

**ASSIGNMENT AND ASSUMPTION OF
AND AMENDMENT TO ESCROW AGREEMENT**

THIS ASSIGNMENT AND ASSUMPTION OF AND AMENDMENT TO ESCROW AGREEMENT (this “Agreement”) is made this 20th day of November, 2018, to be effective as of November 20, 2018 (the “Effective Date”), by and between Essex Meadows Properties, Inc., an Iowa corporation (“Assignor”), LCS Essex Meadows LLC, an Iowa limited liability company (“Assignee”), and U.S. Bank National Association, a national banking association organized under the laws of the United States, as escrow agent (“Escrow Agent”).

RECITALS:

WHEREAS, Assignor and Escrow Agent are parties to that certain Admission Payments Escrow Agreement for Essex Meadows dated as of February 5, 2005, as amended by Amendment No. 1 dated September 1, 2010, and by Amendment No. 2 dated December 29, 2016 (collectively, the “Escrow Agreement”), which provides for the deposit by Assignor of admission payments from residents of that certain continuing care retirement community located in Essex, Connecticut, commonly known as Essex Meadows (the “CCRC”), into the Admission Payments Escrow Account (as defined in the Escrow Agreement), as more particularly described in the Escrow Agreement.

WHEREAS, as of November 20, 2018, Assignee purchased the CCRC from Assignor pursuant to the terms of that certain Asset Purchase Agreement, dated as of December 29, 2017, and the other transaction documents entered into in connection therewith, each by and between Assignor and Assignee and the other parties named therein (the “Transaction”).

WHEREAS, in connection with the Transaction, Assignor has agreed to assign to Assignee all of Assignor’s right, title and interest to the Escrow Agreement and all funds held thereunder by the Escrow Agent as of the Effective Date, and Assignee has agreed to assume all of Assignor’s obligations and liabilities arising under the Escrow Agreement after the Effective Date, all as set forth herein.

WHEREAS, Assignor, Assignee and the Escrow Agent have agreed to amend certain provisions of the Escrow Agreement, all as set forth herein.

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

1. The Recitals set forth above are true and correct and are incorporated by this reference.
2. Effective as of the Effective Date, Assignor does hereby sell, assign, transfer and set over to Assignee all of Assignor’s right, title and interest to the Escrow Agreement and all funds held thereunder by the Escrow Agent. Assignee as Provider will pay Escrow Agent its usual and customary fee for service as Escrow Agent. Presently, such fees are shown in **Schedule 2** attached hereto. Such fees may be amended from time to time upon mutual agreement between the parties. The current escrow fee is \$2,500 for one escrow agreement between Escrow Agent and Assignee as Provider, and \$500 for each additional escrow agreement between Escrow Agent and Assignee as Provider, regardless of the number of individual accounts covered by any escrow agreement.
3. Assignor hereby represents that attached hereto as Exhibit A is a true, correct and complete copy of the Escrow Agreement, as in effect as of the date hereof. Assignor further represents

that as of the Effective Date, no default by Assignor has occurred that would require payment under the Escrow Agreement.

4. Effective as of the Effective Date, Assignee does hereby accept the foregoing assignment from Assignor and does hereby assume and agree to pay, discharge and perform, as and when due, all of the obligations and liabilities of Assignor arising under the Escrow Agreement after the Effective Date and which do not result from a default by Assignor prior to the Effective Date.

5. The indemnity obligation of Assignor under the Escrow Agreement with respect to matters arising prior to the Effective Date shall survive the Effective Date and this Agreement.

6. Effective as of the Effective Date, all references in the Escrow Agreement to "Essex Meadows Properties, Inc." shall be replaced with "LCS Essex Meadows LLC" for all purposes.

7. Effective as of the Effective Date, the address of Provider set forth in Section 14 of the Escrow Agreement is hereby deleted and replaced with the following for all purposes:

"If to Provider:

LCS Essex Meadows LLC
c/o LCS
400 Locust Street, Suite 820
Des Moines, Iowa 50309
Attn: Michael Broderick
Telephone: (515) 875-4530
Facsimile No.: (515) 875-4780
Email: broderickmichael@lcsnet.com"

8. Assignor and Assignee hereby represent to Escrow Agent that all Connecticut regulatory approvals necessary for the effectiveness of this Agreement have been obtained and any required notices to all Connecticut regulatory bodies have been given.

9. Except as specifically provided in this Agreement, all of the terms, conditions and provisions of the Escrow Agreement shall remain in full force and effect. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Escrow Agreement, the terms of this Agreement shall prevail.

10. The provisions of this Agreement shall be binding on and inure to the benefit of Assignor, Assignee and Escrow Agent and their respective successors and assigns.

11. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

12. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or electronic transmission shall be effective to the fullest extent permitted by applicable law.

[SIGNATURES ON FOLLOWING PAGE]

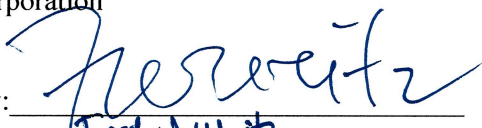
IN WITNESS WHEREOF, the parties hereto have entered into this Agreement the day and year first above written, to be effective as of the Effective Date.

ASSIGNOR:

ASSIGNEE:

ESSEX MEADOWS PROPERTIES, INC., an Iowa corporation

LCS ESSEX MEADOWS LLC, an Iowa limited liability company

By: 
Name: Fred W. Weitz
Its: Chairman and CEO

By: _____
Name: _____
Its: _____

Consent to Assignment and Assumption of and Amendment to Escrow Agreement

Pursuant to the terms of the Escrow Agreement and this Agreement, the undersigned, as the Escrow Agent under the Escrow Agreement, as of the Effective Date, hereby (a) agrees that this Agreement shall constitute written notice of the assignment of the rights and obligations of Assignor under the Escrow Agreement to Assignee; (b) consents and agrees to the terms of this Agreement and the assignment of the rights and obligations of Assignor under the Escrow Agreement to Assignee, as set forth herein, and (c) agrees to the amendments to the Escrow Agreement set forth in Sections 6 and 7 of this Agreement.

ESCROW AGENT:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement the day and year first above written, to be effective as of the Effective Date.

ASSIGNOR:

ESSEX MEADOWS PROPERTIES, INC.,
an Iowa corporation

By: Fred W. Weitz
Its: Chief Executive Officer

ASSIGNEE:

LCS ESSEX MEADOWS LLC,
a Delaware limited liability company

By: **LCS SHIP Venture I, LLC**,
a Delaware limited liability
company
Its: Sole Member

By: **LCS SHIP Sponsor Member I, LLC**,
an Iowa limited liability company
Its: Managing Member

By: 
Joel D. Nelson, President and CEO

Consent to Assignment and Assumption of and Amendment to Escrow Agreement

Pursuant to the terms of the Escrow Agreement and this Agreement, the undersigned, as the Escrow Agent under the Escrow Agreement, as of the Effective Date, hereby (a) agrees that this Agreement shall constitute written notice of the assignment of the rights and obligations of Assignor under the Escrow Agreement to Assignee; (b) consents and agrees to the terms of this Agreement and the assignment of the rights and obligations of Assignor under the Escrow Agreement to Assignee, as set forth herein, and (c) agrees to the amendments to the Escrow Agreement set forth in Sections 6 and 7 of this Agreement.

ESCROW AGENT:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement the day and year first above written, to be effective as of the Effective Date.

ASSIGNOR:

ESSEX MEADOWS PROPERTIES, INC.,
an Iowa corporation

By: Fred W. Weitz
Its: Chief Executive Officer

ASSIGNEE:

LCS ESSEX MEADOWS LLC,
a Delaware limited liability company

By: **LCS SHIP Venture I, LLC**,
a Delaware limited liability
company
Its: Sole Member

By: **LCS SHIP Sponsor Member I, LLC**,
an Iowa limited liability company
Its: Managing Member


By: 
Joel D. Nelson, President and CEO

Consent to Assignment and Assumption of and Amendment to Escrow Agreement

Pursuant to the terms of the Escrow Agreement and this Agreement, the undersigned, as the Escrow Agent under the Escrow Agreement, as of the Effective Date, hereby (a) agrees that this Agreement shall constitute written notice of the assignment of the rights and obligations of Assignor under the Escrow Agreement to Assignee; (b) consents and agrees to the terms of this Agreement and the assignment of the rights and obligations of Assignor under the Escrow Agreement to Assignee, as set forth herein, and (c) agrees to the amendments to the Escrow Agreement set forth in Sections 6 and 7 of this Agreement.

ESCROW AGENT:

U.S. BANK NATIONAL ASSOCIATION

By: 
Name: PAULA STARR
Its: Assistant Vice President

*(Signature Page to Assignment and Assumption of
and Amendment to Admission Payments Escrow Agreement)*

EXHIBIT A
ESCROW AGREEMENT

(See attached.)

**AMENDMENT NO. 2
TO
ADMISSION PAYMENTS ESCROW AGREEMENT
FOR
ESSEX MEADOWS**

This Amendment No. 2 to Admission Payments Escrow Agreement is effective as of December 29, 2016 and is made by and between **Essex Meadows Properties, Inc.**, an Iowa Corporation (the "Provider"), and **U.S. Bank National Association** (the "Escrow Agent").

WHEREAS, the parties hereto agree to amend the terms of the Admission Payments Escrow Agreement which was effective as of February 5, 2005 and which was amended effective as of September 1, 2010 (collectively, the "Escrow Agreement") as set forth below:


1. Paragraph 3 ("Investments") of the Escrow Agreement is deleted in its entirety and replaced with the following:

3. **Investments.** The Provider will provide written investment instructions to the Escrow Agent of the funds held in the Admission Payments Escrow Account. Escrow Agent shall invest the funds held by it in the Admissions Payments Escrow Account from time to time pursuant to the Provider's written instructions, and the Escrow Agent may conclusively assume, without inquiry or investigation, that any directed investment is lawful. The Escrow Agent shall have no liability to any party on account of investment of funds in accordance with this Agreement provided, however, that the Escrow Agent shall be liable for its own gross negligence or willful misconduct with regard to the Escrow Agent's failure to comply with an investment direction of the Provider.


2. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 2 to Admission Payments Escrow Agreement to be effective on the day and year first above written.

ESSEX MEADOWS PROPERTIES, INC.

By: 
Its Lisa D. Grieve
Title Vice President, Secretary, Treasurer

U.S. BANK NATIONAL ASSOCIATION

By: 
Its Glenda Peterson
Title Vice President

**AMENDMENT NO. 1
TO
ADMISSION PAYMENTS ESCROW AGREEMENT
FOR
ESSEX MEADOWS**

This Amendment No. 1 to Admission Payments Escrow Agreement is effective as of September 1, 2010 and is made by and between **Essex Meadows Properties, Inc.**, an Iowa Corporation (the "Provider"), and **U.S. Bank National Association** (f/k/a Wachovia Bank, National Association) (the "Escrow Agent").

WHEREAS, the parties hereto agree to amend the terms of the Admission Payments Escrow Agreement which was effective as of February 5, 2005 as set forth below:

1. Paragraph 3 ("Investments") of the Admission Payments Escrow Agreement is deleted in its entirety and replaced with the following:

3. **Investments.** The Provider has entered into an agreement with PNC Institutional Investments to provide investment instructions to the Escrow Agent of the funds held in the Admission Payments Escrow Account. The Escrow Agent shall invest all amounts held by it from time to time in such obligations of the United States or its agencies (or in shares of a registered investment company which holds a portfolio of such securities) or such certificates of deposit, savings accounts, or other savings or investment securities as PNC Institutional Investments may direct in writing.

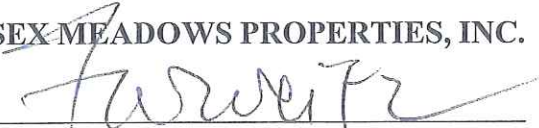
2. Paragraph 14 ("Notices to the Parties") is amended to include the revised address and telephone number of the Escrow Agent:

If to the Escrow Agent:
U.S. Bank National Association
Attn: Corporate Trust Group
150 Fourth Avenue North – 2nd Floor
Nashville, TN 37203
Telephone: (615) 251-0717
Facsimile: (615) 251-0737


3. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 to Admission Payments Escrow Agreement to be effective on the day and year first above written.

ESSEX MEADOWS PROPERTIES, INC.

By: 
Its Fred W. Weitz
Title President

U.S. BANK NATIONAL ASSOCIATION

By: 
Its Donna L. Williams
Title V. P.

08/02/10

Amendment No. 1 to Admission Payments Escrow

**ADMISSION PAYMENTS ESCROW AGREEMENT
FOR
ESSEX MEADOWS**

This Admission Payments Escrow Agreement, effective as of February 5, 2005, is made by and between ESSEX MEADOWS PROPERTIES, INC., an Iowa corporation (the "Provider"), and WACHOVIA BANK, NATIONAL ASSOCIATION (the "Escrow Agent").

RECITALS:

WHEREAS, the Provider is the sponsor of a life-care retirement community ("Essex Meadows") located in Essex, Connecticut, and as such is a "Provider" within the meaning of Section 17b-520(d) of Title 17B, Chapter 319HH of the Connecticut General Statutes (the "Statutes"); and

WHEREAS, in order to comply with Section 17b-524 of the Statutes and to protect residents of Essex Meadows, the parties desire to enter into this Admission Payments Escrow Agreement (the "Agreement") setting forth the terms under which certain deposits will be made with the Escrow Agent for the purpose of maintaining an Admission Payments Escrow Account in compliance with the Statutes.

WHEREAS, attached hereto as Exhibit "A" and incorporated herein by this reference is a current copy of the form of Residency Agreement (which form may be amended from time to time) entered into between the Provider and residents.

WHEREAS, the Connecticut Department of Social Services has been notified of the change in Escrow Agent and will be provided with an executed copy of this Agreement.

NOW THEREFORE, in consideration of these premises and the mutual covenants herein set forth, the parties agree as follows:

1. **Deposits.** In accordance with Section 1 of the Residency Agreement, the Provider expects to receive from each resident a partial payment of that resident's Entrance Fee at the time of execution of the Residency Agreement, and to receive from each resident a payment of the balance of that resident's Entrance Fee and the payment of a Loan on or before the resident assumes occupancy at Essex Meadows. The Entrance Fee and Loan are collectively referred to as "Admission Payments." Within seventy-two (72) hours of receipt of such monies, the Provider will deposit same with the Escrow Agent, together with a copy of the Residency Agreement signed by the resident. The Escrow Agent will hold all such deposits subject to the provisions of this Agreement.

2. **Escrow Account.** The Escrow Agent shall maintain all such deposits made to the Admission Payments Escrow Account separate and apart from any other funds of the Provider or the residents.

3. **Investments.** The Provider has entered into an agreement with Ziegler Investment Services Group to provide investment instructions to the Escrow Agent of the funds held in the Admission Payments Escrow Account. The Escrow Agent shall invest all amounts held by it from time to time in such obligations of the United States or its agencies (or in shares of a registered investment company which holds a portfolio of such securities) or such certificates of deposit, savings accounts, or other savings or investment securities as Ziegler Investment Services Group may direct in writing.

4. **Reports.** The Escrow Agent agrees, upon the request of the Provider, to issue a statement indicating the status of the Admission Payments Escrow Account maintained by the Escrow Agent pursuant to this Agreement. In any event, the Escrow Agent agrees to provide monthly reports to the Provider, which shall include a summary of all additions to and disbursements from the Admission Payments Escrow Account during the current period, and a detail of the investments comprising the balance in the Admission Payments Escrow Account as of the end of the current period.

5. **Disbursements.** The Escrow Agent shall release any amounts then held by it pursuant to this Agreement in accordance with the following terms:

5.1 Disbursement to a Resident. Under any circumstance permitting a refund of all or any portion of the Admission Payments, the Escrow Agent shall, upon receipt by the Escrow Agent of written notice from the Provider, issue a check made payable to the resident or resident's estate for the portion of the Admission Payments paid by such resident as outlined in such notice. The Escrow Agent shall promptly provide the Provider with written notice of any such disbursement. The Escrow Agent may assume without inquiry that the amount set forth in the Provider's notice is the full amount required to be paid to the resident or resident's estate.

5.2 Disbursements to the Provider. Upon receipt by the Escrow Agent of written notice from the Provider, the Escrow Agent shall forthwith release to the Provider any amounts as specified in the notice, including any cancellation penalties (as described in the Residency Agreement), earnings and Admission Payments (excluding any amounts required to be refunded to the resident or resident's estate). The Escrow Agent may assume without inquiry that the amount set forth in the Provider's notice is the full amount required to be paid to the Provider.

6. **Duties.** The Escrow Agent undertakes to perform only such duties as are expressly set forth herein and no implied duties or obligations shall be inferred or otherwise imposed upon or against the Escrow Agent. The Escrow Agent may act in reliance upon any writing or instrument under signature which it, in good faith, believes to be genuine; may assume the validity and accuracy of any statement or assertion contained in any such writing or instrument; and may assume that any person purporting to give any writing, notice, advice, or instruction in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form or manner of execution or validity of any instrument deposited with or delivered to the Escrow Agent hereunder, nor as to the identity, authority or right of any person executing the same. The duties of the Escrow Agent hereunder shall be limited to the safekeeping of the deposits and other money, instruments, or other documents received by it as

Escrow Agent, for its disposition of the same in accordance with the written instruction accepted by it as Escrow Agent, and to otherwise comply with the Statutes and any rules or regulations thereunder, as such may be amended from time to time.

7. **Indemnity.** Provider hereby agrees to indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits, or proceedings at law or in equity, or any other expense, fees, or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Agreement, unless caused by the Escrow Agent's willful misconduct or gross negligence; and in connection therewith, to indemnify the Escrow Agent against any and all expenses, including attorney's fees and the cost of defending any action, suit, or proceeding or resisting any claim.

8. **Termination.** Either party may terminate this Agreement upon sixty (60) days' written notice thereof to the other party, subject to the appointment of its successor by the Provider within such sixty (60) day period. If a successor escrow agent is not appointed by the Provider within the sixty (60) day period, the Escrow Agent may petition the court to appoint a successor. Upon the appointment of such successor escrow agent, the Escrow Agent agrees to deliver to such successor escrow agent all funds and documents in its possession within sixty (60) days from the date of its notice of termination or resignation, or five (5) business days from the date of appointment of the successor escrow agent, whichever occurs first.

9. **Fees.** The Provider shall pay the Escrow Agent its usual and customary fee for services as Escrow Agent as outlined in a Custodial Agreement entered into between the parties. Such fees may be amended from time to time upon mutual agreement between the parties.

10. **Authorized Persons of the Provider.** Escrow Agent has received a list from the Provider of the individuals authorized to act on the Provider's behalf under the terms of this Agreement. The list contains the name, title, and signature of each authorized person. Whenever a change occurs in authorized persons, the Provider will provide a new list to the Escrow Agent.

11. **Governing Law.** This Agreement shall be construed according to the laws of the State of Connecticut.

12. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

13. **Amendments.** This Agreement may be unilaterally amended by the Provider from time to time; provided, however, that no amendment shall alter the duties of the Escrow Agent without the consent of the Escrow Agent, and no amendment shall alter the covenants of the Provider under the residency agreements between the Provider and the residents of Essex Meadows without the consent of not less than eighty percent (80%) of such residents. Any amendment to this Agreement will be filed with the Connecticut Department of Social Services.

14. **Notices to the Parties.** All notices given to the Provider or to the Escrow Agent pursuant to this Agreement shall be in writing and shall be delivered via facsimile, first class mail, express courier or personal delivery and shall be deemed given on the date received. The address to

which any such notices shall be sent are as set forth below, unless a different address is specified in writing by either party after the date hereof:

If to the Provider:

Essex Meadows Properties, Inc.
Attn: Jennifer Rannestad, Executive Director
30 Bokum Road
Essex, CT 06426
Telephone: (860) 767-7201
Facsimile: (860) 767-0014

If to the Escrow Agent:

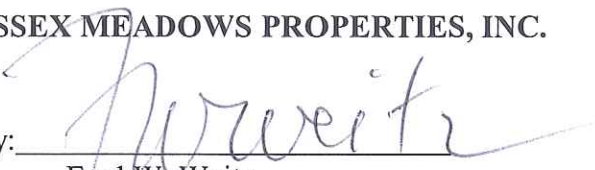
Wachovia Bank, National Association
Attn: Corporate Trust Group
230 4th Avenue North, 7th Floor
Nashville, TN 37219
Telephone: (615) 525-2312
Facsimile: (615) 525-2449

15. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties have executed this Admission Payments Escrow Agreement to be effective on the day and year first above written.

ESSEX MEADOWS PROPERTIES, INC.

By: _____


Fred W. Weitz
President

WACHOVIA BANK, NATIONAL ASSOCIATION

By: _____



Paul Williams
Vice President

EXHIBIT "A"

ESSEX MEADOWS

Essex, Connecticut

RESIDENCY AGREEMENT
(RETURN OF CAPITAL™)

12/05/05

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EXHIBIT A - LOAN AGREEMENT

GLOSSARY

The following terms are described as used in the accompanying Agreement. Reference to the Agreement and the context in which the terms are used is recommended to provide a fuller understanding of each of the terms:

"Admission Payments" means the Entrance Fee paid to Essex Meadows and the Loan made to Essex Meadows pursuant to this Agreement.

"Agreement" means this Residency Agreement.

"Apartment" means the apartment at The Community identified in paragraph 1.1 of this Agreement in which you are entitled to live pursuant to the Agreement in exchange for paying the Entrance Fee, paying the One-Time Working Capital Fee, making the Loan and paying the monthly charges.

"The Community" means that facility known as Essex Meadows which is the subject of the Agreement, including the apartments, The Community health center, and all common areas.

"The Community health center" means the health center forming a part of The Community which is intended to provide semi-private nursing care services as described in Section 7 of the Agreement.

"Entrance Fee" means that fee identified in Section 1 of this Agreement and paid to compensate us for undertaking the project's risks and planning.

"Essex Meadows" or "we" or "us" means Essex Meadows Properties, Inc., a corporation qualified in the State of Connecticut and the owner of The Community.

"Fair Share" means your portion of the net operating expenses and other costs or charges of The Community, as determined under the Fair Share Allocation Formula described under Section 12 of the Agreement.

"Fair Share Allocation Formula" means the method for determining your Fair Share as set forth in Section 12 of the Agreement.

"Loan" means the loan made to Essex Meadows pursuant to this Agreement and the Loan Agreement attached hereto as Exhibit A. Your rights to repayment of the Loan may be held by a trust established for your benefit if we consent to such assignment.

"monthly charges" means all those monthly charges payable pursuant to the terms of the Agreement, including the Owner's Supervision Fees, the Service Fees, the fees for additional optional services, the additional monthly charge for nursing care services, if any, and all other fees and charges payable monthly pursuant to the terms of the Agreement, as appropriate in the particular circumstances.

"occupancy" means the period of time you have the right to occupy The Community under the terms of the Agreement commencing on the earlier of the date you move into The Community or the date you pay the balance of the Entrance Fee and make the Loan to Essex Meadows.

"One-Time Working Capital Fee" means a one-time fee in an amount equal to the then-current monthly Service Fee (including a second (2nd) person monthly Service Fee if there are two (2) of you) paid by the Resident at the time the Loan is made.

"Owner's Supervision Fee" means that monthly fee payable on a per resident basis for occupying The Community, as set forth in Section 3 of the Agreement.

"Resident" or **"you"** means the resident or residents who sign the Agreement. Sometimes a second Resident (if there are two of you) is referred to in the Agreement as the "second person." Unless otherwise indicated, "you" refers to both of you if there are two of you.

"Service Fee" means that monthly fee payable in consideration for the facilities and services provided to all residents, as set forth in Section 3 of the Agreement.

ESSEX MEADOWS RESIDENCY AGREEMENT

1. ADMISSION PAYMENTS (ENTRANCE FEE PLUS LOAN) AND WORKING CAPITAL FEE.

1.1 Admission Payments. To assure you, _____ ("Resident" or "you"), a place in Essex Meadows, 30 Bokum Road, Essex, Connecticut 06426 (hereafter "The Community"), in accordance with all the terms of this Agreement, you will pay to Essex Meadows Properties, Inc. ("Essex Meadows" or "we" or "us") an Entrance Fee and make a Loan to Essex Meadows for a total of \$_____. Your Entrance Fee and Loan together constitute your Admission Payments. Payment of your Admission Payments, the One-Time Working Capital Fee, and the monthly charges (described below) entitles you to live in a _____ living unit, no. _____, (hereafter "Apartment") at The Community for as long as you are capable of independent living in accordance with our current admissions policy, and in The Community health center when you are no longer capable of independent living, and to receive available services all in accordance with the terms of this Agreement.

1.2 Entrance Fee. Your Entrance Fee is \$_____. Payment of a portion of your Entrance Fee in the amount of \$_____ (an amount equal to 10 percent of your Admission Payments) is paid herewith to reserve your Apartment, and will be held in escrow pursuant to Connecticut law. The balance of your Entrance Fee in the amount of \$_____ will be paid at the time you make your Loan as described below. You shall not be required to move into The Community before the expiration of thirty (30) days from the date this Agreement is executed by us. Subject to our refund obligations under paragraph 2.2 below, any amounts paid to us as an Entrance Fee will be our unrestricted property and may be used by us for any purpose unrelated to The Community, in our sole discretion.

1.3 Loan. Your Loan of \$_____ will be paid to Essex Meadows on the earlier of (a) the date you move into The Community or (b) sixty (60) days following execution of this Agreement by us. In exchange for making the Loan and paying the One-Time Working Capital Fee and all other monthly charges, this Agreement grants you a license to the lifetime use of the Apartment and other facilities of The Community and to available services.

Your Loan will be evidenced by a Loan Agreement, a copy of which is attached as Exhibit A. Your Loan and the loans of all other residents will be secured by a mortgage on the real estate owned by Essex Meadows and comprising The Community, and will be subject to certain "permitted encumbrances" as defined in the Mortgage and Indenture of Trust. A copy of the Mortgage and Indenture of Trust is available for your review upon your request. The Loan may not be mortgaged, sold, discounted, assigned, or otherwise transferred, except to certain trusts established for your benefit, subject to our prior approval and in our sole discretion.

1.4 One-Time Working Capital Fee. At the same time you make your Loan and commence paying your monthly Service Fee for your Apartment, you will pay to us an amount equal to the then-current monthly Service Fee (includes second (2nd) person monthly Service Fee if there are two (2) of you). This is a one-time nonrefundable charge, which we will place in a working capital account to be used by us only for the purposes related to The Community.

2. REIMBURSEMENT OF ADMISSION PAYMENTS.

2.1 Reimbursement of Admission Payments Prior to Assuming Occupancy.

2.1.1 Nonacceptance. If we do not accept you for residency, the full amount of the Admission Payments you have paid will be promptly refunded to you without interest.

2.1.2 Right of Rescission Period. If prior to assuming occupancy you change your mind and you give us and the escrow agent written notice of cancellation by registered or certified mail within thirty (30) days from the date this Agreement is executed by us, this Agreement will be automatically canceled. In such event, the full amount of the Admission Payments you have paid will be refunded to you without interest within thirty (30) days, except that we will retain an amount equal to any costs specifically incurred by us or The Community at your request, if any, and which are set forth in a separate addendum to this Agreement. You shall not be required to move into The Community before expiration of the thirty (30) day rescission period.

2.1.3 Change in Condition. If prior to assuming occupancy you (or either of you if there are two of you) die or because of illness, injury, or incapacity you (or either of you if there are two of you) are unable to occupy your Apartment under the terms of this Agreement, upon written notice to us by registered or certified mail this Agreement will be automatically canceled, unless in the case of such illness, injury, or incapacity you choose to occupy The Community health center. If this Agreement is so canceled, the full amount of the Admission Payments you have paid will be refunded to you or to your estate without interest within thirty (30) days, except that we will retain an amount equal to any costs specifically incurred by us or The Community at your request, if any, and which are set forth in a separate addendum to this Agreement. If you (or either of you if there are two of you) require care in The Community health center at the time you assume occupancy, you will be obligated to pay all monthly charges related to your Apartment until the Apartment is released to us pursuant to Section 7.

2.1.4 Cancellation for Reasons Other Than Set Forth in 2.1.1, 2.1.2, and 2.1.3. If prior to assuming occupancy you give us written notice of cancellation by registered or certified mail and neither paragraph 2.1.2 nor 2.1.3 are applicable, this Agreement will be canceled. In such event, we will retain four thousand dollars (\$4,000) of the Admission Payments you have paid, plus an amount equal to any costs specifically incurred by us or The Community at your request, if any, and which are set forth in an addendum to this Agreement, and the balance will be refunded to you without interest within thirty (30) days.

2.2 Reimbursement of Entrance Fee After Assuming Occupancy. If this Agreement is terminated or canceled within a limited period of time after the date you assume occupancy at The Community, we will refund to you a declining portion of your Entrance Fee without interest, calculated as follows:

2.2.1 Right of Rescission Period. If this Agreement is canceled after you have assumed occupancy but within thirty (30) days following the execution of this Agreement by us, this Agreement will be automatically canceled. In such event, the full amount of the Admission Payments you have paid will be refunded to you without interest within sixty (60) days, except that we will retain an amount equal to any costs specifically incurred by us or The Community at

your request, if any, and which are set forth in a separate addendum to this Agreement.

2.2.2 After the Right of Rescission Period and Within First Ten (10) Months of Occupancy. Subject to paragraph 2.2.1 above, if this Agreement is terminated or canceled within the first ten (10) months of your occupancy, your partial Entrance Fee refund will be an amount equal to ninety percent (90%) of your Admission Payments, less the amount of your Loan. Said Entrance Fee refund will be paid to you or your estate on the date we are obligated to repay your Loan.

2.2.3 After First Ten (10) Months of Occupancy. If this Agreement is terminated or canceled after the first ten (10) months of your occupancy, the partial Entrance Fee refund described in paragraph 2.2.2 above will be further reduced by one percent (1%) of your Admission Payments per month or partial month of your occupancy until the full amount of the Entrance Fee has been earned by us. Said Entrance Fee refund, if any, will be paid to you or your estate on the date we are obligated to repay your Loan.

Example: A resident pays a \$25,000 Entrance Fee and makes a \$75,000 Loan, totaling \$100,000 in Admission Payments. The Entrance Fee refund would be \$15,000 during the first 10 months of occupancy, \$14,000 in the 11th month of occupancy, and would decline by \$1,000 monthly increments until the Entrance Fee refund declines to \$0.

2.3 Repayment of Loan. The repayment of your Loan will be made in accordance with the Loan Agreement, a copy of which is attached as Exhibit A.

2.4 Right of Offset. We have the right to offset against any Entrance Fee refund or Loan repayment any unpaid monthly charges owed by you, any unreimbursed health care expenses we have advanced on your behalf, any amounts deferred by us under paragraph 10.4.2, and any other sums owed by you to us.

3. MONTHLY CHARGES.

3.1 Owner's Supervision Fee. You shall pay an Owner's Supervision Fee of \$ _____ a month per Resident for occupying your Apartment or The Community health center. There shall be no increase in your Owner's Supervision Fee during the term of this Agreement. The Owner's Supervision Fee shall be our unrestricted property, and may be used by us for any purpose related or unrelated to The Community, in our sole discretion.

3.2 Service Fee. You shall pay a monthly Service Fee for the facilities and services provided to all residents as set forth in Section 5. The current monthly Service Fee is \$ _____ a month for one person and an additional \$ _____ a month if there are two of you. Future adjustments of the monthly Service Fee will be your Fair Share as determined in accordance with the Fair Share Allocation Formula set forth in Section 12. We will give you advance notice of not less than thirty (30) days before any change in the monthly Service Fee is implemented.

3.3 Total Monthly Charges for Apartment. The total of your initial monthly charges is \$ _____ for the Owner's Supervision Fee and monthly Service Fee. In addition to the Owner's Supervision Fee and the monthly Service Fee, you will also pay the extra charges for any additional services.

3.4 Payment. On the earlier of (a) the date you move into The Community or (b) sixty (60) days following execution of this Agreement by us, you shall pay a pro rata portion of the Owner's Supervision Fee and monthly Service Fee for the first partial month of occupancy. Thereafter, your monthly charges will be payable on the first day of each month in advance, and your extra charges for additional services will be paid on the first day of each month for the additional services obtained during the preceding month.

3.5 Termination of Charges for Apartment. The monthly charges for your Apartment will terminate upon the earlier of (a) your death (if there are two of you, upon the death of the survivor), (b) the release of your Apartment pursuant to the provisions regarding health center usage, or (c) the termination or cancellation of this Agreement. Notwithstanding the foregoing, monthly charges for your Apartment will continue at least until your furniture and other property are removed from the Apartment. If removal of your furniture and other property is not accomplished within thirty (30) days after the earlier of (a) your death (if there are two of you, the death of the survivor) or (b) the release

of your Apartment pursuant to the provisions regarding health center usage or (c) termination or cancellation of this Agreement, then we may remove and store such furniture and other property at the expense and risk of you or your estate. In the event there are two of you who occupy the Apartment and one of you dies, the second person fees will cease and the remaining person will continue to pay the first person monthly Service Fee, Owner's Supervision Fee, and the annual fee payable under Section 4.

4. ANNUAL FEE CHARGED FOR COMMUNITY RESIDENCY. You are obligated to pay to Essex Meadows annually on the date determined by us an annual fee in an amount equal to the interest expense incurred by The Community during the preceding calendar year for your Loan. If your Loan amount is subsequently changed, your annual interest rate and corresponding annual fee will be adjusted accordingly. You are obligated to pay the annual fee until your Loan is repaid.

5. SERVICES AND FEATURES PROVIDED TO ALL APARTMENT RESIDENTS. Essex Meadows will furnish at The Community, so long as you reside in an apartment therein, the following services and features, which are included in the monthly Service Fee:

- 5.1 One full meal per day;
- 5.2 Water, sewer, air conditioning, heating, and electricity;
- 5.3 Building janitor and maintenance;
- 5.4 Weekly housekeeping service;
- 5.5 Weekly flat laundry service;
- 5.6 Planned activities - social, cultural, and recreational for those who wish to participate;
- 5.7 One space for open parking;

- 5.8 Carpeting (except in kitchen and bath where there will be alternate floor covering);
- 5.9 Complete kitchen, including refrigerator, range with oven, garbage disposal, ductless hood fan, microwave, and dishwasher;
- 5.10 Washer and dryer in common area;
- 5.11 Scheduled transportation;
- 5.12 Emergency call monitoring in your Apartment by licensed nursing staff;
- 5.13 Resident services for a limited period of time as determined on a case-by-case basis at the time such services are required, in our sole discretion;
- 5.14 Use of all common areas in The Community; and
- 5.15 Use of The Community health center pursuant to the terms of this Agreement.

6. ADDITIONAL SERVICES PROVIDED FOR AN EXTRA CHARGE. Essex Meadows will also make available at The Community, at your request, so long as you reside in an apartment at The Community, at the then prevailing rates of extra charge, additional meals over those provided in consideration for the monthly Service Fee, tray service to your Apartment, additional housekeeping, extended resident services (as determined on a case-by-case basis at the time such service is required, in our sole discretion), beauty parlor/barber shop, a limited number of garages, and certain other services, upon special arrangements. Certain additional services for extra charge will also be available to you while you are in The Community health center.

7. THE COMMUNITY HEALTH CENTER. If, in the opinion of your attending physician or the Medical Director, you need nursing care services in The Community health center, we will provide you with semi-private nursing care services to the extent authorized by our license from the State of Connecticut on the following terms:

7.1 First 90 Days of Nursing Care. We will provide nursing care services in The Community health center without additional charge for ninety (90) cumulative days for you (90 days for each of you if there are two of you, but the allowance cannot be combined and used by only one of you), except that you (each of you if there are two of you) will pay the cost of the extra meals not covered by the monthly Service Fee at the then-current charge for extra meals. The monthly Service Fee charged for your Apartment (first and second person), the Owner's Supervision Fees, and the annual fee payable under Section 4 will continue as before.

7.2 More Than 90 Days of Nursing Care When There is One of You. If there is one of you and you require nursing care services beyond the ninety (90) cumulative days, and you relocate to The Community health center, your monthly charges will depend upon whether you choose to release your Apartment:

7.2.1 Release Apartment. If you choose to release your Apartment for reoccupancy by someone else, the monthly Service Fee for your Apartment will cease upon the date all your furniture and personal belongings have been removed from your Apartment. You will pay a monthly charge for nursing care services in an amount equal to the then-current monthly Service Fee for the two-bedroom traditional apartment (unless the monthly Service Fee for your Apartment is less in which case the lesser Service Fee shall apply). You will continue to pay your Owner's Supervision Fee and the annual fee payable under Section 4. In addition, you will pay the cost of the two meals per day not covered by the monthly Service Fee at the then-current charge for extra meals.

7.2.2 Retain Apartment. If you choose to retain your Apartment, you will pay a monthly charge for nursing care services in an amount equal to your Owner's Supervision Fee plus the then-current monthly Service Fee for the two-bedroom traditional apartment (unless the monthly Service Fee for your Apartment is less in which case the lesser Service Fee shall apply). In addition, you will continue to pay your monthly Service Fee for your Apartment, the Owner's Supervision Fee, and the annual fee payable under Section 4. You will also pay the cost of the one meal per day not covered by the two monthly Service Fees at the then-current charge for extra meals.

7.3 More Than 90 Days of Nursing Care When There Are Two of You.

If there are two of you, and only one of you requires nursing care services beyond the ninety (90) cumulative days, and such Resident relocates to The Community health center, there will be no additional charge for nursing care services, except that you will pay the cost of the extra meals per day not covered by the monthly Service Fee at the then-current charge for extra meals. The monthly Service Fee for your Apartment (first and second person), the Owner's Supervision Fees, and the annual fee payable under Section 4 will continue as before. If both of you require nursing care services beyond the ninety (90) cumulative days, and both of you relocate to The Community health center, your monthly charges will depend upon whether you choose to release your Apartment:

7.3.1 Release Apartment. If you choose to release your Apartment for reoccupancy by someone else, the monthly Service Fee for your Apartment (first and second person) will cease upon the date all your furniture and personal belongings have been removed from your Apartment. You will pay a monthly charge for nursing care services in an amount equal to the then-current monthly Service Fee (first and second person) for the two-bedroom traditional apartment [unless the monthly Service Fee for your Apartment (first and second person) is less in which case the lesser Service Fee shall apply]. You will both continue to pay your Owner's Supervision Fees and the annual fee payable under Section 4. In addition, you will pay the cost of the four meals per day not covered by the monthly Service Fee (first and second person) at the then-current charge for extra meals.

7.3.2 Retain Apartment. If you choose to retain your Apartment, you will pay a monthly charge for nursing care services in an amount equal to both of your Owner's Supervision Fees plus the then-current monthly Service Fee (first and second person) for the two-bedroom traditional apartment [unless the monthly Service Fee for your Apartment (first and second person) is less in which case the lesser Service Fee shall apply]. In addition, you will continue to pay your monthly Service Fee (first and second person) for your Apartment, the Owner's Supervision Fees, and the annual fee payable under Section 4. You will also pay the cost of the two meals per day not covered by the four monthly Service Fees (two first person and two second person) at the then-current charge for extra meals.

7.4 Private Room. In the event a private room is available and desired by you, but is not medically necessary, you may occupy the private room upon agreement to pay the difference between the charge for a semi-private room and the charge for a private room. However, at our sole discretion, if the private room in which you are residing is needed for semi-private use, you agree to reside in a semi-private room until a private room is once again available (unless a private room is medically necessary).

7.5 Alternate Nursing Care. If, due to unusual circumstances, there are no beds available in The Community health center, you agree to relocate to an alternate health center with which we have contracted to provide nursing care services. During your relocation to an alternate health center, you will pay to us all applicable monthly charges under this Agreement, including the monthly charge for nursing care services, and the annual fee payable under Section 4. The monthly charges paid for nursing care services under this Agreement will be applied against the charges associated with your alternate health center services and accommodations. The charges associated with your alternate health center services and accommodations in excess of the monthly charges paid by you for nursing care services under this Agreement will be allocated to all residents of The Community pursuant to the Fair Share Allocation Formula. Charges for additional services and accommodations not provided in consideration for the monthly charges paid by you for nursing care services under this Agreement will be at your expense. You will be relocated to The Community health center as soon as a bed is available.

7.6 Return to Apartment. If you release your Apartment because you have moved to The Community health center, and if later you are able, in the opinion of the Medical Director or your attending physician with the concurrence of the Medical Director, to return to an apartment, we will provide you an apartment of the same type as your Apartment as soon as one becomes available. Upon reoccupying an apartment, your monthly charges will be based on the then-current charges for the apartment. Your identified deposit in the Health Center Resident Loans Escrow outlined in paragraph 7.10 will be released to us, and your Loan will again be secured by the Mortgage and Indenture of Trust.

7.7 Additional Health Services. We will also provide additional services and supplies in The Community health center such as therapy, pharmaceutical supplies, personal laundry, and rental of equipment. These services and supplies are not included in the Owner's Supervision Fee, the monthly Service

Fee, the monthly charge for nursing care services set forth above, or the annual fee payable under Section 4, but will be available for an extra charge.

7.8 Medical Director. We have designated a member in good standing of the Middlesex County Medical Society to serve as Medical Director of The Community health center. You will be at liberty to engage the services of the Medical Director or any other physician at your own expense. We will not be responsible for the cost of medical treatment by the Medical Director, or any other physician, nor will we be responsible for the cost of medicine, drugs, prescribed therapy, and other similar services and supplies. In the event we incur or advance costs for your medical treatment or for medicine, drugs, prescribed therapy, and other similar services and supplies, you will reimburse us for such costs.

7.9 Non-Resident Use of Health Center. We intend to offer nursing care services in The Community health center to qualified non-residents for a fee, to the extent beds are available. However, residents will be given priority access to available beds.

7.10 Health Center Resident Loans Escrow. If you release your Apartment because you have moved to The Community health center, we will attempt to have your Apartment reoccupied. Upon reoccupancy of your Apartment, we will deposit into the Health Center Resident Loans Escrow your Loan amount paid pursuant to paragraph 1.3. Such deposit will be maintained jointly with all other similar deposits held in escrow for the benefit of residents of The Community health center whose apartments have been released and reoccupied. Such deposits and any earnings thereon will be used by us only for purposes related to The Community, as set forth in the Health Center Resident Loans Escrow Agreement. Upon termination or cancellation of this Agreement, funds from such escrow will be applied in repayment of your Loan. A copy of the Health Center Resident Loans Escrow Agreement is available for your review upon your request.

7.11 Supplemental Insurance. You are required to maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to us to assure your ability to fully cover a Medicare-qualified stay in The Community health center. Such supplemental insurance should cover Medicare co-insurance and deductibles. You shall furnish to us such evidence of coverage as we may from time to time request. Should your supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay in The Community health center, or should you

fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay in The Community health center, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other costs for each Medicare-qualified stay in The Community health center. If failure to maintain Medicare Part A, Medicare Part B, or supplemental health insurance is causing depletion of your resources and impairs your ability to meet your financial obligations, we need not defer your financial obligations as provided in paragraph 10.4.2, and we retain the right to revoke your license to reside at The Community and terminate this Agreement as provided in Section 10.

7.12 Managed Care. If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B, and supplemental insurance coverage, the terms governing health center care will be as follows:

7.12.1 Participating Provider. If The Community health center is a participating provider with your managed care program and your stay is a Medicare-qualified stay, we agree to accept, as full payment, reimbursement at the rate negotiated with your managed care program. Such managed care stay in The Community health center will not reduce the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1.

7.12.2 Not a Participating Provider. If The Community health center is not a participating provider with your managed care program and you choose to receive health care services at a managed care participating provider during a Medicare-qualified stay, then you agree that you must relocate for as long as necessary for those services to be provided, and be responsible for all charges for those health care services. In addition, while receiving health care services at the managed care participating provider, you agree that unless this Agreement is terminated, you will continue to pay the monthly Service Fee if you choose not to release your Apartment, the Owner's Supervision Fee, and the annual fee payable under Section 4. Such a Medicare-qualified stay at a managed care participating provider other than The Community health center will not reduce the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1.

7.12.3 Negotiated Managed Care Rate. If The Community health center is not a participating provider in your managed care program and your stay is a Medicare-qualified stay, we will attempt to negotiate an acceptable reimbursement rate with your managed care program. If we are able to negotiate an acceptable rate, we agree to accept as full payment the rate provided by your managed care program. Such a managed care stay in The Community health center will not reduce the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1.

7.12.4 No Negotiated Managed Care Rate. If The Community health center is not a participating provider in your managed care program and a negotiated rate is not agreed upon and you would still like to receive health care in The Community health center during a Medicare-qualified stay, then each day of your stay in The Community health center will reduce by one day the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1. During any such Medicare-qualified stay in The Community health center, you agree that you will continue to pay the monthly Service Fee if you choose not to release your Apartment, the Owner's Supervision Fee, and the annual fee payable under Section 4. If at any time during any such Medicare-qualified stay in The Community health center you are no longer eligible to receive any of the cumulative days of care provided for in paragraph 7.1, then you agree to pay the per diem rate for your care in The Community health center, the monthly Service Fee if you choose not to release your Apartment, the Owner's Supervision Fee, and the annual fee payable under Section 4 while you are assigned to The Community health center.

7.12.5 Post Medicare-Qualified Stay. At the conclusion of each such Medicare-qualified stay, you will be entitled to health care in The Community health center in accordance with the terms of this Agreement other than as set forth in this paragraph 7.12, as adjusted to reflect any reduction during such stay in the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1.

8. DURATION OF YOUR RIGHT TO OCCUPY THE APARTMENT. You may reside in your Apartment for as long as you (or either of you) live unless you (both of you if there are two of you) are not capable of meeting the requirements of apartment occupancy, or this Agreement is terminated or canceled by you or by us. If, in the opinion of your attending physician or the Medical Director, your physical or mental health requires that nursing care services be given, you will be requested to relocate to The Community health center where Essex Meadows is licensed to provide such care.

9. YOUR VOLUNTARY CANCELLATION RIGHTS AFTER ASSUMING OCCUPANCY. After you assume occupancy at The Community, you may cancel this Agreement at any time by giving us one hundred twenty (120) days' advance written notice signed by you (both of you if there are two of you) and sent by registered or certified mail. If you give such notice, this Agreement shall terminate on the later of (a) one hundred twenty (120) days following the date you give us written notice of termination or (b) the date you vacate your Apartment or The Community health center and remove all your furniture and other property. You will continue to pay all applicable monthly charges as set forth in paragraph 3.5. Your annual fee payable under Section 4 will continue until your Loan is repaid.

10. OUR TERMINATION RIGHTS.

10.1 Just Cause. We will not terminate this Agreement except for just cause. Just cause includes, but is not limited to, the following:

10.1.1 Nonpayment of fees or charges required to be paid under the terms of this Agreement, except as set forth below; or

10.1.2 You have or acquire a medical condition for which we are not licensed to provide care in The Community health center; or

10.1.3 Your residency in The Community constitutes a threat to your health or safety or to the health or safety of other persons, or would result in physical damage to the property of others; or

10.1.4 You breach the terms of this Agreement or the published operating procedures, covenants, rules, regulations, and policies now existing or later amended by us.

10.2 Notice of Termination. Prior to any termination of this Agreement by us, we will give you notice in writing of the reasons and you will have thirty (30) days thereafter within which the problem may be corrected. If the problem is corrected within such time, this Agreement will not be terminated. If the problem is not corrected within such time, this Agreement will be terminated and you must leave The Community.

10.3 Emergency Notice. Notwithstanding the above, if the Medical Director determines that either the giving of notice or the lapse of time as above provided might be detrimental to you or others, then such notice and/or waiting period shall not be required before relocation to a hospital or other appropriate facility. Under such circumstances, we are expressly authorized to transfer you to such hospital or other facility, and we will promptly notify your representative and your attending physician. Upon transferring you to such hospital or other facility, we will immediately provide you with a notice of termination. This Agreement shall be terminated thirty (30) days following notice, unless your condition improves and you are subsequently readmitted to The Community.

10.4 Limitations on Termination Rights for Financial Inability. If, after you have paid the Entrance Fee and made a Loan, you encounter financial difficulties making it impossible for you to pay the full monthly charges and other charges for the Apartment or for nursing care services in The Community health center, then:

10.4.1 You shall be permitted to remain at The Community for ninety (90) days after the date of failure to pay, during which time you shall continue to pay reduced monthly charges based on your then-current income; and

10.4.2 Because it is and shall continue to be our declared policy to not terminate your residency solely by reason of your financial inability to pay the monthly charges, you shall be permitted to remain at The Community at reduced monthly charges based on your ability to pay for so long as you establish facts to justify deferral of the usual charges, and the deferral of such charges can, in our sole discretion, be granted without impairing our ability to operate on a sound financial basis. The loss of revenue to The Community from any such deferral of charges will be borne by us and will not be charged back to the residents under the Fair Share Allocation Formula. This provision shall not apply if you have impaired your ability to meet your financial obligations

hereunder by making unapproved gifts or other transfers or by not maintaining Medicare Part A, Medicare Part B and/or adequate supplemental insurance required under paragraph 7.11. To evidence these agreements based on the circumstances at the time, you agree to enter into a special hardship agreement with us at the time of any such deferrals to reflect the reduced charges currently payable and the interest rate to be applied to the deferrals and to provide us with a perfected first security interest in your Loan repayment rights. Any such deferred charges shall be offset against any Entrance Fee refund owed by us under paragraph 2.2 of this Agreement or against any Loan repayment due under your Loan Agreement.

11. MISCELLANEOUS PROVISIONS WITH RESPECT TO YOUR APARTMENT.

11.1 Use of Apartment. The Apartment is for living only and shall not be used for carrying on any business or profession, nor in any manner in violation of zoning restrictions.

11.2 Occupants of Apartment. Except as hereinafter provided, no person other than you (or both of you if there are two of you) may occupy the Apartment except with our express written approval. In the event that a second person who is not a party to this Agreement is accepted for residency under this Agreement at a time subsequent to the date hereof (said acceptance to be in accordance with admission policies governing all other admissions), you shall pay an additional Entrance Fee as determined by us, and each month thereafter the then-current additional monthly charges for second persons shall be paid. If such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Apartment for more than thirty (30) days (except with our express written approval), and you may cancel this Agreement as provided in Section 9.

11.3 Compliance Changes. We may effect changes in The Community at any time to meet the requirements of law. You agree to temporarily relocate to other facilities provided by us without additional cost to you if it becomes necessary to vacate your Apartment or The Community health center in order to make such changes.

11.4 Furnishings. Furnishings within the Apartment will not be provided by us except to the extent provided in consideration for the monthly Service Fee. Furnishings provided by you shall not be such as to interfere with the health, safety, and general welfare of you or other residents or the staff of The Community.

11.5 Relocation. If relocation is recommended by the Medical Director or your attending physician, we may relocate you to another apartment within The Community or request that you relocate to The Community health center for the protection of your health or safety or for the general and economic welfare of others. If there are two of you under this Agreement and one of you dies or is relocated to The Community health center, or for some other reason is unable to occupy the Apartment, the remaining person may continue to occupy the Apartment under the terms of this Agreement.

11.6 Alterations by You. You may not undertake any alterations to your Apartment without our prior written approval. We reserve the right, upon your release of the Apartment because you have moved to The Community health center, or upon termination or cancellation of this Agreement, to require that any alterations made by you be removed, and that the Apartment be restored to its original design at your expense. The cost of any such restoration may be withheld from any Entrance Fee refund or Loan repayment due to you or your estate.

11.7 Refurbishment. Customary and normal refurbishment costs of your Apartment will be borne by all residents of The Community under the Fair Share Allocation Formula. Any necessary refurbishment costs caused by you or your guests which are beyond those which are customary and normal, will be paid by you, and such costs may be withheld from any Entrance Fee refund or Loan repayment due to you or your estate.

11.8 Emergency Entry. We may enter your Apartment should it be necessary to protect your health or safety or the health or safety of other residents.

12. FAIR SHARE ALLOCATION FORMULA. The amount of your monthly Service Fee is determined by application of the Fair Share Allocation Formula. The Formula has been developed to equitably apportion the costs of operating The Community among its residents.

12.1 General. All projected Cash Requirements (including additions to reserves) necessary to provide the facilities and services to the residents of The Community (including residents of The Community health center) are charged to The Community residents through the application of the Fair Share Allocation Formula. Generally, the projected Cash Requirements are based upon the costs incurred in connection with the operation of The Community for the preceding year with adjustments for inflation or deflation, occupancy rates, additions to reserves, and nonrecurring expenses, and reduced by projected revenues (such as fees for additional services, health center fees, certain investment income) for the upcoming year. Once determined, the projected Cash Requirements are then allocated among The Community residents based upon the size of the apartment which each resident occupies and the number of residents in The Community.

12.2 Benefits to Us. No portion of the costs included in the Fair Share Allocation Formula are paid to us as fees. Our compensation for the on-going ownership of The Community is comprised solely from the Entrance Fee (subject to our obligation to make any refund pursuant to paragraph 2.2), monthly Owner's Supervision Fee (which is fixed for you for the duration of your occupancy), the Loan (subject to our obligation to repay the Loan), and the potential appreciation of The Community and other benefits generally associated with the ownership of real estate.

12.3 Cash Requirements. As set forth in this Section 12, your monthly Service Fee will be adjusted upward or downward each year according to the Cash Requirements of The Community, as allocated to each apartment and all second persons. The Cash Requirements to be allocated are the sum of:

12.3.1 Operating Cash Requirements for the preceding year, which shall mean all recurring and nonrecurring costs, expenses, and outlays incurred in connection with the operation and administration of The Community. Operating Cash Requirements shall be determined by The Community management and shall include, but not be limited to, salaries and wages and all fringe benefits paid to employees of The Community and other persons stationed at The Community and other persons having day-to-day administrative, marketing and/or management responsibilities; telephone; utilities; license fees; occupational taxes, payroll taxes, property taxes, sales taxes, permits, etc., associated with The Community; lease payments, if any; legal and accounting services; bad debts and other losses; deductibles related to insurance claims; consulting fees for specialists such as dietitians and

medical directors; food and supplies; capital improvements; costs of repair, maintenance, replacement and improvements to equipment, furniture, fixtures and buildings, except those costs paid from the reserve for replacement described in paragraph 12.3.2; management fees and other reimbursable costs, including costs of reasonable expenses incurred in performing management services for The Community, such as transportation, living expenses, telephone expense, and photocopying expense; cost of maintenance and normal replacement of landscaping; principal payments on all loans except loans from residents and interest payments on all loans; and other similar items related to The Community. Operating Cash Requirements shall not include income taxes or dividends.

12.3.2 The amount to fund the reserve for replacement shall be equal to three percent (3%) of the prior year's Operating Cash Requirements. The reserve for replacement, including accumulated interest earned and retained in the reserve, shall be used to fund major capital expense items. Major capital expense items, as determined by us, are those items that would cause the Operating Cash Requirements and resulting monthly Service Fees to increase at an unusually high rate.

12.3.3 An amount projected by us to account for expected changes from the previous year in services, The Community health center utilization, apartment occupancy, marketing, remodeling, or any other material factor.

12.3.4 A reasonable estimate for inflation or deflation in the cost of operating The Community for the coming fiscal year.

12.3.5 An amount to maintain or increase the reserve for operating cash established under paragraph 12.6. Deposits to this reserve and earnings from this reserve may only be used for items related to the operation of The Community.

12.3.6 An amount to maintain or increase the amount of any reserve required by the laws of the State of Connecticut.

12.3.7 There shall then be subtracted the projected net revenues to be received in the coming fiscal year from (i) The Community health center operations; (ii) investment income from the health center resident loans escrow and from the balance of deposits in the waiting list escrow; (iii) annual fees payable under Section 4; (iv) fees for additional services to the residents as provided in Sections 6 and 7 of this Agreement; (v) space rentals from such support services as barber/beauty shops; (vi) income from investment of operating reserves, including reserves required by the State of Connecticut; (vii) nonrecurring operating income; (viii) an amount equal to fifty percent (50%) of marketing costs (defined as salaries and wages and all fringe benefits paid to marketing personnel employed by The Community, and promotional expenses), which shall be contributed by us; and (ix) an amount equal to the costs of repainting and recarpeting apartments incurred after the apartment has been released to us but prior to reoccupancy by a new resident, which shall be contributed by us.

12.4 Allocation of Cash Requirements. Allocation of the sum of the Cash Requirements described in paragraph 12.3 to each individual resident's apartment and all second persons shall be accomplished by:

12.4.1 Multiplying the number of apartments in The Community of each size and the number of second person residents therein by the following factors, and then summing such products:

Number of One-Bedroom Convertible Apartments x 77.9 percent factor	Number of Two-Bedroom Deluxe Apartments x 106.8 percent factor
Number of One-Bedroom Traditional Apartments x 84.5 percent factor	Number of Two-Bedroom Custom Apartments x 106.8 percent factor
Number of One-Bedroom Deluxe Apartments x 92.2 percent factor	Number of Two-Bedroom Enhanced Apartments X 111.8 percent factor
Number of One-Bedroom Custom Apartments x 95.8 percent factor	Number of Two-Bedroom Deluxe with Den Apartments (or Three-Bedroom) x 115.5 percent factor
Number of Two-Bedroom Traditional Apartments x 100.0 percent factor	Number of Two-Bedroom Custom with Den Apartments x 115.5 percent factor
	Number of Second Persons x 47.1 percent factor

To take into account the combination or addition of different apartments to The Community, or similar events which require the addition of new factors, factors may be added to or deleted from the above formula upon thirty (30) days' prior written notice.

12.4.2 Multiplying the sum determined in paragraph 12.4.1 above by a factor representing the projected apartment occupancy rate.

12.4.3 Dividing the sum of the Cash Requirements determined under paragraph 12.3 by the amount determined under paragraph 12.4.2 to arrive at the arithmetic quotient.

12.4.4 The Fair Share for each apartment size and for the second person shall be the product of multiplying the arithmetic quotient determined under paragraph 12.4.3 by the factor assigned to each apartment and to the second person in paragraph 12.4.1. The amount of increase or decrease in the monthly Service Fee will be the difference between the new Fair Share for each apartment size and for the second person and the applicable Fair Share for the preceding year, divided by twelve (12).

12.5 Implementation of Fair Share. At least thirty (30) days prior to the end of each fiscal year, we will notify you of the new monthly Service Fee that will go into effect at the start of the next fiscal year.

12.6 Additional Reserves. Essex Meadows has established reserves as follows: (a) a reserve for replacement (as described in paragraph 12.3.2); (b) a reserve for operating cash (as described in paragraph 12.3.5); and (c) a health center resident loans escrow (as described in paragraph 7.10). To the extent permitted by Connecticut law, the total amount of the operating cash reserve and of the reserve for replacement will be used to satisfy operating reserves required by Connecticut law. Any amounts necessary to maintain or increase such additional reserves shall, however, be included in your Fair Share. Copies of these reserve agreements with the bank are available upon request.

13. NO JURY TRIALS. Resident or Essex Meadows may submit any dispute, claim or controversy of any kind between them arising out of, or in connection with or relating to this Agreement and any amendment hereof, or the breach hereof, for judicial resolution in any court of appropriate jurisdiction. Resident and Essex Meadows each waives any and all right to request or have a jury trial in any such proceeding, and agrees that the judge in any such proceeding shall be the decider of all fact issues, as

well as all law issues, subject to the right of either party to appeal the judge's decision as provided by law.

14. AMENDMENTS.

14.1 This Agreement. This Agreement may be amended by agreement of the parties to this Agreement.

14.2 All Agreements. In addition, with the approval of (a) not less than eighty percent (80%) of the residents of The Community apartments, and (b) us, any designated residency agreements, which may include this Agreement, may be amended in any respect; provided, however, that no such amendment shall:

14.2.1 reduce the aforesaid percentage of residents which is required to consent to any such amendment; or

14.2.2 permit the preference or priority of any resident over any other resident without the consent of each resident.

Upon evidence of approval by Essex Meadows of any such amended residency agreement, and upon evidence of the approval of not less than eighty percent (80%) of the apartment residents as aforesaid, such amendment shall be effective, and any designated residency agreements, which may include this Agreement, shall automatically be amended accordingly.

14.3 Compliance with Laws. This Agreement may be modified by us at any time in order to comply with laws and regulations.

15. MISCELLANEOUS LEGAL PROVISIONS.

15.1 Governing Law. This Agreement will be interpreted according to the laws of the State of Connecticut and will become effective upon acceptance and execution by us. The Glossary which sets forth the definitions of certain terms used in this Agreement is by this reference incorporated herein and made a part of this Agreement.

15.2 Separability. The invalidity of any restriction, condition, or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

15.3 Capacity. This Agreement has been executed by a duly authorized agent of Essex Meadows, and no partner, officer, director, agent, or employee of Essex Meadows shall have any personal liability hereunder to Resident under any circumstances.

15.4 Residents. When Resident consists of more than one person, the rights and obligations of each are joint and several, except as the context otherwise requires.

15.5 Nature of Rights. You understand and agree that (a) this Agreement or your rights (including the use of the Apartment) under it may not be assigned, and no rights or benefits under this Agreement shall inure to the benefit of your heirs, legatees, assignees, or representatives, except as to reimbursement of the amounts as described in Section 2; (b) this Agreement and your contractual right to occupy The Community shall exist and continue to exist during your lifetime unless canceled by you or terminated by us as provided herein; (c) this Agreement grants you a revocable license to occupy and use space in The Community but does not give you exclusive possession of the Apartment as against us, and you shall not be entitled to any rights of specific performance but shall be limited to such remedies as set forth herein; (d) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by us; and (e) this Agreement grants to us complete decision making authority regarding the management and operation of The Community.

15.6 Release. We are not responsible for loss of or damage to your personal property, however caused, and you release us therefrom. You are required to obtain at your own expense insurance to protect against such losses.

15.7 Indemnity. We shall not be liable for, and you agree to indemnify, defend, and hold us harmless from claims, damages, and expenses, including attorney's fees and court costs resulting from any injury or death to persons and any damages to property to the extent caused by, resulting from, attributable to, or in any way connected with your negligent or intentional act or omission.

15.8 Reimbursement for Loss or Damage. You or your representative, if applicable, will reimburse us for any loss or damage to The Community as the result of your intentional, careless, or negligent acts or omissions or that of your guests.

15.9 Entire Agreement. This Agreement and any Addenda or Exhibits contain our entire understanding with respect to your residency.

15.10 Tax Considerations. Each person considering executing this Agreement should consult with his or her tax advisor regarding the tax considerations associated with this Agreement and the Loan Agreement, including the application of the below-market loan provisions of Section 7872 of the Internal Revenue Code, as amended.

15.11 Subordination. Except for your right of cancellation prior to occupancy and your rights under the mortgage or health center resident loans escrow securing your Loan, you agree that all your rights under this Agreement will always be subordinate and junior to the lien of all indentures of trust, mortgages, or other documents creating liens encumbering The Community or any of the assets of Essex Meadows, which have been or will be executed by us. Upon request, you agree to sign, acknowledge, and deliver to such lender or lenders such further written evidence of such subordination as such lenders may reasonably require. You will not be liable for any such indebtedness except to the extent, if any, payable as part of your monthly Service Fee.

15.12 Transfers. We may from time to time issue additional equity interests, or sell or transfer interests in The Community, provided that, in such latter event, the buyer shall agree to assume all existing residency agreements. In addition, we may sell or otherwise transfer the land or other portions of The Community and lease back such land or other portions. Your signature hereto constitutes your consent and approval to any such future transfer.

15.13 Residents' Association. Residents shall have the right to organize and operate a residents' association at The Community and to meet privately to conduct business of the residents' association.

15.14 Private Employee of Resident. If you need additional services, you can obtain these needed services from a private employee, an independent contractor, or through an agency (personal service provider). In such instances, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. Further, you must comply with our policy

regarding personal service providers and ensure that your private employee, independent contractor, or person you employ through an agency complies with our policies and rules of conduct set forth in a personal service provider manual.

If you fail to follow or enforce the policies and rules set forth in the policy and manual, then we may elect at our sole option to terminate this Agreement.

15.15 Responsible Party. You agree to execute and deliver to us within sixty (60) days after assuming occupancy in your Apartment a Durable Power of Attorney, trust documents, or other documentation naming a responsible party for business and financial decision making. These documents should be drafted to remain effective notwithstanding your incompetence or disability and shall be in a form acceptable to us, and you agree to keep such documents in effect as long as this Agreement is in effect. The person(s) named as your responsible party shall not be a person(s) employed by us or any other entity engaged in the management of The Community.

16. RESERVE POLICY. It will be our policy to maintain reserve funds as required by Connecticut law.

17. RESIDENT REPRESENTATIONS. By executing this Agreement, you represent and warrant that you are at least sixty-two (62) years of age or older at the time of admission; that you are capable of independent living in accordance with our current admissions policy; that you have assets and income which are sufficient under foreseeable circumstances and after provision for payment of your obligations under this Agreement to meet your ordinary and customary living expenses after assuming occupancy; and that all written representations made by you or on your behalf during the admissions process are true.

18. ACKNOWLEDGMENT OF RECEIPT OF DOCUMENTS. You hereby certify that you received a copy of this Agreement and a copy of our latest disclosure statement before the date hereof, and have been permitted to inspect any additional relevant materials requested to be reviewed by you or your representatives prior to signing this Agreement.

Executed this _____ day of _____, _____ (year)

**ESSEX MEADOWS
PROPERTIES, INC.**

RESIDENT

By _____

Its _____

Witness

Date _____

RESIDENT

Witness

Apartment Type

Apartment Number



12/05/05
ROC residency agmt

EXHIBIT A
LOAN AGREEMENT
(TO BE EXECUTED UPON OCCUPANCY)

Pursuant to your Residency Agreement relative to apartment number _____, you, _____, agree to loan \$ _____ to Essex Meadows Properties, Inc., and Essex Meadows Properties, Inc. agrees to repay such amount upon the terms and conditions hereinafter set forth.

1. **Payment of Loan Proceeds.** The Loan shall be made to Essex Meadows Properties, Inc. on the earlier of (i) the date you move into Essex Meadows, Bokum Road, Essex, Connecticut ("The Community") or (ii) sixty (60) days following execution of the Residency Agreement by Essex Meadows Properties, Inc.
2. **Interest.** No interest shall accrue or be paid on the amount of your Loan, which is exempt from the below-market loan provisions of Section 7872 of the Internal Revenue Code of 1986, as amended. Interest at the appropriate "applicable federal rate" of _____ percent per annum shall accrue with respect to the balance of your Loan and shall be paid annually to you by Essex Meadows Properties, Inc. Essex Meadows Properties, Inc. reserves the right to adjust such interest rate from time to time hereafter, to the extent the "applicable federal rate" is reduced. Essex Meadows Properties, Inc. shall not be allowed to increase the interest rate.
3. **Security.** Your Loan and the loans of all other residents of The Community shall be secured by a mortgage on the real estate known as The Community, which is owned by Essex Meadows Properties, Inc. The mortgage will be subject to certain "permitted encumbrances" as described in the Mortgage and Indenture of Trust. A copy of the Mortgage and Indenture of Trust is available to you upon request. Notwithstanding the above, if you have released your Apartment pursuant to the provisions regarding The Community health center usage, and your Apartment is reoccupied, your Loan and the loans of all other residents of The Community health center whose apartments have been so released and reoccupied shall be secured by the funds maintained in the Health Center Resident Loans Escrow and not by the Mortgage and Indenture of Trust. A copy of the Health Center Resident Loans Escrow Agreement is available to you upon request.
4. **Repayment.** In the event of your death (or the death of the survivor if there are two of you) or in the event of cancellation or termination of your Residency Agreement, your Loan shall become due and payable in full upon the date Essex Meadows Properties, Inc. receives the next Admission Payments (Entrance Fee plus Loan) for your apartment. In the event your apartment is reoccupied by an existing resident of The Community who transfers from another apartment, your Loan shall be due and payable upon the date Essex Meadows Properties, Inc. receives the Admission

Payments (Entrance Fee plus Loan) for the apartment vacated by the existing resident who transferred to your apartment. If more than one internal transfer of existing residents occurs, repayment of your Loan will be tied to the last vacated apartment. However, in no event shall such date be more than twelve (12) months from the date your apartment is released to us for reoccupancy. Essex Meadows Properties, Inc. shall have the right to offset against any Loan repayment any unpaid or deferred monthly charges owed by you, any unreimbursed health care expenses advanced by Essex Meadows Properties, Inc. on your behalf, and any other sums owed by you to Essex Meadows Properties, Inc. under the Residency Agreement. You agree to look solely to the assets which secure your Loan for the repayment of your Loan.

5. **Successors and Assigns.** All terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
6. **Defined Terms.** Defined terms used herein are used as defined in the Residency Agreement.

Resident

**ESSEX MEADOWS
PROPERTIES, INC.**

Date

By _____

Its _____

Witness

Date _____

Resident

Date

Witness

12/05/05

ASSIGNMENT OF ADMISSION PAYMENTS ESCROW AGREEMENT
SCHEDULE 2

U.S. BANK NATIONAL ASSOCIATION
SCHEDULE OF FEES
ESSEX MEADOW PROPERTIES, INC.
ESCROW SERVICES

I. ACCEPTANCE FEE

One-time upfront fee - Waived

Covers review of documents, participation in document conferences, establishing records/accounts, receipt of funds, establishment of procedures and ticklers necessary to perform our duties and monitor the various terms and covenants in the documents.

II. ESCROW ADMINISTRATION FEE

Payable annually in advance - \$2,500 for the first account, \$500 for each additional account

Maintenance of records in connection with the investments held by the Escrow Agent; monitoring of compliance with the Escrow Agreement provisions; receive, invest, disburse and control the movement of funds; settlement of security purchases and sales as directed.

III. OUT-OF-POCKET EXPENSES

All out-of-pocket expenses, including travel expenses, postage, insurance, legal fees, courier expenses and telephone, will be billed at cost.

IV. ACTIVITY CHARGES (if applicable)

- | | |
|--|----------------------------|
| • Wire Transfer (Incoming/Outgoing) | \$25 per wire |
| • Security Transactions (Buy/Sell) | \$25 per settlement |
| • Automatic Cash Investment Management | 25 Basis Points Annualized |
| • (AAA-rated daily money market funds) | (net of income) |

To help fight the funding of terrorism and money laundering activities, Federal Law requires all financial institutions to obtain, verify and record information that identifies each client who opens an account. To this extent, please provide all contact information for parties to the agreement including Tax ID/identification numbers. Our acceptance of this transaction is subject to the review and approval of our New Business Acceptance Committee.

This Schedule applies to the Essex Meadows Properties, Inc. Admission Payments Escrow Agreement, as amended. The applicable Escrow Administration Fee is \$2,500.