TRANSITIONS HEALTHCARE NORTH HUNTINGDON

continuing care retirement community of

Transitions Healthcare North Huntingdon, LLC

Located at:
8850 Barnes Lake Road
North Huntingdon, PA 15642
Phone: (724) 864-7190

Effective Date of Disclosure Statement: May 2026

This Disclosure Statement is not a contract, and the Provider reserves all rights to amend, revise, update and otherwise change the Disclosure Statement at any time, in accordance with applicable laws.

The issuance of a Certificate of Authority does not constitute approval, recommendation or endorsement of the facility by the Pennsylvania Insurance Department, nor is it evidence of, nor does it attest to, the accuracy or completeness of the information set forth in this Disclosure Statement.

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Important Information to Prospective Residents

Pursuant to the Pennsylvania Continuing Care Provider Registration and Disclosure Act, 40 P.S. Section 3207 et. sec., (the "Act") this Disclosure Statement is being delivered to you at the time of or prior to your execution of a "Continuing Care Agreement," or at the time of or prior to your payment

of any money to Transitions Healthcare North Huntingdon, LLC, d/b/a Transitions Healthcare North Huntingdon. A copy of the Continuing Care Agreement is attached. Your receipt of this Disclosure Statement creates no obligation on your part to execute and deliver the Continuing Care Agreement to Transitions Healthcare North Huntingdon, LLC, d/b/a Transitions Healthcare North Huntingdon, nor does it create any obligation on the part of Transitions Healthcare North Huntingdon, LLC, d/b/a Transitions Healthcare North Huntingdon.

This Disclosure Statement contains a fair summary of the material enclosed and other terms of the documents purported to be summarized. This Disclosure statement is furnished to prospective residents and their representatives and may not be relied upon by any other person.

SUMMARY OF DISCLOSURE STATEMENT

The following summary is qualified in its entirety by more detailed information appearing elsewhere and referred to in this Disclosure Statement and in the Continuing Care Agreement attached to this Disclosure Statement.

THE FACILITY: Transitions Healthcare North Huntingdon, LLC is a Pennsylvania limited liability company whose principal office is located at 2 Locust Lane, Suite 211, Westminster, MD 21157. Transitions Healthcare North Huntingdon, LLC offers a continuum of care to the elderly by providing residential living apartments and nursing care services on the continuing care retirement community ("CCRC") campus located at 8850 Barnes Lake Road, North Huntingdon, PA 15642, Phone: (724) 864-7190. The CCRC operates under the trade name of Transitions Healthcare North Huntingdon.

LICENSED PROVIDER: The licensed provider is Transitions Healthcare North Huntingdon, LLC, whose principal office is located at 2 Locust Lane, Suite 211 Westminster, MD 21157. Phone: 443-952-7125.

PERSON TO BE CONTACTED TO DISCUSS ADMISSION: Transitions Healthcare North Huntingdon's admission staff is the contact for individuals considering admission to Transitions Healthcare North Huntingdon at 8850 Barnes Lake Road, North Huntingdon, PA 15642. Phone: (724) 864-7190.

DESCRIPTION OF PROPERTY: Transitions Healthcare North Huntingdon is located on approximately 4 acres in North Huntingdon, Pennsylvania, in a suburban area of Westmoreland County. The campus currently consists of a 37,000 square foot, single story building. This building, which is fully sprinkled, is constructed of wooden frame with exterior walls finished in stucco (dryvit), and houses 120 licensed nursing care beds. The campus includes 2 one-bedroom independent living apartments which have private entrances with a patio and privacy fencing. The real property of the CCRC campus is owned by 8850 Barnes Lake Road, LLC.

Nursing care services are made available to residents of the nursing facility by Transitions Healthcare North Huntingdon, LLC, which also operates the nursing facility under the name Transitions Healthcare North Huntingdon. Transitions Healthcare North Huntingdon's independent living residents have priority access to the Transitions Healthcare North Huntingdon nursing facility on a space-available basis. Through its home care agency license Transitions Healthcare North Huntingdon within the licensed area of the CCRC provides assistance with self-administered medications, personal hygiene dressing and feeding, housekeeping, transportation, meal planning and preparation and other non-skilled services.

AGE REQUIREMENTS: The minimum entrance age for admission to the independent living apartments is 55 years of age prior to the date of occupancy.

AFFILIATIONS WITH RELIGIOUS, FRATERNAL, CHARITABLE AND NON-PROFIT ORGANIZATIONS: Transitions Healthcare North Huntingdon, LLC is not affiliated with any religious, charitable, or other nonprofit organization.

CURRENT RESIDENT POPULATION: The resident population changes from time to time. The current resident population is two independent living residents and 101 nursing care residents.

THE ENTRANCE AND MONTHLY FEES: The entrance fee for an independent living one bedroom apartment with kitchen, living room, dining room, bathroom and patio is as follows:

Square Footage	Entrance Fee (Single Occupancy)	Entrance Fee (Double Occupancy)	Monthly Fee (Single Occupancy)	Monthly Fee (Double Occupancy)
Approx 650 sq ft	$12,000	$27,000	$1,000	$1,500

Reference should be made to the Continuing Care Agreement for further information related to fees.

TAXABLE STATUS: Transitions Healthcare North Huntingdon, LLC is not exempt from payment of Federal Income Tax and operates as a for-profit business enterprise.

DISCLOSURE STATEMENT

This Disclosure Statement contains a fair summary of the documents attached and of the terms of the documents purported to be summarized.

1. NAME AND BUSINESS ADDRESS

Transitions Healthcare North Huntingdon, LLC is a Pennsylvania limited liability company, whose principal office is located at 2 Locust Lane, Suite 211 Westminster, MD 21157. Transitions Healthcare North Huntingdon, LLC provides a continuum of care to the elderly by providing residential living apartments and nursing care services on the continuing care retirement community ("CCRC") campus located at 8850 Barnes Lake Road, North Huntingdon, PA 15642, Phone: (724) 864-7190. The CCRC operates under the trade name of Transitions Healthcare North Huntingdon.

2. HISTORY AND ORGANIZATION

Transitions Healthcare North Huntingdon, LLC became the licensed operator of the CCRC and nursing facility on August 1, 2014. The owners of Transitions Healthcare North Huntingdon, LLC are also the owners or operators of other health care facilities located in Maryland, Pennsylvania, and Washington, D.C.

3. CONTROLLING PARTIES & DESCRIPTION OF INTEREST IN OR OCCUPATION WITH TRANSITIONS HEALTHCARE NORTH HUNTINGDON

Transitions Healthcare North Huntingdon, LLC members have oversight authority over the business affairs of the CCRC. Each member holds 33 1/3% of the membership interests of the company. The members of Transitions Healthcare North Huntingdon, LLC are as follows:

Matthew Maurano, NHA, is a member of Transitions Healthcare North Huntingdon, LLC. He has over twenty years' experience in the skilled nursing business. He is a licensed Nursing Home Administrator in the State of Maryland and in the Commonwealth of Pennsylvania. Mr. Maurano is the Chief Executive Officer of Transitions Healthcare, LLC, the company that provides management services to the CCRC. His address is 14511 Faraday Drive, Rockville, MD 20853.

Kevin Williams, RN, is a member of Transitions Healthcare North Huntingdon, LLC. He has over seventeen years' experience in long-term care and three years' experience as an intensive care nurse. He has designed and implemented numerous innovative evidence-based programs in skilled nursing settings. He has been the Director of Nursing at numerous nursing facilities in Maryland. Mr. Williams is the Chief Operations Officer-Clinical Services of Transitions Healthcare, LLC, the company that provides management services to the CCRC. His address is 9802 Slalom Run Drive, Woodstock, MD 21163.

Marc Feldman, CPA, is a member of Transitions Healthcare North Huntingdon, LLC. He has over twenty-five years' experience in financial and operational consulting in the senior healthcare industry. He has a focus on federal and state reimbursement, acquisitions, and capital management. He is a founder and principal of Healthcare Financial Solutions, which provides consulting to operators on strategies for third party payment, corporate organization, and analysis of operational results. He has expertise in Medicare and Medicaid payment and coverage, cost reporting, and payment systems for senior healthcare. Mr. Feldman is the Chief Financial Officer of Transitions Healthcare, LLC, the company that provides management services for the CCRC. His address is 28409 Via Odanti Drive, Bonita Springs FL 34135.

4. DISCLOSURE OF RELATED PARTY CONTRACTS

The name and address of any professional service, firm, association, trust, partnership or corporation in which such person has, or which has in such person, a 10% or greater interest and which it is presently intended will or may provide goods, leases or services to the facility of a value of $500 or more, within any year are as follows:

- Transitions Healthcare, LLC, a related entity, manages Transitions Healthcare North Huntingdon, LLC through a Management Agreement.

- 8850 Barnes Lake Road, LLC, owns the real property of the CCRC campus located at 8850 Barnes Lake Road, North Huntingdon, PA 15642. 8850 Barnes Lake Road, LLC leases the real property to Transitions Healthcare North Huntingdon, LLC.

5. DISCLOSURE OF FELONY CONVICTIONS, FELONY CHARGES, CIVIL ACTIONS, COURT ORDERS, LICENSE SUSPENSIONS, ETC.

Neither the Provider, nor its members within the past five years (a) have been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable or enjoined in a civil action by final judgment if the felony or civil action involved fraud, embezzlement, fraudulent conversion or misappropriation of property; and neither are they (b) subject to a currently effective injunctive or restrictive order of a court of record, or within the past five (5) years had any State or Federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or health care, including, without limitation, actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under the Pennsylvania Continuing Care Provider Registration and Disclosure Act or a similar act in another state.

6. AFFILIATIONS WITH RELIGIOUS, FRATERNAL, CHARITABLE AND NON-PROFIT ORGANIZATIONS

Transitions Healthcare North Huntingdon, LLC is not affiliated with any religious, charitable, or other nonprofit organization.

7. DESCRIPTION OF PHYSICAL PROPERTY

Transitions Healthcare North Huntingdon is located on approximately 4 acres in North Huntingdon, Pennsylvania, in a suburban area of Westmoreland County. The campus consists of a 37,000 square foot, single story building. This building, which is fully sprinkled, is constructed of wooden frame with exterior walls finished in stucco (dryvit), and houses 120 licensed nursing care beds. The campus includes 2 one-bedroom independent living apartments which have private entrances with a patio and privacy fencing. The real property of the nursing facility and independent living apartments is owned by 8850 Barnes Lake Road, LLC.

Nursing care services are made available by Transitions Healthcare North Huntingdon, LLC. This company also operates a nursing facility under the name Transitions Healthcare North Huntingdon, LLC. Transitions Healthcare North Huntingdon residents have priority access to its nursing facility on a space-available basis.

8. RESIDENT FEES

Payment of a One-Time Entrance Fee. Continuing care services are provided to residents who occupy an independent living apartment in return for payment of an entrance fee and monthly maintenance fee. An entrance fee is a one-time fee charged to residents seeking admission to the independent living apartments as a CCRC resident. Upon approval of an application for residency, the prospective resident is required to pay the entrance fee in full on the designated occupancy date or upon occupancy, whichever is earlier. In situations of double occupancy, the residents shall be jointly and severally liable for each other's financial obligations and for all payments due under the Continuing Care Agreement. If one co-resident dies or leaves the CCRC, both co-residents and/or their estates remain jointly and severally liable for all financial obligations incurred by either co-resident under the Continuing Care Agreement. Reference should be made to the Continuing Care Agreement, which is attached as Exhibit A. The following items will be provided by the Community as part of the Residence: Stove, Refrigerator, Microwave Oven, and Drapery Rods. The entrance

fees and monthly maintenance fees for a one-bedroom apartment with kitchen, living/dining room, bathroom, and patio are as follows:

Square Footage	Entrance Fee (Single Occupancy)	Entrance Fee (Double Occupancy)	Monthly Fee (Single Occupancy)	Monthly Fee (Double Occupancy)
Approx 650 sq ft	$12,000*	$27,000*	$1,000*	$1,500*

*Note: Fees are subject to change per the Continuing Care Agreement.

Amortization of Entrance Fee. Ten percent (10%) of the entrance fee is amortized immediately upon the designated occupancy date or actual date of occupancy, whichever is earlier. The remaining ninety percent (90%) of the entrance fee shall be amortized at the rate of one sixtieth (1/60) per month from the designated occupancy date or actual date of occupancy, whichever is earlier. At the conclusion of the sixty (60) month amortization period, the entrance fee shall be earned in full by Transitions Healthcare North Huntingdon, LLC, and the resident will not be entitled to a refund of any portion of the entrance fee.

Refund Policy. **Termination before Occupancy.** Any entrance fee payments will be refunded in full if the resident rescinds the Continuing Care Agreement within seven (7) days in accordance with the Notice of Right to Rescind. In the event of termination of the Continuing Care Agreement by the resident's death before the designated occupancy date or actual date of occupancy, whichever is earlier; or in the event the resident is precluded from taking occupancy because of illness, injury, or incapacity prior to the designated occupancy date or actual date of occupancy, whichever is earlier; then Transitions Healthcare North Huntingdon, LLC will make a full refund of any entrance fees, less any amounts deducted to cover expenses incurred by Transitions Healthcare North Huntingdon, LLC for any upgrades or improvements as requested by the resident. Where two individuals have signed the Continuing Care Agreement for double occupancy, the death of one co-resident will not constitute termination of the Continuing Care Agreement, and no refund shall be due. Reference should be made to the Continuing Care Agreement for further information.

Termination after Occupancy. In the event of termination during the amortization period, the resident will be entitled to a refund of the unamortized portion of the entrance fee, if any, less deductions for any amounts necessary to cover costs incurred by Transitions Healthcare North Huntingdon, LLC to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at the resident's specific request, and/or any unpaid charges. All applicable refunds will be made after the resident surrenders the apartment and only after the apartment has been re-occupied by another resident who has paid in full the applicable entrance fee. After the lapse of the amortization period, the resident will not be entitled to a refund of any portion of the entrance fee. Reference should be made to the Continuing Care Agreement for further information.

Payment of a Monthly Maintenance Fee. A monthly fee is charged for services provided as set forth in the Continuing Care Agreement. Transitions Healthcare North Huntingdon, LLC reserves the right, at any time, upon thirty (30) day's notice to the resident, to adjust the monthly fee.

Services Included in the Monthly Maintenance Fee. The services included in the monthly fee will be provided in accordance with the terms of the Continuing Care Agreement. The services to be included in the monthly maintenance fee include:

- Central heating and air conditioning/self-contained heating and air conditioning;
- Sewer, water, and refuse collection;
- Access for telephone and cable TV;
- Maintenance of grounds/snow removal;
- Real Estate Taxes;
- Maintenance of appliances and other property of Transitions Healthcare North Huntingdon;
- Administrative Support Services;

- Response call system;
- One meal per day;
- Weekly changing of bed linens;
- Weekly housekeeping;
- Community washer/dryer located in the corridor adjacent to the independent living apartments; and
- Free designated parking.

Reference should be made to the Continuing Care Agreement for further information.

Additional Services Available for an Additional Charge. Meals are available in the dining room of the nursing home which is easily accessed by the CCRC residents. Residents may choose from a variety of meal plans for an additional charge. In times of illness, the resident may have meals delivered to their apartment for an additional charge. The following services are provided for an additional charge:

Additional meals/guest meals/tray	$5.00 per meal and $2.00 tray delivery fee
Telephone	arranged by resident/family directly
Television cable	Arranged by resident/family directly
Additional housekeeping	$15.00 per hour
Salon Services	
Women's Cut	$ $14.00
Men's Cut	$14.00
Wash & Set	$ 14.00
Tint, Wash, Set	$35.00
Perm & set	$45.00
Beard Trim & mustache trim	$ 6.00

Personal Property Insurance is not included in the monthly fee and shall be the responsibility of the resident. Nursing care services are available at an additional charge.

Additional Fees for Nursing Care Services. Residents have the right to occupy the independent living apartment for so long as they satisfy the health and other conditions of occupancy as set forth in the Continuing Care Agreement. The residents have priority access to nursing care services on the Transitions Healthcare North Huntingdon campus. Admission for nursing services is contingent upon the resident meeting the financial and all other admission criteria. The cost for nursing care services is not included in the entrance fee or monthly maintenance fee. Continuing Care Agreements signed by residents are fee-for-service contracts. If a resident requires nursing care services, an admission agreement is signed for that level of care which establishes the basis for charges for nursing care services. The fees associated with the provision of nursing care services depend upon the type of room and/or services required.

In situations of double occupancy where one co-resident is temporarily transferred to the nursing care facility, the monthly maintenance fee shall remain the same, and the transferred co-resident will be charged for care and services in the nursing care facility. Both co-residents will collectively be liable for payment of all charges. If the resident is permanently transferred to the nursing care facility, the Continuing Care Agreement for independent living shall terminate. Reference should be made to the Continuing Care Agreement for further information.

9. FREQUENCY AND AVERAGE DOLLAR AMOUNT OF EACH INCREASE IN PERIODIC RATES FOR THE PREVIOUS FIVE YEARS

The current rates for independent living and nursing care services are attached as **Exhibit B,** which includes a table showing the frequency and average dollar amount of each increase since, the date operations began.

10. AVERAGE ANNUAL COST OF PROVIDING SERVICES

The average annual cost for providing services from the previous operating fiscal period is attached at **Exhibit C**.

11. ESCROW AND RESERVE FUNDS

Reserve Funds. The Pennsylvania Department of Insurance requires Providers to maintain certain reserve funds related to its continuing care agreements. The Provider is required to maintain a reserve equal to or the greater of the total of all projected principal and interest payments on any mortgage or long-term debt of the facility over a twelve-month period or 10% of total operating expenses excluding depreciation, whatever amount is greater. The amount of the reserve shall be computed only on the pro rata portion of the financing or expenses that are applicable to residents under continuing care agreements as of the most recent year-end. Funds sufficient to meet such requirements will be retained, and such amounts will be classified as operating reserves during each fiscal period.

Transitions Healthcare North Huntingdon, LLC funds the statutory liquid reserve requirement on a proportional basis for those residents under continuing care agreements. The reserve amount is calculated based on 10% of total operating expenses excluding depreciation, as reflected in the projected financial analysis in the attached **Exhibit D**. Transitions Healthcare North Huntingdon, LLC has established an entrance fee escrow account with CFG Community Bank. A copy of the executed Entrance Fee Escrow Agreement is attached as **Exhibit E**.

12. FINANCIAL STATEMENTS

Transitions Healthcare North Huntingdon, LLC's audited financial statements for fiscal year ending 2020 are attached as **Exhibit F**.

13. STATEMENT OF SOURCE AND APPLICATION OF FUNDS

8850 Barnes Lake Road, LLC owns the real property upon which the independent living apartments are located at 8850 Barnes Lake Road, North Huntingdon, PA 15642. 8850 Barnes Lake Road, LLC leases the property to Transitions Healthcare North Huntingdon, LLC for purposes of independent living housing.

8850 Barnes Lake Road, LLC, financed the acquisition of the real estate, in part, through a loan from CFG Community Bank in an amount approximated at $11.5 million. CFG Community Bank is a commercial bank headquartered at 1422 Clarkview Road, Baltimore, MD 21209, with branches in Lutherville/Towson, Annapolis and Baltimore city. Ira Smedra and Jacob Wintner of The Arba Group, Inc., a privately held real estate investment company located in Los Angeles, CA, has personally guaranteed the loan. The assets of the CCRC are collateral.

14. PROJECTED FINANCIAL ANALYSIS

A projected financial analysis for 2024 is attached as **Exhibit D**.

15. CONTINUING CARE AGREEMENT

The Continuing Care Agreement governs the relationship and explains the mutual obligations between the resident and Transitions Healthcare North Huntingdon, LLC. All terms of the agreement are reflected in the Continuing Care Agreement and its attached exhibits. The Continuing Care Agreement also provides a grievance procedure that includes a voluntary mediation provision and a mandatory, binding arbitration provision. Residents should review the Continuing Care Agreement for further explanation. See **Exhibit A**.

16. RIGHT TO RESCIND

Resident may rescind and terminate the Continuing Care Agreement without penalty or forfeiture within seven (7) days of signing the Continuing Care Agreement. Residents are not required to move into the independent living apartment before the expiration of this seven (7) day period. To rescind their Continuing Care Agreement, resident must mail or deliver a signed and dated copy of a Rescission Notice or any other dated written notice, letter or telegram, stating their desire to rescind to Transitions Healthcare North Huntingdon, LLC. A Notice of Right to Rescind is included in the Continuing Care Agreement.

17. RESIDENT RIGHT TO ORGANIZE

Residents shall have the right to elect a Residents' Association to represent the welfare and concerns of the residents. A representative of Transitions Healthcare North Huntingdon, LLC designated by the members of Transitions Healthcare North Huntingdon, LLC will hold quarterly meetings during the calendar year with residents for purposes of free discussion of topics related to living at Transitions Healthcare North Huntingdon. Residents will be given at least seven (7) days notice of all such meetings.

Exhibit RATES OVER TIME

Receipt

The undersigned hereby acknowledges delivery and receipt of Transitions Healthcare North Huntingdon, LLC's Disclosure Statement dated 5-2026 and all attachments including a copy of the Continuing Care Agreement and the Notice of Right to Rescind.

_____
Signature of First Resident

_____
Signature of Co-Resident

_____
Signature of Responsible Party/Family Member
(if applicable)

_____
Date

EXHIBIT A

Continuing Care Agreement

Exhibit RATES OVER TIME

CONTINUING CARE AGREEMENT

FOR

TRANSITIONS HEALTHCARE NORTH HUNTINGDON, LLC

Exhibit RATES OVER TIME

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EXHIBIT "A"

NOTICE OF RIGHT TO RESCIND

Exhibit RATES OVER TIME

DEFINITIONS OF WORDS AND PHRASES

ADDITIONAL OCCUPANT: An individual who, after you take Occupancy, applies and is accepted for admission to Community to occupy the Residence as a Co-Resident.

APPLICATION FOR RESIDENCY: The application submitted to Transitions Healthcare North Huntingdon, LLC by those individuals seeking admission to Community.

CERTIFICATE OF INSURANCE: A document issued by an insurance carrier reflecting the coverage available under the policy.

COMMUNITY: The continuing care retirement community.

CONDITIONS OF OCCUPANCY: The health, safety and related requirements for continued Occupancy of the Residence.

CO-RESIDENT: One of two individuals who signs a continuing care agreement to initially occupy one residence.

DAILY RATE: The daily charge for Routine Nursing Care Services. The Daily Rate does not include charges for additional or miscellaneous services.

DESIGNATED OCCUPANCY DATE: The date designated by us for you to accept Occupancy, and for the Monthly Maintenance Fee and the Entrance Fee to become due, unless the Residence is occupied earlier.

DOUBLE OCCUPANCY: Two individuals initially residing in a residence as Co-Residents.

DOUBLE OCCUPANCY FEE: The fee for an Additional Occupant of the Residence. This charge is added to the Monthly Maintenance Fee.

ENTRANCE FEE: The initial charge +
for admission to the Community.

FEE SCHEDULE: A publication reflecting current charges for ancillary and miscellaneous services rendered by the Community.

INSURANCE COMMISSIONER: The administrative head of the Insurance Department.

Exhibit RATES OVER TIME

INSURANCE DEPARTMENT: The agency responsible for licensing and regulating continuing care retirement communities in Pennsylvania.

MEDICAL DIRECTOR: The physician designated by Transitions Healthcare North Huntingdon, LLC to oversee the medical affairs of the Community.

MONTHLY MAINTENANCE FEE: The charge per month for Occupancy of the Residence.

OCCUPANCY: The right of possession and use of the Residence.

POWER OF ATTORNEY: A legal instrument whereby an individual, known as a principal, authorizes another individual to act on his or her behalf as an agent.

RESIDENCE: The living unit designated under this Agreement for Occupancy by you.

RESIDENT HANDBOOK: Community's publication reflecting the rules, regulations, policies, and procedures of the Community. You are obligated to comply with our rules, regulations, policies, and procedures reflected in this publication. The Resident Handbook should not be construed as a contract. It does not grant any contractual rights, and it is subject to change from time to time.

ROUTINE NURSING CARE SERVICES: The level of Routine Nursing Care Services provided by us in the Skilled Nursing Facility in exchange for the Daily Rate. The following types of services are not included in routine nursing care: one-on-one companion or CNA services when required by your care plan; care for certain high acuity conditions, such as ventilator dependent care; dialysis services; treatment for drug and alcohol conditions; or psychiatric care. Generally, services not included in routine nursing care are not available at the Community; and, if such services become or are available, then such services are only provided for an additional fee.

SINGLE OCCUPANCY: One individual initially residing in a residence.

SKILLED NURSING FACILITY: The licensed nursing care facility of Community.

SURRENDER: To cease Occupancy of the Residence, to remove all possessions from it, and to return all keys to it.

CONTINUING CARE AGREEMENT

THIS CONTINUING CARE AGREEMENT (called "Agreement") is made and entered this ____ day of _____, 20___, between Transitions Healthcare North Huntingdon, LLC, a Pennsylvania limited liability company, d/b/a Transitions Healthcare North Huntingdon, (referred to by the words "we," "us" and "our"), and

Exhibit RATES OVER TIME

_____ (called "Resident," and referred to by the words "you" and "your" and when two individuals sign this Agreement for Double Occupancy, they are called collectively "Resident," "you" and "your" where the context permits, and individually "Co-Resident") for admission of Resident to the Community for Occupancy of _____ (called "Residence").

RECITALS:

We operate a continuing care retirement community known as Transitions Healthcare North Huntingdon (called "Community");

You have applied for admission to occupy the Residence; and,

We have reviewed and accepted your Application for Residency subject to the execution of this Agreement, and you have designated the above Residence for Occupancy.

In consideration of the mutual promises contained in this Agreement, and intending to be legally bound, we and you agree as follows:

SECTION 1: RESIDENCE AND FACILITIES

1.1 Living Accommodations and Term. We shall provide you with the accommodations, common facilities and services specified in this Agreement beginning on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier, and continuing until the termination of this Agreement.

1.2 Description of Residence. We shall provide you with the Residence designated under this Agreement furnished with the items identified in Exhibit "A". You may provide other furnishings, subject to our approval, which shall remain your property.

1.3 Optional Furnishings or Fixtures. At your request, and subject to our approval, we shall provide optional furnishings or fixtures identified in an addendum(s) attached to this Agreement. Optional furnishings or fixtures are not included in the Entrance Fee or Monthly Maintenance Fee and are provided at an additional cost. If requested prior to Occupancy, the cost of any optional furnishings or fixtures shall be paid prior to Occupancy. At our discretion, the costs of any optional furnishings or fixtures requested after Occupancy shall be paid prior to or at the time of installation. Upon installation, all additional furnishings or fixtures immediately become our property and shall remain in the Residence after the termination of this Agreement. An addendum to this Agreement reflecting all optional furnishings or fixtures and their cost shall be signed by you and us.

1.4 Structural Changes and Redecoration. Any structural or physical change of any kind or redecoration to the interior or exterior of the Residence, including, but not limited to, wallpaper, painting or floor covering, may be made only after obtaining written approval from us. The cost of any redecoration or structural change requested by you, and restoration to original condition, except that cost due to normal wear and tear, shall be paid by you unless otherwise agreed in writing by us. The selection of a contractor for any structural changes shall be made by us. The charge or value of any physical or structural changes will not be considered in calculating any applicable Entrance Fee refunds and are not considered part of the Entrance Fee. An addendum to this Agreement reflecting all structural changes and their cost shall be signed by you and us.

1.5 Common Facilities. We shall provide certain common facilities including, but not limited to, outdoor recreational and activity areas, walkways and dining facilities. The common facilities are available to you in accordance with our policies and procedures as reflected in the Resident Handbook and any other publications of the Community, which are subject to change from time to time at our discretion.

1.6 Priority Access. You will receive priority access to Routine Nursing Care Services on a fee-for-service basis. Priority access is conditioned on you satisfying the financial and all other requirements for admission.

1.7 Designated Occupancy Date. We shall establish the Designated Occupancy Date. We will provide notice of the Designated Occupancy Date no later than thirty (30) days before the Residence is available. We reserve the right to extend the Designated Occupancy Date. The obligation to pay the Monthly Maintenance Fee shall begin on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. The Entrance Fee shall be paid in full on the Designated Occupancy Date or upon actual Occupancy, whichever is earlier.

SECTION 2: SERVICES

2.1 Utilities. We shall provide water, central heating and air conditioning, electricity, sewer, and refuse collection. These services are included in the Monthly Maintenance Fee. We reserve the right to establish maximum usage levels on utilities and to charge you for any unreasonably excessive usage due to waste or abuse.

2.2 Telephone. We shall provide your Residence with access to telephone service as part of the Monthly Maintenance Fee. All telephone service charges, including connection charges, are not included in the Monthly Maintenance Fee and shall be paid by you.

2.3 Cable Television. We shall provide your Residence with access to cable television service as part of the Monthly Maintenance Fee. Basic cable service and expanded pay

channel service are not included in the Monthly Maintenance Fee and shall be paid by you.

2.4 Maintenance and Repair of Equipment. We shall provide necessary repairs, maintenance, and replacement of our property, equipment, and appliances. Repairs, maintenance, and replacement of your property and furnishings are your responsibility and are not included in the Monthly Maintenance Fee. Maintenance and repair of our property, equipment or appliances necessitated by your neglect or abuse as we determine, shall be paid by you.

2.5 Maintenance of Grounds. We shall provide grounds keeping, lawn care, and snow removal, in accordance with our policy, which is subject to change from time to time. These services are included in the Monthly Maintenance Fee.

2.6 Property Insurance. We shall provide insurance on our property only. You are responsible to insure against personal property losses and for the cost of such insurance.

2.7 Administration. We shall provide administrative support services to implement the provisions of this Agreement. Administrative services are included in the Monthly Maintenance Fee.

2.8 Property Taxes. Property taxes and any property tax assessments are included in the Monthly Maintenance Fee.

2.9 Meals. The Monthly Maintenance Fee includes one (1) meal per day. Meals are delivered to the individual apartments. Additional meals and delivery are available at an additional charge.

2.10 Housekeeping. We shall provide light housekeeping services on a weekly basis. Housekeeping services are included in the Monthly Maintenance Fee. Additional housekeeping services are available for an additional charge.

2.11 Linens. We will provide bed linens to each residence. We shall change your bed linens on a weekly basis as part of the Monthly Maintenance Fee.

2.12 Usage of Washers/Dryers. You shall be able to use, subject to availability, communal washers and dryers located in the Community for your personal laundry. The use of other laundry or cleaning services or facilities available from an outside source is not included in the Monthly Maintenance Fee and shall be paid by you.

2.13 Parking. We shall provide parking in accordance with our policy reflected in the Resident Handbook. Residents, who own a vehicle, must possess a valid driver's license,

register that vehicle with us and provide proof of liability insurance coverage for that vehicle.

2.14 Activities. We, in our discretion, shall provide recreational, educational, and social services. Access to, participation in, and fees, if any, associated with activities are governed by our policy, which is subject to change from time to time.

2.15 Scope of Services Included in the Monthly Maintenance Fee. We reserve the right to add or delete certain services and to adjust the Monthly Maintenance Fee appropriately. We will provide thirty (30) days advance notice of any changes in services.

2.16 Other Services. Other services, such as barber/beauty services, are available at an additional charge and are not included in the Monthly Maintenance Fee. The charges for these services are reflected on the Fee Schedule, which is subject to change from time to time. Barber/beauty services are paid directly to the provider at time of service.

SECTION 3: NURSING SERVICES

3.1 Skilled Nursing Facility. We operate a Skilled Nursing Facility known as Transitions Healthcare North Huntingdon for the provision of licensed Routine Nursing Care Services which shall be available to you on a priority access basis so long as you meet the financial and all other criteria for admission. The costs of Routine Nursing Care Services are at an additional charge and are not included in the Monthly Maintenance Fee. We will exercise our best efforts to accommodate your level of care needs; however, there is no guarantee that space will be immediately available in the Skilled Nursing Facility at such time as you may require Routine Nursing Care Services. If you are permanently transferred to the Skilled Nursing Facility, this Agreement shall terminate and you shall sign an admission agreement for the provision of Routine Nursing Care Services.

3.2 Private Duty Nursing or Companion Services in the Residence. Subject to the approval of the Community, you may utilize the services of private duty nurses or companions providing personal or nursing care services in the Residence so long as you are able to satisfy the Conditions of Occupancy. Such services must be approved in advance and in writing by us. We reserve the right to review credentials of all nurses and companions, to approve or prohibit the use of or to require the discontinuation of such services. You are responsible to pay for all such services. As a condition of our approval, all private duty nurses or companions must provide us with an appropriate release and indemnification agreement, proof of workers' compensation and liability insurance, as well as proof that such nurses or companions are free of tuberculosis and/or any other contagious or communicable disease, and are subject to a criminal background check. To the extent required, you shall confirm that any approved private duty nurse,

companion, or attending individual has workers' compensation insurance coverage. In the absence of such coverage, you are required to provide workers' compensation insurance to the extent required by law. Services of private duty nurses, nurse assistants or companions may be used so long as you are able to satisfy the Conditions of Occupancy. In exchange for our consent to your request for the services of a private duty nurse, companion, or other assistant, you shall execute an Aging-in-Place Addendum, which shall be attached to this Agreement and incorporated by reference. We reserve the right to terminate your authorization to utilize the services of private duty nurses, nurse assistants or companions in the event that you do not comply with the requirements of this Section or the Aging-in-Place Addendum, or require transfer to another level of care. If transfer to another level of care is required, then we reserve the right to transfer you to another level of care within the Community or to such other external care facility as we deem appropriate.

3.3 Health Care Services and Liability for Health Care Costs. You remain responsible for your own Routine Nursing Care Services and health care services while residing in the Residence. All Routine Nursing Care Services and health care services of any kind provided to you under this Agreement are at an additional charge.

3.4 Liability for Health Care Services. A resident shall not be liable to a health care provider for services rendered under this Agreement if the health care services rendered are services which the Community agreed to furnish to a resident in consideration of the resident's payment of entrance and periodic fees. No future health care services are covered by your payment of the Entrance Fee or Monthly Maintenance Fee.

3.5 Future Use of Facilities. Although there is no current plan to discontinue operations of the Skilled Nursing Facility, if deemed to be in the best interests of the perpetuation of our mission by the global members, we reserve the right at some future point to reduce the availability of the number of beds or to discontinue the operation of this facility. Should we elect to discontinue operations of the Skilled Nursing Facility, there are no assurances that a replacement facility will be available at the Community.

3.6 Response Call System. We shall equip your Residence with a twenty-four (24) hour fire response call system. We do not provide Emergency Medical Services (EMS) or Emergency Medical Technicians (EMT). In the event of a medical emergency, you are required to contact 911 to obtain medical assistance. While the fire response call system may be used to inform us of a medical emergency, we disclaim any and all responsibility for providing emergency medical care services in your Residence. If you utilize the fire response call system in such an emergency, we will call 911 on your behalf.

SECTION 4: FEES

Exhibit RATES OVER TIME

4.1 Entrance Fee. You shall pay the sum of $_____ [____ *initials*] as an Entrance Fee on the Designated Occupancy Date or the date of actual Occupancy, whichever is earlier.

4.2 Use of Entrance Fee. The entire Entrance Fee shall be used for any purpose and in any manner deemed appropriate by us in our sole and absolute discretion consistent with law.

4.3 Amortization of Entrance Fee. Ten percent (10%) of the Entrance Fee shall be earned immediately in full by us on the Designated Occupancy Date or the date of actual Occupancy, whichever is earlier. The other ninety percent (90%) of the Entrance Fee shall be amortized by us at the rate of one-sixtieth (1/60) per month (or an annual percentage rate of twenty percent (20%) prorated monthly) from the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. At the conclusion of the sixty (60) month amortization period, the Entrance Fee shall be earned in full by us, and you will not be entitled to a refund of any portion of the Entrance Fee.

4.4 Limitations on Increases in the Entrance Fee. After the signing of this Agreement by you, there will be no increase in the Entrance Fee for the Residence.

4.5 Monthly Maintenance Fee.

(a) Amount. You shall pay to us a Monthly Maintenance Fee of $_____ [____ *initials*] for Occupancy of the Residence. In situations of Double Occupancy, the Double Occupancy Fee in the amount of $_____ [____ *initials*], which is based on the number of occupants, is added to and included in the Monthly Maintenance Fee.

(b) Payment and Due Date. Your responsibility to pay the Monthly Maintenance Fee begins on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. Payment is due upon receipt of the monthly statement. We reserve the right to change our billing cycle. The Monthly Maintenance Fee shall be pro-rated if you assume Occupancy after the first of the month. If any Monthly Maintenance Fee or other charges for miscellaneous or ancillary services are not paid within fifteen (15) calendar days of the due date, we may elect to exercise our available rights and remedies under this Agreement including termination.

(c) Adjustments in Monthly Maintenance Fee. The Monthly Maintenance Fee may be adjusted from time to time. We will provide thirty (30) days advance written notice of any changes in the Monthly Maintenance Fee.

4.6 Other Charges. In addition to the Monthly Maintenance Fee, the monthly statement shall reflect all other charges for miscellaneous, ancillary, or other services. Payment for all such other charges is also due upon receipt.

4.7 Co-Resident's Fee Responsibility. In situations of Double Occupancy, you shall be jointly and severally liable for each other's financial obligations and for all payments due under this Agreement. If one Co-Resident dies or leaves the Community, both Co-Residents and/or their estates remain jointly and severally liable for all financial obligations incurred by either Co-Resident under this Agreement.

4.8 Late Charges and Cost of Collection. Any charges which are unpaid after twenty-five (25) days of the date of the statement, shall be subject to a late charge of one and one-half percent (1.5%) per month (or annual rate of eighteen percent (18%)), and you are obligated to pay any late charges. In the event we initiate mediation and/or arbitration to collect payments past due in excess of sixty (60) days and the parties, through mediation, mutually agree in favor of us, or if unable to mutually agree, we, through arbitration, are deemed to be the prevailing party, you shall be responsible to pay all attorneys' fees and costs incurred by us in pursuing the enforcement of your financial obligations under this Agreement. If the parties mutually agree in favor of you or you are the prevailing party in a collection action, you shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

4.9 Unexpected Financial Difficulties. Because of the review of a prospective resident's financial affairs by the Community prior to a resident's acceptance, it is not anticipated that a resident will have any financial difficulties in being able to meet his/her financial obligations while a resident of the Community. However, should a resident encounter financial difficulties while a resident, the Social Services personnel of the Community will counsel with the resident in an effort to arrive at a reasonable solution that will enable the resident to remain, with a result that will be fair and equitable both to the resident and the Community.

SECTION 5: MARRIAGE AND/OR ADDITIONAL OCCUPANTS

5.1 Non-Resident. In the event that you desire to marry or have another person enter the Community and share your Residence as a Co-Resident, the proposed Additional Occupant must file an Application for Residency and meet all age and other requirements for admission to the Residence. In the event you allow an Additional Occupant to occupy your Residence with you during the term of this Agreement and such Additional Occupant is admitted, then the Additional Occupant shall pay fifty percent (50%) of the then current Entrance Fee for the Residence. The amount paid by the Additional Occupant as an Entrance Fee will be immediately amortized in full, and shall not be available as a refund. The parties to this Agreement and the proposed Additional Occupant shall execute an addendum so that the Additional Occupant shall become a

Co-Resident under this Agreement. Upon the admission of the Additional Occupant as a Co-Resident, the Monthly Maintenance Fee for Double Occupancy shall be due and payable for Occupancy of the Residence. The Additional Occupant and you shall be jointly and severally liable for each other's financial obligations and for all payments due under the addendum and this Agreement. In the event that the proposed Additional Occupant does not satisfy the requirements for admission, then the proposed Additional Occupant may request admission under such other terms and conditions as may be acceptable to us, or you may exercise your option to terminate this Agreement.

5.2 Other Resident. In the event that you desire to marry another resident admitted under a separate Continuing Care Agreement, and thereafter occupy a single Residence, then you and the other resident shall select and designate in writing at least sixty (60) days in advance of the proposed move, which one of the two Residences occupied by you and the other resident shall be thereafter occupied jointly. The Residence not designated for joint occupancy must be surrendered on or before the date of the proposed move to the designated Residence. Any applicable refund shall be paid to the resident surrendering his/her Residence upon the termination of the resident's Continuing Care Agreement, but only after the vacated Residence has been reoccupied by another resident and the applicable Entrance Fee for the Residence has been paid in full by the reoccupying resident. Each resident shall then be treated as a Co-Resident, and any subsequent refund shall be paid in accordance with the refund provisions of this Agreement relating to Double Occupancy, unless otherwise agreed upon in writing. In the event you request to move to another Residence not then occupied by you or your anticipated co-resident, then subject to our approval and the availability of another Residence, you and such other person shall pay an additional fee, which shall be equal to the amount, if any, by which the then current Entrance Fee for Double Occupancy of the selected Residence exceeds the sum of the initial Entrance Fee paid by you and your anticipated co-resident. The additional fee shall be immediately amortized by us. Upon transfer, the Monthly Maintenance Fee for Double Occupancy of the designated Residence shall be paid. This Agreement shall be amended to reflect the change in the Residence, the change in the Monthly Maintenance Fee, and any other matters reasonably necessary for your transfer to the designated or alternative Residence.

SECTION 6: OPTION TO MOVE TO ANOTHER RESIDENCE

6.1 Option After Occupancy. After Occupancy, you may request to exercise a limited option to move to another Residence on the Community's premises, if and when another Residence becomes available, in accordance with our policies, which are subject to change from time to time. In the event you desire to exercise the option to move to another

Residence, you must notify us in writing of the Residence desired. We reserve the right to refuse your request to move to another Residence.

6.2 Costs of Election to Move.

(a) To Residence With Lesser Entrance Fee. If you elect to move to a Residence, which has a lesser Entrance Fee than you paid for Occupancy of the Residence initially designated under this Agreement, then no additional payment or refund shall be due. You shall be obligated to pay the applicable Monthly Maintenance Fee for the selected Residence.

(b) To Residence With Greater Entrance Fee. If you elect to move to a Residence, which has a greater Entrance Fee than you paid for Occupancy of the Residence initially designated under this Agreement, then you shall pay, prior to moving to the selected Residence, an additional amount equal to the difference between the initial Entrance Fee paid and the higher Entrance Fee in effect at the time of the move. The difference shall be immediately amortized in full by us. You shall be obligated to pay the applicable Monthly Maintenance Fee for the selected Residence.

6.3 Option to Move Addendum. In the event you receive approval from us to move to another Residence, you shall sign an addendum to this Agreement reflecting all costs and charges related to exercising the option to move, including the Monthly Maintenance Fee for the selected Residence.

SECTION 7: TERMINATION OF AGREEMENT

7.1 Termination by You.

(a) Rescission Period. You may terminate this Agreement within seven (7) days of execution by signing the attached Notice of Right to Rescind and delivering it to us.

(b) Prior to Occupancy. After the lapse of the seven (7) day rescission period, but prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier, you may terminate this Agreement by delivering written notice to us prior to Occupancy. In the event of your death, illness, injury or incapacity prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then this Agreement shall automatically terminate. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. In situations of Double Occupancy where one Co-Resident is precluded from taking Occupancy due to death, illness, injury or incapacity, the other Co-Resident may elect to terminate this Agreement. If such Co-Resident elects to take Occupancy of the Residence, then the Monthly Maintenance Fee shall be reduced to the Monthly Maintenance Fee for Single Occupancy.

(c) After Occupancy. After Occupancy, you may terminate this Agreement by delivery of written notice to us at least sixty (60) days prior to termination, and by the Surrender of the Residence. Termination shall be effective after the lapse of the sixty (60) day notice period and Surrender of the Residence. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

7.2 Termination by Us.

(a) Prior to Occupancy. We may terminate this Agreement at any time prior to Occupancy by providing written notice to you prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

(b) After Occupancy. We may terminate this Agreement upon a determination of just cause and delivery of thirty (30) days written notice to you or your representative or such written notice as is reasonable under the circumstances. Just cause shall include but not be limited to, a default in payment; the submission of any materially false information; the failure of you to abide by our rules, regulations, policies, and procedures; the breach of any of the other terms of this Agreement; or a good faith determination in writing signed by our Medical Director and Administrator that your continued Occupancy in the Residence either creates a serious threat or danger to the life, health, or safety of you or creates a serious threat or danger to the life, health, safety, or peaceful enjoyment of other residents or persons in the Community. In situations where continued Occupancy threatens the life, health, safety, or peaceful enjoyment of you or other residents, only such notice as is reasonably practicable under the circumstances will be provided to you or your representative, and termination may be effective immediately. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

7.3 Termination Upon Permanent Transfer. If you are permanently transferred to the Skilled Nursing Facility or another facility, this Agreement shall terminate. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. In the case of Double Occupancy, this Agreement shall terminate only as to the transferring Co-Resident. The Co-Resident remaining in the Residence shall continue to pay the Monthly Maintenance Fee for Single Occupancy. No refund shall be due so long as the remaining Co-Resident continues to reside in the Residence and until all other conditions for a refund have been satisfied.

7.4 Termination by Death. Following your death, this Agreement shall terminate when the Residence has been surrendered to us. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. If the Residence remains occupied by a Co-Resident, then this Agreement shall remain in full force and effect as to the surviving or remaining Co-Resident, and no refund shall be due at that time.

7.5 Surrender. The obligation to pay the Monthly Maintenance Fee shall continue until after the lapse of any mandatory notice period for termination and the Residence has been surrendered by you, or in the case of death, by your estate or your family. Surrender of the Residence shall be complete when you have ceased to occupy it, have removed all possessions from it, and have turned over the Residence keys to us.

7.6 Further Obligations and Release Upon Termination. Upon termination of this Agreement, we are released from any further obligations to you except for the delivery of personal property as limited by this Agreement, and the payment of any refund, which may be due. You are released from any further obligations to us after all of your financial and indemnification obligations have been met under this Agreement. The indemnification provision reflected in Section 16 survives the termination of this Agreement.

SECTION 8: TRANSFER FOR OTHER SERVICES OR TO ANOTHER OUTSIDE FACILITY

8.1 Conditions of Occupancy. You shall have the right to occupy the Residence for so long as you satisfy the Conditions of Occupancy, which may be subject to change from time to time. You agree to provide appropriate information regarding your ability to meet the Conditions of Occupancy, upon request.

8.2 Decision to Transfer. With the concurrence of our Medical Director, we may transfer you from and between the Residence and the Skilled Nursing Facility or any other appropriate care facility if we determine that such a move should be made for your health, safety, or welfare, or for the proper operation of the Community, or because you no longer satisfy the Conditions of Occupancy of the Residence. If you are transferred permanently to the Skilled Nursing Facility or to any other appropriate care facility, we may declare the Residence vacant and reassign the Residence to another resident. The decision as to whether a transfer shall be deemed temporary or permanent shall be made by us at our sole discretion, with the concurrence of our Medical Director, after consideration of your opinion, the advice of your family, and if requested and paid by you, the opinion of your physician. Your opinion and the advice of your family and your physician are advisory only and shall not be binding on us.

8.3 Charges Related to Transfer.

(a) Single Occupancy.

(i) Temporary Transfer. During any temporary transfer to the Skilled Nursing Facility or another facility, you shall continue to pay the Monthly Maintenance

Fee and additionally all costs and charges related to the transfer to and occupancy of the Skilled Nursing Facility or other facility.

(ii) Permanent Transfer. Upon permanent transfer to the Skilled Nursing Facility or another facility and after Surrender of the Residence, the obligation to pay the Monthly Maintenance Fee shall end and this Agreement shall terminate. You shall pay all costs and charges related to the transfer to and occupancy of the Skilled Nursing Facility or other facility.

(b) Double Occupancy.

(i) Temporary Transfer. During temporary transfer of one Co-Resident to the Skilled Nursing Facility or another facility, the Monthly Maintenance Fee shall remain the same, and the transferred Co-Resident shall be charged and both Co-Residents shall be jointly and severally liable for the charges for care and services in the Skilled Nursing Facility or other facility. In the event both Co-Residents are temporarily transferred to the Skilled Nursing Facility or another facility, the Monthly Maintenance Fee shall remain the same, and both Co-Residents shall be charged and shall be jointly and severally liable for the charges for care and services in the Skilled Nursing Facility or other facility.

(ii) Permanent Transfer. During permanent transfer of one Co-Resident to the Skilled Nursing Facility or another facility, the Monthly Maintenance Fee shall be reduced to the Monthly Maintenance Fee for Single Occupancy, and the transferred Co-Resident shall be charged and both Co-Residents shall be jointly and severally liable for the charges for care and services in the Skilled Nursing Facility or other facility. In the event both Co-Residents are permanently transferred to the Skilled Nursing Facility or another facility, then, after the Surrender of the Residence, the obligation to pay the Monthly Maintenance Fee shall end and this Agreement shall terminate. Both Co-Residents shall be charged and shall be jointly and severally liable for the charges for care and services in the Skilled Nursing Facility or other facility.

8.4 Release of or Return to Residence After Transfer.

(a) Temporary Transfer. If you are temporarily transferred to the Skilled Nursing Facility or another facility, you may return to the Residence at such time as we determine that you can satisfy the Conditions of Occupancy.

(b) Permanent Transfer. If you are permanently transferred to the Skilled Nursing Facility or another facility, you shall Surrender and vacate the Residence within thirty (30) days of written notice of our decision to permanently transfer you and release

the Residence. If in our opinion, you subsequently recover sufficiently to satisfy the Conditions of Occupancy of a Residence, we in the exercise of our discretion, shall make available as soon as reasonably practicable a Residence with a floor plan comparable to the one relinquished. You shall execute a new Continuing Care Agreement with us and pay the then current Entrance Fee and the then current Monthly Maintenance Fee.

SECTION 9: REFUND OF ENTRANCE FEE

9.1 Termination Before Occupancy. Any Entrance Fee payments will be refunded in full if you rescind this Agreement within seven (7) days in accordance with the Notice of Right to Rescind. In the event of termination of this Agreement for any reason, including your death, illness, injury, or incapacity prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then we will make a full refund of all Entrance Fee payments less any amounts deducted to cover expenses incurred by us at your specific written request. Where two individuals have signed this Agreement for Double Occupancy, the death of one Co-Resident shall not constitute termination of this Agreement, no refund shall be due, and the Monthly Maintenance Fee shall be reduced to the Monthly Maintenance Fee for Single Occupancy. In the event of the termination of this Agreement by us before the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then we shall make a full refund of all Entrance Fee payments.

9.2 Termination After Occupancy. In the event of termination during the sixty (60) month amortization period, you will be entitled to a refund of the unamortized portion of the Entrance Fee, less any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to you or your estate in accordance with Section 9.5. After the lapse of the sixty (60) month amortization period, you will not be entitled to a refund of any portion of the Entrance Fee.

9.3 Double Occupancy – Limitation on Availability of Refund. It is the intention of the parties that any applicable refund will only be made in accordance with Section 9.5 after the last surviving Co-Resident vacates and surrenders the Residence, and this Agreement is terminated. In situations of Double Occupancy where one Co-Resident is transferred to the Skilled Nursing Facility and becomes eligible for Medical Assistance, no potential future refund shall be available to pay for Routine Nursing Care Services. If, however, the Department of Public Welfare ("DPW") construes any potential future refund as an available resource, or if any court, administrative agency, or other appropriate tribunal having jurisdiction determines that Section 9.5 is contrary to law or Medical Assistance eligibility requirements, then we shall make available the amount determined by DPW or other appropriate tribunal as an available resource as a refund, and apply such refund to the payment of Routine Nursing Care Services for the particular Co-Resident.

9.4 No Accrual of Interest. No interest will accrue to the benefit of you or your estate on any amounts required to be refunded under this Agreement, and no interest will be paid on termination.

9.5 Conditions and Due Date for Refund Payments. Prior to Occupancy, any applicable refund will be made within thirty (30) days of the termination of this Agreement. After Occupancy, any applicable refund will be made only after the following have been completed: (a) the Residence has been vacated and surrendered; (b) keys to the Residence and to buildings have been returned to us; (c) all personal furniture and belongings have been removed from the Residence; (d) the termination of this Agreement; (e) we have accepted and entered into a Continuing Care Agreement with a new resident for the Residence most recently occupied by you and the seven (7) day rescission period has expired; (f) the replacement Entrance Fee has been paid in full; and (g) such new resident has taken Occupancy. Any applicable refund will be paid only after all of the above conditions have been completed. Upon completion of all of the aforementioned conditions, any applicable refund shall be paid to you or your estate within thirty (30) days thereafter. In situations of Double Occupancy, there will be no refund, partial or otherwise, upon the death, permanent transfer, or voluntary departure from the Community of only one Co-Resident.

SECTION 10: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

10.1 Legal Guardian. If you become incapacitated or unable to properly care for self or property, and no representative has been lawfully designated to act on your behalf or no lawfully designated representative is available or able to act on your behalf, then we shall have the option to institute legal proceedings to adjudge you incapacitated and have a guardian appointed for you or your estate or both. You authorize us to nominate a legal guardian to serve, subject to court approval, and you release us from any liability related to the nomination. All costs of such legal proceedings, including legal fees, shall be paid by you or the legally appointed guardian of your estate.

10.2 Power of Attorney. We require that you furnish to us, no later than the actual date of Occupancy, a General Power of Attorney executed by you, which shall be maintained in our files.

SECTION 11: RIGHTS AND OBLIGATIONS OF RESIDENT

11.1 Right to Receive Disclosure Statements. We shall deliver to you prior to or at the time of the execution of this Agreement, and make available to you at least annually thereafter, a copy of our Disclosure Statement required by the Continuing Care Provider Registration and Disclosure Act, Act No. 82 of 1984.

11.2Rights to Property/Subordination. The rights and privileges granted to you by this Agreement do not include any right, title, or interest in any part of the personal property, land, buildings, and improvements owned, leased or administered by us. Your rights are primarily for services, with a contractual right of Occupancy. Nothing contained in this Agreement shall be construed to create the relationship of landlord and tenant between you and us. Any rights, privileges, or benefits under this Agreement, including your right to a full or partial refund, shall be subordinate to any existing or subsequent mortgages or deeds of trust on any of the premises or to any other interest in the real property of the Community and to all amendments, modifications, replacements, or re-financings of any existing or subsequent mortgages or deeds of trust or to any liens or security interests held by secured creditors of Community. This subordination provision means that the claims of secured creditors in the event of Community's bankruptcy or default on its financial obligations shall be paid before you are entitled to receive any applicable refund. Upon request, you shall execute and deliver any document, which is required by us, or by the holder of any such mortgages or deeds of trust or other encumbrances, to effect such subordination or to evidence the same.

11.3Inspection of Residence and Right of Entry. You shall permit us, our agents, or any representative of any holder of a mortgage or similar interest on the property, to enter your Residence for the purpose of making reasonable inspections, repairs, and replacements. Such entry will be made only with reasonable advance notice except under what we consider to be exigent circumstances as deemed necessary and appropriate by us. We shall have the right to enter your Residence to perform scheduled housekeeping, routine maintenance, or other reasonably necessary purposes having due regard for your privacy.

11.4Housekeeping/Housecleaning Responsibilities. You shall maintain your Residence in a clean, sanitary, and orderly condition. If you do not maintain your Residence in a reasonable manner as determined by us, after notice to you, we shall have the right to maintain the Residence and the cost of such additional cleaning or maintenance shall be charged to you.

11.5Health Insurance. We expect that some of the cost of medicines, medical or nursing services or equipment provided for you under this Agreement will be paid by present or future federal, state, municipal, or private plans or programs of medical/surgical insurance, including, without limitation, the benefits available through Social Security programs (commonly known as "Medicare A, B and D"). Prior to Occupancy, you shall secure medical and surgical insurance for protection from medical risks, and when eligible, shall secure and maintain in force at your expense maximum coverage available under the federal government social security health insurance programs known as "Medicare A, B and D" or an equivalent policy approved in writing by us, and at least one Medicare supplemental health insurance policy (commonly known as Medigap insurance, which must include coverage for nursing care co-insurance) such as those

offered by the Blue Cross and Blue Shield Plans, or an equivalent policy as approved in writing by us, which provides coverage for Medicare deductibles and co-insurance. Acquisition of equivalent Medicare benefits from a managed care organization ("MCO") will not satisfy the insurance requirement under this Agreement unless the MCO is approved by us in writing as an equivalent policy. Proof of such insurance must be provided at the time of application and prior to admission. In the event you fail to maintain in force, because of failure to make premium payments, such health care insurance after Occupancy, we reserve the right to make such payments for purposes of maintaining such insurance in force for your benefit. You are obligated to reimburse us for such payments made on your behalf and the cost of such premium shall be added to and included in the Monthly Maintenance Fee. The payment by us of any premium due on the required policies does not constitute a waiver of our right to terminate this Agreement upon your failure to make such premium payments and we have no obligation or liability to provide or pay for your health insurance. We may require you to provide proof of health insurance from time to time after Occupancy.

11.6Vehicle Registration and Insurance. You may operate a vehicle on our campus only if you have a valid driver's license and a valid state registration. You must register the vehicle with us, and comply with our rules and policies governing the safe operation of motor vehicles. We reserve the right to revoke your operating privileges and remove your vehicle from our property if you do not abide by our policy as reflected in the Resident Handbook, which is subject to change from time to time.

11.7Insurance Requirement. You shall obtain at your expense, renters insurance in such amounts as we may deem appropriate, and you shall provide us with a Certificate of Insurance verifying coverage. Such policy shall be endorsed so as to provide that we shall receive thirty (30) days prior written notice of cancellation or non-renewal.

11.8Reduction of Income or Other Resources. You shall meet your financial obligations to us. You shall not transfer control of assets or property for less than fair market value or make any gifts subsequent to the date of the Application for Residency, nor make any transfers or gifts after Occupancy, which would substantially impair your ability or the ability of your estate to satisfy your financial obligations to us.

11.9Responsibility for Property Damage to Community.

(a) Responsibility for Condition of Residence Upon Termination. Upon termination of this Agreement, or at such other time as you shall vacate and Surrender the Residence, you must leave it in as good condition as the date of Occupancy except for reasonable wear and tear. If the Residence is damaged beyond ordinary wear and tear, as reasonably determined by us, the costs of repair shall be your obligation and such costs shall be billed directly to you or your estate, or alternatively, deducted from any refund that may be due.

(b) Property Damages Caused by Resident. Any loss or damage to our real or personal property caused by you or your guests shall be paid by you. In the event of your death, your estate shall be liable for any loss or damage to our property caused by you.

11.10 Release Regarding Conduct of Other Residents or Guests. We assume no liability for your conduct or any other residents or guests, or for the use, ownership, possession, or control of electric carts or similar mechanized mobile medical or other equipment of other residents or guests. You release and discharge us from any claims for personal injury to you or damages to your personal property caused by the conduct of other residents or guests, or by the use, ownership, possession, or control of electric carts or similar mechanized mobile equipment by other residents or guests. You may bring any claims for personal injury sustained by you from the actions or omissions of other residents directly against the residents and/or guests that are responsible for your injury.

11.11 Responsibility for Your Personal Property.

(a) Responsibility for Loss or Damage. We shall not be responsible for the loss or damage due to fire, theft, or other causes of any property belonging to you, or your estate, or your guests.

(b) Removal of Personal Property. Your personal property shall be removed from the Residence within thirty (30) days following your move or your death. If removal of property is not accomplished within such time, then we shall have the right to remove such property and store the same at the expense and risk of you or your estate. Articles of personal property remaining in storage sixty (60) days following Surrender shall become our property.

11.12 Rules, Regulations, Policies, and Procedures. You shall cooperate, and comply with all rules, regulations, policies, and procedures established by the Community. Rules, regulations, policies, and procedures are set forth in the Resident Handbook, and other publications or documents of the Community, and are subject to change from time to time.

11.13 Your Rights are Personal and Non-transferable. Your rights and privileges under this Agreement are personal to you and can not be transferred or assigned. No person other than you may occupy or use the Residence covered by this Agreement unless approved in writing by us.

11.14 Right of Self-Organization. You along with other residents of Community shall have the right of self-organization. A representative designated by us shall hold

quarterly meetings during the calendar year with residents of Community. At least seven (7) days notice of each quarterly meeting shall be given to you.

11.15 Smoking. We do not permit indoor smoking anywhere on our campus, including your Residence. Smoking in designated outside areas is permitted in accordance with our smoking policy, which is subject to change from time to time. If you smoke within your Residence, as determined by us, we reserve the right to require air filtering equipment at your expense and/or to terminate this Agreement. You are responsible for paying any and all damages to the Residence resulting from smoking, including painting and refurbishing costs which will be substantially more than routine refurbishment costs, due to smoke damage.

SECTION 12: CASUALTY LOSS

In the event the Residence occupied by you or the building in which the Residence is located, is destroyed or is damaged by fire or other casualty so as to render the Residence generally unfit for Occupancy, we will endeavor in good faith to rebuild and replace the Residence and/or building with substantially similar accommodations unless doing so would threaten our financial viability. In the unlikely event that we determine that rebuilding threatens our financial viability so as to preclude replacement of the Residence or building, then we will strive to develop an alternative restoration plan in which we will exercise our best efforts to locate, identify or provide, if financially feasible as determined by us, reasonable alternative accommodations for any resident affected by such a catastrophic loss. We will provide notice to the Insurance Department of such a catastrophic loss prior to a decision to terminate any agreements, and subject to the rights of the Insurance Commissioner to intervene on your behalf. If we elect to terminate this Agreement, written notice of termination shall be given to you as soon as is reasonably possible from the date of the damage to the Residence. Any applicable refund due to you in accordance with Section 9 shall be paid to you in full upon any such termination. If notice of termination is not given, or if the damage does not render the Residence unfit for Occupancy, we shall be obligated to rebuild or repair the damage to the Residence as soon as reasonably possible for Occupancy by you, and this Agreement shall remain effective unless the parties may otherwise mutually agree. In the event you are unable to occupy the Residence for any period of time during any reasonably necessary period of restoration of the Residence, the Monthly Maintenance Fee shall be reduced proportionately, unless a vacant Residence is available for temporary Occupancy by you. We shall not be liable for any damage, compensation, or claim by reason of inconvenience or annoyance arising from the necessity of repairing any portion of the Residence, or the interruption in use of the Residence, or the termination of this Agreement by reason of the destruction of the Residence or building.

SECTION 13: SEVERABILITY

Exhibit RATES OVER TIME

If any provision of this Agreement is determined by a judicial or administrative tribunal of proper jurisdiction to be invalid or unenforceable, such provision shall be severed and the balance of this Agreement shall remain in full force and effect.

SECTION 14: ACTS OF FORBEARANCE

No act of forbearance or failure to insist upon prompt performance of any of the terms of this Agreement by us shall be construed as a waiver of any of the rights granted to us.

SECTION 15: ENTIRE AGREEMENT

This Agreement along with applicable addendum(s), constitute the entire Agreement between you and us. We shall not be responsible or liable for any statements, representations, or promises made by any person representing or purporting to represent us, unless such statements, representations, or promises are set forth in this Agreement. Any brochures or advertisements describing us are for the purpose of inviting inquiries only and are not to be relied upon as legally or contractually binding. This Agreement may not be amended except by a subsequent written addendum approved by us and executed by the parties.

SECTION 16: INDEMNIFICATION

You shall indemnify and hold us harmless from and against, and are responsible to pay for, any damages, including our attorneys' fees and reasonable costs, including those incident to establishing the right to indemnification, arising from any injury to or death of any person or other resident, or arising from any damage to or loss of the property of any person or resident caused by your acts or omissions, to the fullest extent permitted by law.

SECTION 17: GRIEVANCE PROCEDURE

17.1Reporting Complaints. If you believe that you are being mistreated in any way or your rights have been or are being violated by staff or another resident, you shall make your complaint known to us. You must first notify us of any such complaints, and provide us with sixty (60) days to resolve the complaint satisfactorily to you before you may pursue mediation and/or arbitration.

17.2Voluntary Mediation. Mediation is a form of alternative dispute resolution whereby an impartial person facilitates communication between the parties. The goal of mediation is to resolve the dispute promptly, amicably, and without incurring significant time and expense. Mediations are non-binding in nature. This Agreement provides for voluntary mediation whereby the parties may, upon mutual agreement, engage in mediation before

resorting to arbitration. If the parties mutually agree to mediate any dispute that may arise between them, then the mediation will be conducted at a site selected by us, which shall be at the Community or at a site within a reasonable distance of Community. If the parties are unable to resolve their dispute through mediation, then the dispute may only be resolved by arbitration as provided in this Agreement. If the parties do not mutually agree to mediate any dispute that may arise between them, then they may proceed directly to arbitration. The costs of the mediation shall be borne equally by each party, and each party shall be responsible for their own legal fees, except in collection actions where the parties mutually agree in favor of the Community or, if unable to resolve the dispute through mediation, where the Community, through arbitration, is deemed to be the prevailing party, then in that event, the Community shall be entitled to recover attorneys' fees and costs incurred in pursuing the enforcement of your financial obligations. If the parties mutually agree in favor of you or you are the prevailing party, you shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

17.3<u>Mandatory, Binding Arbitration.</u> Arbitration is a specific process of dispute resolution utilized instead of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party ("Arbitrator(s)") chosen by the parties to this Agreement renders the decision, which is binding on both parties. Generally an Arbitrator's decision is final and not open to appeal. The Arbitrator will hear both sides of the story and render a decision based on fairness, law, common sense and the rules established by the arbitration association selected by the parties. When arbitration is mandatory, as it is under this Agreement, it is the only legal process available to the parties. Mandatory arbitration has been selected with the goal of reducing the time, formalities and cost of utilizing the court system. You or, in the event of your incapacity, your authorized representative have the right to rescind this arbitration clause in accordance with the terms and conditions specified in Section 17.3(h) of this Agreement.

(a) <u>Contractual and/or Property Damage Disputes.</u> Unless resolved or settled by mediation, any controversy, dispute, disagreement or claim of any kind or nature, arising from, or relating to this Agreement, or concerning any rights arising from or relating to an alleged breach of this Agreement, with the exception of (1) guardianship proceedings resulting from your alleged incapacity; and (2) disputes involving amounts in controversy of less than Eight Thousand Dollars ($8,000), shall be settled exclusively by arbitration. This means that you will not be able to file a lawsuit in any court to resolve any disputes or claims that you may have against us. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to resolve any disputes or claims against us. It also means that we are giving up any rights we may have to a jury trial or to bring claims in a court against you. Subject to Section 17.3(f), the arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the Arbitrator(s)

may be entered in any court having appropriate jurisdiction. You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your rights to a jury trial on any matter submitted to arbitration under this Agreement.

(b) Personal Injury or Medical Malpractice. Unless resolved or settled by mediation, any claim that you may have against us for any personal injuries sustained by you arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in Community, shall be settled exclusively by arbitration. This means that you will not be able to file a lawsuit in any court to bring any claims that you may have against us for personal injuries incurred while residing in Community. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to litigate any claims for damages or losses allegedly incurred as a result of personal injuries sustained while residing in Community. Subject to Section 17.3(f), the arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the Arbitrator(s) may be entered in any court having appropriate jurisdiction. You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your right to a jury trial on any claims for damages arising from personal injuries to you which are submitted to arbitration under this Agreement.

(c) Exclusion From Arbitration. Those disputes which have been excluded from mandatory arbitration (i.e., guardianship proceedings and disputes involving amounts in controversy of less than $8,000) may be resolved through the use of the judicial system. In situations involving any of the matters excluded from mandatory arbitration, neither you nor we are required to use the arbitration process. Any legal actions related to those matters may be filed and litigated in any court which may have jurisdiction over the dispute.

(d) Right to Legal Counsel. You have the right to be represented by legal counsel in any proceedings initiated under this arbitration provision. Because this arbitration provision addresses important legal rights, we encourage and recommend that you obtain the advice and assistance of legal counsel to review the legal significance of this mandatory arbitration provision prior to signing this Agreement.

(e) Location of Arbitration. The arbitration will be conducted at a site selected by us, which may be at the Community or at a site within a reasonable distance of Community.

(f) Time Limitation for Arbitration. Any request for arbitration of a dispute must be requested and submitted to ADR Options, Inc., with notice to the other party, prior to the lapse of two (2) years from the date on which the event giving rise to the dispute

occurred. ADR Options, Inc., is the designated arbitration agency that shall hear disputes specified in Sections 17.3(a-b) of this Agreement. ADR Options, Inc., is an impartial alternative dispute resolution organization that provides a panel of neutral third party Arbitrators from which you and Community, upon mutual agreement, shall select an Arbitrator to facilitate dispute resolution. In the event ADR Options, Inc., is unable or unwilling to serve, then the request for arbitration must be submitted to us within thirty (30) days of receipt of notice or other determination of ADR Options, Inc.'s, unwillingness or inability to serve as a neutral Arbitrator. We shall select an alternative neutral arbitration service within thirty (30) days thereafter and the selected arbitration agency's procedural rules shall apply to the arbitration proceeding. The failure to submit a request for arbitration to ADR Options, Inc., or an alternate neutral arbitration service selected by us, within the designated time (i.e., two (2) years) shall operate as a bar to any subsequent request for arbitration, or for any claim for relief or a remedy, or to any action or legal proceeding of any kind or nature, and the parties will be forever barred from arbitrating or litigating a resolution to any such dispute. Contact information for ADR Options, Inc., is as follows:

Two Commerce Square, Suite 1100
2001 Market Street
Philadelphia, PA 19103-7044
Phone: (215) 564-1775/ (800) 364-6098
Fax: (215) 564-1822
Website: www.adroptions.com

(g) Allocation of Costs for Arbitration. The costs of the arbitration shall be borne equally by each party, and each party shall be responsible for their own legal fees, except in collection actions where the Community is the prevailing party, then in that event, the Community shall be entitled to recover attorneys' fees and costs incurred in pursuing the enforcement of your financial obligations. If you are the prevailing party in a collection action, then you shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

(h) Limited Resident Right to Rescind this Mandatory, Binding Arbitration Clause (Section 17.3(a-h) of this Agreement). You or, in the event of your incapacity, your authorized representative have the right to rescind this arbitration clause by notifying us in writing within thirty (30) days of the execution of this Agreement. Such notice must be sent via certified mail to the Community, and the notice must be post-marked within thirty (30) days of the execution of this Agreement. The notice may also be hand-delivered to the Community within the same thirty (30) day period. The filing of a claim in a court of law within the thirty (30) days provided for above will automatically rescind the arbitration clause without any further action by you or your authorized representative.

SECTION 18: NOTICE

Exhibit RATES OVER TIME

Notice, when required by the terms of this Agreement, shall be deemed to have been properly given, if and when delivered personally, or if sent by certified mail, return receipt requested, when post-marked, postage prepaid, and addressed as follows:

To Community: Administrator
Transitions Healthcare North Huntingdon, LLC
8850 Barnes Lake Road
N. Huntingdon, PA 15642

To Resident (Before Occupancy): _____

_____

_____

After Occupancy, notice will be provided to you at the Residence specified in this Agreement.

SECTION 19: AVERAGE ANNUAL COST OF PROVIDING SERVICES

The average annual cost of providing care and services during the most recent twelve (12) month period for which a report is available is reflected in our Disclosure Statement, which is made available to you on an annual basis.

SECTION 20: MISCELLANEOUS PROVISIONS

20.1 Your Continuing Disclosure Obligation. The information regarding your age and financial affairs and your ability to meet the Conditions of Occupancy submitted by you in our admissions forms and related application documents is a material part of this Agreement, and this information is incorporated as a part of this Agreement. You acknowledge that the submission of false information may, in our judgment, constitute grounds for the termination of this Agreement. You must disclose any material changes in your financial situation or your ability to meet the Conditions of Occupancy before and after Occupancy.

20.2 Receipt of Disclosure Statement and Resident Handbook. You acknowledge receiving a copy of our annual Disclosure Statement and Resident Handbook prior to signing this Agreement. The Resident Handbook is subject to change from time to time and shall not be construed as imposing any contractual obligations on us or granting any contractual rights to you.

20.3Community's Modification of Agreement and Policies. We reserve the right to modify unilaterally this Agreement to conform to changes in law or regulation, and to make modifications in our rules, regulations, policies, and procedures.

20.4Binding Effect. Except as otherwise provided herein, this Agreement shall bind and serve to benefit our successors and assigns, and your heirs, executors, administrators and assigns.

20.5Consent to Assignment. You consent to the collateral or other assignment by us of our right, title and interest in this Agreement.

20.6Governing Law. This Agreement shall be interpreted according to the laws of the Commonwealth of Pennsylvania.

20.7Headings. Section headings are included solely to provide ease of reference, and are to be given no effect in the interpretation of this Agreement.

20.8Non-waiver of the Continuing Care Provider Registration and Disclosure Act of 1984. No act, agreement, or statement of you, or of an individual purchasing care for you under this Agreement or any agreement to furnish care to you, shall constitute a valid waiver of any provision of the Continuing Care Provider Registration and Disclosure Act of 1984 ("Act") which is intended for the benefit or protection of you or the individual purchasing care for you.

20.9Limitations on Private Cause of Action. You may not file or maintain an action under the Act if you, before filing the action, received an offer, approved by the Insurance Commissioner, to refund all amounts paid by you to us, the facility or person alleged to have violated the Act together with interest from the date of payment, less the reasonable value of care and lodging provided prior to receipt of the offer and you failed to accept the offer within thirty (30) days of its receipt.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURES ON FOLLOWING PAGE]

Exhibit RATES OVER TIME

AGREEMENT AUTHORIZATIONS AND SIGNATURES

You hereby acknowledge reading this Agreement in its entirety, understanding its provisions, and having been provided an opportunity to consult with personal advisors, including legal counsel, regarding its terms.

IN WITNESS WHEREOF, we have caused this Agreement to be signed by our authorized representative, and you have hereunto affixed your signature(s), the day and year first above written.

Attest:

Transitions Healthcare North Huntingdon, LLC d/b/a Transitions Healthcare North Huntingdon

_____

Date: _____

By: _____

Authorized Representative

Date: _____

Witness:

_____

Date: _____

_____

Resident/Co-Resident

Date: _____

Witness:

_____

Date: _____

_____

Co-Resident

Date: _____

Exhibit RATES OVER TIME

EXHIBIT "A"

The following items will be provided by Community as part of the Residence:

- Stove
- Refrigerator
- Microwave oven
- Drapery rods

Exhibit RATES OVER TIME

NOTICE OF RIGHT TO RESCIND

Date rescission period begins _____, 20___. You may rescind and terminate your Continuing Care Agreement without penalty or forfeiture within seven (7) days of the above date. You are not required to move into the continuing care facility before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your Continuing Care Agreement within this seven (7) day period.

To rescind your Continuing Care Agreement, mail or deliver a signed and dated copy of this notice, or any other dated written notice, letter or telegram, stating your desire to rescind to the following address:

Transitions Healthcare North Huntingdon
8850 Barnes Lake Road
N. Huntingdon, PA 15642

Not later than midnight of _____ (last day for rescission).

Pursuant to this notice, I hereby cancel my Continuing Care Agreement.

Date:_____

PROSPECTIVE RESIDENT'S SIGNATURE

Exhibit RATES OVER TIME

_____

_____

Transitions Healthcare North Huntingdon, LLC

EXHIBIT C

Average Cost of Providing Care & Services During the Most Recent 12 Months

See attatched

Exhibit RATES OVER TIME

Room	8/1/2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Nursing Facility Unit												
Short-Term												
• Private	$270.00	$272.00	$272.00	$280.00	$288.00	$296.64	$306.00	$311.00	$326.00	$352.00	$362.56	$373.43

Exhibit RATES OVER TIME

• Semi-Private	$250.00	$250.00	$250.00	$257.00	$264.00	$271.92	$280.00	$285.00	$299.00	$323.00	$332.69	$342.67
Long-Term												
• Private	$270.00	$272.00	$272.00	$280.00	$288.00	$296.64	$306.00	$311.00	$326.00	$352.00	$362.56	$373.43
• Semi-Private	$250.00	$250.00	$250.00	$257.00	$264.00	$271.92	$280.00	$285.00	$299.00	$323.00	$332.69	$342.67

Independent Living												
Entrance Fee												
• Single Occupancy	$18,000.00	$18,000.00	$18,000.00	$18,000.00	$12,000.00	$12,000.00	$12,000.00	$12,000.00	$12,000.00	$12,000.00	$12,000.00	$12,000.00
• Double Occupancy	$27,000.00	$27,000.00	$27,000.00	$27,000.00	$27,000.00	$27,000.00	$27,000.00	$27,000.00	$27,000.00	$27,000.00	$27,000.00	$27,000.00

Exhibit RATES OVER TIME

Exhibit RATES OVER TIME

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EXHIBIT D
PROJECTED FINANCIAL ANALYSIS

SEE ATTATCHED

EXHIBIT E

ENTRANCE FEE ESCROW AGREEMENT

ENTRANCE FEE ESCROW AGREEMENT

This ENTRANCE FEE ESCROW AGREEMENT ("Escrow Agreement") is made as of this 18th day of March, 2014 and is by and between Transitions Healthcare North Huntingdon, LLC, ("Provider"), and CFG Community Bank ("Bank"), on terms and conditions more particularly described herein.

BACKGROUND:

Pursuant to the Pennsylvania Continuing Care Provider Registration and Disclosure Act, Act No. 1984-82, June 18, 1994, and the regulations of the Insurance Commissioner of the Commonwealth of Pennsylvania (the "Insurance Commissioner") promulgated thereunder (the "Act") Provider desires to establish an Entrance Fee Escrow Account with a bank, trust company or other Bank in accordance with the requirements of the Act. Provider wishes to have Bank serve as Bank of its Entrance Fee Escrow Account and Bank is willing to serve as Bank.

TERMS

The parties, each intending to be legally bound, agree as follows:

1. Bank will receive and hold in a separate account (the "Entrance Fee Escrow Account") all entrance fees ("Entrance Fees") deposited to such account by Provider. Bank agrees to hold and distribute the Entrance Fees in accordance with this Escrow Agreement. Bank's sole responsibility shall be for the safekeeping and distribution of the Entrance Fees pursuant to the terms hereof.

2. Bank will invest the funds in the Entrance Fee Escrow Account in one or more interest bearing deposit accounts maintained at a financial institution the deposits of which are insured up to applicable limits by the Federal Deposit Insurance Corporation.

3. The parties hereby agree that Bank shall release funds constituting principal in the Entrance Fee Escrow Account only upon receiving (i) Provider's certification, in writing, that such funds may be released in accordance with the Act; (ii) evidence satisfactory to the Bank that Provider has received the prior written approval of the Insurance Commissioner for the release of such funds. Bank may require that such certification be accompanied by an opinion of Provider's counsel that such release is in accordance with the Act. Provider agrees that it will not issue any instructions to Bank hereunder that are inconsistent with the terms and conditions of this Agreement or the Act, and that Bank shall be entitled to rely upon this representation and shall not be liable to any person for Bank's compliance with instructions

by the Insurance Commissioner. Bank may require an opinion of Provider's counsel that the payment of interest pursuant to any request by Provider for such payment is in accordance with the Act.

5. Bank will refund Entrance Fees and related interest held in the Entrance Fee Escrow Account to the person or persons entitled to such funds upon Bank's receipt of written certification by Provider that sets forth: (i) the name and any other information that may be required by the Bank to properly identify such person or persons; (ii) the amount of the refund to which such person or persons are entitled, itemized to include principal, interest and applicable fees. Bank may rely upon Provider's certification in making any refund of amounts from the Entrance Fee Escrow Account to such person or persons. Bank may require an opinion of Provider's counsel that the refund of any amounts from the Entrance Fee Escrow Account is in accordance with the Act.

6. Attached hereto as Schedule 1 (the "Security Schedule") is a list of authorized signatories (with signature identification) and authorized call-back persons for Provider. In the event funds transfer instructions or other instructions or directions are given, whether in writing, by facsimile or otherwise, the Bank is authorized, but is not required or obligated, to seek confirmation of such instructions or directions by telephone call-back to the person or persons designated on the Security Schedule, and the Bank may rely upon the confirmation of anyone purporting to be the person or persons so designated. The authorized signatures and the persons and telephone numbers for call-backs may be changed only in a writing actually received and acknowledged by the Bank, and in the case of an addition of an authorized signatory, accompanied by an incumbency certificate with signature identification certified by an existing authorized signatory. If the Bank is unable to contact any of the authorized representatives identified in the Security Schedule for call-back confirmation, the Bank is hereby authorized to seek confirmation of such instructions by telephone call-back to any one or more of Provider's officers. Such officer shall deliver to the Bank a fully executed incumbency certificate certified by an existing authorized signatory, and the Bank may rely upon the confirmation of anyone purporting to be any such officer.

7. Bank may resign from the performance of all of its functions and duties hereunder at any time by giving not more than sixty (60) days and not less than thirty (30) days written notice to Provider and to the Insurance Commissioner. Provider may require Bank to resign as escrow agent by giving not more than sixty (60) days and not less than thirty (30) days notice to Bank and to the Insurance Commissioner. Prior to the effective date of the Bank's resignation under this section, Provider shall appoint a successor escrow agent acceptable to the Insurance Commissioner. The Entrance Fee Escrow Account and this Escrow Agreement shall automatically terminate when Provider is no longer required to maintain an Entrance Fee Escrow Account under the Act. At that time, upon written notice from Provider, Bank shall release all remaining funds to Provider with the prior written approval of the Insurance Commissioner. All representations, covenants and indemnifications contained in Sections 3, 8, 9, 10, 11, 12, 13, 14, 15, 16, 18, 19 and 21 shall survive the termination of this Escrow Agreement.

8. This Escrow Agreement expressly and exclusively sets forth the duties of Bank with respect to any and all matters pertinent hereto, and no implied duties or obligations shall be read into this Escrow Agreement against Bank. This Escrow Agreement constitutes the entire agreement between the Bank and the Provider in connection with the subject matter of this Escrow Agreement, and no other agreement entered into between the parties shall be considered as adopted or binding, in whole or in part, upon the Bank notwithstanding that any such other agreement may be referred to herein or deposited with Bank or the Bank may have knowledge thereof, and Bank's rights and responsibilities shall be governed solely by this Escrow Agreement.

9. Bank acts hereunder as a depository only, and is not responsible or liable in any manner whatsoever for the sufficiency, correctness, genuineness or validity of the subject matter of this Escrow Agreement or any part thereof, or for the form of execution thereof, or for the identity or authority of any person executing or depositing such subject matter. Bank shall be under no duty to investigate or inquire as to the validity or accuracy of any document, agreement, instruction or request furnished to it hereunder believed by it to be genuine and Bank may rely and act upon, and shall not be liable for acting or not acting upon, any such document, agreement, instruction or request. Bank shall in no way be responsible for notifying, nor shall it be its duty to notify, any party hereto or any other party interested in this Escrow Agreement of any payment required or maturity occurring under this Escrow Agreement or under the terms of any instrument deposited herewith.

10. Bank is entitled to act upon any written notice, request, waiver, consent, certificate, receipt, authorization, power of attorney or other paper or document, including, without limitation, the authority or the identity of any signor thereof, which Bank in good faith believes to be genuine and what it purports to be, including, without limitation, items directing investment or non-investment of funds, items requesting or authorizing release, disbursement or retainage of the subject matter of this Escrow Agreement and items amending the terms of this Escrow Agreement.

11. In the event of any disagreement between the parties to this Escrow Agreement, or between any of them and any other person, resulting in adverse claims or demands being made in connection with the matters covered by this Escrow Agreement, or in the event that Bank, in good faith, is in doubt as to what action it should take hereunder, Bank may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, Bank shall not be or become liable in any way or to any person for its failure or refusal to act, and Bank shall be entitled to continue so to refrain from acting until the rights of all interested parties shall have been fully and finally adjudicated by a court of competent jurisdiction, or all differences shall have been adjudged and all doubt resolved by agreement among all of the interested persons, and Bank shall have been notified thereof in writing signed by all such persons. Notwithstanding the foregoing, Bank shall have the right, in its discretion, to (i) petition the Insurance Commissioner for written direction respecting the proper disposition of funds in the Entrance Fee Escrow Account, or (ii) commence an action in interpleader in any court of competent jurisdiction, including but not limited to the state and federal courts in the Commonwealth of Pennsylvania, which shall be deemed to be courts of competent jurisdiction, and to deposit with such court any or all funds held in the Entrance Fee Escrow Account; thereafter Escrow Agent shall be fully released and discharged from all further obligations hereunder with respect to such funds held under this Escrow Agreement. Provider agrees to pay all expenses, fees and charges (including reasonable attorney's fees) incurred by Escrow Agent in any such interpleader action. Bank is hereby authorized in its sole discretion, to comply with and obey any such direction, order, judgment, decree or levy relating to the funds at issue. The rights of Bank under this paragraph are cumulative of all other rights which it may have by law or otherwise.

12. Bank shall be entitled to reasonable compensation as well as reimbursement for its reasonable costs and expenses incurred in connection with the performance by it of service under this Escrow Agreement (including reasonable fees and expenses of Bank's counsel) and Provider agrees to so pay Bank reasonable compensation and reimburse Bank for reasonable costs and expenses. The parties hereto agree that escrow fees shall be due and payable according to Bank's standard fee schedule as may update from time to time, and such fees will be paid by Provider upon the commencement of the Escrow Agreement and on each anniversary, if any, of the date hereof.

13. Provider shall indemnify and hold Bank, its affiliates and their officers, employees, successors, assigns, attorneys and agents (each an "Indemnified Party") harmless from all losses, costs, claims, demands, expenses, damages, penalties and attorney's fees suffered or incurred by any Indemnified Party as a result of anything which it may do or refrain from doing in connection with this Escrow Agreement or any litigation or cause of action arising from or in conjunction with this Escrow Agreement or involving the subject matter hereof or Entrance Fees or monies deposited hereunder or for any interest upon any such monies, including, without limitation, arising out of the negligence of Bank; provided that the foregoing indemnification shall not extend to the gross negligence or willful misconduct of Bank.

14. Any payment, notice, request for consent, report, or any other communication required or permitted in this Escrow Agreement shall be in writing and shall be deemed to have been given when personally delivered to the party hereunder specified or when placed in the United States mail, registered or certified, with return receipt requested, postage prepaid and addressed as follows:

If to Bank:

CFG COMMUNITY BANK
1422 Clarkview Road
Baltimore, MD 21209
Attn: Gary Rever

If to Provider

Transitions Healthcare North Huntingdon, LLC
2 Locust Lane Suite 204
Westminster, MD 21157

Any party may unilaterally designate a different address by giving notice of each such change in the manner specified above to each other party. Notwithstanding the foregoing, no notice to the Bank shall be deemed given to or received by the Bank unless actually delivered to an officer of the Bank having responsibility under this Escrow Agreement.

15. This Escrow Agreement is being made in and is intended to be construed according to the laws of [Pennsylvania], without giving effect to the principles of conflict of laws. It shall inure to and be binding upon the parties hereto and their respective successors, heirs and assigns.

16. Words used in the singular number may include the plural and the plural may include the singular. The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantive meaning or significance whatsoever in construing the terms and conditions of this Escrow Agreement.

17. The terms of this Escrow Agreement may be altered, amended, modified or revoked only by an instrument in writing signed by the parties hereto; provided, that ten (10) days written advance notice of any proposed amendment shall have been given to the Insurance Commissioner by Provider and proof of such notice is given to Bank.

18. Bank shall not be liable to the undersigned for any loss or damage arising out of any acts of God, strikes, equipment or transmission failure, war, terrorism, or any other act or circumstance beyond the reasonable control of Bank.

19. This Escrow Agreement represents the final agreement between the parties, and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

20. This Escrow Agreement may be executed in counterparts, each of which shall be deemed one original, but all of which shall constitute one and the same instrument.

21. The parties to this Agreement acknowledge and agree that the terms, conditions and procedures set forth herein are commercially reasonable.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement effective as of the day and year first above written.

PROVIDER:

[Transitions Healthcare North Huntingdon, LLC]

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

BANK:

CFG COMMUNITY BANK

By: [signature]
Name: William C Wiegel Jr
Title: Executive Vice President

Schedule 1

SECURITY SCHEDULE

Telephone Number(s) for Call-Backs and Person(s) Designated to Confirm Funds Transfer Instructions and Execute Instructions, and Other Documents in Connection with this Escrow Agreement

If to Provider:

Name	Telephone Number	Signature Identification
1._____	_____	_____
2._____	_____	_____
3._____	_____	_____

Telephone call-backs shall be made to Provider if instructions are required pursuant to this Escrow Agreement.

EXHIBIT F

AUDITED FINANCIAL STATEMENTS