardless of whether such Obligations are related to the transaction evidenced by the Loan Documents or whether such Obligations were contemplated by the parties at the time of the granting of this Mortgage. Notice of the continuing grant of this Mortgage shall not be required to be stated on the face of any document evidencing any of the Obligations secured hereby, nor shall such documents be required to otherwise specify that they are so secured.

This Mortgage is upon the **STATUTORY CONDITION** and upon the further condition that all covenants and agreements on the part of Mortgagor herein undertaken shall be kept and fully and seasonably performed and that no breach of any of the other conditions specified herein shall be permitted. For any breach of the **STATUTORY CONDITION**, or for breach of any other of Mortgagor's covenants and undertakings hereunder or for any breach of any other condition specified herein, Mortgagee shall have the **STATUTORY POWER OF SALE**.

## **ARTICLE I**

### **Covenants of the Mortgagor**

**AND** the Mortgagor covenants and agrees with the Mortgagee as follows:

**Section 1.01. *Payment of the Obligations.*** The Mortgagor will pay the Obligations in immediately available funds as provided herein and in the Loan Documents, all in the lawful currency of the United States of America which is legal tender for the payment of public and private debts.

**Section 1.02. *Title to the Mortgaged Property.*** The Mortgagor warrants and covenants that the following statements are true and correct in all material respects: (i) it has good, marketable and indefeasible fee title to the Premises free and clear of liens (except as permitted under the Loan Documents) and subject only to the Permitted Encumbrances; (ii) it has full power and lawful authority to encumber the Mortgaged Property in the manner and form herein set forth; (iii) this Mortgage is and will remain a valid and enforceable lien on the Mortgaged Property except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' right generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); and (iv) it will preserve such title, and will forever warrant and

defend the same to the Mortgagee subject to the Permitted Encumbrances and will forever warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever. The representations, warranties and covenants contained in this Section 1.02 shall survive foreclosure of this Mortgage, and shall inure to the benefit of and be enforceable by any person who may acquire title to the Premises or the Mortgaged Property pursuant to any such foreclosure.

**Section 1.03. *Maintenance of the Mortgaged Property.***

(a) The Mortgagor represents and warrants that, (i) the Mortgaged Property does not rely upon any other facility or any other property other than for access pursuant to various easements recorded in the St. Louis County Recorder of Deed's Office (A) to fulfill any zoning law, (B) for structural support, or (C) to fulfill the requirements of any lease; (ii) there is access to the Premises via a public road; (iii) the Mortgaged Property constitutes a separate tax lot; and (iv) to the Mortgagor's knowledge, the Mortgaged Property is in compliance with all applicable zoning laws and regulations.

(b) The Mortgagor shall maintain the Mortgaged Property in good repair, shall comply with the requirements of any governmental authority claiming jurisdiction over the Mortgaged Property, and all other existing or future laws, rules and regulations relating to the Mortgaged Property, and all other existing or future laws, rules and regulations (collectively, "**Requirements**", each a "**Requirement**") and consistent with the provisions of the Loan Agreement. The Mortgagor shall permit the Mortgagee to enter upon the Premises and inspect the Mortgaged Property during regular business hours and upon three (3) days' prior notice.

**Section 1.04. *Insurance; Restoration.***

(a) The Mortgagor shall keep the buildings and improvements now or hereafter located within the Premises insured against damage by fire and the other hazards as required by **Section 10.1(f)** of the Loan Agreement.

(b) In the event of damage or destruction to the Premises, the Mortgagor shall give prompt written notice thereof to the Mortgagee. The Mortgagee may participate in any such proceedings and the Mortgagor from time to time will deliver to the Mortgagee all instruments reasonably requested by it to permit such participation. In any event, no settlement of an insurance claim for such damage or destruction in excess of \$500,000.00 shall be made and no award, proceeds or payment in excess of \$500,000.00 accepted without the prior written consent of Mortgagee, and all such awards, proceeds and payments collected or received by Mortgagor shall be immediately paid over to Beneficiary. All awards and compensation for any damage or destruction of the Mortgaged Property or any part thereof, are hereby assigned to and shall be paid to the Mortgagee. The Mortgagor hereby authorizes the Mortgagee to collect and receive such awards and compensation and to give prior receipts and acquaintances therefor. In the event that any portion of the insurance awards or compensation shall be used to reduce the Obligations, same shall be treated as a prepayment thereof and applied in accordance with the provisions of the Loan Agreement. The Mortgagor, upon request by the Mortgagee, shall make, execute and deliver any and all instruments reasonably requested for the purpose of confirming the assignment of the aforesaid awards and compensation to the Mortgagee free and clear of any

liens, charges or encumbrances of any kind or nature whatsoever except for the Permitted Encumbrances.

**Section 1.05. Maintenance of Existence.** The Mortgagor will, so long as it is owner of the Mortgaged Property, do all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges under the laws of the jurisdiction of its incorporation, or formation, as the case may be, and, if legally required maintain its authority to do business and its good standing in the state in which the Premises are located, and will comply in all material respects with all regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court applicable to the Mortgagor or to the Mortgaged Property or any part thereof. The Mortgagor shall not change its name without prior notice to the Mortgagee.

**Section 1.06. Taxes and Other Charges.**

(a) The Mortgagor shall pay and discharge prior to the same becoming delinquent all taxes of every kind and nature, water rates, sewer rents and assessments, levies, permits, inspection and license fees and all other charges imposed upon or assessed against the Mortgaged Property or any part thereof or upon the revenues, rents, issues, income and profits of the Premises or arising in respect of the occupancy, uses or possession thereof as required by **Section 10.1(c)** of the Loan Agreement.

(b) Notwithstanding the previous subsection 1.06(a), the Mortgagor shall not be required to pay any tax, charge, assessment or imposition nor to remove any Lien, nor to comply with any applicable law.

**Section 1.07. Mechanics' and Other Liens.** The Mortgagor shall pay, from time to time when the same shall become due, all lawful claims and demands of mechanics, material men and laborers for work done for or on behalf of Mortgagor which, if unpaid, might result in, or permit the creation of, a lien on the Mortgaged Property or any part thereof, or on the revenues, rents, issues, income or profits arising therefrom and, in general, the Mortgagor shall do, or cause to be done, at the cost of the Mortgagor and without expense to the Mortgagee, everything necessary to fully preserve the lien of this Mortgage subject to the Permitted Encumbrances and, without limitation, within thirty (30) days after receipt of notice of the filing of any such mechanic's lien on the Mortgaged Property, the Mortgagor shall release or discharge the same of record by payment, bonding or otherwise. In the event the Mortgagor fails to make payment of such claims and demands, the Mortgagee may, but shall not be obligated to, make payment thereof, and the Mortgagor shall, on demand, reimburse the Mortgagee for all sums so expended, together with interest thereon at the Default Rate from the date such amounts are advanced or expenses incurred until the same are paid to the Mortgagee in good and immediately available funds.

**Section 1.08. Condemnation Awards.** The Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the Premises or any portion thereof, will notify the Mortgagee of the pendency of such proceedings. The Mortgagee may participate in any such proceedings and the Mortgagor from time to time will deliver to the Mortgagee all instruments reasonably requested by it to permit such participation. In any event,



no settlement of a condemnation proceeding in excess of \$500,000.00 shall be made and no award, proceeds or payment in excess of \$500,000.00 accepted without the prior written consent of Beneficiary, and all such awards, proceeds and payments collected or received by Mortgagor shall be immediately paid over to Mortgagee. All awards and compensation for any condemnation, taking or purchase in lieu thereof, of the Mortgaged Property or any part thereof, are hereby assigned to and shall be paid to the Mortgagee. The Mortgagor hereby authorizes the Mortgagee to collect and receive such awards and compensation and to give prior receipts and acquaintances therefor. In the event that any portion of the condemnation awards or compensation shall be used to reduce the Obligations, same shall be treated as a prepayment thereof and applied in accordance with the provisions of the Loan Agreement. The Mortgagor, upon request by the Mortgagee, shall make, execute and deliver any and all instruments reasonably requested for the purpose of confirming the assignment of the aforesaid awards and compensation to the Mortgagee free and clear of any liens, charges or encumbrances of any kind or nature whatsoever except for the Permitted Encumbrances.

**Section 1.09. *Mortgage Authorized.*** The Mortgagor hereby warrants and represents that the execution and delivery of this Mortgage and the Loan Documents has been duly authorized and that there is no provision in its certificate of formation or operating agreement, as same may have been amended, requiring further consent for such action by any other entity or person; it is duly formed, validly existing and in good standing under the laws of the jurisdiction of its formation, is and has (a) all necessary licenses, authorizations, registrations and approvals to operate the Property as operated on the date hereof, and will in due course have all necessary licenses, authorizations, registrations and approvals to operate the Property, as contemplated by the Loan Documents; and (b) full power and authority to own the Mortgaged Property; and the execution and delivery by and performance of its obligations under this Mortgage and the other Loan Documents will not result in the Mortgagor being in default under any provision of its certificate of formation or operating agreement, as the same may have been amended, or of any mortgage, credit or other agreement to which it is a party. Mortgagor represents and warrants that, as of the date hereof, it does not have any claim, defense, counterclaim, offset, setoff or other obligation against the Mortgagee or under this Mortgage or the other Loan Documents.

**Section 1.10. *Costs of Defending and Upholding the Lien.*** If any action or proceeding is commenced, arising out of or related to the Mortgaged Property or the Loan Documents, to which action or proceeding the Mortgagee is made a party or in which it becomes necessary to defend or uphold the lien of this Mortgage, the Mortgagor shall, on demand, reimburse the Mortgagee for all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred in connection with any such action or proceeding, together with interest thereon at the Default Rate from the date such amounts are advanced or expenses incurred until the same are paid to the Mortgagee in good and immediately available funds. In any action or proceeding to foreclose this Mortgage or to recover or collect the Obligations, the provisions of law relating to the recovering of costs, disbursements and allowances shall prevail unaffected by this covenant.

**Section 1.11. *Additional Advances and Disbursements.***

(a) The Mortgagor shall pay when due all payments and charges which are obligations of the Mortgagor on all liens, encumbrances, ground and other leases, and security interests which may be or become superior or inferior to the lien of this Mortgage, and if the Mortgagor shall be in default thereof, the Mortgagee shall have the right, but shall not be obligated, to pay, without notice to the Mortgagor, such payments and charges and the Mortgagor shall, on demand, reimburse the Mortgagee for amounts so paid, together with interest thereon at the Default Rate from the date such amounts are advanced or expenses incurred until the same are paid to the Mortgagee or such receiver in good and immediately available funds. In addition, upon default beyond applicable notice and cure periods of the Mortgagor in the performance of any other terms, covenants, conditions or obligations by it to be performed under any such prior or subordinate lien, encumbrance, lease or security interest, the Mortgagee shall have the right, but shall not be obligated, to cure such default in the name and on behalf of the Mortgagor. All sums advanced and reasonable expenses incurred at any time by the Mortgagee pursuant to this Section 1.11 shall bear interest from the date that such sum is advanced or expense incurred to and including the date of reimbursement, computed at the lesser of (i) the Default Rate; or (ii) the maximum rate permitted by applicable law, computed from the date such sum is advanced or expense incurred to the date of receipt by the Mortgagee of such payment in good and immediately available funds. The Mortgagor agrees that any such delinquency charges shall not be deemed to be additional interest or a penalty, but shall be deemed to be liquidated damages because of the difficulty in computing the actual amount of damages in advance; provided, however, that any sums collected by the Mortgagee as liquidated damages, as aforesaid, which are determined to be interest in excess of the Highest Lawful Rate shall be deemed a payment in reduction of the principal sum of the Obligations, without any prepayment penalty. The provisions of this Section 1.11 are not intended to permit liens, encumbrances, leases or security interests otherwise prohibited by this Mortgage.

(b) Nothing in this Section 1.11 shall require the payment or performance of any lien, encumbrance, lease or security interest by the Mortgagor so long as the Mortgagor shall in good faith at its own expense contest the same by appropriate legal proceedings which operate to prevent the forfeiture and sale of the Mortgaged Property in any enforcement proceeding, *provided* that such proceeding is diligently prosecuted. If at any time payment or performance shall become necessary to prevent the forfeiture or sale of the Mortgaged Property, the Mortgagor shall pay or perform as required.

**Section 1.12. Costs of Enforcement.** The Mortgagor agrees to bear and pay all expenses (including reasonable attorneys' fees and disbursements) of or incidental to the enforcement of any provision hereof, or the enforcement, compromise or settlement of this Mortgage or the Obligations, and for the curing thereof, or for defending or asserting the rights and claims of the Mortgagee in respect thereof, by litigation or otherwise. All rights and remedies of the Mortgagee shall be cumulative and may be exercised singly or concurrently. Notwithstanding anything herein contained to the contrary, the Mortgagor: (a) will not (i) at any time insist upon, or plead, or in any manner whatsoever claim or take any benefit or advantage of any stay or extension or moratorium law, any exemption from execution or sale of the Mortgaged Property or any part thereof, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage; nor (ii) claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal

of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor (iii) after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted to redeem the property so sold or any part thereof; (b) hereby expressly waives all benefit or advantage of any such law or laws; and (c) covenants not to hinder, delay or impede the execution of any power herein granted or delegated to the Mortgagee, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. The Mortgagor, for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the Mortgaged Property marshaled upon any foreclosure hereof.

**Section 1.13. Mortgage Taxes.** The Mortgagor shall pay any and all taxes, charges, filing, registration and recording fees, excises and levies imposed upon the Mortgagee by reason of the Loan Documents or this Mortgage or any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property and any instrument of further assurance, other than income, franchise and doing business taxes, and shall pay all stamp taxes and other similar taxes required to be paid on the Loan Documents. In the event the Mortgagor fails to make such payment within five (5) Business Days after written notice thereof from the Mortgagee, then the Mortgagee shall have the right, but shall not be obligated, to pay the amount due, and the Mortgagor shall, on demand, reimburse the Mortgagee for said amount, together with interest thereon at the Default Rate from the date said amounts are so advanced until the same are paid to the Mortgagee in good and immediately available funds.

**Section 1.14. Reserved**

**Section 1.15. Late Charges.**

(a) In the event any payment provided for herein or in the Loan Documents is not paid prior to the date it becomes a Default there under or under the Loan Agreement, whether by acceleration or otherwise, the Mortgagee may, at its option, whether immediately or at the time of final payment of the amounts secured by this Mortgage, impose a delinquency charge equal to interest at the Default Rate on such overdue payment, computed from the date when such failure becomes a Default to the date of receipt of such payment by the Mortgagee in good and immediately available funds; provided, however, that if any such delinquency charge under this subparagraph (a) is not recognized as liquidated damages for such delinquency (as contemplated by the Mortgagor and the Mortgagee) and is deemed to be interest in excess of the Highest Lawful Rate, the Mortgagee shall be entitled to collect a delinquency charge only at the highest rate permitted by law, and any interest actually collected by the Mortgagee in excess of such Highest Lawful Rate shall be deemed a payment in reduction of the principal, without prepayment penalty, sum of the Obligations then outstanding and shall be so applied.

(b) Until any and all such delinquency charges are paid in full, the amount thereof shall be added to the Obligations and shall be secured by this Mortgage. The Mortgagor agrees that any such delinquency charges shall not be deemed to be additional interest or penalty, but shall be deemed to be liquidated damages because of the difficulty in computing the actual

amount of damages in advance. Delinquency charges shall be payable within five (5) days after demand in good and immediately available funds.

**Section 1.16. Restrictive Covenants; Due on Sale or Encumbrance.** Without the prior written consent of the Mortgagee and except as permitted in the Loan Agreement, the Mortgagor shall not: (a) execute or permit to exist any lease (other than leases existing as of the date hereof) of all or a substantial portion of the Premises; (b) execute any conditional bill of sale, chattel mortgage or other security instruments covering any part of the Mortgaged Property or purchase any equipment so that ownership of the same will not vest unconditionally in the Mortgagor, free from encumbrances on delivery to the Premises; (c) further assign the leases and rents affecting the Premises; (d) sell, transfer, convey or assign any interest in the Mortgaged Property or any part thereof nor sell, convey or transfer, or permit the sale, conveyance or transfer, whether directly or indirectly, of all or any portion of, or any legal, equitable or beneficial interest in, the Mortgagor, except as permitted by this Section 1.16; or (e) further encumber, alienate, hypothecate, grant a security interest in or grant any other interest whatsoever in the Mortgaged Property or any part thereof. Notwithstanding this Section 1.16, the Mortgagee agrees to release the lien of this Mortgage against the land described in Schedule B attached hereto upon its conveyance to Cor Jesu Academy ("Cor Jesu") pursuant to that certain Tri-Party Agreement dated as of August, 2007 by and among Mortgagor, Cor Jesu and Grant's Farm Manor, Inc. if at the time of such conveyance (i) there is no Event of Default outstanding and uncured under the Loan Agreement and (ii) the appraised value of the Land remaining after the conveyance (based on an appraisal that complies with the requirements of **Section 3.2(k)** of the Loan Agreement) is sufficient to provide a loan to value ratio of not less than 75%.

**Section 1.17. Estoppel Certificates.**

(a) The Mortgagor within ten (10) days upon written request shall furnish to the Mortgagee a written statement prepared by the Mortgagee, duly acknowledged, setting forth any amount due on this Mortgage, the terms of payment and maturity date thereof, whether to Mortgagor's knowledge any offsets or defenses exist against the Obligations and, if any are alleged to exist, the nature thereof shall be set forth in detail.

(b) The Mortgagee within ten (10) Business Days upon written request shall furnish to the Mortgagor a written statement prepared by the Mortgagor, duly acknowledged, setting forth the amount due on this Mortgage, and the terms of payment and maturity date thereof.

**Section 1.18. Assignment of Leases and Rents.** To the maximum extent permitted by applicable law, the Mortgagor hereby presently, absolutely and unconditionally assigns, sells, and conveys to Mortgagee all of Mortgagor's right, title, and interest in and to any and all Leases, subject, however, to a revocable license to Mortgagor to collect and retain the rents at any times prior to the occurrence and continuance of an Event of Default. Such license shall be revocable by Mortgagee, without notice to Mortgagor, at any time after the occurrence and continuance of an Event of Default but shall be automatically revived when such Event of Default is no longer continuing.

Mortgagor shall, upon demand, deliver to the Mortgagee a copy of each such Lease. Nothing contained in the foregoing sentence shall be construed to bind the Mortgagee to the performance of any of the covenants, conditions or provisions contained in any such lease or other document or otherwise to impose any obligation on the Mortgagee (including, without limitation, any liability under the covenant of quiet enjoyment contained in any lease or in any law of any applicable state in the event that any tenant shall have been joined as a party defendant in any action to foreclose this Mortgage and shall have been barred and foreclosed thereby of all right, title and interest and equity of redemption in the Premises), except that the Mortgagee shall be accountable for any money actually received pursuant to such assignment. If any leases exist, the Mortgagor hereby further grants to the Mortgagee the right, subject to applicable laws and regulations and the terms and conditions of the Leases (i) to enter upon and take possession of the Premises for the purpose of collecting the said rents, issues and profits; (ii) to dispossess by the usual summary proceedings any tenant (other than Affiliates of the Mortgagor) defaulting in the payment thereof to the Mortgagee; (iii) to let the Premises, or any part thereof; and (iv) to apply said rents, issues and profits, after payment of all necessary charges and expenses, on account of said Obligations. Such assignment and grant shall continue in effect until the Obligations are paid, the execution of this Mortgage constituting and evidencing the irrevocable consent of the Mortgagor to the entry upon and taking possession of the Premises by the Mortgagee pursuant to such grant, whether foreclosure has been instituted or not and without applying for a receiver. Until the occurrence of an Event of Default, the Mortgagor shall be entitled to collect and receive said rents, issues and profits. The Mortgagor agrees to use said rents, issues and profits to the extent necessary in payment of principal and interest becoming due on this Mortgage and in payment of taxes, assessments, water rates, sewer rents and carrying charges becoming due against the Premises and as otherwise provided by the Loan Agreement. Such right of the Mortgagor to collect and receive said rents, issues and profits may be revoked by the Mortgagee without notice to the Mortgagor upon the occurrence of an Event of Default but shall be automatically revived when such Event of Default is no longer continuing.

**Section 1.19. Indemnity.** The Mortgagor hereby indemnifies and agrees to hold the Mortgagee harmless and defend it against any loss or liability, cost or expense, including, without limitation, any judgments, reasonable attorney's fees and disbursements, costs of appeal bonds and printing costs, and any and all claims, actions, procedures and suits arising out of, relating to or, in connection with (i) any and all lawful actions which may be taken by the Mortgagee to enforce the provisions of this Mortgage, or any of the other Loan Documents, whether or not any action, proceeding or suit is brought or commenced in connection with the same; (ii) the failure of the Mortgagor to comply beyond any applicable grace or notice periods with its obligations, agreements and covenants hereunder or under any of the other Loan Documents; (iii) representations made herein by, the Mortgagor being untrue, incorrect or misleading in any material respect; (iv) past, current and/or future sale or offering for sale of stocks in the Mortgagor, including, without limitation, liabilities under any applicable securities or Blue Sky Laws, except as permitted under the Loan Documents; (v) except for waste products, toxic and hazardous waste or substances disclosed in the Environmental Reports the presence, manufacturing, holding, handling, transporting, spilling, leaking, dumping, disposal, burial, injection or other placement of toxic or hazardous wastes, waste products or substances

on the Premises; and (vi) any and all claims or allegations that the transactions contemplated in this Mortgage, or any other Loan Document either (A) establish a joint venture or partnership arrangement between the Mortgagor and the Mortgagee; or (B) result in a transfer in fraud of creditors or a fraudulent conveyance or similar claim under federal or state statutes or common law. The foregoing indemnification obligation shall not apply to any claims arising from the gross negligence or willful misconduct of Mortgagee if such gross negligence or willful misconduct has been conclusively established by a final, non-appealable decision of a court of competent jurisdiction. The provisions of this Section 1.19 shall survive any sale of the Premises, the release of the lien hereof or a foreclosure or any other transfer; provided, however, that the indemnity contained herein shall not cover any toxic or hazardous wastes, waste products or substances introduced to the Premises or any contiguous real estate after the foreclosure of this Mortgage or delivery of a deed in lieu of foreclosure. Rights of the Mortgagee granted in this section are in addition to any indemnity granted elsewhere in this Mortgage, the Loan Documents, or otherwise at law.

**Section 1.20. *Missouri Local Requirement.*** The Trustee hereby lets the Property unto the Mortgagor, until this Mortgage is satisfied or released or until an Event of Default be made under the covenants or agreements hereof, upon the following terms and provisions, to wit: The Mortgagor, its successors and assigns, shall pay rent therefore during said terms at the rate of one cent (\$.01) per month, payable monthly upon demand, and shall and will peaceably surrender possession of the Property, and every part thereof, to Trustee immediately upon an Event of Default, and without notice or demand therefore, and thereupon Trustee or Mortgagee shall be entitled to the rents, revenues, income and profits derived therefrom as provided herein and shall have the right to sell the Property or any part thereof as herein provided.

## ARTICLE II Default and Remedies

**Section 2.01. *Events of Default.*** The occurrence of any of the Events of Default under the Loan Agreement, or any other Loan Document (whatever the reason for such event and whether voluntarily, involuntarily or effected by operation of law) shall be a “**Default**” hereunder, unless waived in writing by Mortgagee and upon written notice to the Mortgagor, shall be an “**Event of Default**” under this Mortgage.

**Section 2.02. *Remedies.***

(a) Upon the occurrence of any Event of Default, the Mortgagee may take such action, without notice or demand except as provided herein, as it deems advisable to protect and enforce its rights against the Mortgagor and in and to the Mortgaged Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as the Mortgagee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of the Mortgagee: (i) declare the entire unpaid Obligations to be immediately due and payable; or (ii) enter into or upon the Premises, either personally or by its agents, nominees or attorneys and dispossess the Mortgagor and its agents and servants therefrom, and thereupon the Mortgagee may (A) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the

Premises; (B) complete any construction on the Premises in such manner and form as the Mortgagee deems advisable; (C) make alterations, additions, renewals, replacements and improvements to or on the Mortgaged Property if necessary to maintain the value of the Mortgaged Property at the level which existed immediately prior to the default; (D) exercise all rights and powers of the Mortgagor with respect to the Premises, whether in the name of the Mortgagor or otherwise, including, without limitation, the right to make, cancel, enforce or modify leases, obtain and evict tenants, and demand, sue for, collect and receive all earnings, revenues, rents, issues, profits and other income of the Premises and every part thereof; and (E) apply the receipts from the Premises to the payment of the Obligations, after deducting therefrom all expenses, including, without limitation, reasonable attorneys' fees and disbursements incurred in connection with the aforesaid operations and all amounts necessary to pay the taxes, assessments, insurance and other charges in connection with the Mortgaged Property, as well as just and reasonable compensation for the services of the Mortgagee, its counsel, agents and employees; or (iii) institute proceedings for the complete foreclosure of this Mortgage in which case the Mortgaged Property may be sold for cash or upon credit in one or more parcels; or (iv) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Mortgage for the portion of the Obligations then due and payable, subject to the continuing lien of this Mortgage for the balance of the Obligations not then due; or (v) sell for cash or upon credit the Mortgaged Property or any part thereof and all estate, claim, demand, right, title and interest of the Mortgagor therein and rights of redemption thereof, pursuant to power of sale or otherwise, at one or more sales, as an entity or in parcels, or by apartment, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law, and in the event of sale, by foreclosure or otherwise, of less than all of the Mortgaged Property, this Mortgage shall continue as a lien on the remaining portion of the Mortgaged Property; or (vi) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein or in any other Loan Document; or (vii) recover judgment on any of the Loan Documents either before, during or after any proceedings for the enforcement of this Mortgage; or (viii) apply for the appointment of a trustee, receiver, liquidator or conservator of the Mortgaged Property, without regard for the adequacy of the security for the Obligations and without regard for the solvency of the Mortgagor or of any person, firm or other entity liable for the payment of the Obligations; or (ix) pursue such other remedies as the Mortgagee may have under applicable law; or (x) cure such Event of Default without relieving the Mortgagor of any liability in connection with such Event of Default, and (A) the Mortgagor, on demand, shall reimburse the Mortgagee for any and all costs and expenses incurred by the Mortgagee in connection with the curing of any Event of Default, together with interest at the Default Rate from the day such costs and expenses are incurred until the same are paid to the Mortgagee in good and immediately available funds; and (B) the Mortgagee shall then be entitled to apply any sums then held by the Mortgagee pursuant to the provisions of this Mortgage to the curing of such Event of Default or to reimburse the Mortgagee for costs and expenses incurred in connection therewith, however, any additional sums remaining with Mortgagee shall be immediately applied pursuant to Section 2.02(b); or (xi) pursue such other remedies or rights which the Mortgagee may have under any of the other Loan Documents.

(b) The purchase money proceeds or avails of any sale made under or by virtue of this Article II, together with any other sums which then may be held by the Mortgagee

under this Mortgage, whether under the provisions of this Article II or otherwise, shall be applied as follows:

*First:* To the payment of the costs and expenses of any such sale, including reasonable compensation to the Mortgagee and the Trustee, its agents and counsel, and of any judicial proceedings wherein the same may be made, and of all expenses, liabilities and advances made or incurred by the Mortgagee under this Mortgage, together with interest as provided herein on all advances made by the Mortgagee and all taxes or assessments, except any taxes, assessments or other charges subject to which the Mortgaged Property shall have been sold.

*Second:* To the payment of all amounts due under Loan Documents in the order of application that may be provided therein.

*Third:* To the payment of the surplus, if any, to Mortgagor or to whosoever may be lawfully entitled to receive the same.

The Mortgagee and Trustee and any receiver of the Mortgaged Property, or any part thereof, shall be liable to account for only those rents, issues, insurance proceeds, condemnation awards and profits actually received by it.

(c) Trustee, at the request of the Beneficiary, shall proceed to sell, either by himself or by agent or attorney, the Mortgaged Property or any part(s) thereof at public vendue or outcry at the customary place to the highest bidder for cash after first giving notice as required by the statutes of the State of Missouri and upon such sale Trustee shall receive the proceeds of such sale and shall execute and deliver deed or deeds or other instruments of conveyance, assignment and transfer to the property sold, to the purchaser or purchasers thereof.

(d) In the event of any sale made under or by virtue of this Article II (whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale) the entire Obligations, if not previously due and payable, immediately thereupon shall, anything in the Loan Documents or in this Mortgage to the contrary notwithstanding, become due and payable.

(e) Upon any sale made under or by virtue of this Article II (whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale), the Mortgagee may bid for and acquire the Mortgaged Property or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the Obligations the net sales price after deducting therefrom the expenses of the sale and the costs of the action and any other sums which the Mortgagee is authorized to deduct under this Mortgage.

(f) No recovery of any judgment by the Mortgagee and no levy of an execution under any judgment upon the Mortgaged Property or upon any other property of the Mortgagor shall affect in any manner or to any extent, the lien of this Mortgage upon the Mortgaged Property or any part thereof, or any liens, rights, powers or remedies of the



Mortgagee hereunder, but such liens, rights, powers and remedies of the Mortgagee shall continue unimpaired as before.

**Section 2.03. *Possession of the Premises.*** Upon the occurrence of any Event of Default hereunder, it is agreed that the then owner of the Premises, if it is the occupant of the Premises or any part thereof, shall immediately surrender possession of the Premises so occupied to the Mortgagee, and if such occupant is permitted to remain in possession, the possession shall be as tenant of the Mortgagee and, on demand, such occupant shall pay to the Mortgagee monthly, in advance, a reasonable rental for the space so occupied and in default thereof, may be dispossessed by the usual summary proceedings. To the maximum extent permitted by applicable law, the covenants herein contained may be enforced by a receiver of the Mortgaged Property or any part thereof. Nothing in this Section 2.03 shall be deemed to be a waiver of the provisions of this Mortgage prohibiting the sale or other disposition of the Premises without the Mortgagee's consent.

**Section 2.04. *Interest After Default.*** If any payment due hereunder or under any other Loan Document is not paid prior to the expiration of applicable notice and grace periods, either as stated or upon an accelerated maturity or pursuant to any of the terms hereof, then and in such event, the Mortgagor shall pay interest thereon at the Default Rate from and after the date after which it becomes a Default until the entire amount due is paid to the Mortgagee, and such interest shall be due and payable on demand, whether or not any action shall have been taken or proceeding commenced to recover the same or to foreclose this Mortgage. Nothing in this Section 2.04 or in any other provision of this Mortgage shall constitute an extension of the time of payment of the Obligations.

**Section 2.05. *Mortgagor's Actions After Default.*** After the happening of any Event of Default and promptly upon receiving written notice of the commencement of any action, suit or other legal proceedings by the Mortgagee to obtain judgment for the Obligations, or of any other nature in aid of the enforcement of any of the Loan Documents, or of this Mortgage, the Mortgagor will (a) to the maximum extent permitted by applicable law, waive the issuance and service of process and enter its voluntary appearance in such action, suit or proceeding; and (b) to the maximum extent permitted by applicable law, and if required by the Mortgagee, consent to the appointment of a receiver or receivers of the Mortgaged Property and of all the earnings, revenues, rents, issues, profits and income thereof. The Mortgagee's right to the appointment of a receiver under this Section 2.05 is an absolute right and shall not be affected by adequacy of security or solvency of Mortgagor.

**Section 2.06. *Control by Mortgagee After Default.*** Notwithstanding the appointment of any receiver, liquidator or trustee of the Mortgagor, or of the Mortgaged Property or any part thereof, the Mortgagee shall be entitled to retain possession and control of all property now and hereafter covered by this Mortgage.

**ARTICLE III**  
**Miscellaneous**

**Section 3.01. Credits Waived.** The Mortgagor will not claim nor demand nor be entitled to any credit or credits against the Obligations for so much of the taxes assessed against the Mortgaged Property.

**Section 3.02. No Release.** Upon repayment in full of the Obligations and all other sums owed by the Mortgagor to the Mortgagee, the Mortgagee shall execute, acknowledge and deliver to or upon the instructions of the Mortgagor, a satisfaction hereof or, if Mortgagor so elects, an assignment hereof, which assignment shall be without recourse, representation or warranty, each in recordable form.

**Section 3.03. Notices.** All notices, requests, demands, directions and other communications (collectively "*notices*") under the provisions of this Agreement shall be in writing (including telexed and facsimile communication) unless otherwise expressly permitted hereunder and shall be sent and deemed delivered as follows: (a) if by first class mail, five (5) days after mailing; (b) if by overnight delivery, on the next Business Day; and (c) if by facsimile, when confirmation of receipt is obtained. Subject to the last sentence of this Section 3.03, the email addresses set forth below are provided for convenience only and not for purposes of proper notification under this Mortgage. All notices shall be sent to the applicable party at the following address or in accordance with the last unprovoked written direction from such party to the other parties hereto (email address and telephone number are provided for convenience only and are not acceptable means for providing notice):

If to Mortgagor:

St. Louis Campus, LLC  
701 Maiden Choice Lane  
Baltimore, Maryland 21228  
Attention: President  
Telecopier: 410-402-2348

With a copy to:

Rosenberg, Martin, Greenberg, LLP  
25 South Charles Street  
Suite 2115  
Baltimore, Maryland 21201  
Attention: Hilary J. O'Connor  
Telephone: 410-727-6600  
Telecopier: 410-727-1115

and

Erickson Retirement Communities, LLC

701 Maiden Choice Lane  
Baltimore, Maryland 21228  
Attention: General Counsel  
Telecopier: 410-402-2348

If to the Mortgagee:

Sovereign Bank  
111 South Wacker Drive  
Suite 3925  
Chicago, Illinois 60606  
Attention: Naomi O'Dell  
Telecopier: (312) 443-0996

with a copy to:

Squire, Sanders & Dempsey L.L.P.  
8000 Towers Crescent Drive, Suite 1400  
Tysons Corner, Virginia 22182-2700  
Attention: John E. Thomas, Esq.  
Telephone: (703) 720-7800  
Facsimile: (703) 720-7801  
Email: [jethomas@ssd.com](mailto:jethomas@ssd.com)

If to the Trustee:

Michael J. Book Esq.  
The Katz Law Firm  
435 Nichols Road  
Second Floor  
Kansas City, Missouri 64112  
Telephone: (816) 931-5040

The Mortgagee may rely on any notice (including telephoned communication) purportedly made by or on behalf of the Mortgagor, and shall have no duty to verify the identity or authority of the Person giving such notice.

**Section 3.04. Binding Obligations.** The provisions and covenants of this Mortgage shall run with the land, shall be binding upon the Mortgagor and shall inure to the benefit of the Mortgagee, subsequent holders of this Mortgage and their respective successors and assigns. For the purpose of this Mortgage, the term "***Mortgagor***" shall mean the Mortgagor named herein, any subsequent owner of the Mortgaged Property, and their respective heirs, executors, legal representatives, successors and assigns. If there is more than one Mortgagor, all their undertakings hereunder shall be deemed joint and several.

**Section 3.05. Captions.** The captions of the Sections of this Mortgage are for the purpose of convenience only and are not intended to be a part of this Mortgage and shall not be deemed to modify, explain, enlarge or restrict any of the provisions hereof.

**Section 3.06. Further Assurances.** The Mortgagor shall do, execute, acknowledge and deliver, at the sole cost and expense of the Mortgagor, all and every such further acts, deeds, documents, conveyances, mortgages, assignments, estoppel certificates, notices of assignment, transfers and assurances as the Mortgagee may reasonably require from time to time in order to better assure, convey, assign, transfer and confirm unto the Mortgagee, the rights now or hereafter intended to be granted to the Mortgagee under this Mortgage or any Loan Document. The Mortgagor hereby appoints the Mortgagee its attorney-in-fact to execute, acknowledge and deliver for and in the name of the Mortgagor any and all of the instruments mentioned in this Section 3.06 if Mortgagor fails or refuses to do so, and this power, being coupled with an interest, shall be irrevocable as long as any part of the Obligations remains unpaid.

**Section 3.07. Severability.** Any provision of this Mortgage which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

**Section 3.08. General Conditions.**

(a) This Mortgage cannot be altered, amended, modified or discharged orally and no executor agreement shall be effective to modify or discharge it in whole or in part, unless it is in writing and signed by the party against whom enforcement of the modification, alteration, amendment or discharge is sought.

(b) No remedy herein conferred upon or reserved to the Mortgagee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of the Mortgagee in exercising any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default, or any acquiescence therein. Acceptance of any payment after the occurrence of an Event of Default shall not be deemed to waive or cure such Event of Default; and every power and remedy given by this Mortgage to the Mortgagee may be exercised from time to time as often as may be deemed expedient by the Mortgagee. Nothing in this Mortgage or in any other Loan Document shall affect the obligation of the Mortgagor to pay the Obligations in the manner and at the time and place therein respectively expressed.

(c) No waiver by the Mortgagee will be effective unless it is in writing and then only to the extent specifically stated. Without limiting the generality of the foregoing, any payment made by the Mortgagee, from its own funds, for insurance premiums, taxes, assessments, water rates, sewer rentals or any other charges affecting the Mortgaged Property, shall not constitute a waiver of the Mortgagor's default in making such payments and shall not obligate the Mortgagee to make any further payments.

(d) The Mortgagee shall have the right following written notice to the Mortgagor to appear in and defend any action or proceeding which the Mortgagee, in its reasonable discretion, feels may materially adversely affect the Mortgaged Property or this Mortgage. Such defense shall be conducted by the Mortgagor or in the name and on behalf of the Mortgagor if the Mortgagor fails to appear in and defend such action or proceeding. The Mortgagee shall also have the right to institute any action or proceeding which the Mortgagee, in its reasonable discretion, feels should be brought to protect its interest in the Mortgaged Property or its rights hereunder. All costs and expenses incurred by the Mortgagee in connection with such actions or proceedings, including, without limitation, reasonable attorneys' fees and disbursements, shall be paid by the Mortgagor, on demand, in good and immediately available funds.

(e) In the event of the passage after the date of this Mortgage of any law of any governmental authority having jurisdiction, deducting from the value of land for the purpose of taxation, affecting any lien or encumbrance thereon or changing in any way the laws of the taxation of mortgages or debts secured by mortgages for federal, state or local purposes, or the manner of the collection of any such taxes, so as to materially and adversely affect this Mortgage, the Mortgagor shall promptly pay to the Mortgagee, on demand, all taxes, costs and charges for which the Mortgagee is or may be liable as a result thereof, provided said payment shall not be prohibited by law or render any Loan Document usurious, in which event the Mortgagee may declare the Obligations to be immediately due and payable, and provided further that the payment of the same by Mortgagor shall not be deemed to be a prepayment hereunder that is subject to penalty or premium.

(f) The Mortgagor hereby authorizes the Mortgagee to file financing statements covering the Mortgaged Property with the appropriate public office.

(g) The information set forth on the cover hereof and/or added by Addendum, Schedules or Exhibits are hereby incorporated herein.

(h) The Mortgagor acknowledges that it has received a true copy of this Mortgage.

(j) For the purposes of this Mortgage, all defined terms contained herein shall be construed, whenever the context of this Mortgage so requires, so that the singular shall be construed as the plural and so that the masculine shall be construed as the feminine.

(k) This Mortgage and the other Loan Documents contain a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and collectively shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all prior oral or written understandings.

**Section 3.09. Legal Construction; Governing Law.** Nothing in this Mortgage, any Loan Document or in any other agreement between the Mortgagor and the Mortgagee shall require the Mortgagor to pay, or the Mortgagee to accept, interest in an amount which would subject the

Mortgagee to any penalty under applicable law. If the payment of any interest due hereunder or under any Loan Document or any such other agreement or a payment which is deemed interest, exceeds the maximum amount payable as interest under the applicable usury laws, then such excess amount shall be applied in reduction of the unpaid principal amount of the Obligations without prepayment premiums, or if such excess interest exceeds the then unpaid principal amount of the Obligations, the excess shall be applied to the payment of such other portions of the Obligations then unpaid, and, upon payment in full of the Obligations, shall be deemed to be a payment made by mistake and shall be refunded to the Mortgagor.

THIS MORTGAGE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MISSOURI WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PROVISIONS, EXCEPT TO THE EXTENT THAT THE VALIDITY, PRIORITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF MISSOURI.

**Section 3.10. *Power of Attorney.*** Wherever in this Mortgage or in any of the other Loan Document the Mortgagee is appointed to act as attorney-in-fact for the Mortgagor, such appointment may be exercised by any authorized officer of the Mortgagee.

**Section 3.11. *Not Joint Venture or Partnership.*** The Mortgagor and the Mortgagee intend that the relationship created under this Mortgage and the other Loan Documents be solely that of mortgagor and mortgagee or debtor and creditor, as the case may be. Nothing herein or in the other Loan Documents is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between the Mortgagor and the Mortgagee, nor to grant the Mortgagee any interest in the Mortgaged Property other than that of creditor or mortgagee.

**Section 3.12. *Representation by Counsel.*** The Mortgagor and Mortgagee specifically warrant and represent that it has had an opportunity to review and negotiate the terms and provisions of this Mortgage and it has been represented by counsel of its choice in connection with the same.

**Section 3.13. *WAIVER OF JURY TRIAL.*** THE MORTGAGOR AND THE MORTGAGEE AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY AND ALL CLAIMS OR CAUSES OF ACTION BASED UPON OR ARISING OUT OF THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS. IT IS HEREBY ACKNOWLEDGED THAT THE WAIVER OF A JURY TRIAL IS A MATERIAL INDUCEMENT FOR THE MORTGAGOR AND THE MORTGAGEE TO ENTER INTO THIS MORTGAGE AND THAT THE EXECUTION AND DELIVERY OF THIS MORTGAGE BY THE MORTGAGOR AND THE MORTGAGEE ARE MADE IN RELIANCE UPON SUCH WAIVER. THE MORTGAGOR AND THE MORTGAGEE EACH FURTHER WARRANT AND REPRESENT THAT SUCH WAIVER HAS BEEN KNOWINGLY AND VOLUNTARILY MADE BY EACH PARTY HERETO, FOLLOWING CONSULTATION WITH THEIR RESPECTIVE LEGAL COUNSEL.

**Section 3.14. ORAL AGREEMENTS.** ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE, REGARDLESS OF THE LEGAL THEORY UPON WHICH IT IS BASED, THAT IT IS IN ANY WAY RELATED TO THE LOAN AGREEMENT. TO PROTECT YOU (BORROWER(S)) AND US (CREDITOR) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.

**Section 3.15. STATUTORY NOTICE.** UNLESS MORTGAGOR PROVIDES EVIDENCE OF THE INSURANCE COVERAGE REQUIRED BY THE INSTRUMENT, THE MORTGAGEE MAY PURCHASE INSURANCE AT THE MORTGAGOR'S EXPENSE TO PROTECT THE INTEREST IN THE COLLATERAL OF MORTGAGEE. THE COVERAGE THAT MORTGAGEE PURCHASE MAY NOT PAY ANY CLAIM THAT MORTGAGOR MAKES OR ANY CLAIM THAT IS MADE AGAINST MORTGAGOR IN CONNECTION WITH THE COLLATERAL. THE MORTGAGOR MAY LATER CANCEL ANY INSURANCE PURCHASED BY THE MORTGAGEE, BUT ONLY AFTER PROVIDING EVIDENCE THAT MORTGAGOR HAS OBTAINED INSURANCE AS REQUIRED BY THE INSTRUMENT OR THE LOAN AGREEMENT. IF MORTGAGEE PURCHASE INSURANCE FOR THE COLLATERAL, MORTGAGOR WILL BE RESPONSIBLE FOR THE COST OF THE INSURANCE, INCLUDING THE INSURANCE PREMIUM, INTEREST AND ANY OTHER CHARGES THAT MORTGAGEE MAY IMPOSE IN CONNECTION WITH THE PLACEMENT OF THE INSURANCE, UNTIL THE EFFECTIVE DATE OR THE CANCELLATION OR EXPIRATION OF THE INSURANCE. THE COST OF THE INSURANCE MAY BE ADDED TO MORTGAGOR'S TOTAL OUTSTANDING SECURED INDEBTEDNESS. THE COST OF THE INSURANCE MAY BE MORE THAN THE COST OF THE INSURANCE MORTGAGOR MAY BE ABLE TO OBTAIN ON MORTGAGOR'S OWN.

*[Signature and acknowledgement pages follow. No further text on this page.]*

**IN WITNESS WHEREOF**, this Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents has been duly executed as of the day and year first above written.

ST. LOUIS CAMPUS, LLC

By: Erickson Retirement Communities, LLC,  
Member

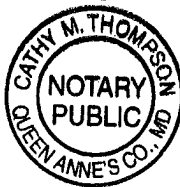
By: Gerald F. Doherty (SEAL)  
Executive Vice President, General  
Counsel and Secretary

State of Maryland                 )  
  )                 ss.  
County of Baltimore             )

On this 1st day of May, 2008, before me, a Notary Public, in and for said county and state, personally appeared Gerald F. Doherty, the Executive Vice President, General Counsel and Secretary of Erickson Retirement Communities, LLC, the Sole Member of St. Louis Campus, LLC, known to me to be the person who executed the foregoing document and who upon his oath and upon being duly sworn, verified and acknowledged to me that he executed the same as his free act and deed for the purposes therein stated, and that the facts therein stated are true to the best of his knowledge and belief.

Cathy M. Thompson  
Notary Public

My commission expires:



**CATHY M. THOMPSON**  
Notary Public, State of Maryland  
Queen Anne's County  
My Commission Expires December 25, 2011



**Schedule A**

**[Legal Description]**

Parcel 1:

A tract of land situated in US Survey No 3066 Township 44 North Range 6 East and more particularly described as follows: Beginning at the intersection of the South line of Gravois Road with the East line of the right of way of the Carondelet Branch of the Missouri Pacific Rail Road; thence along the South line of the Gravois Road North 66 degrees 53 minutes East 202.54 feet to a stake in the West line of a private road, thence along the West line of said private road South 23 degrees 55 minutes East 1213.95 feet to a stake in the North line of a tract of P. Roll, thence along the last mentioned line South 62 degrees 58 minutes West 229.13 feet to a stake in the East line of the right of way of said Missouri Pacific Railway, thence along the Eastern line of said right of way the following courses and distances North 20 degrees 15 minutes West 780.13 feet North 22 degrees 50 minutes West 213.00 feet North 30 degrees 30 minutes West 238.92 feet to the place of beginning. Excepting therefrom the portion conveyed to State of Missouri by instrument recorded in Book 1217 Page 395.

Parcel 2:

Beginning at a point in the South line of the Gravois Road on the East Bank of Gravois Creek from which point the South corner of East abutment of Bridge Bears North 24 degrees West 8 feet; thence South with the meanders of Gravois Creek South 33 degrees 50 minutes East 173 feet; thence South 5 degrees 23 minutes West 330 feet; thence South 43 degrees 27 minutes West 389.2 feet; thence South 1 degree 47 minutes West 397.5 feet; thence South 43 degrees 34 minutes East 268.7 feet; thence North 74 degrees 14 minutes East, 260.3 feet; to a point from which a Sycamore 9 inches in diameter South 71 degrees West 8.9 feet; and an Ash 5 inches in diameter South 34 degrees West 22.6 feet thence North 62 degrees 44 minutes East 346.8 feet to the West line of the Carondelet Branch of the Missouri Pacific Railroad, thence Northwardly with the West line of said Railroad 1209 feet, more or less, to the South line of the Gravois Road; thence South 66 degrees 58 minutes West 52.3 feet to the point of beginning, being part of the fractional section 16 and part of US Survey 3066 Township 44 North Range 6 East containing 11.10 acres and further described as follows: Bounded on the North by Gravois Road and Gravois Creek in the East by the Missouri Pacific Railroad, on the South by property of Philip Rott; and on the West by Gravois Creek being the same property which has been heretofore conveyed by Zeno Mackay and Margaret Mackay, his wife to the Hydraulic Press Brick Company by deed dated July 25, 1898 and recorded in the office of the Recorder of Deeds for the county of St. Louis in Book 105 Page 264. Excepting therefrom that portion conveyed to the state of Missouri by instruments recorded in Book 1217 Page 394 and 395.

Parcel 3:

A parcel of land in US Survey 3066 Township 44 North Range 6 East described as follows, to-wit: Beginning at the Southeast corner of Gravois Road and Musick Avenue; thence South 0 degrees 30 minutes West along the East line of Musick Avenue 677 feet to a stone in the North line of Hydraulic Press Brick Company Land; thence North 69 degrees 33 minutes East 432 feet 4 inches to a stone; thence North 14 degrees 41 minutes West 647 feet 3 inches to a stone in the South line of the Gravois Road; thence South 67 degrees 19 minutes West along the South line of the Gravois Road 254 feet 2 inches to the point of beginning. Excepting therefrom that portion conveyed to the State of Missouri by instrument recorded in Book 1217 Page 394.

Parcel 4:

A tract of land in Section 16, Township 44 Range 6 and in US Survey 3066 in St. Louis County, Missouri, bounded Northwardly by the Gravois Road, and East by the Gravois Creek, Southwardly by property now or formerly of the Hydraulic Press Brick Co., and West by land now or formerly of F Henry Idecher and wife. Excepting therefrom that portion conveyed to the State of Missouri by deed recorded in Book 1217 Page 394.

Parcel 5:

A tract of land situated in the County of St. Louis, and State of Missouri beginning at the NW corner of J. Ehrhardt's Tract in the center of Musick Avenue from which point in Black Oak 24 inches in diameter North 8 degrees 50 minutes East 117.9 feet and the NW corner of a frame house South 70-114 degrees East 101.6 feet; thence North 0 degrees 30 minutes East 1086 feet to stake from which a White Oak 26 inches in diameter North 78 degrees East 46 feet to a Pear Tree 6 inches in diameter South 27 1/4 degrees West 65.7 feet; thence North 69 degrees 33 minutes East 943.9 feet to a stake on the West bank of the Gravois Creek from which a Walnut 12 inches in diameter North 69 degrees 20 minutes West 213.1 feet and an Elm 40 inches in diameter South

## Exhibit A (cont.)

15 degrees West 124.2 feet; thence South following the meanders of Gravois Creek South 6 degrees West 277.4 feet; thence South 36 degrees 50 minutes West 488.2 feet; thence South 23 degrees 38 minutes East 723.6 feet thence South 9 degrees 5 minutes East 235.9 feet to a stake in the West bank of the Gravois Creek from which a Sycamore stump 30 inches in diameter North 31 1/4 degrees West 29.7 feet; thence North 84 degrees 33 minutes West 1485 feet to the point of beginning being part of fractional section 16 and part of US Survey 3066 Township 44 North Range 6 East and further described as follows: Bounded in the North by property of Mrs. Maria E. Mead on the East by Gravois Creek on the South by property of J. Ehrhardt on the West by Musick Avenue, being the same property which has been heretofore conveyed by Maria E. Mead to the Hydraulic Press Brick Company by deed dated July 25, 1898, and recorded in the office of the Recorder of Deed for the county of St. Louis in Book 105 Page 266. Excepting therefrom that portion conveyed to the State of Missouri recorded in Book 17 Page 394 and 395.

### Parcel 6:

A tract of land situated in US Survey 3066 Township 44 North Range 6 East being part of a 20 acre tract of land conveyed to Adam Theiss by deed recorded in Book 27 Page 442 of St. Louis County Recorders Office. Beginning at a stone set in the line dividing property conveyed to Julius Erhardt by deed in Book 70 Page 95 now owned by August A. Busch and property conveyed to Adam Theiss by deed in Book 27 page 442, which stone is distant North 87 degrees 34 minutes East 611.25 feet from the intersection of said dividing line of tract conveyed in Book 70 Page 95 and Book 27 Page 442 with the center line of Musick Avenue, thence along said dividing line North 87 degrees 34 minutes East 911.10 feet to mark on stone on West bank of Gravois Creek, thence along West bank of said Creek South 41 degrees East 95.30 feet to the intersection of said West bank with the line between US Survey # 3066 and US Survey 2994 thence along said Survey line South 33 degrees 32 minutes West 100.98 feet to a stone; thence North 32 degrees 20 minutes West 167.52 feet to a stone thence South 88 degrees 119 minutes West 827.22 feet to the place of beginning.

### Parcel 7:

Being part of US Survey Number 3066, Township 44 North, Range 6 east of the 5th PM; beginning at a stake at the NW corner of a 20 acre tract of land belonging to Adam Theiss; thence North 0 degrees 30 minutes East 6 chains to a stake in the center of Musick Avenue; thence South 84 3/4 degrees East 22 chains 50 links to a stake on the West bank of the Gravois Creek from which a Sycamore stump 30 inches in diameter bears North 30 1/2 degrees West 45 3/4 links distant; thence South 0 degrees 15 minutes West 1 chain and 67 links to a stake on the West bank of said creek, thence South 26 1/2 degrees East 1 chain and 34 links to a stake on bank of creek belonging to Adam Theiss Northeast corner, thence South 87 1/4 degrees West with the North line of Adam Theiss twenty acre tract 23 chains and 9 links to the beginning, bounded North by land now or formerly of Maria E. Mead, East by the Gravois Creek, South by 20 acre tract of Adam Theiss and West by the center line of Musick Avenue.

Less and excepting from said Parcels 5, 6 and 7 so much thereof as was conveyed to Andrew D. Busch by deed from Grant's Farm Manor, Inc., dated September 27, 1993, and recorded among the land records of St. Louis County, Missouri in Book 9901 at Page 527.

### Parcel 8:

A strip of land 20 feet wide in US Survey 3066 in the County of St. Louis, Missouri and described as beginning at the intersection of the SE line of state Highway Route 30 (Gravois Road) 80 feet wide, with the SW line of Tract conveyed to Jacob Schmidt by deed recorded in Book 26 Page 568 of the St. Louis County records; thence Southwardly along the SW line of property so conveyed to Schmidt to a stone in the NW line of property conveyed to Martin Rott by deed recorded in Book 9 Page 178 of the St. Louis County records; thence Southeastwardly along the Northwest line of said Martin Rott property 20 feet, more or less, to the SE corner of a tract conveyed to Louis J. Keller by deed recorded in Book 143 Page 485 of the St. Louis County records, and thence Northwestwardly along the NE line of property so conveyed to Keller to the SE line of State Highway Route 30, 80 feet wide, thence Northeastwardly along the SE line of said Highway 20 feet, more or less, to the point of beginning.

### Parcel 9:

A tract of land in US Survey 3066 Township 44 North Range 6 East in St. Louis County, Missouri and more particularly described

# Exhibit A (cont.)

as follows to wit: Beginning at a point in the SE line of Gravois Road distant South 67 degrees 31 minutes West 6.30 chains from the most Northern corner of a tract of land conveyed to Jacob Schmidt by deed recorded in Book 26 Page 568 said point of beginning being also NW corner of 13 acre tract conveyed to Jacob Tanner and wife by deed recorded in Book 553 Page 14, thence along SE line of said road South 67 degrees 31 minutes West 4.848 chains to a point; thence South 23 degrees 53 minutes East 18.368 chains to a point; thence North 62 degrees 58 minutes East 6.292 chains to point; thence North 28 degrees 29 minutes West 17.958 chains to place of beginning, according to a survey thereof recorded in survey Record 6 Page 49 of St. Louis County records. Excepting therefrom that portion conveyed to State of Missouri by instrument recorded in Book 1217 Page 395.

## Parcel 10:

A tract of land of US Survey 3066 Township 44 North Range 6 East, St. Louis County, Missouri. Beginning at a point South 63 degrees 15 minutes West 8.07 feet from the NE corner of property owned by Afton Athletic Association, Inc., and the SE corner of property known as B and B Farms and the West right of way owned by the Missouri Pacific Railroad, thence continuing South 63 degrees 15 minutes West 6.04 feet to a point, thence North 20 degrees 0 minutes West 792.11 feet to a point thence following an arc to the left having a radius of 1845 feet and a delta of 13 degrees 12 minutes for a distance of 427.71 feet to the South line of Gravois Road 80 feet wide, thence North 67 degrees 45 minutes East 6.09 feet to a point; thence following an arc to the right having a radius of 1666 feet for a distance of 426.65 feet to a point, thence South 20 degrees 0 minutes East 791.40 feet to the point of beginning being entirely on property as B and B Farms.]

## LESS AND EXCEPTING FROM THE ABOVE DESCRIBED PARCELS OF LAND THE FOLLOWING DESCRIBED TRACTS 1 AND 2

### Tract I:

Part of Lot 2 of the Musick Road and Gravois Road Consolidation Plat in U.S. Survey 3066, Township 44 North, Range 6 East, St. Louis County, Missouri and being more particularly described as follows:

Beginning at the Northwesterly corner of said Lot 2 on the existing Southeasterly right of way line of Gravois Road; thence on the Northeasterly line of said Lot 2 and said existing Southeasterly right of way line for the following 4 courses: (1) North 66 degrees 49 minutes 57 seconds East, 9.39 feet, (2) North 66 degrees 40 minutes 53 seconds East, 370.40 feet, (3) North 60 degrees 58 minutes 15 seconds East, 117.63 feet, (4) North 66 degrees 27 minutes 31 seconds East, 6.90 feet to the Northeasterly line of said Lot 2; thence South 28 degrees 21 minutes 40 seconds East, on said Northeasterly line, 176.65 feet; thence South 66 degrees 45 minutes 53 seconds West, 534.29 feet to the Northeasterly line of a tract of land described in the deed to Gateway Trailnet, Inc. recorded in Deed Book 9578 Page 667 (formerly the Union Pacific Railroad); thence Northwesterly 161.23 feet on said Northeasterly line on a curve to the left, having a radius of 1,960.08 feet, the chord of said curve bears North 29 degrees 42 minutes 12 seconds West, 161.19 feet to the point of beginning.

### Tract II:

Part of Lot 2 of the Music Road and Gravois Road Consolidation Plat in U.S. Survey 3066, Township 44 North, Range 6 East, St. Louis County, Missouri and being more particularly described as follows:

Commencing at the Northwesterly corner of said Lot 2 on the Northeasterly line of a tract of land described in the deed to Gateway Trailnet, Inc. recorded in Deed Book 9578 Page 687 (formerly the Union Pacific Railroad); thence Southeasterly 161.23 feet on said Northeasterly line on a curve to the left, having a radius of 1,960.08 feet, the chord of said curve bears South 29 degrees 42 minutes 12 seconds East, 161.19 feet to the Point of Beginning of the tract herein described; thence North 66 degrees 45 minutes 53 seconds East, 534.29 feet to the Northeasterly line of said Lot 2; thence South 28 degrees 21 minutes 40 seconds East, on said Northeasterly line, 316.45 feet to the Southeasterly line of said Lot 2; thence South 66 degrees 45 minutes 53 seconds West, on said Southeasterly line, 563.47 feet to the Southwesterly line of said Lot 2 and the Northeasterly line of said Gateway Trailnet, Inc. tract; thence North 20 degrees 36 minutes 28 seconds West, on said Southwesterly line, 84.88 feet; thence Northwesterly 230.55 feet on said Southwesterly line on a curve to the left, having a radius of 1,960.08 feet, the chord of said curve bears North 23 degrees 58 minutes 39 seconds West 230.41 feet to the point of beginning.

Exhibit A  
(cont.)

And further Less and Excepting Therefrom those portions thereof taken by the State of Missouri ex rel Missouri Highways and Transportation Commission in Condemnation Cause No. 07CC-001249 a copy of which is recorded June 13, 2007 in Book 17580 at Page 139 of the St. Louis County Records.

Parcel 11:

A tract of land in US Survey 3066, Township 44 North Range 6 East in the County of St. Louis, State of Missouri being part of Parcel 8, all of Parcel 9 and part of Parcel 10 of Parcels 1 through 13 of the property now or formerly owned by Grant's Farm Manor, Inc., as recorded in Deed Book 9137 Page 1090 of the St. Louis County Records, Missouri; being more particularly described as follows: Commencing at the point of intersection of the center line of Musick Road (30 feet wide) and the Westward projection of the North line of Clydesdale Estates Subdivision as recorded in Plat Book 127 Page 35, St. Louis County Records, thence Eastwardly along the North line of Clydesdale Estates, North 87 degrees 31 minutes 56 seconds East, 611.25 feet to the true point of beginning; thence Northwardly and parallel to the center line of Musick Road North 00 degrees 30 minutes 00 seconds East, 575.00 feet to a point, thence North 70 degrees 30 minutes 00 seconds East 330.00 feet; thence South 79 degrees 21 minutes 08 seconds East 465.96 feet to a point on the West bank of Gravois Creek; thence Southwardly following the meanders of Gravois Creek the following courses and distances, South 23 degrees 38 minutes 00 seconds East, 150.00 feet; South 09 degrees 00 minutes 03 seconds East 253.90 feet; South 00 degrees 15 minutes 00 seconds East 110.22 feet; South 26 degrees 30 minutes 00 seconds 88.44 feet, South 40 degrees 38 minutes 53 seconds East, 94.83 feet to the point of intersection of the West bank of Gravois Creek with the line dividing US Survey 3066 and US Survey 2994; thence along said dividing line South 33 degrees 32 minutes 00 seconds West 100.98 feet to a point in the Northeastern line of Tara VI Subdivision as recorded in Plat Book 87 Page 3, St. Louis County Records; thence along said subdivision line North 32 degrees 20 minutes 00 seconds West, 167.52 feet; thence along the Northern lines of Tara VI Subdivision and Clydesdale Estates Subdivision, South 88 degrees 17 minutes 30 seconds West, 827.77 feet to the point of beginning. The above described land contains 537,583 square feet more or less.

Parcel 12:

Part of Lot 3 of the Musick Road and Gravois Road Consolidation Plat in U.S. Survey 3066, Township 44 North, Range 6 East, St. Louis County, Missouri and being more particularly described as follows:

Beginning at the Northwestern corner of a tract of land described in the deed to Missionary Zelatrices Sacred Heart recorded in Deed Book 4507 Page 572 on the existing Southeasterly right of way line of Gravois Road; thence North 66 degrees 27 minutes 31 seconds East, on said existing Southeasterly right of way line 78.85 feet to the Northeasterly line of said Lot 3; thence South 28 degrees 21 minutes 40 seconds East, on said Northeasterly line, 79.19 feet; thence South 61 degrees 38 minutes 20 seconds West, continuing on said Northeasterly line, 73.57 feet to the Southwesterly line of a tract of land described in the deed to Missionary Zelatrices Sacred Heart recorded in Deed Book 4507 Page 572; thence North 28 degrees 21 minutes 40 seconds West, on said Southwesterly line, 85.39 feet to the point of beginning.

Parcel 13: Part of Lot 3 on the Musick Road and Gravois Road Consolidation Plat in U.S. Survey 3066, Township 44 North, Range 6 East, St. Louis County, Missouri and being more particularly described as follows:

Beginning at the Southeast corner of said Lot 3; thence South 63 degrees 08 minutes 31 seconds West, on the Southeasterly line of said Lot 3, a distance of 54.38 feet to the Southwesterly line of a tract of land described in the deed to Missionary Zelatrices Sacred Heart recorded in Deed Book 4507 Page 572; thence North 28 degrees 21 minutes 40 seconds West, on said Southwesterly line, 348.15 feet to the Northeasterly line of said Lot 3; thence South 46 degrees 17 minutes 22 seconds East, on said Northeasterly line, 190.90 feet; thence South 26 degrees 51 minutes 29 seconds East, continuing on said Northeasterly line, 168.00 feet to the point of beginning.

Exhibit A  
(cont.)

Parcel 14:

Together with all rights and benefits under that certain Agreement Regarding Cross Access, Easements and Right of Way dated ~, filed ~ in Book ~ at Page ~ by and between St. Louis Campus, LLC and Apostles of the Sacred Heart of Jesus, Incorporated Cor Jesu Academy

Parcel 15:

Together with all rights and benefits under that certain Mutual Retaining Wall Easement Agreement dated ~, filed ~ in Book ~ at Page ~ by and between St. Louis Campus, LLC and Apostles of the Sacred Heart of Jesus, Incorporated Cor Jesu Academy.

Parcel 16:

Together with all rights and benefits under that certain Declaration of Flood Plain Restrictions dated ~, filed ~ in Book ~ at Page ~ by St. Louis Campus, LLC.

**Schedule B**

**[Legal Description of Land to be Released]**

## Lot 5:

Part of U.S. Survey 3066, Township 44 North, Range 6 East, St. Louis County, Missouri and being more particularly described as follows:

Commencing at the intersection of the existing easterly right of way line of Musick Road being 15 feet perpendicular distance east of the centerline thereof and the existing southeasterly right of way line of Gravois Road being 40 feet perpendicular distance south of the centerline thereof; thence North 68 degrees 09 minutes 31 seconds East, on said existing southeasterly right of way line, 121.50 feet; thence North 67 degrees 00 minutes 31 seconds East, continuing on said existing southerly right of way line, 139.52 feet to the existing southeasterly right of way line of Gravois Road as conveyed to MoDOT by Cause No. 07CC-001249 of the Circuit Court of St. Louis County; thence on said existing southeasterly right of way line for the following 8 courses: (1) South 22 degrees 55 minutes 14 seconds East, 10.00 feet, (2) North 67 degrees 04 minutes 46 seconds East, 170.19 feet, (3) North 78 degrees 58 minutes 05 seconds East, 291.25 feet, (4) North 64 degrees 41 minutes 37 seconds East, 240.21 feet, (5) North 61 degrees 01 minute 42 seconds East, 217.06 feet, (6) North 23 degrees 10 minutes 03 seconds West, 9.79 feet, (7) North 65 degrees 36 minutes 18 seconds East, 7.00 feet, (7) North 64 degrees 43 minutes 37 seconds East, 12.43 feet to the existing southwesterly right of way line of McNary Drive (formerly the Union Pacific Railroad); thence southeasterly 385.38 feet on said existing southwesterly right of way line on a curve to the right, having a radius of 1,860.08 feet, the chord of said curve bears South 26 degrees 32 minutes 31 seconds East, 384.69 feet; thence South 20 degrees 36 minutes 28 seconds East, continuing on said existing southwesterly right of way line, 268.83 feet to the Point of Beginning of tract herein described; thence South 20 degrees 36 minutes 28 seconds East, continuing on said existing southwesterly right of way line, 387.45 feet; thence South 63 degrees 08 minutes 31 seconds West, 673.97 feet; thence North 38 degrees 01 minute 55 seconds West, 5.16 feet; thence North 51 degrees 36 minutes 11 seconds West, 72.87 feet; thence North 23 degrees 22 minutes 07 seconds West, 23.02 feet; thence North 07 degrees 01 minute 28 seconds West, 26.82 feet; thence North 01 degree 27 minutes 05 seconds East, 263.74 feet; thence North 10 degrees 51 minutes 47 seconds West, 95.56 feet; thence North 17 degrees 35 minutes 43 seconds East, 45.32 feet; thence North 38 degrees 56 minutes 04 seconds East, 142.74 feet; thence North 46 degrees 46 minutes 30 seconds East, 103.41 feet; thence North 52 degrees 38 minutes 53 seconds East, 3.43 feet; thence South 87 degrees 43 minutes 44 seconds East, 367.74 feet to the point of beginning, containing 7.37 acres or 320,917 square feet, more or less.

## Lot 6:

Part of U.S Survey 3066, Township 44 North, Range 6 East, St. Louis County, Missouri and being more particularly described as follows:

Commencing at the intersection of the existing easterly right of way line of Musick Road being 15 feet perpendicular distance east of the centerline thereof and the existing southeasterly right of way line of Gravois Road being 40 feet perpendicular distance south of the centerline thereof; thence North 68 degrees 09 minutes 31 seconds East, on said existing southeasterly right of way line, 121.50 feet; thence North 67 degrees 00 minutes 31 seconds East, continuing on said existing southerly right of way line, 139.52 feet to the existing southeasterly right of way line of



Gravois Road as conveyed to MoDOT by Cause No. 07CC-001249 of the Circuit Court of St. Louis County; thence on said existing southeasterly right of way line for the following 8 courses: (1) South 22 degrees 55 minutes 14 seconds East, 10.00 feet, (2) North 67 degrees 04 minutes 46 seconds East, 170.19 feet, (3) North 78 degrees 58 minutes 05 seconds East, 291.25 feet, (4) North 64 degrees 41 minutes 37 seconds East, 240.21 feet, (5) North 61 degrees 01 minute 42 seconds East, 317.06 feet, (6) North 23 degrees 10 minutes 03 seconds West, 9.79 feet, (7) North 65 degrees 36 minutes 18 seconds East, 7.00 feet, (8) North 64 degrees 43 minutes 37 seconds East, 12.43 feet to the existing southwesterly right of way line of McNary Drive (formerly the Union Pacific Railroad); thence southeasterly 385.38 feet on said existing southwesterly right of way line on a curve to the right, having a radius of 1,860.08 feet, the chord of said curve bears South 26 degrees 32 minutes 31 seconds East, 384.69 feet; thence South 20 degrees 36 minutes 28 seconds East, continuing on said existing southwesterly right of way line, 656.27 feet to the Point of Beginning of tract herein described; thence South 20 degrees 36 minutes 28 seconds East, continuing on said existing southwesterly right of way line, 159.29 feet to the southerly line of a tract of land as described in the deed to Grant's Farm Manor, Inc. recorded in Deed Book 9137 Page 1086 and the northerly line of a tract of land described in the deed to Affton Khoury League Association recorded in Deed Book 5567 Page 629; thence South 63 degrees 08 minutes 31 seconds West, on said northerly line, 348.89 feet; thence South 74 degrees 38 minutes 31 seconds West, continuing on said northerly line, 293.94 feet; thence North 38 degrees 01 minute 55 seconds West, 101.67 feet; thence North 63 degrees 08 minutes 31 seconds West, 673.97 feet to the point of beginning, containing 2.18 acres of 94,769 square feet, more or less.

## ENVIRONMENTAL INDEMNITY AGREEMENT

THIS ENVIRONMENTAL INDEMNITY AGREEMENT (this "**Agreement**"), dated as of June 4, 2008, is executed by ST. LOUIS CAMPUS, LLC, a Maryland limited liability company (the "**Borrower**"), ERICKSON RETIREMENT COMMUNITIES, LLC, a Maryland limited liability company (the "**Guarantor**") (Borrower and Guarantor being hereinafter sometimes referred to individually as an "**Obligor**" and collectively as the "**Obligors**"), for the benefit of, as a condition to, and to induce, SOVEREIGN BANK ("**Lender**"), to make a loan (the "**Loan**") to Borrower pursuant to that certain Loan Agreement, dated as of the date hereof, by and between the Borrower and Lender (the "**Loan Agreement**") and evidenced or to be evidenced by a Promissory Note of even date herewith made by Borrower payable to the order of Lender in the original principal amount of \$15,000,000.00, which Loan is secured or to be secured by a Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents (the "**Deed of Trust**") of even date herewith, encumbering certain real and personal property as therein described (collectively, the "**Property**"), including the land described in Exhibit "A" attached hereto and made a part hereof.

1. Certain Definitions. Capitalized terms not otherwise defined herein have the meaning provided in the Loan Agreement. As used in this Agreement:

(a) "**Environmental Claim**" means any investigative, enforcement, cleanup, removal, containment, remedial or other private or governmental or regulatory action at any time threatened, instituted or completed pursuant to any applicable Environmental Requirement, against any Obligor or against or with respect to the Property or any condition, use or activity on the Property (including any such action against Lender), and any claim at any time threatened or made by any person against any Obligor or against or with respect to the Property or any condition, use or activity on the Property (including any such claim against Lender), relating to damage, contribution, cost recovery, compensation, loss or injury resulting from or in any way arising in connection with any Hazardous Material or any Environmental Requirement.

(b) "**Environmental Requirement**" means any Environmental Law, agreement or restriction (including, but not limited to, any condition or requirement imposed by any insurance or surety company), as the same now exists or may be changed or amended or come into effect in the future, which pertains to health, safety, any Hazardous Material, or the environment, including, but not limited to, ground or air or water or noise pollution or contamination, and underground or aboveground tanks.

(c) "**Hazardous Material**" means any substance, whether solid, liquid or gaseous: which is listed, defined or regulated as a "hazardous substance", "hazardous waste" or "solid waste", or otherwise classified as hazardous or toxic, in or pursuant to any Environmental Requirement; or which is or contains asbestos, radon, any polychlorinated biphenyl, urea formaldehyde foam insulation, explosive or radioactive material, or motor fuel or other petroleum hydrocarbons; or which causes or poses a threat to cause a contamination or nuisance on the Property or any adjacent property or a hazard to the environment or to the health or safety of persons on the Property.

(d) **“Environmental Law”** means any federal, state or local law, statute, ordinance, code, rule, regulation, license, authorization, decision, order, injunction, decree, or rule of common law, and any judicial interpretation of any of the foregoing, which pertains to health, safety, any Hazardous Material, or the environment (including, but not limited to, ground or air or water or noise pollution or contamination, and underground or above ground tanks) and shall include, without limitation, the Solid Waste Disposal Act, 42 U.S.C. § 6901 et seq.; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 et seq. (“CERCLA”), as amended by the Superfund Amendments and Reauthorization Act of 1986 (“SARA”); the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; the Safe Drinking Water Act, 42 U.S.C. § 300f et seq. and any State of Missouri environmental laws and/or statutes or other federal environmental statutes, and all rules, regulations, orders and decrees now or hereafter promulgated under any of the foregoing, as any of the foregoing now exist or may be changed or amended or come into effect in the future.

(e) **“On”** or **“on”**, when used with respect to the Property or any property adjacent to the Property, means “on, in, under, above or about”.

2. Representations and Warranties. The Borrower hereby represents and warrants to, and covenants with, Lender, without regard to whether Lender has or hereafter obtains any knowledge or report of the environmental condition of the Property, as follows:

(a) Except as previously disclosed in those certain reports described on Exhibit “B” attached hereto and delivered to Lender prior to the date hereof (“Environmental Reports”), to the best of its knowledge, the Property has not been used for industrial or manufacturing purposes, for landfill, dumping or other waste disposal activities or operations, for generation, storage, use, sale, treatment, processing, recycling or disposal of any Hazardous Material, for underground or aboveground storage tanks, or for any other use that could give rise to the release of any Hazardous Material on the Property; to the best of Obligor’s knowledge, no such use of the Property occurred at any time prior to the period of Borrower’s ownership of the Property, except as previously disclosed in the Environmental Reports;

(b) to the best of the Borrower’s knowledge, except as previously disclosed in the Environmental Reports, there is no Hazardous Material, storage tank (or similar vessel), whether underground or otherwise, sump or well currently on the Property;

(c) Obligor have received no notice and have no knowledge of any Environmental Claim regarding the Property or any adjacent property;

(d) to the best of the Borrower’s knowledge, except as previously disclosed in the Environmental Reports, the current conditions, uses and activities on the Property do not violate any Environmental Requirement. The use of the Property which Borrower (and each tenant and subtenant, if any) makes and intends to make of the Property complies

and will comply with all applicable Environmental Requirements; and neither Borrower nor, to Obligor's knowledge, any tenant or subtenant, has obtained or is required to obtain any permit or other authorization to construct, occupy, operate, use or conduct any activity on any of the Property by reason of any Environmental Requirement;

(e) to the best knowledge of the Borrower, the Property does not appear on the National Priorities List or any other list or database of properties maintained by any local, state or federal agency or department showing properties which are known to contain or which are suspected of containing a Hazardous Material; and

(f) Obligor has never applied for and been denied environmental impairment liability insurance coverage relating to the Property.

3. Violations. Obligor will not cause, commit, permit or allow to continue (i) any violation of any Environmental Requirement (A) by Borrower or by any person or entity (B) by or with respect to the Property or any use of or condition or activity on the Property, or (ii) the attachment of any environmental lien to the Property. Obligor will not place, install, dispose of or release, or cause, permit, or allow the placing, installation, disposal, spilling, leaking, dumping or release of, any Hazardous Material or storage tank (or similar vessel) on the Property in violation of any Environmental Laws and will keep the Property free of Hazardous Material.

4. Notice to Lender. Obligor shall promptly deliver to Lender a copy of each report pertaining to the Property and any report of the Property prepared by or on behalf of any Obligor pursuant to any Environmental Requirement. Obligor shall immediately advise Lender in writing of any Environmental Claim or of the discovery of any Hazardous Material on the Property, as soon as any Obligor first obtains knowledge thereof, including a full description of the nature and extent of the Environmental Claim and/or Hazardous Material and all relevant circumstances.

5. Access Onto Property. The Lender and its successors and assigns are hereby granted an easement to enter and to authorize others to enter upon the Property for the purposes of conducting environmental investigations and audits (including taking physical samples) and such other action deemed necessary by the Lender to insure compliance by the Borrower with all Environmental Requirements. The Borrower acknowledges that no adequate remedy at law exists for a violation of the easement granted herein and agrees that the Lender is entitled to specific performance of its rights under this easement. The easement granted herein shall continue until the Deed of Trust is cancelled or released of record.

6. Site Assessments and Information. If Lender shall ever have reasonable cause to believe that any Hazardous Material affects the Property, or if any Environmental Claim is made or threatened, or if a default shall have occurred under the Loan Documents, or upon the occurrence of the Transition Date (defined below) (but only if the Transition Date is the date referred to in clause (ii) of Section 8(c) hereof) if requested by Lender, Obligor shall at their expense provide to Lender from time to time, in each case within 45 days after Lender's request, an Environmental Assessment (defined below) made after the date of Lender's request. As used in this Agreement, the term "Environmental Assessment" means a report (including all drafts thereof) of an environmental assessment of the Property of such scope (including, but not limited

to, the taking of soil borings and air and groundwater samples and other above and below ground testing) as Lender may request, in its commercially reasonable discretion, by a consulting firm acceptable to Lender and made in accordance with Lender's established guidelines. Obligor will cooperate with each consulting firm making any such Environmental Assessment and will supply to the consulting firm, from time to time and promptly on request, all information available to Obligor to facilitate the completion of the Environmental Assessment. If Obligor fails to furnish Lender within twenty (20) days after Lender's request with a copy of an agreement with an acceptable environmental consulting firm to provide such Environmental Assessment, or if Obligor fails to furnish to Lender such Environmental Assessment within forty-five (45) days after Lender's request, Lender may cause any such Environmental Assessment to be made at Obligor's expense and risk. Lender and its designees are hereby granted access to the Property at any time or times, upon reasonable notice (which may be written or oral), and a license which is coupled with an interest and irrevocable, to make or cause to be made any such Environmental Assessment. Lender shall not disclose any information Lender ever has about the environmental condition or compliance of the Property, except as may be required by law. Lender shall be under no duty to make any Environmental Assessment of the Property, and in no event shall any such Environmental Assessment by Lender be or give rise to a representation that any Hazardous Material is or is not present on the Property, or that there has been or shall be compliance with any Environmental Requirement, nor shall Obligor or any other person be entitled to rely on any Environmental Assessment made by Lender or at Lender's request. Lender owes no duty of care to protect Obligor or any other person against, or to inform them of, any Hazardous Material or other adverse condition affecting the Property.

#### 7. Remedial Actions.

(a) If any Hazardous Material is discovered on the Property in violation of any Environmental Laws at any time and regardless of the cause, (i) Obligor shall promptly at Obligor's sole risk and expense remove, treat and dispose of the Hazardous Material in compliance with all applicable Environmental Requirements and solely under Obligor's (or any of their) name (or if removal is prohibited by any Environmental Requirement, take whatever action is required by any Environmental Requirement), in addition to taking such other action as is necessary to have the full use and benefit of the Property as contemplated by the Loan Documents, and provide Lender with satisfactory evidence thereof; and (ii) if requested by Lender, provide to Lender within thirty (30) days of Lender's request a bond, letter of credit or other financial assurance evidencing to Lender's satisfaction that all necessary funds are readily available to pay the costs and expenses of the actions required by clause (i) preceding and to discharge any assessments or liens established against the Property as a result of the presence of the Hazardous Material on the Property. Within thirty (30) days after completion of such remedial actions, Obligor shall obtain and deliver to Lender an Environmental Assessment of the Property made after such completion and confirming to Lender's satisfaction that all required remedial action as stated above has been taken and successfully completed and that there is no evidence or suspicion of any contamination or risk of contamination on the Property or any adjacent property, or of violation of any Environmental Requirement, with respect to any such Hazardous Material.

(b) Lender may, but shall never be obligated to, remove or cause the removal of any Hazardous Material from the Property (or if removal is prohibited by any Environmental Requirement, take or cause the taking of such other action as is required by any Environmental Requirement) if Obligors fail to promptly commence such remedial actions following discovery and thereafter diligently prosecute the same to the satisfaction of Lender (without limitation of Lender's rights to declare a default under any of the Loan Documents and to exercise all rights and remedies available by reason thereof); and Lender and its designees are hereby granted access to the Property at any time or times, upon reasonable notice (which may be written or oral), and a license which is coupled with an interest and irrevocable, to remove or cause such removal or to take or cause the taking of any such other action.

8. Indemnity.

(a) Obligors hereby agree to protect, indemnify, defend and hold (i) Lender; (ii) any persons or entities owned or controlled by, owning or controlling, or under common control or affiliated with Lender and/or Trustee under the Deed of Trust; (iii) any participants in the Loan; (iv) the directors, officers, partners, employees and agents of Lender and/or such persons or entities; and (v) the heirs, personal representatives, successors and assigns of each of the foregoing persons or entities (each an "Indemnified Party") harmless from and against, and, if and to the extent paid, reimburse them on demand for, any and all Environmental Damages (as hereinafter defined). However, the foregoing indemnity shall not apply to a particular Indemnified Party to the extent that the subject of the indemnification is caused by or arises out of the gross negligence or willful misconduct of that particular Indemnified Party. Upon demand by Lender, Obligors shall diligently defend any Environmental Claim which affects the Property or is made or commenced against Lender, whether alone or together with Borrower or any other person, all at Obligors' own cost and expense and by counsel to be approved by Lender in the exercise of its reasonable judgment. In the alternative, at any time Lender may elect to conduct its own defense through counsel selected by Lender and at the cost and expense of Obligors.

(b) As used in this Agreement, the term "Environmental Damages" means all claims, demands, liabilities (including strict liability), losses, damages (including consequential damages), causes of action, judgments, penalties, fines, costs and expenses (including fees, costs and expenses of attorneys, consultants, contractors, experts and laboratories), of any and every kind or character, contingent or otherwise, matured or unmatured, known or unknown, foreseeable or unforeseeable, made, incurred, suffered, brought or imposed at any time and from time to time, whether before or after the Transition Date and arising in whole or in part from:

(1) The presence of any Hazardous Material on the Property, or any escape, seepage, leakage, spillage, emission, release, discharge or disposal of any Hazardous Material on or from the Property, or the migration or release or threatened migration or release of any Hazardous Material to, from or through the Property, on or before the Transition Date; or

(2) any act, omission, event or circumstance existing or occurring in connection with the handling, treatment, containment, removal, storage, decontamination, clean-up, transport or disposal of any Hazardous Material which is at any time on or before the Transition Date present on the Property; or

(3) the breach of any representation, warranty, covenant or agreement contained in this Agreement because of any event or condition occurring or existing on or before the Transition Date; or

(4) any violation on or before the Transition Date, of any Environmental Requirement in effect on or before the Transition Date, regardless of whether any act, omission, event or circumstance giving rise to the violation constituted a violation at the time of the occurrence or inception of such act, omission, event or circumstance; or

(5) any Environmental Claim, or the filing or imposition of any environmental lien against the Property, because of, resulting from, in connection with, or arising out of any of the matters referred to in subparagraphs (1) through (4) preceding;

and regardless of whether any of the foregoing was caused by an Obligor or a tenant or subtenant, or a prior owner of the Property or its tenant or subtenant, or any third party, including, but not limited to, (i) injury or damage to any person, property or natural resource occurring on or off of the Property, including, but not limited to, the cost of demolition and rebuilding of any improvements on real property; (ii) the investigation or remediation of any such Hazardous Material or violation of Environmental Requirement, including, but not limited, to the preparation of any feasibility studies or reports and the performance of any cleanup, remediation, removal, response, abatement, containment, closure, restoration, monitoring or similar work required by any Environmental Requirement or necessary to have full use and benefit of the Property as contemplated by the Loan Documents (including any of the same in connection with any foreclosure action or transfer in lieu thereof); (iii) all liability to pay or indemnify any person or governmental authority for costs expended in connection with any of the foregoing; (iv) the investigation and defense of any claim, whether or not such claim is ultimately defeated; and (v) the settlement of any claim or judgment.

(c) As used in this Agreement, the term "Transition Date" means the earlier of the following two dates: (i) the date on which the indebtedness and obligations secured by the Deed of Trust have been paid and performed in full and the Deed of Trust has been released; or (ii) the date on which the lien of the Deed of Trust is fully and finally foreclosed or a conveyance by deed in lieu of such foreclosure is fully and finally effective and possession of the Property has been given to and accepted by the purchaser or grantee free of occupancy and claims to occupancy by Obligors and their representatives, successors and assigns; provided that, if such payment, performance, release, foreclosure or conveyance is challenged, in bankruptcy proceedings or otherwise, the Transition Date shall be deemed not to have occurred until such challenge is validly released, dismissed with prejudice or otherwise barred by law from further assertion.

9. Consideration; Survival; Cumulative Rights. Borrower acknowledges that Lender has relied and will rely on the representations, warranties, covenants and agreements herein in closing and funding the Loan and that the execution and delivery of this Agreement is an essential condition but for which Lender would not close or fund the Loan. The representations, warranties, covenants and agreements in this Agreement: shall be binding upon Obligors and their successors, assigns and representatives and shall inure to the benefit of Lender and its successors, assigns and representatives and participants in the Loan; and shall not terminate on the Transition Date or upon the release, foreclosure or other termination of the Deed of Trust, but will survive the Transition Date, the payment in full of the indebtedness secured by the Deed of Trust, foreclosure of the Deed of Trust or conveyance in lieu of foreclosure, the release or termination of the Deed of Trust and any and all of the other Loan Documents, any investigation by or on behalf of Lender, any bankruptcy or other debtor relief proceeding, and any other event whatsoever. Any amount to be paid under this Agreement by Obligors (or any of them) shall be a demand obligation owing by Obligors (which Obligors hereby promise to pay). Lender's rights under this Agreement shall be in addition to all rights of Lender under the Loan Documents or at law or in equity, and payments by Obligors under this Agreement shall not reduce Borrower's or Guarantor's obligations and liabilities under any of the Loan Documents. The liability of Obligors or any other person under this Agreement shall not be limited or impaired in any way by any provision in the Loan Documents or applicable law limiting Obligors' or such other person's liability or Lender's recourse or rights to a deficiency judgment, or by any change, extension, release, inaccuracy, breach or failure to perform by any party under the Loan Documents, Borrower's and the Guarantor's (and, if applicable, such other person's) liability hereunder being direct and primary and not as a guarantor or surety. Nothing in this Agreement or in any other Loan Document shall limit or impair any rights or remedies of Lender and/or any other Indemnified Party against any Obligor or any other person under any Environmental Requirement or otherwise at law or in equity, including, without limitation, any rights of contribution or indemnification.

10. No Waiver. No delay or omission by Lender to exercise any right under this Agreement shall impair any such right nor shall it be construed to be a waiver thereof. No waiver of any single breach or default under this Agreement shall be deemed a waiver of any other breach or default. Any waiver, consent or approval under this Agreement must be in writing to be effective.

11. Notices. Unless specifically provided otherwise, any notice for purposes of this Agreement shall be given in writing and shall be addressed or delivered to the respective addresses set forth at the end of this Agreement, or to such other address as may have been previously designated by the intended recipient by notice given in accordance with this Section. If sent by prepaid, registered or certified mail (return receipt requested), the notice shall be deemed effective when the receipt is signed or when the attempted initial delivery is refused or cannot be made because of a change of address of which the sending party has not been notified; and if transmitted by personal delivery, the notice shall be effective when received. No notice of change of address shall be effective except upon actual receipt. This Section shall not be construed in any way to affect or impair any waiver of notice or demand provided in any Loan Document or to require giving of notice or demand to or upon any person in any situation or for any reason.



12. Invalid Provisions. A determination that any provision of this Agreement is unenforceable or invalid shall not affect the enforceability or validity of any other provision and a determination that the application of any provision of this Agreement to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

13. Construction. Whenever in this Agreement the singular number is used, the same shall include plural where appropriate, and vice versa; and words of any gender in this Agreement shall include each other gender where appropriate. The headings in this Agreement are for convenience only and shall be disregarded in the interpretation hereof. Reference to "person" or "entity" means firms, associations, partnerships, joint ventures, trusts, limited liability companies, corporations and other legal entities, including public or governmental bodies, agencies or instrumentalities, as well as natural persons.

14. Applicable Law; Forum. This Agreement is performable in the State of Maryland and applicable Maryland and United States federal law shall govern the rights and duties of the parties hereto and the validity, enforcement and interpretation hereof. Each of the Obligors hereby irrevocably submit generally and unconditionally for itself and in respect of its property to the non-exclusive jurisdiction of any State of Maryland court, or any United States federal court for the City of Baltimore and over any suit, action or proceeding arising out of or relating to this Agreement.

15. Execution; Modification. This Agreement has been executed in a number of identical counterparts, each of which shall be deemed an original for all purposes and all of which constitute, collectively, one agreement; but, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. This Agreement may be amended only by an instrument in writing intended for that purpose executed jointly by an authorized representative of each party hereto and by an authorized representative of the Lender.

**THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES HERETO  
WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT.**

[Signature Page Follows]

Executed and dated as of the date first written above.

**BORROWER:**

ST. LOUIS CAMPUS, LLC, a Maryland limited liability company

By: Erickson Retirement Communities, LLC,  
Member

By: \_\_\_\_\_ (SEAL)  
Gerald F. Doherty  
Executive Vice President, General  
Counsel and Secretary

Address of Borrower:

701 Maiden Choice Lane  
Baltimore, Maryland 21228

**GUARANTOR:**

ERICKSON RETIREMENT COMMUNITIES,  
LLC, a Maryland limited liability company

By: \_\_\_\_\_ (SEAL)  
Gerald F. Doherty  
Executive Vice President, General  
Counsel and Secretary

Address of Guarantor:

701 Maiden Choice Lane  
Baltimore, Maryland 21228

**EXHIBIT "A"**

(DESCRIPTION OF LAND)

## **EXHIBIT “B”**

### **(ENVIRONMENTAL REPORTS)**

1. Phase I Environmental Site Assessment Report dated November, 2007, prepared by V3 Companies.
2. Underground Storage Tank Removal Report dated March 28, 2008, prepared by V3 Companies.
3. Subsurface Soil and Groundwater Investigation Report dated April 21, 2008, prepared by V3 Companies.
4. Report of Soil Remediation dated May 16, 2008, prepared by V3 Companies.
5. Phase I Environmental Site Assessment Update dated May 16, 2008, prepared by V3 Companies.

## PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (as from time to time in effect, this "*Agreement*") is made as of June 4, 2008 among (i) Erickson Retirement Communities, LLC ("*Pledgor*") and (ii) Sovereign Bank, as the Lender (the "*Lender*").

A. Pursuant to a Loan Agreement dated as of the date hereof (as from time to time in effect, the "*Loan Agreement*") between St. Louis Campus LLC, a Maryland limited liability company (the "*Borrower*") and the Lender, the Lender has agreed to make a loan to the Borrower in the maximum principal amount of Fifteen Million Dollars (\$15,000,000.00) (the "*Loan*").

B. The Loan Obligations are guaranteed pursuant to that certain Guaranty Agreement of even date herewith (as from time to time in effect, the "*Guaranty*") by the Pledgor (in such capacity, the "*Guarantor*") for the benefit of the Lender.

C. The Pledgor owns all of the member interests in the Borrower.

D. The Pledgor is executing and delivering this Agreement to secure its obligations under the Guaranty.

1. Certain Rules of Construction; Definitions. Capitalized terms defined in the Loan Agreement or the Guaranty and not otherwise defined herein are used herein with the meanings so defined. Certain other capitalized terms are used in this Agreement as specifically defined below in this Section 1 and elsewhere in this Agreement. Except as the context otherwise explicitly requires, (a) the capitalized term "Section" refers to sections of this Agreement, (b) the capitalized term "Exhibit" refers to exhibits to this Agreement, (c) references to a particular Section shall include all subsections thereof, (d) the word "including" shall be construed as "including without limitation", (e) terms defined in the UCC and not otherwise defined herein have the meaning provided under the UCC, (f) references to a particular statute or regulation include all rules and regulations thereunder and any successor statute, regulation or rules, in each case as from time to time in effect and (g) references to a particular Person include such Person's successors and assigns to the extent not prohibited by this Agreement. References to "the date hereof" mean the date first set forth above. Unless the context indicates otherwise, words used in this Agreement in the singular number shall be deemed to include words in the plural number, and vice versa, and words in one gender shall be deemed to include words in the other genders. The section headings are for convenience only and neither limit nor amplify the provisions of this Agreement.

"*Act of Bankruptcy*" means the filing of a petition in bankruptcy under the Bankruptcy Code, or the commencement of a proceeding under any other applicable law concerning insolvency, reorganization or bankruptcy, by or against a person or entity, as applicable.

"*Bankruptcy Code*" means the United States Bankruptcy Code, 11 U.S.C. 101 et seq., and all future acts supplemental thereto or amendatory thereof.

***“Event of Default”*** means each of the following:

- (i) the occurrence of an “Event of Default” under any of the Loan Documents or the Guaranty (as Event of Default is defined in such documents);
- (ii) failure by the Pledgor to observe and perform any covenant, condition, agreement or provision contained in this Agreement on the part of the Pledgor to be observed or performed, which failure continues for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to such Pledgor by the Lender;
- (iii) any representation of the Borrower, the Guarantor or the Pledgor contained in any Loan Document shall be untrue in any material respect as of its date; or
- (iv) any Act of Bankruptcy with respect to the Borrower, the Guarantor or the Pledgor.

***“Guaranteed Obligations”*** has the meaning provided for such term in the Guaranty.

***“Loan Documents”*** has the meaning provided for such term in the Loan Agreement.

***“Loan Obligations”*** has the meaning provided for such term in the Loan Agreement.

***“Pledged Interests”*** has the meaning given to that term in Section 2.1.1 hereof.

***“Pledged Rights”*** has the meaning given to that term in Section 2.1.2 hereof.

***“Pledged Security”*** means all Pledged Interests and all Pledged Rights.

***“Secured Obligations”*** means, collectively, the Northport Bond Obligations and the Guaranteed Obligations.

***“UCC”*** means the Uniform Commercial Code as in effect in Maryland on the date hereof; provided, however, that with respect to the perfection of the lien of the Lender on the Pledged Security and the effect of nonperfection thereof, the term “UCC” means the Uniform Commercial Code as in effect in any jurisdiction the laws of which are made applicable by section 9-301 of the Uniform Commercial Code as in effect in Maryland.

## 2. Security.

2.1. Pledged Security. As security for the payment and performance of the Secured Obligations, the Pledgor mortgages, pledges and collaterally grants and assigns to the Lender, and creates a security interest in favor of the Lender in, all of such Pledgor's right, title and interest in and to (but none of its obligations or liabilities with respect to) the items and types of present and future property described in Sections 2.1.1 through 2.1.3, whether now owned or hereafter acquired, all of which shall be included in the term ***“Pledged Security”***:

2.1.1. Pledged Interests. All of the limited liability company member interests or other evidence of beneficial interest in the Borrower. All such interests, are collectively referred to as the ***"Pledged Interests"***.

2.1.2. Pledged Rights. All rights to receive profits or surplus of, or other distributions (including income, return of capital and liquidating distributions) from Borrower on account of the Pledged Interests, including any distributions by Borrower to its members on account of the Pledged Interests. All such rights are collectively referred to as the ***"Pledged Rights"***.

2.1.3. Proceeds and Products. All proceeds and products of the items of Pledged Security described or referred to in Sections 2.1.1 and 2.1.2.

2.2. Covenants with Respect to Pledged Security. The Pledgor covenants that:

2.2.1. Pledged Interests. The Pledged Interests shall be at all times duly authorized, validly issued and fully paid. The Pledgor will deliver to the Lender certificates, if any, representing any Pledged Interests held by the Pledgor from time to time, accompanied by a transfer and assignment executed in blank and, if the Lender so requests, with the signature guaranteed, all in form and manner reasonably satisfactory to the Lender. Upon the occurrence and during the continuance of an Event of Default, the Lender may transfer into its name or the name of its nominee any Pledged Interests.

2.2.2. No Liens or Restrictions on Transfer or Change of Control. All Pledged Security shall be free and clear of any liens and prohibitions on the transfer thereof, except for the lien of this Agreement and except as set forth in the Operating Agreement of Borrower. None of the Pledged Interests shall be subject to any option to purchase or similar rights of any Person. Except with the written consent of the Lender, the Pledgor will exclude from any future agreement, instrument, deed or lease provisions that would prohibit or require any consent for (a) the change of control or ownership of Borrower or (b) the creation of a security interest in the ownership of Borrower.

2.2.3. Reserved.

2.2.4. No Sale of Pledged Security. The Pledgor will not sell, transfer or otherwise dispose of all or any portion of its interests in the Pledged Security (except to the Lender as contemplated hereby).

2.2.5. Perfection of Pledged Security. This Agreement shall create in favor of the Lender, for its benefit and the benefit of the holders of the Secured Obligations, a legal, valid and enforceable first priority security interest in the Pledged Security described herein. In the case of the Pledged Interests, if certificates representing such Pledged Interests and a transfer and assignment related thereto duly executed in blank by the Pledgor are delivered to the Lender, and in the case of the other Pledged Security described in this Agreement, when financing statements in appropriate form are filed in the office of the Maryland State Department of Assessments and Taxation, this Agreement shall provide a fully perfected, first priority lien on, and security interest in, all right, title and interest of the Pledgor in such Pledged Security, in each case prior and

superior in right to any other Person. Upon the Lender's reasonable request from time to time, each Pledgor will execute and deliver, and file and record in the proper filing and recording places, all such documents, and will take all such other action, as the Lender deems reasonably necessary for confirming to it the Pledged Security or to carry out any other purpose of this Agreement. The Lender may at any time and from time to time file UCC financing statements, continuation statements and amendments thereto that describe the Pledged Security and contain any information required by the UCC or the applicable filing office with respect to any such UCC financing statement, continuation statement or amendment thereof.

2.2.6. **Delivery of Pledged Interests.** The Pledgor represents that it has, after obtaining any required third-party consents, caused Borrower to amend its Operating Agreement to provide that member interests will be issued in the form of a "certificated security in registered form" within the meaning of Article 8 of the Maryland Uniform Commercial Code to any member which makes a request therefor and that the Pledgor has requested that its respective Pledged Interests be certificated and have delivered to the Lender all certificates or instruments representing the Pledged Interests (the "***Pledged Interests Certificate***") together with a Transfer and Assignment in a form acceptable to the Lender executed by the Pledgor in blank (the "***Blank Pledged Interests Assignment***") for the Pledged Interests Certificate in a form that, when completed by inserting the name of the transferee and assignee, will be sufficient under Applicable Law to transfer the applicable Pledged Interests and the corresponding Pledged Interests Certificate to the named transferee and assignee. The Blank Pledged Interests Assignment has been executed by the Pledgor, left undated and without the name of the assignee, and includes a power of attorney authorizing the Lender to insert the name of such assignee, which name and date the Lender is hereby authorized to insert upon the occurrence of an Event of Default. Until the complete discharge and payment in full of the Secured Obligations, if any additional certificates or instruments representing the Pledged Interests are acquired by the Pledgor, the Pledgor will, contemporaneously with the issuance or acquisition of such certificates or instruments, pledge and deliver such certificates or instruments to the Lender. If any other property is distributed to the Pledgor with respect to the Pledged Interests in violation of this Agreement, the Pledgor will immediately deliver (endorsed if appropriate in the Lender's sole judgment) such property to the Lender.

2.3. **Administration of Pledged Security.** The Pledged Security shall be administered as follows, and if an Event of Default shall have occurred and be continuing, Section 2.4 also shall apply.

2.3.1. **Segregated Proceeds.** To the extent specified by prior written notice from the Lender, after the occurrence and continuance of an Event of Default, all sums collected or received and all property recovered or possessed by Pledgor in connection with any Pledged Security shall be received and held by the Pledgor in trust for and on behalf of the Lender and shall be segregated from the assets and funds of each Pledgor, and shall be delivered to the Lender.



### 2.3.2. Distributions.

(a) Until an Event of Default shall occur and be continuing, each Pledgor shall be entitled to receive all distributions on or with respect to the Pledged Interests (other than liquidating distributions). All distributions constituting liquidating distributions will be retained by the Lender (or if received by the Pledgor shall be held by the Pledgor in trust and shall be immediately delivered by the Pledgor to the Lender in the original form received, endorsed in blank) and held by the Lender as part of the Pledged Security.

(b) If an Event of Default shall have occurred and be continuing all distributions on or with respect to the Pledged Interests shall be retained by the Lender (or if received by the Pledgor shall be held by such Pledgor in trust and shall be immediately delivered by it to the Lender in the original form received, endorsed in blank) and held by the Lender as part of the Pledged Security and applied by the Lender to the payment of the Secured Obligations in accordance with Section 2.4.5.

### 2.3.3. Voting.

(a) Until an Event of Default shall occur and be continuing, the Pledgor shall be entitled to vote or consent with respect to the Pledged Interests in any manner not inconsistent with the terms of any Loan Document and the Lender will, if so requested, execute appropriate revocable proxies therefor.

(b) If an Event of Default shall have occurred and be continuing, if and to the extent that the Lender shall so notify a Pledgor in writing, only the Lender shall be entitled to vote or consent or take any other action with respect to the Pledged Interests (and the Pledgor will, if so requested, execute or cause to be executed appropriate proxies therefor).

2.3.4. Irrevocable Proxy. Solely with respect to Article 8 Matters (as defined below), the Pledgor hereby irrevocably grants and appoints the Lender, from the date of this Agreement until the termination of this Agreement in accordance with its terms, as the Pledgor's true and lawful proxy, for and in the Pledgor's name, place and stead to vote the Pledged Interests, whether directly or indirectly, beneficially or of record, now owned or hereafter acquired, with respect to such Article 8 Matters. The proxy granted and appointed in this Section 2.3.4 shall include the right to sign the Pledgor's name to any consent, certificate or other document relating to an Article 8 Matter and the Pledged Interests that Applicable Law may permit or require, to cause the Pledged Interests to be voted in accordance with the preceding sentence. The Pledgor hereby represents and warrants that there are no other proxies and powers of attorney with respect to an Article 8 Matter and the Pledged Interests that the Pledgor may have granted or appointed. The Pledgor will not give a subsequent proxy or power of attorney or enter into any other voting agreement with respect to the Pledged Interests with respect to any Article 8 Matter and any attempt to do so with respect to an Article 8 Matter shall be void and of no effect. As used herein, "**Article 8 Matters**" means any action, decision, determination or election by the Pledgor that its member interests or other equity interests, or any of

them, be, or cease to be, a “security” as defined in and governed by Article 8 of the UCC, and all other matters related to any such action, decision, determination or election. The proxy and powers granted by the Pledgor pursuant to this Agreement are coupled with an interest and are given to secure the performance of the Pledgor’s obligations.

2.4. Right to Realize upon Pledged Security. Except to the extent prohibited by applicable law that cannot be waived, this Section 2.4 shall govern the Lender’s right to realize upon the Pledged Security if any Event of Default shall have occurred and be continuing. The provisions of this Section 2.4 are in addition to any rights and remedies available at law or in equity and in addition to the provisions of any other Loan Document. In the case of a conflict between this Section 2.4 and any other Loan Document, this Section 2.4 shall govern.

2.4.1. General Authority. To the extent specified in written notice from the Lender to the Pledgor after an Event of Default, the Pledgor grants the Lender full and exclusive power and authority, subject to the other terms hereof and applicable law, to take any of the following actions (for the sole benefit of the Lender on behalf of itself and the holders from time to time of any Secured Obligations, but at the Pledgor’s expense):

(a) To ask for, demand, take, collect, sue for and receive all payments in respect of any Pledged Securities which the Pledgor could otherwise ask for, demand, take, collect, sue for and receive for its own use.

(b) To extend the time of payment of any Pledged Securities and to make any allowance or other adjustment with respect thereto.

(c) To settle, compromise, prosecute or defend any action or proceeding with respect to any Pledged Securities and to enforce all rights and remedies thereunder which the Pledgor could otherwise enforce.

(d) To enforce the payment of any Pledged Securities, either in the name of the Pledgor or in its own name, and to endorse the name of the Pledgor on all checks, drafts, money orders and other instruments tendered to or received in payment of any Pledged Securities.

(e) To notify the issuer with respect to any Pledged Securities of the existence of the security interest created hereby and to cause all payments in respect thereof thereafter to be made directly to the Lender; provided, however, that whether or not the Lender shall have so notified such issuer, the Pledgor will at its expense render all reasonable assistance to the Lender in collecting such items and in enforcing claims thereon.

(f) To sell, transfer, assign or otherwise deal in or with any Pledged Security or the proceeds thereof, as fully as the Pledgor otherwise could do.

2.4.2. Marshaling, etc. The Lender shall not be required to make any demand upon, or pursue or exhaust any of its rights or remedies against, the Pledgor or any other guarantor, pledgor or any other Person with respect to the payment of the Secured Obligations or to pursue or exhaust any of its rights or remedies with respect to any

collateral therefor or any direct or indirect guarantee thereof. The Lender shall not be required to marshal the Pledged Security or any guarantee of the Secured Obligations or to resort to the Pledged Security or any such guarantee in any particular order, and all of its and their rights hereunder or under any other Loan Document shall be cumulative. To the extent it may lawfully do so, the Pledgor absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against the Lender, any valuation, stay, appraisal, extension, redemption or similar laws now or hereafter existing which, but for this provision, might be applicable to the sale of any Pledged Security made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Agreement, or otherwise. Without limiting the generality of the foregoing, the Pledgor (a) agrees that it will not invoke or utilize any law which might prevent, cause a delay in or otherwise impede the enforcement of the rights of the Lender in the Pledged Security, (b) waives its rights under all such laws, and (c) agrees that it will not invoke or raise as a defense to any enforcement by the Lender of any rights and remedies relating to the Pledged Security or the Secured Obligations any legal or contractual requirement with which the Lender may have in good faith failed to comply. In addition, the Pledgor waives any right to prior notice (except to the extent expressly required by this Agreement) or judicial hearing in connection with foreclosure on or disposition of any Pledged Security, including any such right which the Pledgor would otherwise have under the Constitution of the United States of America, any state or territory thereof or any other jurisdiction.

2.4.3. Sales of Pledged Security. All or any part of the Pledged Security may be sold for cash or other value in any number of lots at public or private sale, without demand, advertisement or notice; provided, however, that unless the Pledged Security to be sold threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Lender shall give the Pledgor ten days' prior written notice of the time and place of any public sale, or the time after which a private sale may be made, which notice the Pledgor and the Lender hereby agrees to be reasonable. At any sale or sales of Pledged Security, the Lender or any of their respective officers acting on their behalf, or their respective assigns, may bid for and purchase all or any part of the property and rights so sold, may use all or any portion of the Secured Obligations as payment for the property or rights so purchased, and upon compliance with the terms of such sale may hold and dispose of such property and rights without further accountability to the Pledgor, except for the proceeds of such sale or sales pursuant to Section 2.4.5. The Pledgor acknowledges that any such sale will be made by the Lender on an "as is" basis with disclaimers of all warranties, whether express or implied. The Pledgor will execute and deliver or cause to be executed and delivered such instruments, documents, assignments, waivers, certificates and affidavits, will supply or cause to be supplied such further information and will take such further action as the Lender shall reasonably request in connection with any such sale.

2.4.4. Sale without Registration. If, at any time when the Lender shall determine to exercise its rights hereunder to sell all or part of the securities included in the Pledged Security, the securities in question shall not be effectively registered under the Securities Act (or other applicable law), the Lender may, in its sole discretion, sell such securities by private or other sale not requiring such registration in such manner and in such

circumstances as the Lender may deem necessary or advisable in order that such sale may be effected in accordance with applicable securities laws without such registration and the related delays, uncertainty and expense. Without limiting the generality of the foregoing, in any event the Lender may, in its sole discretion, (a) approach and negotiate with a single purchaser or one or more possible purchasers to effect such sale, (b) restrict such sale to one or more purchasers each of whom will represent and agree that such purchaser is purchasing for its own account, for investment and not with a view to the distribution or sale of such securities and (c) cause to be placed on certificates, if any, representing the securities in question a legend to the effect that such securities have not been registered under the Securities Act (or other applicable law) and may not be disposed of in violation of the provisions thereof. The Pledgor agrees that such manner of disposition is commercially reasonable, that it will upon the Lender's request give any such purchaser access to such information regarding the issuer of the securities in question as the Lender may reasonably request and that the Lender shall not incur any responsibility for selling all or part of the securities included in the Pledged Security at any private or other sale not requiring such registration, notwithstanding the possibility that a substantially higher price might be realized if the sale were deferred until after registration under the Securities Act (or other applicable law) or until made in compliance with certain other rules or exemptions from the registration provisions under the Securities Act (or other applicable law). The Pledgor acknowledges that no adequate remedy at law exists for breach by it of this Section 2.4.4 and that such breach would not be adequately compensable in damages and therefore agrees that this Section 2.4.4 may be specifically enforced.

2.4.5. Application of Proceeds. The proceeds of all sales and collections in respect of any Pledged Security or other assets of the Pledgor, all funds collected from the Pledgor and any cash contained in the Pledged Security, the application of which is not otherwise specifically provided for herein, shall be applied as follows:

(a) First, to the payment of the costs and expenses of such sales and collections, the reasonable expenses of the Lender and the reasonable fees and expenses of its special counsel;

(b) Second, any surplus then remaining to the payment of the Secured Obligations ratably, according to the amounts due respectively for principal, premium, if any, and interest to the holders of thereof; provided, however, that any such payment shall be distributed in accordance with the Loan Documents; and

(c) Third, any surplus then remaining shall be paid to the Pledgor, subject, however, to the rights of the holder of any then existing lien of which the Lender has actual notice.

2.5. Reserved.

2.6. Custody of Pledged Security. Except as provided by applicable law that cannot be waived, the Lender will have no duty as to the custody and protection of the Pledged Security, the collection of any part thereof or of any income thereon or the preservation or exercise of any

rights pertaining thereto, including rights against prior parties, except for the use of reasonable care in the custody and physical preservation of any Pledged Security in its possession. The Lender will not be liable or responsible for any loss or damage to any Pledged Security, or for any diminution in the value thereof, by reason of the act or omission of any agent selected by the Lender acting in good faith.

3. Representations and Warranties. In order to induce the Bank to make the Loan, the Pledgor represents and warrants that:

3.1. Organization and Business. Pledgor is a duly organized and validly existing limited liability company, in good standing under the laws of the State of Maryland. The Pledgor has all power and authority, as a limited liability company or otherwise, necessary (a) to enter into and perform this Agreement and (b) to own its properties and carry on the business now conducted or proposed to be conducted by it. Certified copies of the articles of organization and operating agreement of Pledgor has been previously delivered to the Lender and are correct and complete.

3.2. Authorization and Enforceability. The Pledgor has taken all action required to execute, deliver and perform this Agreement. This Agreement constitutes the legal, valid and binding respective obligation of the Pledgor, enforceable against the Pledgor in accordance with its terms.

3.3. No Legal Obstacle to Agreements. Neither the execution, delivery and performance of this Agreement, nor the consummation of any transaction referred to in or contemplated by this Agreement or any other Loan Document, has constituted or resulted, or will constitute or result, in:

(a) Any breach or termination of the provisions of any agreement, instrument, deed or lease to which the Pledgor is a party or by which it is bound, or of the charter or by-laws of the Pledgor; or

(b) The violation of any law, statute, judgment, decree or governmental order, rule or regulation applicable to the Pledgor.

No approval, authorization or other action by, or declaration to or filing with, any governmental or administrative authority or any other Person is required to be obtained or made by the Pledgor in connection with the execution, delivery and performance of this Agreement or any other Loan Document to which it is party or the transactions contemplated hereby or thereby, or if required, the same has been obtained.

3.4. Pledged Interests. The Pledged Interests are owned by the Pledgor beneficially and of record free and clear of any liens and restrictions or the transfer thereof, except for the lien of this Agreement and except for restrictions on transfer set forth in the Operating Agreement of the Borrower. All of the Pledged Interests held by the Pledgor have been duly authorized and validly issued and are fully paid and non-assessable.

#### 4. Suretyship Waivers by Pledgor, etc.

4.1. The Pledgor agrees that its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than indefeasible payment in full of the Secured Obligations. In furtherance of the foregoing and without limiting the generality thereof, the Pledgor agrees as follows (to the extent not prohibited by applicable law: (i) the Lender may from time to time, without notice or demand and without affecting the validity or enforceability of this Agreement or giving rise to any limitation, impairment or discharge of the Pledgor's liability hereunder, (A) renew, extend, accelerate or otherwise change the time, place, manner or terms of payment of the Secured Obligations, (B) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Secured Obligations or any agreement relating thereto and/or subordinate the payment of the same to the payment of any other obligations, (C) request and accept guaranties of the Secured Obligations and take and hold other security for the payment of the Secured Obligations, (D) release, exchange, compromise, subordinate or modify, with or without consideration, any other security for payment of the Secured Obligations, any guaranties of the Secured Obligations, or any other obligation of any Person with respect to the Secured Obligations, (E) enforce and apply any other security now or hereafter held by or for the benefit of the Lender in respect of the Secured Obligations and direct the order or manner of sale thereof, or exercise any other right or remedy that the Lender may have against any such security, as Lender in its discretion may determine consistent with the Loan Documents and any applicable security agreement, including foreclosure on any such security pursuant to one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable, and even though such action operates to impair or extinguish any right or reimbursement or subrogation or other right or remedy of Pledgor against the Borrower, the Guarantor or any other security for the Secured Obligations, and (F) exercise any other rights available to Lender under the Loan Documents, at law or in equity; and (ii) this Agreement and the obligations of the Pledgor hereunder shall be valid and enforceable and shall not be subject to any limitation, impairment or discharge for any reason (other than indefeasible payment in full of the Secured Obligations), including without limitation the occurrence of any of the following, whether or not the Pledgor shall have had notice or knowledge of any of them: (A) any failure to assert or enforce or agreement not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy with respect to the Secured Obligations or any agreement relating thereto, or with respect to any guaranty of or other security for the payment of the Secured Obligations, (B) any waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions (including without limitation provisions relating to events of default) of the Loan Documents or any agreement or instrument executed pursuant thereto, or any guaranty or other security for the Secured Obligations, (C) the Secured Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect, (D) the application of payments received from any source to the payment of indebtedness other than the Secured Obligations, even though Lender might have elected to apply such payment to any part or all of the Secured Obligations, (E) any failure to perfect or continue perfection of a security interest in any other collateral which secures any of the Secured Obligations, (F) any defenses, set-offs or counterclaims which Borrower or Guarantor may allege or assert against Lender in respect of the Secured Obligations, including but not limited to failure of consideration, breach of warranty,

payment, statute of frauds, statute of limitations, accord and satisfaction and usury, and (G) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of the Pledgor as an obligor in respect of the Secured Obligations.

4.2. Pledgor hereby waives, for the benefit of Lender: (i) any right to require Lender, as a condition of payment or performance by Pledgor, to (A) proceed against the Borrower, the Guarantor or any other Person, (B) proceed against or exhaust any other security held from the Borrower, the Guarantor or any other Person, (C) proceed against or have resort to any balance of any deposit account or credit on the books of Lender in favor of Borrower, the Guarantor, the Pledgor or any other Person, or (D) pursue any other remedy in the power of Lender whatsoever; (ii) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of the Borrower or the Guarantor including, without limitation, any defense based on or arising out of the lack of validity or the unenforceability of the Secured Obligations or the Guaranty or any agreement or instrument relating thereto or by reason of the cessation of the liability of the Borrower or the Guarantor from any cause other than indefeasible payment in full of the Secured Obligations; (iii) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (iv) any defense based upon Lender's errors or omissions in the administration of the Secured Obligations, except behavior which amounts to bad faith; (v) (A) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Agreement and any legal or equitable discharge of Pledgor's obligations hereunder, (B) the benefit of any statute of limitations affecting Pledgor's liability hereunder or the enforcement hereof, (C) any rights to set-offs, recoupments and counterclaims, and (D) promptness, diligence and any requirement that Lender protect, secure, perfect or insure any other security interest or lien or any property subject thereto; (vi) notices, demands, presentments, protests, notices of dishonor and notices of any action or inaction, notices of default under the Loan Documents or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Secured Obligations or any agreement related thereto, notices of any extension of credit to the Borrower and notices of any of the matters referred to in the preceding paragraph and any right to consent to any thereof; and (vii) to the fullest extent permitted by law, any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of this Agreement.

4.3. Until the Secured Obligations shall have been indefeasibly paid in full, the Pledgor shall withhold exercise of (i) any right of subrogation, (ii) any right of contribution the Pledgor may have against any the Borrower or the Guarantor, and (iii) any benefit of, and any right to participate in, any other security now or hereafter held by Lender. The Pledgor further agrees that, to the extent the waiver of its rights of subrogation and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation the Pledgor may have against the Borrower or the Guarantor or against any other collateral or security, and any rights of contribution the Pledgor may have against any such party, shall be junior and subordinate to any rights the Lender may have against such collateral or security.

4.4. Lender shall have no obligation to disclose or discuss with the Pledgor its assessment of the financial condition of the Borrower or the Guarantor. The Pledgor has adequate means to obtain information from the Borrower and the Guarantor on a continuing basis concerning the financial condition of the Borrower and the Guarantor and their ability to perform their obligations under the Loan Documents and the Guaranty, and the Pledgor assumes the responsibility for being and keeping informed of the financial condition of the Borrower and the Guarantor and all of the circumstances bearing upon the risk of nonpayment of the Secured Obligations. The Pledgor hereby waives and relinquishes any duty on the part of Lender to disclose any matter, fact or thing relating to the business, operations or condition of the Borrower or the Guarantor now known or hereafter known by Lender.

5. Defeasance. When all Secured Obligations have been paid, performed and reasonably determined by the Lender to have been indefeasibly discharged in full, this Agreement shall terminate and, at the Pledgor's written request, accompanied by such certificates and other items as the Lender shall reasonably deem necessary, the Pledged Security shall revert to the Pledgor and the right, title and interest of the Lender therein shall terminate. Thereupon, on the Pledgor's demand and at its cost and expense, the Lender shall execute proper instruments, acknowledging satisfaction of and discharging this Agreement, and shall redeliver to the Pledgor any Pledged Security then in its possession and any financing statement filed to perfect the security interest in the Pledged Securities will be terminated.

6. Successors and Assigns. The provisions of this Agreement shall inure to the benefit of the Lender and its successors and assigns and shall be binding upon the Pledgor and its successors and assigns. The Pledgor may not assign its rights or obligations under this Agreement without the written consent of the Lender.

7. Notices. Any notice or other communication in connection with this Agreement shall be deemed to be given if given in writing (including telecopy or similar teletransmission) addressed as provided below (or to the addressee at such other address as the addressee shall have specified by notice actually received by the addressor), and if either (a) actually delivered in fully legible form to such address or (b) in the case of a letter, five business days shall have elapsed after the same shall have been deposited in the United States mails, with first-class postage prepaid, certified, return receipt requested.

If to the Pledgor:

Erickson Retirement Communities, LLC  
701 Maiden Choice Lane  
Baltimore, Maryland 21228  
Attention: President  
Telecopier: 410-402-2348



With a copy to:

Rosenberg, Martin, Greenberg, LLP  
25 South Charles Street  
Suite 2115  
Baltimore, Maryland 21201  
Attention: Hilary J. O'Connor  
Telephone: 410-727-6600  
Telecopier: 410-727-1115

With a copy to:

Erickson Retirement Communities, LLC  
701 Maiden Choice Lane  
Baltimore, Maryland 21228  
Attention: General Counsel  
Telecopier: 410-402-2348

If to the Lender:

Sovereign Bank  
111 South Wacker Drive  
Suite 3925  
Chicago, Illinois 60606  
Attention: Naomi O'Dell  
Telecopier: (312) 443-0996

With a copy to:

Squire, Sanders & Dempsey L.L.P.  
8000 Towers Crescent Drive  
14<sup>th</sup> Floor  
Tysons Corner, Virginia 22182  
Attention: John E. Thomas  
Telecopier: (703) 720-7801

## 8. Indemnification and Reimbursement of Expenses.

8.1. Indemnification. The Pledgor hereby agrees to indemnify and hold the Lender harmless from and against any claim, loss, cost (including reasonable attorneys' fees and court costs), expense, damage, right, demand or cause of action of any nature whatsoever in connection with, or arising from this Agreement, and which accrues or is incurred or arises from actions taken prior to the Lender's succession to the Pledgor's right, title and interest in and to the Pledged Interests; provided, however, that the Pledgor will not be required to indemnify the Lender against any claim, loss, cost (including reasonable attorneys' fees and court costs), expenses, damage, right, demand or cause of action directly caused by the Lender's gross

negligence or willful misconduct if such gross negligence or willful misconduct has been conclusively established by final, non-appealable decision of a court of competent jurisdiction.

8.2. **Reimbursement of Expenses.** The Pledgor hereby agrees to promptly pay within five (5) Business Days of demand all reasonable expenses of the Lender (including reasonable attorney fees and expenses) in connection with the preparation of this Agreement, operations hereunder and enforcement and collection hereof, whether before or after bankruptcy or similar proceedings (and whether or not allowed as a claim therein).

9. **Consent to Jurisdiction; Service of Process; Waiver of Jury Trial.**

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

9.2. The Pledgor hereby agrees and consents that any suit, action or proceeding arising out of or brought to enforce the provisions of this Agreement may be brought in any appropriate court in the State of Maryland or in any other court having jurisdiction over the subject matter, all at the sole election of the Lender, and by the execution of this Agreement, the Pledgor irrevocably consents to the jurisdiction of each such court.

9.3. THE PARTIES HERETO EACH HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THEY MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS AGREEMENT. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THE LOAN DOCUMENTS. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE PARTIES, AND THE PARTIES EACH HEREBY REPRESENT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THE PARTIES EACH FURTHER REPRESENT THAT THEY HAVE BEEN REPRESENTED IN THE EXECUTION OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED IN ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

10. **General.** All covenants, agreements, representations and warranties made in this Agreement or in certificates delivered pursuant hereto of the Pledgor shall be deemed to have been relied on by the Lender, notwithstanding any investigation made by the Lender on its own behalf, and shall survive the execution and delivery to the Lender of this Agreement. The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of any other provision hereof, and any invalid or unenforceable provision shall be modified so as to be enforced to the maximum extent of its validity or enforceability. The headings in this Agreement are for convenience of reference only and shall not limit, alter or otherwise affect the meaning hereof. This Agreement constitute the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior and current understandings and

agreements, whether written or oral. This Agreement may be executed in any number of counterparts, which together shall constitute one instrument.

11. Amendments. This Agreement may only be amended, supplemented or terminated in writing, signed by all of the parties hereto.

12. Third Party Beneficiaries. The Lender and its respective successors and assigns shall be a third-party beneficiary of this Agreement.

[the rest of this page is intentionally blank]

Each of the undersigned has caused this Pledge Agreement to be executed and delivered by its duly authorized officer as an agreement under seal as of the date first written above.

**PLEDGOR:**

ERICKSON RETIREMENT COMMUNITIES,  
LLC, a Maryland limited liability company

By \_\_\_\_\_ (SEAL)

Gerald F. Doherty  
Executive Vice President, General  
Counsel and Secretary

**LENDER:**

SOVEREIGN BANK, as Lender

By \_\_\_\_\_ (SEAL)

Naomi O'Dell  
Vice President

Each of the undersigned has caused this Pledge Agreement to be executed and delivered by its duly authorized officer as an agreement under seal as of the date first written above.

**PLEDGOR:**

ERICKSON RETIREMENT COMMUNITIES,  
LLC, a Maryland limited liability company

By \_\_\_\_\_ (SEAL)  
Gerald F. Doherty  
Executive Vice President, General  
Counsel and Secretary

**LENDER:**

SOVEREIGN BANK, as Lender

By Naomi O'Dell (SEAL)  
Naomi O'Dell  
Vice President

STATE OF MARYLAND  
DEPT OF ASSESSMENTS AND TAXATION  
CUST ID:00002160193  
WORK ORDER:00001611231  
DATE:06-07-2008 01:54 PM  
AMT. PAID:\$100.00

# UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

Kelly Levan (703) 720-7804

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Squire Sanders & Dempsey LLP  
Attn: Kelly Levan, Paralegal  
8000 Towers Crescent Drive, 14th Fl  
Tysons Corner, VA 22182-2700

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME

Erickson Retirement Communities, LLC

OR 1b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

1c. MAILING ADDRESS

701 Maiden Choice Lane

CITY

Baltimore

STATE

MD

POSTAL CODE

21228

COUNTRY

USA

1d. TAX ID #: SSN OR EIN

ADD'L INFO RE

ORGANIZATION

DEBTOR

1e. TYPE OF ORGANIZATION

limited liability company

1f. JURISDICTION OF ORGANIZATION

Maryland

1g. ORGANIZATIONAL ID #, if any

W04550497

☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR 2b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

2c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

2d. TAX ID #: SSN OR EIN

ADD'L INFO RE

ORGANIZATION

DEBTOR

2e. TYPE OF ORGANIZATION

2f. JURISDICTION OF ORGANIZATION

2g. ORGANIZATIONAL ID #, if any

☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME

Sovereign Bank,

OR 3b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

3c. MAILING ADDRESS

75 State Street

CITY

Boston

STATE

MA

POSTAL CODE

02109

COUNTRY

USA

4. This FINANCING STATEMENT covers the following collateral:

See Collateral Description attached hereto.

5. ALTERNATIVE DISPOSITIONS (check one) ☐ LESSOR/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS - Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional) ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

Maryland SDAT (059)98.00062 - #230302)

FILING OFFICE COPY — NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 07/29/98)

UCC FINANCING STATEMENT – COLLATERAL DESCRIPTION  
ERICKSON RETIREMENT COMMUNITIES, LLC

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All capitalized terms used in this Collateral Description, unless otherwise defined herein, shall have the same meaning assigned to such terms in the Pledge Agreement dated June 4, 2008, by and among Debtor and Sovereign Bank, as Lender.

The Pledgor mortgages, pledges and collaterally grants and assigns to the Lender, and creates a security interest in favor of the Lender in, all of such Pledgor's right, title and interest in and to (but none of its obligations or liabilities with respect to) the items and types of present and future property described in Sections 1 through 3, whether now owned or hereafter acquired, all of which shall be included in the term "*Pledged Security*".

1. Pledged Interests. All of the limited liability company member interests or other evidence of beneficial interest in the St. Louis Campus, LLC, a Maryland limited liability company ("*St. Louis Campus*"). All such interests, are collectively referred to as the "*Pledged Interests*".
  2. Pledged Rights. All rights to receive profits or surplus of, or other distributions (including income, return of capital and liquidating distributions) from St. Louis Campus on account of the Pledged Interests, including any distributions by St. Louis Campus to its members on account of the Pledged Interests.
  3. Proceeds and Products. All proceeds and products of the items of Pledged Security described or referred to in Sections 1 and 2 herein.
-



\* 2010122800901 \*

**JANICE M. HAMMONDS, RECORDER OF DEEDS  
ST. LOUIS COUNTY MISSOURI  
41 SOUTH CENTRAL, CLAYTON, MO 63105**

1408

TYPE OF  
INSTRUMENT  
**TRS-F**

GRANTOR  
**ST LOUIS CAMPUS LLC BY TR ET  
AL**

TO

GRANTEE  
**SOVEREIGN BANK**

PROPERTY  
DESCRIPTION:

**MUSICK ROAD & GRAVOIS ROAD CONSOLIDATION PLAT L: 3 THRU 7  
PB: 356 PG: 324 WOP**

Lien Number
-------------

Notation <b>X</b>
----------------------

Locator
---------

**NOTE:** I, the undersigned Recorder of Deeds, do hereby certify that the information shown on this Certification Sheet as to the **TYPE OF INSTRUMENT**, the **NAMES of the GRANTOR and GRANTEE** as well as the **DESCRIPTION of the REAL PROPERTY affected** is furnished merely as a convenience only, and in the case of any discrepancy of such information between this Certification Sheet and the attached Document, **the ATTACHED DOCUMENT governs**. Only the **DOCUMENT NUMBER**, the **DATE** and **TIME** of filing for record, and the **BOOK** and **PAGE** of the recorded Document is taken from this **CERTIFICATION SHEET**.

**RECORDER OF DEEDS DOCUMENT CERTIFICATION**

STATE OF MISSOURI )  
SS.  
COUNTY OF ST. LOUIS )

Document Number <b>00901</b>
---------------------------------

I, the undersigned Recorder of Deeds for said County and State, do hereby certify that the following and annexed instrument of writing, which consists of 16 pages, (this page-inclusive), was filed for record in my office on the 28 day of December 2010 at 05:07PM and is truly recorded in the book and at the page number printed above.

In witness whereof I have hereunto set my hand and official seal the day, month and year aforesaid.

**ELE**  
Deputy Recorder



*Janice M. Hammond*  
St. Louis County, Missouri

Mail to:

--

Destination code: **87 P**

RECORDING FEE 66.00  
(Paid at the time of Recording)



15  
✓

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SPACE ABOVE THIS LINE RESERVED FOR RECORDER OF DEEDS

**Title of Instrument:** Trustee's Deed

**Date of Instrument:** December 7, 2010

**Grantor:** Bonnie L. Clair, Successor Trustee  
8909 Ladue Road  
St. Louis, MO 63124

**Grantee:** PBE Companies, LLC  
c/o Corporation Service Company  
2711 Centerville Rd., Suite 400  
Wilmington, DE 19808

**Affected Instruments:** Amended and Restated Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents, in Book 19168 at Page 1794

**Legal Description:** See attached Exhibit A

Upon Recording this Document  
Should Be Returned To:

Bonnie L. Clair  
Summers Compton Wells PC  
8909 Ladue Road  
St. Louis, MO 63124

STL-201014086

TRUSTEE'S DEED

WHEREAS, ST. LOUIS CAMPUS, LLC, a Maryland limited liability company ("Borrower"), by its Amended and Restated Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents, dated as of October 6, 2010, filed for record in the Office of the Recorder of Deeds of St. Louis County, Missouri, on October 13, 2010, and recorded in Book 19168, Page 1794 (the "Deed of Trust"), conveyed to Bonnie L. Clair, as trustee, the property therein and hereinafter described, IN TRUST, to secure the payment of the indebtedness in said deed described to Sovereign Bank ("Sovereign"); and

WHEREAS, the Deed of Trust was given to secure repayment of a loan made by Sovereign to St. Louis Campus pursuant to a Promissory Note dated as of June 4, 2008 (the "Note") and Loan Agreement dated as of June 4, 2008 (the "Loan Agreement"), pursuant to which Sovereign agreed to provide a loan to St. Louis Campus in the amount of up to \$15,000,000 (the "Loan");

WHEREAS, the Loan is in default and all indebtedness under the Loan became due and payable;

WHEREAS, default has been made and still continues in the payment of the obligation described in said indebtedness and Deed of Trust, by reason whereof the undersigned Successor Trustee did, at the request of Sovereign, the legal owner and holder of the Note, proceed to execute the powers to her given by the Deed of Trust, and did, on the 7th day of December, 2010, having previously given twenty days' notice of the sale hereinafter mentioned, such notice setting forth the date and book and page of the record of the Deed of Trust, the grantors, the time, terms and place of sale, and a description of the property to be sold, such notice having been published in twenty-one consecutive issues and continued to the day of sale in the St. Louis Countian, a daily newspaper, published in the County of St. Louis, and State of Missouri, a copy of said notice and the affidavit of publication proving its publication being attached hereto as Exhibit B and made a part hereof, at the First Floor, Plaza Level, North Door of the St. Louis County Government Center Courts Building, in the City of Clayton, in the County of St. Louis, Missouri, between the hours of 9 o'clock in the forenoon and 5 o'clock in the afternoon, being at 12 o'clock p.m., noon of said day, expose to sale for cash, to the highest bidder, at public vendue and auction, the said property hereinafter described;

WHEREAS, no owner or grantor has given notice of intention to redeem;

WHEREAS, at said sale Sovereign Bank, being the highest and best bidder for the whole of said property, for the price and sum of Five Million Six Hundred Thousand Dollars (\$5,600,000.00), the same was struck off and sold to said Sovereign Bank at that price and sum, pursuant to the Memorandum of Sale executed by Sovereign Bank and the Successor Trustee;

WHEREAS, Sovereign Bank has assigned all of its rights and obligations under the Memorandum of Sale to PBE Companies, LLC, a Delaware limited liability company.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS: that the undersigned Successor Trustee, in consideration of the premises and the sum of Five Million Six Hundred Thousand Dollars (\$5,600,000.00), paid to her by said PBE Companies, LLC ("Grantee"), the receipt of which is hereby acknowledged, does hereby BARGAIN, SELL and CONVEY unto said Grantee, the real estate and personal property in said Deed of Trust and notice of sale described, and so sold as aforesaid, situated, lying and being in the County of St. Louis, State of Missouri, to wit:

(a) The following real estate, interests in real estate, and agreements regarding real estate (the "Land"):

Parcel 1:

Lots 3 through 7 as set forth in the Musick Road and Gravois Road Consolidation Plat recorded in Plat Book 356 Page 324 of the St. Louis County Recorder's Office.

Commonly known as: 10270 Gravois Rd., St. Louis, MO 63123, Tax ID #26K240044 (Lot 3), 9701 McNary Dr., St. Louis, MO 63123, Tax ID #26K510226 (Lot 4), 9711 McNary Rd., St. Louis, MO 63123, Tax ID #26K230090 (Lot 5), 9721 McNary Dr., St. Louis, MO 63123, Tax ID #26K240055 (Lot 6), and 9000 Musick Rd., St. Louis, MO 63123, Tax ID #26K230100 (Lot 7).

Parcel 2:

Lot 1 of Bridlewood Estates, a subdivision in St. Louis County, Missouri, according to the plat thereof recorded in Plat Book 124 at Page 21 of the St Louis County Records.

Commonly known as 9703 Musick Rd., St. Louis, MO 63123, Tax ID #26K140274.

Parcel 3:

Together with all rights and benefits under that certain Agreement Regarding Cross Access, Easements and Right of Way dated June 4, 2008, filed June 9, 2008 in Book 17908 at Page 513 by and between St. Louis Campus, LLC and Apostles of the Sacred Heart of Jesus, Incorporated Cor Jesu Academy.

Parcel 4:

Together with all right and benefits under that certain Mutual Retaining Wall Easement Agreement, dated June 4, 2008, filed June 9, 2008 in Book 17908 at Page 535, by and between St. Louis Campus, LLC and Apostles of the Sacred Heart of Jesus, Incorporated Cor Jesu Academy.

Parcel 5:

Together with all rights and benefits under that certain Declaration of Flood Plain Restrictions, dated June 4, 2008, filed June 9, 2008 in Book 17908 at Page 547 by St. Louis Campus, LLC.

(b) All right, title, and interest of Borrower in and to any and all buildings and other improvements constructed on the Land, the streets and roads abutting the Land to the center lines thereof, and strips and gores within or adjoining the Land, the air space and right to use said air space and all the development rights with respect to, appertaining to or above the Land, all rights of ingress and egress by motor vehicles to parking facilities on or within the Land, all easements now or hereafter affecting the Land, royalties and all rights appertaining to the use and

enjoyment of the Land, including, without limitation, alley, drainage, mineral, water, oil and gas rights (the Land together with all other rights, privileges, and interest encumbered or conveyed in the Deed of Trust, are hereinafter collectively referred to as the "Premises");

(c) All tangible personal property owned by Borrower and used in connection with the Premises, whether acquired by Borrower prior to or after the date of the Deed of Trust, and all tangible personal property located on or at the Premises and used in connection therewith;

(d) All heating, lighting, plumbing, ventilating, air conditioning, refrigerating, incinerating and elevator plants, stoves, ranges, refrigerators, dishwashers, kitchen cabinets and counters, vacuum cleaning systems, call systems, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors, machinery, pipes, appliances and equipment, contained in the Premises (the Premises and said fixtures and articles of personal property encumbered and conveyed under the Deed of Trust are collectively referred to as the "Mortgaged Property");

(e) All leases, subleases, and all lettings, licenses and other agreements under the terms of which any person other than Borrower acquires any right to use or occupy the Mortgaged Property or any part thereof, now or hereafter entered into (collectively, the "Leases") and all right, title and interest of the Borrower under the Leases, including, without limitation, cash and securities thereunder and the right to receive and collect rents, issues and profits payable thereunder;

(f) All unearned premiums, accrued, accruing or to accrue under insurance policies obtained by the Borrower and all proceeds of the conversion, voluntary or involuntary, of the Mortgaged Property or any part thereof into cash or liquidated claims, including without limitation, proceeds of hazard and title insurance and all awards and compensation made by any governmental or other lawful authorities for the taking by eminent domain, condemnation or otherwise, of all or any part of the Mortgaged Property or any easement therein, including awards for any change of grade of streets;

(g) All right, title and interest of Borrower in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to the Mortgaged Property acquired by or released to the Borrower, or constructed, assembled or placed by the Borrower on the Mortgaged Property, whether acquired by Borrower prior to or after the date of the Deed of Trust;

(h) All of Borrower's right, title, and interest in and to all permits and approvals issued by any governmental authority in connection with the Mortgaged Property, to the extent assignable;

(i) All of Borrower's right, title and interest in and to all personal and fixture property of every kind and nature, including, without limitation, all furniture, fixtures, equipment, raw materials, inventory, other goods, accounts, securities and other investment property, deposit accounts, rights to proceeds of letters of credit, letter-of-credit rights, supporting obligations of every nature which the Borrower, or others on behalf of Borrower,

possess, use, or have the authority to possess or use, and all recorded data of any kind or nature, regardless of the medium of recording, including without limitation, all software, writings, and all plans, specifications, and schematics, together with all replacements thereof, substitutions therefore, and additions thereto, as well as, to the extent not already included therein, all Gross Revenues of the Borrower, whereby "Gross Revenues" shall mean all rents, receipts, revenues, income, gifts, rental payments, forfeited security deposits, entrance fees, deposits, service fees, and other moneys received by or on behalf of Borrower, whether or not in connection with the ownership, operation, or disposition of the Mortgaged Property or any part thereof, and all other operating and non-operating revenues of the Borrower, and all rights to receive the same whether in the form of cash, lease rights, accounts receivable, contract rights, chattel paper, instruments, general intangibles, or other rights and the proceeds thereof and of any insurance thereon or condemnation or similar awards, or any gain on the sale or other disposition of property, and all amounts received or receivable from the investment or deposit of moneys in any fund or account under the Loan Documents (as defined in the Deed of Trust);

(j) All products and proceeds (cash and noncash) of each and every of the foregoing.

TO HAVE AND TO HOLD the same unto the said Grantee, Grantee's heirs, successors and assigns forever.

The undersigned Successor Trustee certifies that, in obedience to Section 443.325, R.S.Mo., pertaining to notice of sale under power of sale, the Successor Trustee caused to be deposited in the United States Mail, designated certified mail, not less than twenty days prior to the day of sale mentioned herein, envelopes with postage prepaid and containing a copy of the published notice of sale as shown on the affidavit of publication attached hereto, to the following parties at the following addresses, such addresses being the last known address of each such party:

1. St. Louis Campus, LLC  
c/o Senior Living Management LLC  
Attn: Paul Rundell  
701 Maiden Choice Lane  
Baltimore, MD 21228  
(Cert. No. 7002 0860 0005 1224 1688)
2. Rosenberg, Martin, Greenberg, LLP  
Attn: Hilary J. O'Connor  
25 South Charles St., Suite 2115  
Baltimore, MD 21201  
(Cert. No. 7002 0860 0005 1224 1695)
3. Senior Living Management LLC  
Attn: General Counsel  
701 Maiden Choice Lane  
Baltimore, MD 21228  
(Cert. No. 7002 0860 0005 1224 1701)

4. Erickson Retirement Communities, LLC  
Attn: President  
701 Maiden Choice Lane  
Baltimore, MD 21228  
(Cert. No. 7002 0860 0005 1224 1718)
5. Erickson Retirement Communities, LLC  
Attn: General Counsel  
701 Maiden Choice Lane  
Baltimore, MD 21228  
(Cert. No. 7002 0860 0005 1224 1725)

and that, as proof thereof, true and accurate copies of the certified mail receipts of the United States Postal Service evidencing the deposit of said envelopes are attached hereto as Exhibit C and incorporated herein by reference.

[The remainder of this page is intentionally left blank.]



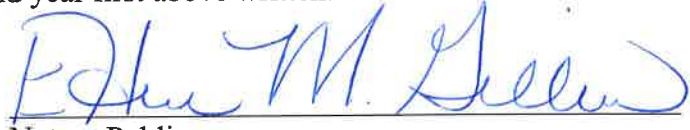
IN WITNESS WHEREOF, the said Successor Trustee has executed this Trustee's Deed as of the 7th day of December, 2010.

  
BONNIE L. CLAIR, Successor Trustee

STATE OF MISSOURI     )  
                                  ) SS  
COUNTY OF ST. LOUIS    )

On this 7th day of December, 2010, before me personally appeared Bonnie L. Clair, to me known to be the person described in and who executed the foregoing instrument as Successor Trustee and acknowledged that she executed the same as her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

  
Notary Public

My Commission Expires:

June 28, 2012

966298\_1



ELLEN M. GILLEN  
My Commission Expires  
June 28, 2012  
Franklin County  
Commission #08380164

EXHIBIT A

Legal Description

Parcel 1:

Lots 3 through 7 as set forth in the Musick Road and Gravois Road Consolidation Plat recorded in Plat Book 356 Page 324 of the St. Louis County Recorder's Office. ✓

Commonly known as: 10270 Gravois Rd., St. Louis, MO 63123, Tax ID #26K240044 (Lot 3), 9701 McNary Dr., St. Louis, MO 63123, Tax ID #26K510226 (Lot 4), 9711 McNary Rd., St. Louis, MO 63123, Tax ID #26K230090 (Lot 5), 9721 McNary Dr., St. Louis, MO 63123, Tax ID #26K240055 (Lot 6), and 9000 Musick Rd., St. Louis, MO 63123, Tax ID #26K230100 (Lot 7).

Parcel 2:

Lot 1 of Bridlewood Estates, a subdivision in St. Louis County, Missouri, according to the plat thereof recorded in Plat Book 124 at Page 21 of the St Louis County Records.

Commonly known as 9703 Musick Rd., St. Louis, MO 63123, Tax ID #26K140274.

Parcel 3:

Together with all rights and benefits under that certain Agreement Regarding Cross Access, Easements and Right of Way dated June 4, 2008, filed June 9, 2008 in Book 17908 at Page 513 by and between St. Louis Campus, LLC and Apostles of the Sacred Heart of Jesus, Incorporated Cor Jesu Academy.

Parcel 4:

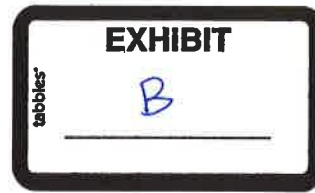
Together with all right and benefits under that certain Mutual Retaining Wall Easement Agreement, dated June 4, 2008, filed June 9, 2008 in Book 17908 at Page 535, by and between St. Louis Campus, LLC and Apostles of the Sacred Heart of Jesus, Incorporated Cor Jesu Academy.

Parcel 5:

Together with all rights and benefits under that certain Declaration of Flood Plain Restrictions, dated June 4, 2008, filed June 9, 2008 in Book 17908 at Page 547 by St. Louis Campus, LLC.



## AFFIDAVIT OF PUBLICATION



Page 1 of 5

STATE OF MISSOURI }  
 COUNTY OF ST. LOUIS } ss.

Before the undersigned, a Notary Public in and for the County of St. Louis Missouri, personally appeared **Gordon Friedrich**, of **THE COUNTIAN**, a daily newspaper published in the County of St. Louis, Missouri; who, being duly sworn on oath, say that **THE COUNTIAN** has complied with all of the provisions of the laws of this state regulating newspapers and the publication of legal notices, and in particular with the provisions of section 493.050, R.S. Mo. 1986, and is qualified to publish the annexed notice or advertisement; and that it was published in **THE COUNTIAN** for twenty one issues the first publication being on the **17th** day of **November, 2010** and the last publication being on the **7th** day of **December, 2010** to wit:

11/17/2010, 11/18/2010, 11/19/2010, 11/20/2010, 11/21/2010, 11/22/2010, 11/23/2010, 11/24/2010, 11/25/2010, 11/26/2010, 11/27/2010, 11/28/2010, 11/29/2010, 11/30/2010, 12/01/2010, 12/02/2010, 12/03/2010, 12/04/2010, 12/05/2010, 12/06/2010, 12/07/2010

**In re St. Louis Campus, LLC**

**TRUSTEE'S SALE** - For default in the payment of debt and performance of obligations secured by that Amended and Restated Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents (the "Deed of Trust"), executed by St. Louis Campus, LLC ("Grantor"), dated October 6, 2010, recorded on October 13, 2010, in Book 19168, Page 1794, in the Office of the Recorder of Deeds for St. Louis County, Missouri, the undersigned Successor Trustee will, on **Tuesday, December 7, 2010, between the hours of 9:00 a.m. and 5:00 p.m. (at the specific time of 12:00 p.m. Noon)**, at the First Floor, Plaza Level, North Door of the St. Louis County Government Center Courts Building, 7900 Carondelet Avenue, in the City of Clayton, in the County of St. Louis, State of Missouri, sell at public vendue to the highest bidder for cash:

(a) The following real estate, interests in real estate, and agreements regarding real estate (the "Land"):

## Parcel 1:

Lots 3 through 7 as set forth in the Musick Road and Gravois Road Consolidation Plat recorded in Plat Book 356 Page 324 of the St. Louis County Recorder's Office.

Commonly known as: 10270 Gravois Rd., St. Louis, MO 63123, Tax ID #26K240044 (Lot 3), 9701 McNary Dr., St. Louis, MO 63123, Tax ID #26K510226 (Lot 4), 9711 McNary Rd., St. Louis, MO 63123, Tax ID #26K230090 (Lot 5), 9721 McNary Dr., St. Louis, MO 63123, Tax ID #26K240055 (Lot 6), and 9000 Musick Rd., St. Louis, MO 63123, Tax ID #26K230100 (Lot 7).

## Parcel 2:

Lot 1 of Bridlewood Estates, a subdi-

## AFFIDAVIT OF PUBLICATION

Page 2 of 5

vision in St. Louis County, Missouri, according to the plat thereof recorded in Plat Book 124 at Page 21 of the St. Louis County Records.

Commonly known as 9703 Musick Rd., St. Louis, MO 63123, Tax ID #26K140274.

Parcel 3:

Together with all rights and benefits under that certain Agreement Regarding Cross Access, Easements and Right of Way dated June 4, 2008, filed June 9, 2008 in Book 17908 at Page 513 by and between St. Louis Campus, LLC and Apostles of the Sacred Heart of Jesus, Incorporated Cor Jesu Academy.

Parcel 4:

Together with all right and benefits under that certain Mutual Retaining Wall Easement Agreement, dated June 4, 2008, filed June 9, 2008 in Book 17908 at Page 535, by and between St. Louis Campus, LLC and Apostles of the Sacred Heart of Jesus, Incorporated Cor Jesu Academy.

Parcel 5:

Together with all rights and benefits under that certain Declaration of Flood Plain Restrictions, dated June 4, 2008, filed June 9, 2008 in Book 17908 at Page 547 by St. Louis Campus, LLC.

(b) All right, title, and interest of Grantor in and to any and all buildings and other improvements constructed on the Land, the streets and roads abutting the Land to the center lines thereof, and strips and gores within or adjoining the Land, the air space and right to use said air space and all the development rights with respect to, appertaining to or above the Land, all rights of ingress and egress by motor vehicles to parking facilities on or within the Land, all easements now or hereafter affecting the Land, royalties and all rights appertaining to the use

## AFFIDAVIT OF PUBLICATION

Page 3 of 5

and enjoyment of the Land, including, without limitation, alley, drainage, mineral, water, oil and gas rights (the Land together with all other rights, privileges, and interest encumbered or conveyed in the Deed of Trust, are hereinafter collectively referred to as the "Premises");

(c) All tangible personal property owned by Grantor and used in connection with the Premises, whether acquired by Grantor prior to or after the date of the Deed of Trust, and all tangible personal property located on or at the Premises and used in connection therewith;

(d) All heating, lighting, plumbing, ventilating, air conditioning, refrigerating, incinerating and elevator plants, stoves, ranges, refrigerators, dishwashers, kitchen cabinets and counters, vacuum cleaning systems, call systems, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors, machinery, pipes, appliances and equipment, contained in the Premises (the Premises and said fixtures and articles of personal property encumbered and conveyed under the Deed of Trust are collectively referred to as the "Mortgaged Property");

(e) All leases, subleases, and all lettings, licenses and other agreements under the terms of which any person other than Grantor acquires any right to use or occupy the Mortgaged Property or any part thereof, now or hereafter entered into (collectively, the "Leases") and all right, title and interest of the Grantor under the Leases, including, without limitation, cash and securities thereunder and the right to receive and collect rents, issues and profits payable thereunder;

(f) All unearned premiums, accrued,

## AFFIDAVIT OF PUBLICATION

Page 4 of 5

accruing or to accrue under insurance policies obtained by the Grantor and all proceeds of the conversion, voluntary or involuntary, of the Mortgaged Property or any part thereof into cash or liquidated claims, including without limitation, proceeds of hazard and title insurance and all awards and compensation made by any governmental or other lawful authorities for the taking by eminent domain, condemnation or otherwise, of all or any part of the Mortgaged Property or any easement therein, including awards for any change of grade of streets;

(g) All right, title and interest of Grantor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to the Mortgaged Property acquired by or released to the Grantor, or constructed, assembled or placed by the Grantor on the Mortgaged Property, whether acquired by Grantor prior to or after the date of the Deed of Trust;

(h) All of Grantor's right, title, and interest in and to all permits and approvals issued by any governmental authority in connection with the Mortgaged Property, to the extent assignable;

(i) All of Grantor's right, title and interest in and to all personal and fixture property of every kind and nature, including, without limitation, all furniture, fixtures, equipment, raw materials, inventory, other goods, accounts, securities and other investment property, deposit accounts, rights to proceeds of letters of credit, letter-of-credit rights, supporting obligations of every nature which the Grantor, or others on behalf of Grantor, possess, use, or have the authority to possess or use, and all recorded data of

# AFFIDAVIT OF PUBLICATION

Page 5 of 5

any kind or nature, regardless of the medium of recording, including without limitation, all software, writings, and all plans, specifications, and schematics, together with all replacements thereof, substitutions therefore, and additions thereto, as well as, to the extent not already included therein, all Gross Revenues of the Grantor, whereby "Gross Revenues" shall mean all rents, receipts, revenues, income, gifts, rental payments, forfeited security deposits, entrance fees, deposits, service fees, and other moneys received by or on behalf of Grantor, whether or not in connection with the ownership, operation, or disposition of the Mortgaged Property or any part thereof, and all other operating and non-operating revenues of the Grantor, and all rights to receive the same whether in the form of cash, lease rights, accounts receivable, contract rights, chattel paper, instruments, general intangibles, or other rights and the proceeds thereof and of any insurance thereon or condemnation or similar awards, or any gain on the sale or other disposition of property, and all amounts received or receivable from the investment or deposit of moneys in any fund or account under the Loan Documents (as defined in the Deed of Trust);

(j) All products and proceeds (cash and noncash) of each and every of the foregoing.

To satisfy said debt and costs.

Bonnie L. Clair  
Successor Trustee  
8909 Ladue Road  
St. Louis, MO 63124  
(314) 991-4999

10264063 County Nov 17, 2010

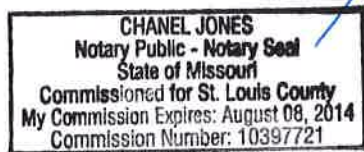


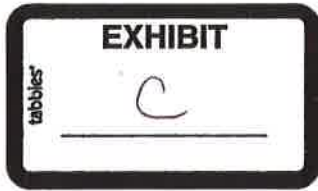
Gordon Friedrich

Subscribed and sworn to before me this 7<sup>th</sup> day of Dec, 2010



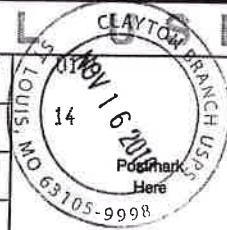
Notary Public





7002 0860 0005 1224 1688

<b>U.S. Postal Service</b>	
<b>CERTIFIED MAIL RECEIPT</b>	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
CATONSVILLE, MD 21228	
<b>OFFICIAL USE</b>	
Postage	\$1.22
Certified Fee	\$2.80
Return Receipt Fee (Endorsement Required)	\$2.30
Restricted Delivery Fee (Endorsement Required)	\$0.00
<b>Total Postage &amp;</b>	<b>\$6.32</b>
11/16/2010	
St. Louis Campus, LLC	
c/o Senior Living Management LLC	
Attn: Paul Rundell	
701 Maiden Choice Lane	
Baltimore, MD 21228	
PS Form 3800, April 2002	
See Reverse for Instructions	



**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
*(Domestic Mail Only; No Insurance Coverage Provided)*

CATONSVILLE MD 21228  
**OFFICIAL USE**

Postage	\$	\$1.22
Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
<b>Total Postage &amp; F</b>		<b>\$6.32</b>



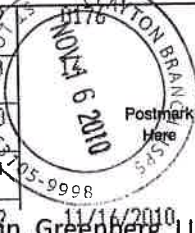
**Sent To** Senior Living Management LLC  
 Attn: General Counsel  
 701 Maiden Choice Lane  
 Baltimore, MD 21228

PS Form 3800, April 2002 See Reverse for Instructions

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
*(Domestic Mail Only; No Insurance Coverage Provided)*

BALTIMORE MD 21201  
**OFFICIAL USE**

Postage	\$	\$1.22
Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
<b>Total Postage &amp; F</b>		<b>\$6.32</b>



**Sent To** Rosenberg, Martin, Greenberg, LLP  
 Attn: Hilary J. O'Connor  
 25 South St. Charles St., Suite 2115  
 Baltimore, MD 21201

PS Form 3800, April 2002 See Reverse for Instructions

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
*(Domestic Mail Only; No Insurance Coverage Provided)*

CATONSVILLE MD 21228  
**OFFICIAL USE**

Postage	\$	\$1.22
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Restricted Delivery Fee (Endorsement Required)		\$0.00
<b>Total Postage &amp; F</b>		<b>\$6.32</b>



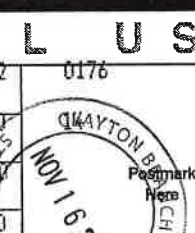
**Sent To** Erickson Retirement Communities LLC  
 Attn: President  
 701 Maiden Choice Lane  
 Baltimore, MD 21228

PS Form 3800, April 2002 See Reverse for Instructions

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
*(Domestic Mail Only; No Insurance Coverage Provided)*

CATONSVILLE MD 21228  
**OFFICIAL USE**

Postage	\$	\$1.22
Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
<b>Total Postage &amp; F</b>		<b>\$6.32</b>



**Sent To** Erickson Retirement Communities LLC  
 Attn: General Counsel  
 701 Maiden Choice Lane  
 Baltimore, MD 21228

PS Form 3800, April 2002 See Reverse for Instructions



Squire Sanders (US) LLP  
221 E. Fourth St., Suite 2900  
Cincinnati, Ohio 45202

O +1 513 361 1200  
F +1 513 361 1201  
squiresanders.com

Elliot M. Smith  
T +1 513 361 1267  
elliott.smith@squiresanders.com

February 21, 2012

**VIA FEDERAL EXPRESS**

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

**Re: Erickson Retirement Communities, LLC, et al., Case No.: 09-37010-11 (SGJ)  
Amended Claim No. 01147 of Sovereign Bank**

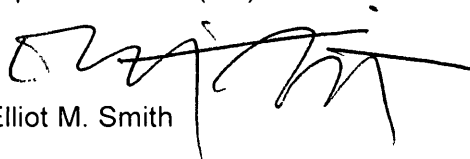
Dear Sir or Madam:

Enclosed please find the original and one copy of the Amended Proof of Claim of Sovereign Bank (amending Claim No.: 01147) for filing in the above-referenced case. Exhibits to the Proof of Claim are on the enclosed CD. Please return a filed-stamped copy of the amended claim form to me in the enclosed pre-paid Federal Express envelope.

Thank you for your assistance with this filing.

Sincerely,

Squire Sanders (US) LLP

  
Elliot M. Smith

Enclosure



Express

From: (513) 361-1200  
Elliott M. Smith  
Squire Sanders (US) LLP  
221 E. Fourth St., Suite 2900  
Cincinnati, OH 45202

Origin ID: LUKA

FedEx  
Express



J12101112190225

SHIP TO: (513) 361-1238

BMC Group

Erickson Retirement Communities

Claims Processing

18750/Lake Drive East

Chanhassen, MN 55317

Ref # 059198.00062  
Invoice #  
PO #  
Dept #

Delivery Address Bar Code



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FEB 22 2012

BMC GROUP

WED - 22 FEB A1

PRIORITY OVERNIGHT

TRK# 7980 8308 1590

0201

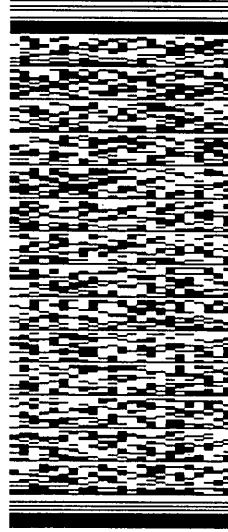
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55317

MN-US

MSP

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*The World On Time®*

Envelope

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