

EXHIBIT #1

CLASSIC RESIDENCE

BY HYATT

Classic Residence by Hyatt
200 W. Madison St., Ste. 3700
Chicago, IL USA 60604-3417

Telephone (312) 750-1234
Facsimile (312) 750-8589

April 28, 1998

Dear Residents of La Jolla Village Towers:

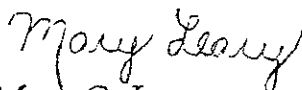
It's official! La Jolla Village Towers is now a part of the Classic Residence by Hyatt family of senior living communities. The community is now on firm financial footing and can look forward to a new phase in its life as one of the premier senior living communities in the country.

We know that each of you endured a great deal during a difficult bankruptcy process. We believe that you made a good decision in selecting La Jolla Village Towers as your home and in remaining a resident during this protracted process. La Jolla Village Towers offers so much -- a spectacular location, beautiful apartments, extensive amenities and high-quality services -- it's why we, too, wanted to become a part of this community.

We understand that you have many questions about what life will be like going forward. The following information is provided in an effort to address the questions and concerns that you have brought to our attention. While we are not able to provide specific information regarding future CCRC pricing at this time, we will share this information as soon as State regulations permit us to do so. We will be diligent in expediting State approval processes so that La Jolla Village Towers can become everything you expected.

We're sure that you will have many other questions as we move ahead. We look forward to developing a partnership with you as we work toward the revitalization of the community. We are firmly committed to protecting the lifestyle to which you've become accustomed, and believe that you'll be pleased that you made the decision to remain at La Jolla Village Towers.

Sincerely,


Mary G. Leary
Chief Operating Officer

3. What are the entrance fee refund options?

Our Certificate of Authority application will outline our intentions regarding refund options. As you may know, one scenario that was highlighted during the Confirmation Hearing was an 82 percent refund (a 90 percent program minus an 8 percent long-term care fee -- see question #10 regarding 8 percent long-term care fee). **In response to resident concerns that a higher entrance fee would need to be charged in order to receive an 82 percent refund (as compared with the prior 50 percent refund program), we also plan to offer a 42 percent refund program (a 50 percent program minus an 8 percent long-term care fee).** In addition, it is our intention that the few residents who originally moved in under a 0 percent refund plan will be eligible for a 0 percent refund option, pending verification of financial need.

4. How long will we continue to pay the current monthly fee?

You will continue to pay your current monthly fee until we receive a "permit to sell deposit subscriptions," which we anticipate to occur about December 1998. At that point, we will ask you to submit a 20 percent deposit and we will adjust the monthly fee of residents who do so.

We have not budgeted any increases in monthly fees during 1998, although increases will inevitably occur in future years in order to address rising labor and other operating costs. Please rest assured that we work diligently to manage expenses and that, as an affiliate of Hyatt Corporation, La Jolla Village Towers will reap the benefits of group purchasing volume discounts.

5. Will we need to sign a new rental Residency Agreement now that Classic Residence by Hyatt has acquired La Jolla Village Towers?

Yes. We will ask you to sign a revised Residency Agreement to reflect the new ownership and management. This revised Residency Agreement will be given to you next week for your review and signature. If you have any questions, Vicky or Annie will be happy to meet with you.

EXHIBIT #2

**La Jolla Village Towers
A Classic Residence by Hyatt
August 1998**

CCRC Time Line and Next Steps

1. What is the time line for becoming a continuing care retirement community (CCRC)?

Based on information we have received from the State of California, the following is our estimate of the time frame for La Jolla Village Towers (LJVT) to become a continuing care retirement community:

July 30, 1998	The State issues notification that our application is complete (within 30 days of initial filing)
November 30, 1998	The State issues notification of any deficiencies in our application (<u>within</u> 120 days of previous step) and we provide supplemental information to the State, if needed
December 31, 1998	The State issues a Permit to Sell Deposit Subscriptions Begin accepting 20 percent entrance fee deposits and adjust monthly fee for residents who submit them
May 31, 1999	Obtain 20 percent deposits on 60 percent of units (142 units). (We need your help to accomplish this!)
June 30, 1999	Obtain Provisional Certificate of Authority (PCOA)

EXHIBIT #3

LA JOLLA VILLAGE TOWERS

— A CLASSIC RESIDENCE BY —
HYATT

December 26, 2001

Dear Resident:

We have concluded the budgeting process for our community for the next fiscal year. Not surprisingly, the largest operating expense continues to be wages and benefits for employees – 43% of total operating expenses.

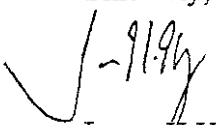
As discussed at the Resident Council meeting, we will experience a very large increase in employee health insurance, and an even larger one in our general insurance coverage. In fact, we expect liability insurance to increase 1000% in the next fiscal year.

It is our intention to operate our community in such a manner to be financially viable while continuing to provide a distinctively high level of customer service.

During our presentation, we announced the budgeted 6% increase in monthly fees and promised to send copies of the overhead projection slide detailing the budget information. Also attached here is information on the fees for general services provided in our community.

Please be assured that we are looking at all our expenses and systems to find ways of reducing the impact of such increases while maintaining the level of service that is the hallmark of La Jolla Village Towers.

Sincerely,


James H Hayes
Executive Director

SHORT 1153

LA JOLLA VILLAGE TOWERS

— A CLASSIC RESIDENCE BY —

HYATT®

March 2003

Dear Neighbor,

Soon everyone will know.

Right now, however, you are among the first to learn about an exciting new opportunity to enjoy senior living with the Hyatt Touch®.

La Jolla Village Towers, a premier continuing care retirement community located in the heart of the Golden Triangle, is pleased to announce the addition of spacious new apartment homes in an array of floor plans.

Everything about La Jolla Village Towers is spectacular: the architecture, the award-winning design, the quality of amenities, the level of services, the attention to detail—everything you would expect from the senior living affiliate of Hyatt Corporation. Imagine having all this and more:

- The perfect location in La Jolla, offering easy access to world-class cultural activities, sporting events, services and shopping. Costa Verde Plaza is just a short walk from the community, and University Towne Center is nearby.
- Beautifully designed one-, two- and three-bedroom apartment homes with spacious, well-appointed kitchens and conveniences for your comfort.
- A host of highly desirable services and amenities.

Perhaps most important of all, La Jolla Village Towers offers a vibrant, active lifestyle with the peace of mind that comes from knowing your potential long-term care needs will be expertly met at our on-site care center at virtually no extra cost.

You are invited to join our Priority Program, designed to equitably manage current and anticipated interest in these new apartment homes, by making a risk-free, fully refundable, interest-bearing deposit of \$1,000. You will continue to receive information about the expansion

SHORT 0092

of La Jolla Village Towers as it becomes available. In addition, you will have the option of choosing your apartment home, in priority order, when the floor plan and location selections are introduced and prices are at their lowest. The enclosed brochure provides you with details about the benefits of the Priority Program.

This program is completely risk-free and, while available right now, will be in effect for a limited time only. If you have been seeking a truly exceptional senior living experience in the ideal location, you owe it to yourself to find out more about this exclusive opportunity at La Jolla Village Towers. Call us at (858) 646-7745 or 1-800-995-5392 today, or stop by our Marketing Office at the community at 8515 Costa Verde Boulevard.

We look forward to seeing you soon!

Warmest regards,



Jeff Tipton
Director of Sales

P.S. Please call us at (858) 646-7745 or 1-800-995-5392 to learn more about upcoming events at La Jolla Village Towers. We would love it if you could attend them!

SHORT 0093

EXHIBIT #4

LA JOLLA VILLAGE TOWERS

— A CLASSIC RESIDENCE BY —
HYATT

MEMORANDUM

To: All Residents
From: Carolyn Zuehl
Date: November 14, 2000
Re: Income Tax Deductions

The following information is being provided to you for Income Tax planning purposes. These items may be tax deductible, pursuant advice of your tax accountant. (See attached)

For those residents who have selected the 360 day Standard Care Plan Option with a 42% and 82% repayment plan, 8% of your total entrance fee paid is considered to be for pre-paid Long Term Care.

For those residents who have selected the Unlimited Care Plan with a 0% and 40% repayment plan, approximately 23% of your total entrance fee paid is considered to be for pre-paid Long Term Care, as well as the entire \$18,000 for the second person covered.

Per page 6, paragraph 14, of the CCRC agreement, the estimated amount of your monthly fee attributable to Real Estate Taxes is \$2.00 per square foot. To compute the annual figure, multiply the total square footage of your apartment by \$2.00

EXHIBIT #5

LA JOLLA VILLAGE TOWERS

— A CLASSIC RESIDENCE BY —

HYATT

MEMORANDUM

To: All Residents

From: Carolyn Zuehl

Date: December 6, 2001

Re: Income Tax Deduction

If you signed your CCRC agreement with Classic Residence by Hyatt in the year 2001 the following information applies and is being provided to you for Income Tax planning purposes. These items may be tax deductible, pursuant advice of your tax accountant.

For those residents who have selected the 360 day Standard Care Plan Option with a 42% and 82% repayment plan, 8% of your total entrance fee paid is considered to be for pre-paid Long Term Care.

For those residents who have selected the Unlimited Care Plan with a 0% or 40% repayment plan, approximately 23% of your total entrance fee paid is considered to be for pre-paid Long Term Care.

Additional information regarding the percentage of your monthly fee related to health care and the Wellness Center will follow in February, after the close of the calendar year.

Per page 6, paragraph 14, of the CCRC agreement, the estimated amount of your monthly fee attributable to Real Estate Taxes is \$2.15 per square foot. To compute the annual figure multiply the total square footage of your apartment by \$2.15.

If you do not know the square footage of your apartment, please call Jeanne in the Marketing department at 646-7745.

EXHIBIT #6

LA JOLLA
VILLAGE TOWERS
A CLASSIC RESIDENCE BY
HYATT™

February 7, 2003

Re: Medical Tax Deduction – Monthly Fee

Dear Resident:

The Internal Revenue Service has issued several rulings, which generally hold that a portion of monthly fees paid by residents of a continuing care facility *may* be deductible as a medical expense, subject to certain limitations.

The percentage of your basic monthly fee that may qualify as a medical deduction is 22.10%.

We recommend that you seek advice from a tax advisor regarding your eligibility for this medical expense deduction.

In addition, in accordance with page 6, paragraph 14, of the Residency Agreement, the estimated amount of your monthly fee attributable to real estate taxes is \$2.19 per square foot.

2.19
8.40
15.33
175.2
190.53
2
380
190.5
22.19
PROPERTY TAXES

EXHIBIT #7

LA JOLLA
VILLAGE TOWERS
A CLASSIC RESIDENCE BY
HYATT™

February 7, 2003

Re: Medical Tax Deduction – Monthly Fee

Dear Resident:

The Internal Revenue Service has issued several rulings, which generally hold that a portion of monthly fees paid by residents of a continuing care facility *may* be deductible as a medical expense, subject to certain limitations.

The percentage of your basic monthly fee that may qualify as a medical deduction is 22.10%.

We recommend that you seek advice from a tax advisor regarding your eligibility for this medical expense deduction.

In addition, in accordance with page 6, paragraph 14, of the Residency Agreement, the estimated amount of your monthly fee attributable to real estate taxes is \$2.19 per square foot.

2.19
870
1533
1752
190530
2
380
1905
22816 - PROPERTY TAXES



Continuum of Care

Our vision for La Jolla Village Towers, A Classic Residence by Hyatt, is that of a continuing care retirement community that addresses the potential need for long-term care.

Rental Agreement Coverage

Until residents are covered by a continuing care agreement, their need for increased care is addressed in the following ways:

- **Wellness Services:** Wellness services such as personal health assessments and periodic health screenings are available through our on-site wellness center under the supervision of a licensed vocational nurse. Limited short-term, non-routine personal care services, including help with bathing, dressing, grooming and monitoring medications, are coordinated through our wellness center and delivered in the comfort and convenience of our residents' apartments for no additional charge beyond their monthly fee. Our wellness center staff is also available around the clock to respond to medical emergencies. The center features an examination room and an office for visiting physicians.
- **Higher Levels of Care:** Should residents need assistance beyond that which we provide, residents may contract with an outside home health care agency or long-term care facility on a fee-for-service basis to the extent provided by law.

Continuing Care Agreement Coverage Prior to Care Center Completion

Once La Jolla Village Towers is permitted to enter into continuing care agreements, but prior to the completion of our proposed on-site care center, residents' need for additional care will be addressed in the following ways:

- **Wellness Services:** Wellness services such as personal health assessments and periodic health screenings are available through our on-site wellness center under the supervision of a licensed vocational nurse. Limited short-term, non-routine personal care services will continue to be available through our wellness center for no additional charge beyond the monthly fee.
- **Extended Assisted Living Services, Alzheimer's Care or Skilled Nursing Care:** Residents who require such services may relocate to a designated nearby care center and receive coverage according to the Continuing Care Residency Agreement Option that they selected, as outlined in their Residency Agreement.

Continuing Care Agreement Coverage After Completion of Care Center

Once our proposed on-site care center has been completed, residents will be entitled to receive long-term care right on our campus. Care will be appropriately tailored to the individual and will include the following:

- **Wellness Services:** Wellness services will continue to be available through our on-site wellness center under the supervision of a licensed vocational nurse.
- **Assisted Living Care:** In La Jolla Village Towers' assisted living center, licensed nurses and certified nursing assistants will provide individualized assistance with bathing, dressing, grooming, monitoring medications and other activities of daily living. The assisted living center will be staffed on a 24-hour basis and will feature studio and one-bedroom apartments.
- **Alzheimer's/Dementia Care:** The care center at La Jolla Village Towers will feature suites designed for residents with mild to moderate Alzheimer's disease or similar cognitive impairments. Specially trained staff will minimize stress for residents and help them maintain their independence and individuality for as long as possible. Our Alzheimer's area will have trained professional staff on duty 24 hours a day.
- **Skilled Nursing Care:** Short- or long-term skilled nursing care will be available on a 24-hour basis at La Jolla Village Towers' care center. A skilled nursing setting is appropriate for individuals who are recovering from surgery or illness, who require concentrated rehabilitation or who need ongoing long-term care. Our nursing staff will reinforce the healing process and create a comforting and dignified environment for all residents.

A comprehensive nutrition program, developed under the guidance of a Certified Dietary Manager (CDM); scheduled local transportation; and an activities program tailored to the interests and abilities of care center residents will also be integral parts of our care center offering. Outpatient services, including physical, occupational and speech therapy, will be available at an additional fee once the care center is completed.