

EXHIBIT #14

CONTINUING CARE RESIDENCY AGREEMENT
LA JOLLA VILLAGE TOWERS, A CLASSIC RESIDENCE BY HYATT
SAN DIEGO, CALIFORNIA

Acknowledge Receipt of Continuing Care Residency Agreement and
Resident Handbook, dated Aug 5, 2001.

Donald R. Short
Resident

Wendy M. Short
Resident

CONTINUING CARE RESIDENCY AGREEMENT
LA JOLLA VILLAGE TOWERS, A CLASSIC RESIDENCE BY HYATT
SAN DIEGO, CALIFORNIA

TABLE OF CONTENTS

	<u>Page</u>
I. ACCOMMODATIONS AT THE COMMUNITY	2
A. Your Home	2
B. Conveniences	2
II. FEES AND ELIGIBILITY	2
A. Entrance Fee	2
Deposit	2
Balance of Entrance Fee	3
B. Monthly Fee	3
Obligation to Pay	3
Amount	3
Payment Procedures	4
Credit for Absences	4
C. Fees for Optional Services	4
III. GENERAL SERVICES	5
A. Services Included in Monthly Fee	5
Dining Services	5
In Home Meal Delivery	5
Housekeeping	5
Laundry	5
Activity Program	5
Transportation	5
Community Areas	6
Parking	6
Storage	6
Utilities	6
Maintenance	6
Emergency Response	6
Long-Term Care	6
Tax Obligations	6
Wellness Center	7
B. Optional Services	7
Additional Meals	7
Special Services	7
IV. LONG-TERM CARE PLANS AND SERVICES	8
A. Long-Term Care Plans	8
Standard Continuing Care Plan	8
Modified Standard Continuing Care Plan	8
Extensive Continuing Care Plan	9
B. Long-Term Care Services	9
Assisted Living	10
Alzheimer's Care	10
Skilled Nursing	10
Care Team	11
Physician Care	11
Home Health Care	11
Hospital Care	11
Specialized Rehabilitative Services	11
Ancillary Services and Products	12

	Care During Absence from the Community	12
	Cooperation in Obtaining Health Benefits.....	12
	Returning to Community	12
V.	PROVISIONS WITH RESPECT TO YOUR HOME	12
A.	Your Housekeeping Responsibilities	12
B.	Occupancy by Additional Persons	12
C.	Damage to Home	13
D.	Alterations	14
E.	Maintenance and Repairs	15
F.	Right of Entry; Licensure.....	15
VI.	TRANSFERS FROM YOUR HOME	15
A.	Conditions of Transfer.....	15
B.	Temporary Transfers.....	16
C.	Permanent Transfers	16
D.	Voluntary Transfers.....	17
E.	Return to Home After Permanent Transfer.....	17
F.	Monthly Fees After Permanent Transfer to Higher Care Setting	18
VII.	TERMINATION OF AGREEMENT AND REPAYMENT OF ENTRANCE FEE	18
A.	Termination During First Ninety Days	18
B.	Termination After Cancellation Period	19
C.	Death and Second Resident Rights.....	19
D.	Termination Rights of Classic Residence by Hyatt.....	20
	Resident's Financial Difficulty	20
	Termination For Just Cause.....	21
	Termination Due to Casualty and Condemnation.....	22
	Written Notice and Effect of Termination	22
E.	Amount and Timing of Repayments of Entrance Fee.....	23
VIII.	ADDITIONAL RIGHTS OF RESIDENT AND CRbH	25
A.	Private Duty Aides.....	25
B.	Community Policies.....	25
C.	Lease of Home	25
D.	Resident's Rights	26
E.	Relocation of Personal Property; Restoration of Home	26
IX.	MISCELLANEOUS.....	26
A.	Third Party Liability.....	26
B.	Insurance	27
C.	Interruption in Services	27
D.	Liability for Injury or Damage	28
E.	Resident's Representations	28
F.	Review of Disclosure Statement.....	29
G.	Possible Tax Consequences	29
H.	Notices	29
I.	Entire Agreement	30
J.	Severability.....	30
K.	Waiver of One Breach Not a Waiver of Any Other	30
L.	CRbH's Right to Contract for Services.....	30
M.	Counterparts	31
N.	Time of Essence	31
O.	Notice of Cancellation Within 90 Days of Execution Agreement	32

- APPENDIX A RESIDENT APPLICATION DOCUMENTS
- APPENDIX B ESCROW AGREEMENT
- APPENDIX C AVERAGE MONTHLY FEES (past 5 years)
- APPENDIX D MEAL PLANS
- APPENDIX E ENTRANCE FEE PROGRAM, MONTHLY FEE AND LONG-TERM CARE PLAN
SELECTION
- APPENDIX F PROMISSORY NOTE
- APPENDIX G NAME AND ADDRESS OF TRANSFEROR OF ENTRANCE FEE

LA JOLLA VILLAGE TOWERS, A CLASSIC RESIDENCE BY HYATT
CONTINUING CARE RESIDENCY AGREEMENT

This Continuing Care Residency Agreement (this "Agreement") is made on the 5th day of August, 2001 (the "Effective Date") between CCW La Jolla, L.L.C., a Delaware limited liability company, and CC-La Jolla, Inc., a Delaware corporation (collectively referred to as the "Provider" or "Classic Residence by Hyatt"), and Don + Marilyn Short ("You" or "Resident") (if more than one Resident signs this Agreement, these terms refer to each individually and to both together unless otherwise noted).

RECITALS

- A. Classic Residence by Hyatt is licensed by the State of California to provide continuing care services at the community known as La Jolla Village Towers, A Classic Residence by Hyatt, located at 8515 Costa Verde Boulevard, San Diego, California (the "Community").
- B. Within the limits and for the periods set forth in this Agreement, Classic Residence by Hyatt will provide You residential accommodations in independent living or in a care center offering assisted living, Alzheimer's care and skilled nursing services. This Agreement sets forth those services in detail, and provides a statement of Your legal rights and obligations toward Classic Residence by Hyatt. Classic Residence by Hyatt is not affiliated with any religious or charitable entity. No other Hyatt related entity is responsible for performance of this Agreement or payment of any obligation to You under this Agreement or any other agreement related to it.

SHORT 1426

I. ACCOMMODATIONS AT THE COMMUNITY

A. Your Home

You have chosen to live in Apartment or Unit # 2003 at the Community (Your "Home"). You may furnish Your Home as You wish, in accordance with the Community's standards described in the Resident Handbook.

B. Conveniences

Your Home is or will be furnished with a refrigerator, microwave, range with surface cooking units and oven, garbage disposal, smoke alarm, emergency call system, washer and dryer, and window and floor coverings. These furnishings, the Home and Community are the property of Classic Residence by Hyatt.

II. FEES AND ELIGIBILITY

For the right to reside at the Community, You must meet the age, health and financial qualifications of the State of California and Classic Residence by Hyatt (the Resident application documents are attached as Appendix A). In addition, You agree to pay the following:

A. Entrance Fee

You agree to pay the sum of \$ 482,346.00, plus a Second Person Entrance Fee, if applicable, of \$ 18,000.00 (collectively, the "Entrance Fee"), as follows:

1. Deposit. \$ 67,235.20 ^{*} (the "Deposit") upon execution of this Agreement or a Reservation Agreement, as the case may be. Classic will hold the Deposit

* based on Apt. 205 (original residence)

in an interest bearing Escrow until the Closing (defined below), unless You cancel this Agreement or the Reservation Agreement, in which event the Deposit will be returned without interest. "Escrow" means the Deposit Subscription Escrow, a copy of which is attached as Appendix B.

2. Balance of Entrance Fee. We will mutually agree on a closing date (the "Closing") to occur on or before Your Home is ready for occupancy, but in no event later than ninety (90) days after this Agreement is executed (the "Occupancy Date"). You agree to pay the balance of the Entrance Fee at Closing, with any interest earned on the Deposit being credited against the balance due. In the event someone other than the Resident is paying the Entrance Fee, such transferor is identified on Appendix G.

B. Monthly Fee

1. Obligation to Pay. You agree to pay a monthly fee (the "Monthly Fee") to Classic Residence by Hyatt, commencing on the Occupancy Date. The Monthly Fee will be prorated for the first month if the Occupancy Date is other than the first day of the month. A schedule of the average monthly fees for the past five (5) years (or such lesser time that the Community has operated as a CCRC) is attached as Appendix C.

2. Amount. The Monthly Fee will be \$ 2868.00 for one Resident, and \$ 583.00 for a second occupant, if applicable. Classic Residence by Hyatt may increase or decrease Your Monthly Fee upon thirty (30) days advance notice. Upon Your transfer to the Care Center, Your Monthly Fee shall automatically adjust to Classic Residence by Hyatt's then current monthly rate for the type of service being provided to You and based upon the Long-Term Care Plan You select

pursuant to Section IV, and such adjusted fee will then be Your "Monthly Fee" hereunder.

All operating expenses of the Community, as well as a reserve for capital repairs and replacements and a profit to Classic Residence by Hyatt, are intended to be paid with operating revenue from monthly fees. In calculating the monthly fee, Classic Residence by Hyatt shall take into consideration, among other things, projected costs, Classic Residence by Hyatt's prior year costs and economic indicators.

3. Payment Procedures. Classic Residence by Hyatt will bill You monthly in advance for Your Monthly Fee. You must make payment by the tenth (10th) day of the month in which Your Monthly Fee is due, to avoid a late payment charge of \$25.00. All delinquent payments shall bear interest at the lesser of ten percent (10%) per annum or the maximum legal rate.

4. Credit for Absences. You will receive a credit in the amount of Classic Residence by Hyatt's direct food costs for the meal plan You select, if You are absent from the Community for fifteen (15) consecutive days or more and You give advance written notice to Classic Residence by Hyatt (the credit will then be retroactive to the first day of absence).

C. Fees for Optional Services

Classic Residence by Hyatt will bill You for Optional Services that it provides to You (see subsection III.B. below). At Classic Residence by Hyatt's election, it may bill You for services You request from a third party (such as home health care, physical therapy and the like), either when services are rendered or when Classic Residence by

Hyatt invoices Your Monthly Fee. The payment procedures will be the same as for Your Monthly Fee, including the imposition of late payment charges.

III. GENERAL SERVICES

A. Services Included in Monthly Fee

You will receive the following services and amenities as part of Your Monthly Fee:

1. Dining Services. You may select at Closing one of the dining service programs described on Appendix D for Your individual dining needs while residing in Your Home. All meals will be served in the club-style dining room. Classic Residence by Hyatt will establish the charge for additional meals. You may change Your dining option one time per Classic Residence by Hyatt's fiscal year, by giving at least sixty (60) days' notice.
2. In Home Meal Delivery. During Your temporary illness, when authorized by the Director of Wellness, meals will be delivered to You in Your Home. At other times meals will be delivered for a nominal fee.
3. Housekeeping. Weekly light housekeeping services.
4. Laundry. Weekly service for Your bed and bath linens.
5. Activity Program. Social, cultural and recreational programs, to the extent You wish to participate.
6. Transportation. Local transportation as scheduled by Classic Residence by Hyatt and arrangements for transportation to meet Your health care needs.

7. Community Areas. Use of all recreational amenities at the Community.

8. Parking. One (1) garage parking space will be assigned to each Home, provided You have a valid driver's license, insurance and an automobile. Classic Residence by Hyatt may make additional parking spaces available for an extra fee, space permitting. Limited valet parking will also be available.

9. Storage. One (1) storage space will be assigned to each Home. Classic Residence by Hyatt will make additional storage spaces available for an extra fee, space permitting. In addition, Classic Residence by Hyatt will provide central storing and distribution of medications.

10. Utilities. Electricity, water, sewer, trash/garbage, heating and air conditioning and basic cable television services.

11. Maintenance. Maintenance of buildings and grounds, including routine maintenance of Your Home.

12. Emergency Response. Emergency call response, twenty-four (24) hours per day.

13. Long-Term Care. Long-Term Care Plans offering assisted living, Alzheimer's care and skilled nursing care, as described in Section IV.

14. Tax Obligations. Classic Residence by Hyatt will annually provide you an estimate of the real estate taxes, special taxes or assessments, and any other taxes, which may be levied by the County of San Diego or State of California on the Community.

One-twelfth of Your prorata share of those estimated taxes will be included in Your Monthly Fee.

15. Wellness Center. Through the Wellness Center, Classic Residence by Hyatt will provide regular observation of Your health status to ensure that Your dietary needs, social needs and needs for special services are satisfied.

Occupancy of Your Home and use of the accommodations in the Community are contingent upon Your payment of the Monthly Fee, unless deferred as set forth herein.

B. Optional Services

The following services ("Optional Services") will be provided at Your request for an additional fee:

1. Additional Meals. Continental breakfast, lunch and dinner will be served in the dining room each day. You will be charged separately for any meals You consume in addition to those included in the dining service program You select, including meals for Your guests and any special diet that Your physician orders. Credits for meals under Your meal plan which are not consumed in a month may not be carried forward into the next month.

2. Special Services. Upon Your request, additional housekeeping, guest accommodations, home health care and other special services will be made available for an extra charge. Charges for Optional Services are referred to as "Fees for Optional Services". Classic Residence by Hyatt may change the Optional Services or the charges therefor, from time to time with prior reasonable notice.

SHORT 1432

IV. LONG-TERM CARE PLANS AND SERVICES

A. Long-Term Care Plans

Classic Residence by Hyatt will provide the long-term care services described in Section B below. The amount You are obligated to pay for utilizing those services is determined according to the "Long-Term Care Plan" You selected at Closing. Classic Residence by Hyatt offers three Long-Term Care Plans: (1) a Standard Continuing Care Plan ("Standard Plan"), (2) a Modified Standard Continuing Care Plan ("Modified Plan"), and (3) an Extensive Continuing Care Plan ("Extensive Plan"). The Long-Term Care Plan You selected is indicated on Appendix E attached hereto.

1. Standard Continuing Care Plan. The Standard Plan covers 360 days of Long-Term Care Service ("care benefit days") in the Assisted Living Center, Alzheimer's Care Center and Skilled Nursing Center (defined below), but with a maximum utilization of 22 care benefit days per calendar quarter. If this Agreement covers two Residents, care benefit days used by either Resident are applied cumulatively against the 360 and 22 day limits. In the event You have a third party payor (such as Medicare or private long-term care insurance), You may apply Your benefits in combination with Your care benefit days on a pro rata basis according to Classic Residence by Hyatt's policies, as amended from time to time. Upon Your permanent transfer to a different care setting, Your Monthly Fee will be adjusted to the then current fee for that care setting and there will be no charge for the care benefit days used.

2. Modified Standard Continuing Care Plan. The Modified Plan provides all of the benefits and features of the Standard Plan and allows You to purchase additional

care benefit days. You may purchase blocks of 100, 200 or 300 additional care benefit days per Home, which You can use in increments of up to 10, 20 or 30 care benefit days per quarter, respectively.

For example,

100 days will mean 10 more care benefit days/quarter ($22 + 10 = 32$)

200 days will mean 20 more care benefit days/quarter ($22 + 20 = 42$)

300 days will mean 30 more care benefit days/quarter ($22 + 30 = 52$)

The cost for each 100 additional care benefit days of coverage is \$12,000 and is due upon Closing.

3. Extensive Continuing Care Plan. The Extensive Plan covers an unlimited number of days of service in the Assisted Living Center, Alzheimer's Center and Skilled Nursing Center at the "regular Monthly Fee" You were paying in Your independent Home, plus a charge for additional meals. However, if within the twelve (12) months prior to receiving such service, You transferred independent homes and the Monthly Fee of Your most recent independent Home is less than the Monthly Fee for your former residence, Your "regular Monthly Fee" will be deemed to be the higher of the two previous Monthly Fees.

B. Long-Term Care Services.

Residents of the Community will have priority access over non-residents as units become available in the Assisted Living Center, Alzheimer's Center and Care Center (as defined below). The following Long-Term Care Services will be offered at the Community:

SHORT 1434

1. Assisted Living. When necessary and/or appropriate in the judgment of Classic Residence by Hyatt following consultation with the Care Team (defined below) and You, as well as Your Physician and/or Your family members, Classic Residence by Hyatt will provide You assistance with such daily activities as bathing, dressing, grooming and administration of medications. You will receive such services in a private apartment in the assisted living center of the Community (the "Assisted Living Center"). If the Assisted Living Center has not yet been completed or has no space available, You will receive services at a nearby care setting with which Classic Residence by Hyatt will have, at that time, a referral agreement.

2. Alzheimer's Care. When necessary and/or appropriate in the judgment of Classic Residence by Hyatt following consultation with the Care Team and You, as well as Your Physician and/or Your family members, Classic Residence by Hyatt will provide You care for Alzheimer's Disease and other forms of dementia. You will receive such services in a private apartment at the Alzheimer's center at the Community (the "Alzheimer's Center"). If the Alzheimer's Center has not yet been completed or has no space available, You will receive services at a nearby care setting with which Classic Residence by Hyatt will have, at that time, a referral agreement.

3. Skilled Nursing. When necessary and/or appropriate in the judgment of Classic Residence by Hyatt following consultation with the Care Team and You, as well as Your Physician and/or Your family members, Classic Residence by Hyatt will provide skilled nursing care to You in a semi-private room at the licensed skilled nursing center at the Community (the "Care Center"). If the Care Center has not yet been completed or has

no space available, You will receive semi-private skilled nursing care at a nearby skilled nursing center with which Classic Residence by Hyatt will have, at that time, a referral agreement.

4. Care Team. The Community will have an interdisciplinary team consisting of the Executive Director, Care Center Administrator, a consulting Medical Director and other health professionals as Classic Residence by Hyatt deems appropriate (the "Care Team"). The Care Team will monitor care at the Community and participate in decisions regarding Your care and health transfers (whether at the Community or off site).

5. Physician Care. Physician services or other care ordered by your physician are at Your expense.

6. Home Health Care. Classic Residence by Hyatt will assist You in accessing home health care in Your Home, provided that: (i) such care is prescribed by the Care Team or Your physician; (ii) such care is consistent with all applicable laws, including California laws and regulations pertaining to assisted living services; and (iii) You accept full responsibility for the cost of such home health care.

7. Hospital Care. Classic Residence by Hyatt will assist You in obtaining access to hospital care, as necessary. Such care shall be at Your expense.

8. Specialized Rehabilitative Services. Classic Residence by Hyatt will assist You in obtaining specialized rehabilitative services from independent providers, such as physical therapy, occupational therapy, speech-language pathology and audiology. Such care shall be at Your expense.

9. Ancillary Services and Products. Classic Residence by Hyatt will assist You in obtaining ancillary services and products related to Your care, which shall be at Your expense.

10. Care During Absence from the Community. Except as set forth in subsections IV.B.1, 2 and 3, Classic Residence by Hyatt will not cover the cost of nursing care or services rendered to You other than at the Community.

11. Cooperation in Obtaining Health Benefits. You agree to cooperate (such as applying for health benefits, supplying information, submitting to medical examinations and filling out forms) either individually or with the assistance of Classic Residence by Hyatt, to obtain and to secure payment of any and all benefits to which You are reasonably entitled.

12. Returning to Community. If You are receiving care at an offsite assisted living, Alzheimer's care or skilled nursing center, when Classic Residence by Hyatt notifies you that space is available at the Community, You must return to the Community within three (3) days in order to receive long-term care benefits under this Agreement.

V. PROVISIONS WITH RESPECT TO YOUR HOME

A. Your Housekeeping Responsibilities

You agree to keep Your Home in a clean and orderly condition and to perform day-to-day light housekeeping.

B. Occupancy by Additional Persons

If a non-resident (including a non-resident who is your spouse) wishes to reside with You in Your Home, he/she must apply for admission to the Community and

meet the age, health and income requirements of a new resident. The decision whether to accept that person for residency will be made by Classic Residence by Hyatt in its sole discretion. If that person is not accepted for residency, he/she will be deemed a guest, subject to the then-current visitor policies and charges. If that person is accepted for residency, You and that person (the "Second Resident") must sign an amendment to this Agreement, the Second Resident must pay fifty percent (50%) of the then applicable entrance fee established by Classic Residence by Hyatt for Your Home (at the same refund percentage then applicable to entrance fees and in lieu of the Second Person Entrance Fee), and You will be jointly and severally responsible to pay the then-current Monthly Fee applicable to double occupancy of Your Home. The Entrance Fees of each Resident will be treated as separate deposits and shall be repaid to the depositing Resident, or his or her respective estate, in accordance with the repayment provisions set forth in Section VII.E.

C. Damage to Home

Classic Residence by Hyatt will maintain insurance on the Community, including property damage and business interruption insurance, in amounts and with coverages it shall determine in its discretion. If all or part of the Community is destroyed or damaged by fire or other loss, and in Classic Residence by Hyatt's reasonable discretion the insurance proceeds available to it are sufficient to rebuild the Community to its previous condition, Classic Residence by Hyatt will proceed to have the premises restored. If Your Home is not suitable for occupancy during such restoration, Classic Residence by Hyatt will, to the extent covered by insurance, furnish You with reasonably comparable quarters

at or near the Community. During such time and to the extent reasonably practical, Classic Residence by Hyatt will continue to furnish You, or arrange for You to be furnished with, the services it has agreed to provide under this Agreement or with appropriate substitutes. You will remain responsible for payment of Monthly Fees if such services are being provided to You. However, if Classic Residence by Hyatt determines not to rebuild the Community for any reason, this Agreement shall be terminated as of the date of such destruction or damage as provided in subsection VII.D.3.

D. Alterations

Classic Residence by Hyatt may make any alterations to Your Home to meet legal requirements and may make any alteration to the Community it deems appropriate. You may make nonstructural alterations, additions or improvements to Your Home, provided You obtain the prior written consent of Classic Residence by Hyatt. Classic Residence by Hyatt may condition its consent upon, among other things, Your prior written agreement that: (i) such work will be performed by Classic Residence by Hyatt or under its direction; (ii) You will bear the costs of all labor, materials, plans, permits, approvals and incidental expenses; (iii) if the alterations are other than Classic Residence by Hyatt's standard upgrade, upon termination of this Agreement, Classic Residence by Hyatt may require You at Your expense to remove such additions or improvements and to restore Your Home to its original condition; and (iv) all such work shall be performed diligently and in a first-class, workmanlike manner.

E. Maintenance and Repairs

Classic Residence by Hyatt will be responsible for maintaining and making all necessary repairs to the Community. However, You will be responsible for reimbursing Classic Residence by Hyatt directly for the cost of repairing any damage that You cause to the Community, beyond ordinary wear and tear.

F. Right of Entry; Licensure

Classic Residence by Hyatt and its agents retain the right, upon reasonable notice, to enter Your Home to respond to emergencies, perform services, make repairs, display Your Home to prospective residents (for example, if You have given Classic Residence by Hyatt a notice of termination), and for all other lawful purposes. In addition, because the Community is licensed as a residential care facility for the elderly, it may be necessary for an authorized agent of the California Department of Social Services, upon stating the purpose of his or her visit, to enter and inspect the Community, including Your Home, without advance notice. Classic Residence by Hyatt will make every reasonable effort to preserve Your privacy in Your Home.

VI. TRANSFERS FROM YOUR HOME

A. Conditions of Transfer

Classic Residence by Hyatt, in consultation with the Care Team and You, Your physician, Your family members or legal representative, an appropriate specialist or licensing official, may transfer You to an appropriate care setting in the Community or to another care setting upon a finding of good cause, as determined by Classic Residence by Hyatt. Good cause includes, but is not limited to, the following:

(a) You require a level of care that may be provided more safely, properly or effectively at a location other than in Your current Home; (b) You require care that may not lawfully be provided in Your current Home; (c) You require care that Classic Residence by Hyatt does not provide; (d) You engage in conduct that interferes with the peaceful lodging of residents or the administration of the Community; (e) You should be transferred to protect Your safety, Community property or the property, health, safety or peaceful lodging of other residents or staff; or (f) You are "nonambulatory" as defined in California Health and Safety Code, Section 13131, but You reside in a Home intended for ambulatory occupancy (Classic Residence by Hyatt will give You a copy of that Section upon request).

B. Temporary Transfers

If You are temporarily transferred outside Your Home, You will continue to owe Your regular Monthly Fee. If Your transfer is within the Community and You selected the Standard or Modified Standard Continuing Care Plan, You will also owe the difference between the daily charge for the care setting You transfer to and Your regular Monthly Fee.

C. Permanent Transfers

Classic Residence by Hyatt will determine, in consultation with the Care Team and You, Your physician, Your family member or legal representative, an appropriate specialist or licensing official, whether Your transfer to another level of care is permanent. If You (or, if this Agreement covers two Residents, both of You) permanently transfer to the Assisted Living Center, Alzheimer's Center or Skilled Care Center, or a care setting outside the Community, You must vacate Your Home within thirty (30) days and permit Classic Residence by Hyatt to take possession of Your Home. You will continue to receive

available.

vacated, at the then current monthly fee for that apartment style, as soon as one becomes Classic Residence by Hyatt will offer You an apartment comparable to the Home You determines that You are capable of returning to a residential apartment at the Community. consultation with the Care Team and You, Your physician, or Your family members, permanent transfer (as provided in Sections VI.C.), and Classic Residence by Hyatt, in If You have vacated Your Home following what was expected to be a

E. Return to Home After Permanent Transfer

then current Monthly Fee for the style Home You are then occupying. Section II above. After a transfer to a new home, Your Monthly Fee will be adjusted to the from which You are transferring, Your Entrance Fee will remain at the amount set forth in Your Entrance Fee. In the event the new home has a lower entrance fee than the Home hereunder, You will pay to Classic Residence by Hyatt the difference as a supplement to entrance fee then associated with the new home is higher than the Entrance Fee of Classic Residence by Hyatt's form amendment to this Agreement. In the event the Community upon notice to Classic Residence by Hyatt, subject to availability and execution You may elect to move from Your Home to a different home in the

D. Voluntary Transfers

is vacated. period, without notification You will pay double Your Monthly Fee until Your former Home with the terms of this Agreement. If You do not vacate Your Home within the thirty (30) day services under this Agreement as long as You wish, provided that You continue to comply

F. Monthly Fees After Permanent Transfer to Higher Care Setting

In the event this Agreement covers one Resident, Your Monthly Fee after a permanent transfer to a higher care setting will be determined according to the Long-Term Care Plan You selected, as described in Section IV.A. In the event this Agreement covers two Residents and You selected the Standard or Modified Standard Continuing Care Plan, after a permanent transfer of one Resident (i.e., one Resident remains in Your Home), the Monthly Fee for the transferring Resident will be the single occupant fee applicable to the care setting transferred to (against which available care benefit days may be applied) and the non-transferring Resident will pay the single occupant fee for Your Home. If both Residents transfer, the Monthly Fee for each Resident will be determined according to his or her care setting (against which available care benefit days may be applied).

In the event this Agreement covers two Residents and You selected the Extensive Continuing Care Plan, other than a charge for additional meals and in the special circumstance described in Section IV.A.3., Your regular Monthly Fee (i.e., for both Residents) will remain the same after either or both Residents transfer.

VII. TERMINATION OF AGREEMENT AND REPAYMENT OF ENTRANCE FEE

A. Termination During First Ninety (90) Days

There will be a rescission period of ninety (90) days (the "Cancellation Period") beginning on the first full calendar day after the execution of this Agreement, during which You or Classic Residence by Hyatt may terminate this Agreement without

cause. Termination will be effective on the later to occur of the last day of such ninety (90) day period and the date You vacate Your Home. In the event of such termination, Classic Residence by Hyatt will send You a full repayment of all money or property paid or transferred by You, without interest, less Classic Residence by Hyatt's actual cost of care and service provided to You prior to termination. Classic Residence by Hyatt will send You such repayment within fourteen (14) days after You deliver to us possession of Your Home.

B. Termination After Cancellation Period

You may terminate this Agreement after the Cancellation Period for any reason, upon not less than ninety (90) days' written notice to Classic Residence by Hyatt, sent by certified mail. The termination shall be effective on the date set forth in the termination notice (but not sooner than the ninety-first (91st) day following such notice), provided You vacate Your Home by that date. In the event of termination pursuant to this subsection B, the repayment provision set forth in subsection E below shall apply.

C. Death and Second Resident Rights

This Agreement shall terminate upon Your death, or, if there are two of You, upon the death of the survivor. In the event that this Agreement covers two Residents, and one of You dies or otherwise vacates the Community, the other Resident shall have the option to occupy his or her Home and continue this Agreement in full force at the single occupant Monthly Fee then charged for that Home. In the event the second Resident elects to keep this Agreement in effect, other than as provided in Section V.B., the entire Entrance Fee (including the Second Person Entrance Fee described in Section II.A.) shall

remain on deposit with Classic Residence by Hyatt. In the event of termination pursuant to this subsection C, the repayment provision set forth in subsection E below shall apply.

D. Termination Rights of Classic Residence by Hyatt

1. Resident's Financial Difficulty. After Your initial occupancy, Classic Residence by Hyatt will not terminate this Agreement solely because You are financially unable to pay Your Monthly Fee or other charges. If You encounter financial difficulty making it impossible for You to pay Your full Monthly Fee and other charges, You will be allowed to remain at the Community, with a portion of Your Monthly Fee and other charges deferred based on Your ability to pay, provided that: (i) You establish facts that justify deferral of the usual charges, (ii) such deferral may, in the sole discretion of Classic Residence by Hyatt, be granted without impairing Classic Residence by Hyatt's ability to operate on a sound financial basis, and (iii) You then execute a promissory note (the "Deferred Note") evidencing that the amount of any Monthly Fees or other charges deferred ("Deferred Charges") under this subsection D, shall be deemed a loan to You from Classic Residence by Hyatt with interest on the outstanding amount at a rate of ten (10%) per annum, compounding annually. Classic Residence by Hyatt shall have a first security interest in the portion of the Entrance Fee repayable to You as evidenced by the Note (hereafter defined), which secures Your payment of all Deferred Changes and Your performance under this Agreement. The amount outstanding under the Deferred Note shall be deducted when Classic Residence by Hyatt calculates Your repayment under subsection E below. You will not be entitled to any deferral if You have misrepresented Your income or assets, or if You have impaired Your ability to meet Your financial

obligations by making gifts or other transfers of Your assets. Classic Residence by Hyatt reserves the right to terminate or reduce Your deferral if any of the above conditions are no longer satisfied.

2. Termination For Just Cause. Other than during the Cancellation Period, Classic Residence by Hyatt will not terminate this Agreement unless it has just cause to do so. Just cause to terminate this Agreement shall include, but not be limited to, the following circumstances:

- (a) You fail to pay Your Monthly Fee or any other charges that are due, after You have received written notice from Classic Residence by Hyatt of the possibility of termination, and Classic Residence by Hyatt determines that no basis for deferral exists under Section VII.D.1.;
- (b) You fail to comply with the rules and regulations of the Community;
- (c) Your continued residency at the Community poses a threat to Community property or the health, safety or property of You, other residents or staff;
- (d) You refuse to be transferred in accordance with Section VI.A. of this Agreement;
- (e) Your continued residence at the Community interferes with the peaceful lodging of other residents or the effective administration of the Community;
- (f) You materially breach this Agreement, or made a material misrepresentation (verbal or written) in Your application to the Community or by executing this Agreement (e.g., Section IX.E.); or

(g) You willfully divest, transfer or mismanage Your assets that are needed for Your payment of Your Monthly Fee and other charges due hereunder.

None of the following activities constitutes "just cause": filing or lodging a formal complaint with the Department of Social Services or other authority, or participation in an organization, or affiliation of residents or similar lawful activity.

3. Termination Due to Casualty or Condemnation. If a portion of the Community is destroyed by casualty or acquired by eminent domain, and Classic Residence by Hyatt determines not to rebuild the Community for any reason, then Classic Residence by Hyatt may terminate this Agreement. In the event of a termination pursuant to this subsection the insurance or condemnation proceeds shall be distributed to repay entrance fees owing under terminated residency agreements (with distributions being prorata, if the available proceeds are insufficient).

4. Written Notice and Effect of Termination. In the event this Agreement covers two Residents, in order to be effective, a termination notice issued pursuant to Section VII.A. or B. must be signed by both Residents. Before terminating this Agreement under this subsection D, Classic Residence by Hyatt will give You ninety (90) days' written notice stating the cause for the proposed termination. Upon the termination of this Agreement, You must vacate and restore Your Home to its original clean condition (excluding normal wear and tear), and the repayment provision set forth in subsection E below shall apply.

SHORT 1447

Section VII.D., You will be entitled to a repayment of the full amount of Your Entrance Fee.

3. Section VII.D. When this Agreement is terminated pursuant to

Agreement.

(b) ninety (90) days after You vacate Your Home in the condition required under this continuing care residency agreement entitling him or her to occupy Your former Home and paid on the later to occur of (a) ninety-one (91) days after a new resident executes a against Your repayment amount. Repayments pursuant to Sections VII.B. and C. shall be outstanding Monthly Fees, Fees for Optional Services and Deferred Charges will be offset for the Entrance Fee Program You selected, as indicated on Appendix E attached. All the Entrance Fee for each month You reside at the Community, up to the maximum charge a repayment of the full amount of Your Entrance Fee less a charge of two percent (2%) of pursuant to Section VII.B. or C. (i.e., after the Cancellation Period). You will be entitled to 2. Sections VII.B. or C. When this Agreement is terminated

amount, and paid within the time period set forth in that Section.

1. Section VII.A. Repayments pursuant to Section VII.A. shall be in the

loan.

promissory note (the "Note") in the form attached as Appendix F, which evidences that resident of the Community. At the Closing, Classic Residence by Hyatt will give you a a portion of that loan being repaid to You determined by the length of time You are a until it is deemed earned by Classic Residence by Hyatt as set forth in this Agreement, with Your Entrance Fee is intended to be a loan to Classic Residence by Hyatt

E. Amount and Timing of Repayments of Entrance Fee

less Classic Residence by Hyatt's cost of providing care to You and any other amounts outstanding from You under this Agreement. Repayments pursuant to Section VII.D. shall be paid on the later to occur of (a) ninety-one (91) days after a new resident executes a continuing care residency agreement entitling him or her to occupy Your former Home or (b) ninety (90) days after You vacate Your Home in the condition required under this Agreement.

4. Cancellation of Note. Upon receipt of the repayment of Your Entrance Fee as provided under this Agreement, You or Your legal representative will deliver to Classic Residence by Hyatt the Note marked "CANCELED".

5. Master Trust and Construction Loan. In order to grant You and other residents a security interest in the Community, a trust (the "Master Trust") will be established at the time the State approves the release of the Deposit Subscription Escrow. Upon your execution of the Joinder in Master Trust ("Joinder") and negotiation of the Note to the Master Trust, the entrance fees in Escrow will be released to the Master Trust and the Trust will disburse those funds to Classic Residence by Hyatt. Classic Residence by Hyatt will, in turn, grant a mortgage on the Community to the Master Trust to secure the repayment of the Note and similar notes owed to other residents of the Community (which will be consolidated into one note to the Master Trust). Classic Residence by Hyatt will use the funds to repay existing secured indebtedness relating to the loan that financed the construction of the Community, and other liabilities related to the Community. The priority and other rights among the Master Trust, the construction lender and the residents will be set forth in a Subordination Agreement, which will be recorded against the Community at

the time the Master Trust is established. A copy of the Subordination Agreement will be available at the Community.

VIII. ADDITIONAL RIGHTS OF RESIDENT AND CLASSIC RESIDENCE BY HYATT

A. Private Duty Aides

You may retain private duty aides or companions, provided you obtain the prior express approval of Classic Residence by Hyatt and comply fully with the State of California's requirements and Classic Residence by Hyatt's policies. You assume responsibility and liability relating to acts or omissions of Your aide and his or her adherence to rules of conduct and reporting requirements.

B. Community Policies

Classic Residence by Hyatt may adopt policies to preserve residents' health, safety and peaceful enjoyment of the Community, to maintain the building(s) and grounds in a pleasant, clean and orderly condition, to administer services at the Community and for all other reasonable and lawful purposes. Classic Residence by Hyatt reserves the right to amend said policies from time to time upon notice to You, and You agree to abide by the policies, as adopted and amended.

C. Lease of Home

You may not lease Your Home to another person under any circumstances or permit its occupancy by another person for other than temporary stays which are in compliance with Classic Residence by Hyatt's policies, as amended from time to time.

D. Resident's Rights

Residents of the Community have a right of self-organization pursuant to California law. Residents shall also have the right to join in group activities, to use Community amenities for group meetings and to obtain current copies of disclosure statements, audits and inspections of the Community. Classic Residence by Hyatt's representative will meet with residents annually (or more frequently if required by the State of California) in a general assembly to discuss the current status of the Community. Your rights under this Agreement are limited to those rights expressly granted in it and do not include any proprietary interest in the Community, any managerial or other interest in Classic Residence by Hyatt or any third-party contractor, or any interest in any payments made under this Agreement.

E. Relocation of Personal Property; Restoration of Home

If You change or give up Your Home for any reason and fail to remove Your personal property as set forth in this Agreement, You or Your legal representative shall pay all expenses involved in relocating Your personal property and restoring Your Home to its original clean condition (normal wear and tear excepted). Upon move-out, Classic Residence by Hyatt shall have the right to remove and store Your personal property at Your expense, until it is removed by Your legal representative.

IX. MISCELLANEOUS

A. Third Party Liability

If You are injured as the result of any act or omission of a third party, You hereby grant Classic Residence by Hyatt a first lien against any judgment, settlement or

SHORT 1451

recovery for any expense that (1) is incurred by Classic Residence by Hyatt in caring for You as the result of such injury; and (2) is not reimbursed directly to Classic Residence by Hyatt by You or by another source. You shall cooperate in the pursuit of any claim or action against the third party.

B. Insurance

You shall be responsible for maintaining with a reputable insurer, insurance to cover the full replacement value of Your personal property at the Community. You shall also be responsible for obtaining liability insurance for bodily injury or property damage to others caused by You or Your guests, invitees or employees.

C. Interruption in Services

An interruption in services or failure to maintain services under this Agreement shall not constitute a breach of this Agreement, if it is caused by factors beyond the reasonable control of Classic Residence by Hyatt, including, but not limited to, strikes, lockouts or other labor disturbances, government orders, embargoes, shortages of labor or materials, inclement weather, fire, flood, earthquake or other casualties, power outages, or the conduct of residents. In the event of an interruption in services, Classic Residence by Hyatt shall use reasonable efforts to restore services or to provide reasonable substitute services.

D. Liability for Injury or Damage

You agree to indemnify, defend and hold Classic Residence by Hyatt, and their respective partners, shareholders, directors, officers, agents and employees, harmless from all costs and liability for injury or damage caused by Your acts or omissions and those of Your guests, employees and invitees, including attorney's fees and costs. (The foregoing is not intended to indemnify Classic Residence by Hyatt against its own negligent acts or omissions or exonerate Classic Residence by Hyatt from its duty to provide services under this Agreement).

E. Resident's Representations

By executing this Agreement, You represent and warrant, which representations and warranties shall be deemed remade when You take occupancy of Your Home (except as You otherwise notify Classic Residence by Hyatt in writing prior to taking occupancy), that: (i) You meet all the criteria for residency at the Community and performance of all Your obligations under this Agreement; (ii) You have assets and income sufficient under foreseeable circumstances to meet Your ordinary and customary living expenses after You assume occupancy at the Community; and (iii) all representations made by You or on Your behalf, whether written or verbal, with respect to Your admission to the Community, were true when made and when You took occupancy of Your Home. If Your circumstances have significantly changed prior to Your taking occupancy, You must advise Classic Residence by Hyatt of those changed circumstances prior to occupying Your home. In such event, Classic Residence by Hyatt will determine in its discretion if Your changed circumstances prevent You from being qualified to enter the

Community and whether to terminate this Agreement. If such changed circumstances are health related, Classic Residence by Hyatt will not terminate this Agreement if You begin occupancy in the appropriate care setting within the Community and doing so complies with California law. You understand and agree that any material misrepresentation or omission made by You or on Your behalf in connection with the application forms, including personal data forms and statements of financial condition and health history submitted by You or on Your behalf to Classic Residence by Hyatt, shall make this Agreement voidable at Classic Residence by Hyatt's option.

F. Review of Disclosure Statement

You certify that You have received a copy of the Community's most recent audited financial statement, which is on file with the State of California. Classic Residence by Hyatt will make available to You for inspection at the Community, at all reasonable business hours and upon reasonable notice, its current disclosure statement for the Community.

G. Possible Tax Consequences

Entering into this Agreement may result in tax consequences related to the deductibility of medical expenses, the imposition of imputed interest and the deductibility of real estate taxes paid. Classic Residence by Hyatt recommends that You obtain independent tax advice concerning same.

H. Notices

All notices required or permitted under this Agreement shall be delivered to:

SHORT 1454

CCW La Jolla, L.L.C.
c/o Classic Residence by Hyatt
200 W. Madison
Suite 3700
Chicago, IL 60606
Attention: General Counsel

or to You at Your Home (or, if appropriate, to Your legal representative at the address furnished by You to Classic Residence by Hyatt). All such notices shall be effective when personally delivered or received or when delivery is refused.

I. Entire Agreement

This Agreement, including all attached Appendices, constitutes the entire agreement between You and Classic Residence by Hyatt and may not be amended unless executed in writing by Classic Residence by Hyatt.

J. Severability

If a court deems any term of this Agreement invalid, the remainder of this Agreement shall remain in full force and effect.

K. Waiver of One Breach Not a Waiver of Any Other

Classic Residence by Hyatt's failure on any occasion to insist upon Your or any other resident's strict compliance with any term of this Agreement, shall not be deemed a waiver of its right to insist upon Your strict compliance with all terms of this Agreement on any other occasion.

L. Classic Residence by Hyatt's Right to Contract for Services

Classic Residence by Hyatt reserves the right to contract for services, enter into lease arrangements and management contracts, and delegate certain of its

SHORT 1455

responsibilities under this Contract, which may be with affiliates of Classic Residence by Hyatt (collectively, the "Arrangements"). Notwithstanding Classic Residence by Hyatt's right to enter into such Arrangements, Classic Residence by Hyatt shall retain the ultimate responsibility to carry out the provisions of this Agreement for the benefit of the Community and its residents.

M. Counterparts This Agreement may be executed in counterparts, each of which shall be deemed an original.

N. Time of Essence Time is of the essence in connection with the performance of this Agreement.

O. Notice of Cancellation Within 90 Days of Execution of Agreement

This Agreement was entered into on the Effective Date.

You may cancel this transaction, without any penalty, within ninety (90) calendar days from the above date.

If You cancel, any property transferred, any payments made by You under this Agreement and any negotiable instrument executed by You, will be returned within fourteen (14) calendar days after making possession of the living Unit available to Classic Residence by Hyatt. Any security interest arising out of the transaction will be cancelled.

If You cancel, You are obligated for a reasonable processing fee to cover costs and the reasonable value of the services received by You from Classic Residence by Hyatt up to the date You canceled, or made available to Classic Residence by Hyatt the possession of any living unit delivered to You under this Agreement, whichever is later.

If You cancel, You must return possession of any living unit delivered to You under this Agreement, to Classic Residence by Hyatt, in substantially the same condition as when received.

Possession of the living unit must be made available to Classic Residence by Hyatt within thirty (30) calendar days of Your notice of cancellation. If You fail to make the possession of any living Unit available to Classic Residence by Hyatt, then You remain liable for performance of all obligations under this Agreement.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram to CCW La Jolla, L.L.C. c/o Classic Residence by Hyatt, 200 West Madison Street, Suite 3700, Chicago, IL 60606, Attention: Senior Vice President of Finance, not later than midnight on _____ (date).

I/We hereby cancel this transaction _____
(Resident's signature)

(Resident's signature)

SHORT 1457

You, the Resident(s), may cancel this Agreement without cause at any time within 90 days from the date of this Agreement. See the notice of cancellation on the previous page for an explanation of this right.

RESIDENT(S):

Donald R. Short
(Signature)

Aug. 31, 2001
Date

Marjorie M. Short
(Signature)

Aug 5, 2001
Date

CLASSIC RESIDENCE BY HYATT:

CC – La Jolla, Inc., a Delaware corporation and
CCW La Jolla, L.L.C., a Delaware limited liability company

Both By: Classic Residence Management Limited Partnership, an Illinois
Limited Partnership

Both of Their: Managing Agent

By: Carl A. Zelle
Its: Director of Accounting

"Notice"

This is a continuing care contract as defined by Section 1771(c) (8) of Chapter 10 of Division 2 of the California Health and Safety Code. This contract form has been approved by the State Department of Social Services as required by Section 1787(b) of the California Health and Safety Code. The basis for this approval was a determination that CCW La Jolla, L.L.C. and CC-La Jolla, Inc. have complied with specific requirements of the statutes. Approval by the department is neither a guaranty of performance nor an endorsement of contract provisions. Prospective transferors and residents are encouraged to carefully consider the benefits and risks of this contract before signing. You should seek financial and legal advice as needed.

SHORT 1458

APPENDIX A - RESIDENT APPLICATION DOCUMENTS

- Application for Acceptance
- Health Questionnaire
- Medical Approval Form for Prospective Residents

APPENDIX B

RESERVATION FEE ESCROW AGREEMENT

This Reservation Fee Escrow Agreement (the "Agreement") is made between CCW La Jolla, L.L.C., a Delaware limited liability company and CC-La Jolla, Inc., a Delaware corporation (collectively, "CCW"), and Union Bank of California ("Escrow Agent").

RECITALS

A. CCW owns and operates a RCFE licensed by the State of California Department of Social Services ("DSS") known as La Jolla Village Towers, A Classic Residence by Hyatt located at 8515 Costa Verde Boulevard, San Diego, California 92122 (the "Community"). CCW has obtained a provisional certificate of authority ("COA") to operate the Community as a continuing care retirement community ("CCRC").

B. A prospective resident of the Community may reserve an unspecified residence and a place on the priority list for residency at the Community by paying CCW a reservation fee pursuant to a Priority List Reservation Agreement.

D. Ultimately, if a prospective resident enters into a Deposit Subscription Agreement with CCW and is approved for residency at the Community, he/she will have the right to obtain residency, care and services at the Community pursuant to a Continuing Care Residence Agreement with CCW.

E. CCW desires to establish an escrow account for the deposit of reservation fees, and ultimately deposit subscriptions, received from prospective residents.

F. Escrow Agent is experienced in providing continuing care escrow services, and is prepared to establish an escrow account for the deposit of reservation fees pursuant to this Agreement.

NOW, THEREFORE, the parties agree as follows:

AGREEMENTS

1. Pursuant to the Priority List Reservation Agreement, each prospective resident shall pay a reservation fee to CCW. Such payment shall be made jointly to CCW and Escrow Agent by check, draft or money order.

2. Within forty-eight (48) hours after its receipt of a reservation fee from a prospective resident, CCW shall remit to Escrow Agent: (i) the reservation fee, (ii) a copy of the signed Priority List Reservation Agreement, (iii) a copy of the receipt given by CCW to the prospective resident for the reservation fee, and (iv) IRS 'Form W-9', the certification of back-up withholding.

3. Escrow Agent shall hold all reservation fees that it receives under this Agreement in trust for the benefit of CCW. Escrow Agent shall invest each reservation fee in an individual account. CCW shall provide an investment directive to Escrow Agent prior to the investment of reservation fees.

4. Funds deposited in each escrow account shall be withdrawn only upon written notice by an officer of CCW that a refund is due pursuant to the applicable Priority List Reservation Agreement. Such payment shall be made directly to the prospective resident in the manner provided for in his or her Priority List Reservation Agreement. Such payment shall only include accrued interest as specified in the Priority List Reservation Agreement.

5. In consideration of Escrow Agent's duties with respect to the escrow account, CCW shall pay to Escrow Agent the charges as set forth in the fee schedule attached to this Agreement as Exhibit A, within thirty (30) days of billing.

6. The trust created by this Agreement shall be irrevocable, and it shall continue pursuant to a successor Deposit Subscription Escrow Agreement executed by CCW and Escrow Agent and approved by the California Department of Social Services.

7. During the term of this Agreement, Escrow Agent shall not lend any funds to CCW for use in connection with the Community and shall not have any fiduciary responsibilities to lenders or bondholders for the Community.

8. Escrow Agent shall not be required to determine any controversy involving third parties concerning the disposition of the escrow account, but instead may await the resolution of the controversy.

9. The trust created by this Agreement shall be irrevocable and may be altered or amended only by written agreement of CCW and Escrow Agent and advance written approval of the DSS. The trust shall terminate upon Escrow Agent's receipt of instructions from the DSS to release the funds to CCW. In no event shall this trust and the duties resulting be in effect past the closure date of July 31, 2001 unless amended and agreed to by CCW, Escrow Agent and the appropriate California governing body in writing prior to the closure date. Following termination of the trust, Escrow Agent shall promptly render an accounting to CCW and shall distribute the entire escrow account, less any fees that CCW and Escrow Agent agree are due to Escrow Agent, in accordance with written instructions from the DSS.

10.1 Nothing contained in this Agreement shall constitute the Escrow Agent as trustee for any party hereto or impose on the Escrow agent any duties or obligations other than those for which there is an express provision herein. Except as provided herein, the Escrow agent shall have no responsibility or liability for delivery of the Escrow Funds.

10.2 For all purposes connected herewith the Escrow Agent shall be entitled to assume that the parties hereto are exclusively entitled to their share of the Escrow funds in accordance with this Agreement (and any further instructions given pursuant hereto) and are fully authorized and

empowered, without affecting the rights of any third parties, to appoint the Escrow Agent as the Escrow Agent in accordance with the terms and provisions hereof.

10.3 The Escrow Agent shall be obliged to render statements of accounts only with respect to the Escrow Funds deposited to the parties referred to herein, and the Escrow Agent shall not be under any obligation to render statements of account to any third parties unless the Escrow Agent so consents in writing.

11.1 It is understood and agreed that the Escrow Agent shall incur no liability (except for acts of gross negligence or willful misconduct) and be under no obligation to take any steps or action (whether by commencement of legal proceedings or otherwise) to ensure that any funds are actually received by the Escrow Agent.

11.2 None of the provisions hereof shall be construed so as to require the Escrow Agent to expend or risk any of its own funds or otherwise incur any liability in the performance of its duties under this Agreement and it shall be under no obligation to make any payment except out of the funds received by it (after deduction of its fees and expenses).

11.3 If it becomes illegal or impossible for the Escrow Agent to carry out any of the provisions hereof, the Escrow Agent shall incur no liability as a consequence of the enforceability or lack thereof of any agreements referred to herein.

11.4 The Escrow Agent shall not be required to take or be bound by notice of default of any person, or to take any action with respect to such default involving any expense or liability, unless written notice of such default is given to Escrow Agent by the undersigned or any of them, and unless the Escrow Agent is indemnified in a manner satisfactory to it against such expense or liability.

11.5 The Escrow Agent shall not be liable to any party hereto in acting upon any written notice, request, waiver, consent, receipt or other paper or document believed by the Escrow Agent to be signed by the proper party or parties. The Escrow Agent will be entitled to treat as genuine and as the document it purports to be any letter, paper, telex or other document furnished or caused to be furnished to the Escrow Agent by CCW and believed by the Escrow Agent to be genuine and to have been transmitted by the proper party or parties. The Escrow Agent shall have no liability with respect to any good faith action taken or allowed by it hereunder.

11.6 The Escrow Agent shall not be liable for any error or judgment or for act done or step taken or omitted by it in good faith or for any mistake of fact or law (except for acts of gross negligence or willful misconduct), or for anything which it may do or refrain from doing in connection herewith, and the Escrow Agent shall have no duties to anyone except those signing this Agreement.

11.7 The Escrow Agent may consult with legal counsel in the event of any dispute or questions as the interpretation or construction of this Agreement or the Escrow Agent's duties hereunder. Any fees or costs so incurred shall be borne by the signatories hereto, other than the Escrow Agent.

SHORT 1462

11.8 In the event of any disagreement between the undersigned or any person or persons named in this Agreement and any other person, resulting in adverse claims and demands being made in connection with or for any money involved herein or affected hereby, the Escrow Agent shall be entitled at its option to refuse to comply with any such claims or demands, so long as such disagreement shall continue, and in so doing the Escrow Agent shall not be or become liable for damages or interest to the undersigned or any of them, or to any person named in this Agreement, for its refusal to comply with such conflicting or adverse demands; and the Escrow Agent shall be entitled to continue so to refrain and refuse so to act until:

a. the rights of the adverse claimants have been fully adjudicated in a court or by arbitration as set forth below assuming and having jurisdiction of the parties and the money involved herein and affected hereby; or

b. all differences have been adjudicated by agreement and the Escrow Agent has been notified thereof in writing by all of the persons interested.

11.9 In the event of such disagreement, the Escrow Agent, at its discretion, may file a suit interpleader or for declaratory relief for the purpose of having the respective rights of the claimants adjudicated, and deposit with the court all documents and property held hereunder, and CCVW agrees to pay the Escrow Agent's fee and all reasonable counsel fees incurred in such action and said costs and fees shall be included in the judgment of any such action.

12. No modification, amendment, rescission, supplement or change of this Agreement shall be valid, binding or in effect unless notice thereof is given to the Escrow Agent in writing by all parties hereto and accepted by the Escrow Agent.

13. The Escrow Agent reserves the right to resign as the Escrow Agent at any time by giving thirty (30) business days written notice thereof to all parties at their last known address. Upon such resignation by the Escrow Agent, the undersigned agree that the Escrow Agent may deliver the deposited funds, upon payment in full of all fees due the Escrow Agent, to such replacement Escrow Agent. If no notice is promptly received from the undersigned and the replacement Escrow Agent, the Escrow Agent may petition any court of competent jurisdiction for disposition of the assets and the Escrow Agent shall thereby be released from any and all responsibility and liability to the parties hereto.

14. The provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, heirs, successors and assigns. The covenants and indemnities forth in this Agreement shall survive the termination of this Agreement.

15.1 All disputes which may arise between or among the parties hereto under or with respect to this Agreement, will be determined solely by arbitration in Los Angeles, California, and in accordance with the rules of the American Arbitration Association pursuant to the procedure hereinafter set forth.

SHORT 1463

15.2 The aggrieved party or parties shall serve upon the other party or parties a notice in writing requiring arbitration and jointly designating one (1) arbitrator. Within five (5) business days thereafter, the other party shall designate a second arbitrator. The two (2) arbitrators thus chosen shall appoint a third within a five (5) business day period, failing which either party may secure the appointment of a third arbitrator by application to the American Arbitration Association. When appointed, the three (3) arbitrators shall determine the controversy by majority vote, except that if there is only one arbitrator mentioned above, then the first arbitrator appointed shall be the sole arbitrator. If any vacancy occurs on the board of arbitrators appointed hereunder by reason of death, resignation, refusal to act, physical incapacity or otherwise, a new arbitrator shall be appointed by the remaining arbitrators. The arbitration shall be in Los Angeles, California, and the costs thereof shall be borne by the party which does not prevail therein. Such determination by the three (3) arbitrators or by the sole arbitrator, as the case may be, shall be final, binding and conclusive upon the parties hereto and shall be rendered in such form that it may be judicially confirmed under the laws of the State of California.

IN WTTNESS WHEREOF, the parties have executed this Agreement as of _____, 2000.

CCW:

ESCROW AGENT:

CCW La Jolla, LLC.,
a Delaware limited liability company

Union Bank of California

By: CC-La Jolla, Inc.,
a Delaware corporation,
Its: Managing member

By: _____

By: _____

Its: _____

Its: _____

CC-La Jolla, Inc.,
a Delaware corporation

By: _____

Its: _____

SHORT 1464



Schedule of Fees

APPENDIX C

Accommodations at La Jolla Village Towers are offered on the basis of a one-time entrance fee plus a monthly service fee. The entrance fee includes the apartment you select and the promise of temporary or long-term care in our future on-site care center. We offer two options for long term care with different repayment programs; a Standard Care Plan and an Extensive Care Plan.

The monthly fee represents the cost of providing you with a range of services and amenities, such as weekly housekeeping, linen service, all utilities (including cable TV), local area telephone service, a selected meal plan, transportation for medical appointments and personal errands, wellness center, activities, security, maintenance, and concierge services.

Apartment Description	One Time Entrance Fee with a 42% Repayment for Our Standard Continuing Care Program	One Time Entrance Fee with a 82% Repayment for Our Standard Continuing Care Program	Monthly Service Fee	Second Person Fee
One Bedroom 693' - 850'	\$182,875 - \$262,425	\$228,600 - \$328,025	\$1420 - \$1745	\$550
Two Bedroom 936' - 1210'	\$226,800 - \$344,950	\$283,500 - \$431,175	\$1875 - \$2120	\$550
Three Bedroom 1425' - 1768'	\$365,675 - \$465,250	\$457,100 - \$581,550	\$2325 - \$2885	\$550
Penthouses 1936' - 1939'	\$527,00 - \$529,250	\$658,750 - \$661,575	\$3200 - \$3300	\$550

La Jolla Village Towers offers a comprehensive selection of apartments with sixteen different floor plans to choose from. The figures above represent the price range for all floor plans. For pricing on our Extensive Continuing Care Program or for specific apartment availability, please call (858) 646-7745 or (800) 995-5392.

SHORT 1465

LA JOLLA VILLAGE TOWERS

— A CLASSIC RESIDENCE BY —
HYATT

ELECTION OF MEAL PLAN

I, Marilyn Short, a resident of La Jolla Village
Towers, A Classic Residence by Hyatt, apartment # 205, elect the
following meal plan effective _____.

X

MEAL PLAN 1 - THE DAILY MEAL PLAN

This plan provides a resident with Continental Breakfast and his/her choice of lunch or dinner each day of the month. The most economical choice, this plan is included in your monthly fee.

MEAL PLAN 2 - THE 21 MEAL PLAN

This plan provides a resident with daily Continental Breakfast and his/her choice of 21 lunches or dinners during the calendar month. A credit of \$45.00 will appear on your monthly statement if you select this plan.

MEAL PLAN 3 - THE A LA CARTE PLAN

This plan provides a resident with daily Continental Breakfast and allows a resident to pay for only those meals the he/she chooses to eat. The current a la carte meal charges are as follows:

Lunch	\$ 7.00
Dinner	\$12.00

A credit of \$150.00 will appear on your monthly statement if you select this plan.

SHORT 1466

Marilyn M Short
Resident

3/30/01
Date

LA JOLLA VILLAGE TOWERS

— A CLASSIC RESIDENCE BY —
HYATT

ELECTION OF MEAL PLAN

I, Don Short, a resident of La Jolla Village
Towers, A Classic Residence by Hyatt, apartment # 205, elect the
following meal plan effective _____.

X

MEAL PLAN 1 - THE DAILY MEAL PLAN

This plan provides a resident with Continental Breakfast and his/her choice of lunch or dinner each day of the month. The most economical choice, this plan is included in your monthly fee.

MEAL PLAN 2 - THE 21 MEAL PLAN

This plan provides a resident with daily Continental Breakfast and his/her choice of 21 lunches or dinners during the calendar month. A credit of \$45.00 will appear on your monthly statement if you select this plan.

MEAL PLAN 3 - THE A LA CARTE PLAN

This plan provides a resident with daily Continental Breakfast and allows a resident to pay for only those meals the he/she chooses to eat. The current a la carte meal charges are as follows:

Lunch	\$ 7.00
Dinner	\$12.00

A credit of \$150.00 will appear on your monthly statement if you select this plan.

SHORT 1467

Don Short
Resident

3/30/01
Date

CCW La Jolla, L.L.C.
La Jolla Village Towers, A Classic Residence by Hyatt

CCRC Closing Worksheet

Depositor Name(s):

Don Short

Marilyn Short

Apartment #:

2003

Apartment Type:

M 2 Bedroom

Parking Space #

Selected CCRC Program:

360 Day Long-Term Care Plan

Additional Days of Coverage

Unlimited Long-Term Care Plan

X

Monthly Service Fee:

First Person:

\$ 2868 -00

Second Person Fee:

\$ 583 -00

Total Amount:

\$ 3451 -00

Entrance Fee Repayment Plan:

0%

\$ 482,346-00

Second Person Coverage Fee:

(Unlimited Long-Term Plan only)

\$ 18,000-00

Additional Care Center Day Fee:

(hundred days at \$12,000 per hundred days)

\$ — —

Total Entrance Fee Due:

\$ 500,346-00

Deposit Subscription:

20% of the Entrance Fee:

\$ —

20% Entrance Fee Deposit:

(Date Paid)

\$ —

Reservation Fee:

(Date Paid)

\$ —

Interest Received:

(As Of)

\$ —

Escrow Balance:

(As Of) 7/24/01

Entrance
fee already
paid — \$ 336,176-00

Due Upon Closing and Signing of Continuing Care Contract:

Total Balance Due:

(Payable to Union Bank/CCW)

\$ 164,170-00

Depositor Signature

Date

SHORT 1468

Marilyn Short

Aug 5, 2001

PROMISSORY NOTE

This Promissory Note (the "Note") is made as of 08/10/2001 (the "Effective Date") by CC-La Jolla, Inc. and CCW La Jolla, L.L.C. (collectively, "Maker") in favor of Mr. Don Short and Mrs. Marilyn Short (collectively, "Resident"). Maker and Resident are parties to a Continuing Care Residency Agreement (the "Residency Agreement") related to La Jolla Village Towers, a Classic Residence by Hyatt, San Diego, California. This Note is Exhibit F to the Residency Agreement. Terms not otherwise defined herein shall have the meanings set forth in the Residency Agreement.

On the Effective Date, Resident paid to Maker an Entrance Fee in the amount of \$500,346 which is intended to be a loan (the "Entrance Fee Loan"). Maker promises to pay to the order of Resident the Entrance Fee Loan, as follows:

1. If the Residency Agreement terminates during the Cancellation Period, Maker will repay the Entrance Fee Loan, less Maker's actual cost of care and service provided to Resident prior to the termination and remaining unpaid. The repayment will be made within fourteen (14) days after Resident surrenders possession of his or her Home in the condition required under the Residency Agreement.
2. If the Residency Agreement terminates after the last day of the Cancellation Period, Maker will repay the Entrance Fee Loan, less (a) a charge of two percent (2%) of the Entrance Fee for each month or part thereof from the Effective Date through the termination date, up to a maximum charge of one hundred percent (100%), and (b) all Monthly Fees, Fees for Optional Services and Deferred Charges owed by Resident as of the termination. The repayment will be made on the date which is the later to occur of: (a) ninety-one (91) days after a new resident executes a continuing care residency agreement entitling him or her to occupy Resident's former Home and (b) ninety (90) days after Resident surrenders possession of his or her Home in the condition required under the Residency Agreement.

Notwithstanding anything to the contrary herein or in the Residency Agreement, if not sooner payable, this Note shall be due and payable on the twenty-fifth (25th) anniversary of the termination date.

Payments shall be made to Resident at his or her Home, unless Resident otherwise directs in writing.

Prior to the due date under paragraph 1 or 2 above (the "Due Date"), the Entrance Fee Loan shall not bear interest. Any amount not paid on the Due Date shall thereafter bear interest at a rate of ten percent (10%) per annum. Any notice issued pursuant to this Note shall be sent as set forth in the Residency Agreement.

Other than as negotiated to the Master Trust at closing, this Note is nonnegotiable. Maker may prepay this Note at any time without penalty.

IN WITNESS WHEREOF, Maker has executed this Note as of the Effective Date.

Maker:

CC-La Jolla, Inc., a Delaware corporation

By: 

Its: Vice President

and

CCW La Jolla, L.L.C., a Delaware limited liability company

By: CC-La Jolla, Inc., a Delaware corporation

Its: Managing Member

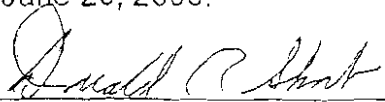
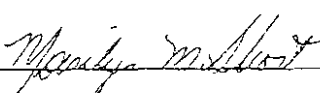
By: 

Its: Vice President

jointly and severally

ENDORSEMENT:

Pay to the order of First Union National Bank, as Trustee of the La Jolla Village Towers, a Classic Residence by Hyatt, Master Trust dated as of June 29, 2000.

 
(Resident(s))

SHORT 1470

FILED
Clerk of the Superior Court
AUG 20

AUG 28 2007

By: G. MENDOZA, Deputy