



RESIDENCE AND CARE AGREEMENT

Effective June 30, 2009

**The Highlands at Wyomissing
A Continuing Care Retirement Community
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**THE HIGHLANDS AT WYOMISSING
RESIDENCE AND CARE AGREEMENT**

This Agreement is made between **THE HIGHLANDS AT WYOMISSING**, a Pennsylvania not-for-profit corporation which is the owner and operator of The Highlands at Wyomissing, a Continuing Care Retirement Community, hereinafter called the "Community" or "The Highlands," and _____ hereinafter called the "Resident," (Where two individuals sign this Agreement for Double Occupancy, they are called collectively the "Resident" where the context permits, and individually the "Co-Resident".)

The Resident, having applied for entry to the Community, and the Community, having accepted the Resident, agree to the following:

1.0 APPLYING FOR RESIDENCE

1.1 Consideration for Occupancy and Continued Stay. Upon execution of this Agreement by the Community and the Resident, and in consideration of the payment of the Entrance Fee, the Resident will move to the Community in accordance with the provisions of this Agreement. In exchange for the ongoing provision of services after Occupancy by the Community, the Resident agrees to pay a Monthly Service Fee as set forth in this Agreement.

1.2 Scope of Care. From and after the Occupancy Date, the Community will provide for the Resident the facilities, services and care set forth below, for and during the balance of the Resident's life or for such shorter period as shall apply under this Agreement.

1.3 Residence. The Resident has been assigned, and has accepted, the following Residence: _____; occupancy is for **One/Two** person.

1.4 Processing Fee. The Resident has paid to the Community a Processing Fee of **\$400.00** for processing of the application. This Processing Fee is non-refundable for any reason.

1.5 Deposit and the Entrance Fee. The Resident has paid, or will cause to be paid before the Designated Occupancy Date, a total Entrance Fee of \$_____, exclusive of the Processing Fee, which was paid for processing of the application. The amount of the Entrance Fee is determined by the type of Residence and number of occupants. The Entrance Fee shall be paid as follows:

The Resident has paid an Application Deposit of \$_____ as a down payment towards the Entrance Fee;

\$_____ (10%) is due immediately upon the signing of this Agreement;

\$_____ (45%) is due within forty-five (45) days of the signing of this Agreement;

\$_____ (45%), which is the balance of the total Entrance Fee less the Deposit, is due seventy-five (75) days after the signing of this Agreement or upon the Resident's Designated Date of Occupancy, whichever is earlier. If two persons sign this Agreement as the "Co-Residents," the sum stated in this paragraph covers both persons.

An addendum will be required to reflect requested upgrades. Payment for all upgrades will be made no later than the date of occupancy.

The Entrance Fee is amortized over a period of fifty (50) months at two percent (2%) for each month of occupancy, or portion thereof. The Entrance Fee is a one-time cost to the Resident and shall not be adjusted unless the Resident or the Co-Residents change the Residence upon which the Fee was originally based.

1.6 Medical Examinations. The Resident has agreed to be examined by a physician selected or approved by the Community at the Resident's expense and to make the results of the examination available to the Community. The Community may require additional examinations to clarify the Applicant's health status. The costs associated with the additional examinations shall be at the Resident's expense.

1.7 Right to Rescind without Penalty or Forfeiture within Seven (7) Days. The Resident may rescind this Residence and Care Agreement within seven (7) days of the date of execution by signing the attached Notice of Right to Rescind and delivering it to the Community. If the Resident chooses to rescind this Agreement, there is no refund available for the one-time Processing Fee, which was submitted with the Residential Application(s). The Resident is not required to move into the Community before the expiration of this seven (7) day period.

2.0 FACILITIES PROVIDED TO THE RESIDENTS

2.1 Residences and Common Areas. The Resident will have the right to occupy and use the assigned Residence, subject to the provisions for change in accommodations set forth below. The Residence has standard floor covering, major kitchen appliances, standard painting and other permanent fixtures. Sheer window treatments are provided only for apartment units.

The Resident, in common with other members of the Community, may use the dining venues, auditorium, library, fitness center, in-door pool, social and recreational areas, woodshop, art studio and other common areas in accordance with the policies governing the reservation and use of common facilities. Use of such common facilities may be restricted from time to time by Administration.

2.2 Laundry. Some Residences house laundry appliances. Additionally, centrally located washers and dryers are available for the Residents' personal laundry.

2.3 Storage. A locked storage area of approximately two hundred (200) cubic feet shall be provided for each apartment. The Resident bears all risk of loss or damage to stored property.

2.4 Pets. The Resident, with approval of the Community, may bring into his/her Residence a lap-sized pet presently owned by the Resident. After occupancy, the Resident must have written approval from the Community for the addition of a pet in the Residence. The Community's Resident Handbook contains established policies for the maintenance of a pet in the Community; these rules are subject to change from time to time. At any time that a pet becomes a nuisance, or a disturbance to the health, safety or well being of the Community, or violates the policies established by the Community for pet maintenance, the Community may, in its sole

discretion, revoke approval for the pet. Failure to remove pet after revocation of approval by the Community will constitute a Termination by the Resident of this Agreement.

2.5 Right of Self-Organization. The Resident, along with other Residents of the Community, shall have the right of self-organization and to attend bi-monthly meetings of the Residents with a designated representative of the Community's governing board. At least seven (7) days notice of each bi-monthly meeting shall be given to the Resident.

The Residents of the Community have an elected Residents' Council to act in an advisory capacity with the Community to facilitate the exchange of ideas between the Residents and the Community. The management of the Community will hold regular meetings with the Residents' Council for the purpose of free discussions of policies, programs and services.

2.6 Guest Policies. The Resident may entertain and accommodate guests in his/her Residence, but no one other than the Resident shall have a right of occupancy in a Residence without the consent of the Community. Guest policies are established by the Community for the general welfare of the Residents and guests and for the safe operation of the Community; these policies are subject to change from time to time. The intent of such policies is to permit guest visits of short duration where such visits do not adversely affect the operation of the Community and are consistent with the welfare of the Residents.

A Resident shall notify the Community of any guest whose stay exceeds seven (7) days. The Community has sole discretion to consent to guests remaining for any period longer than seven (7) days. If the Community grants consent for any guest to stay in excess of seven (7) days, the Community may establish conditions for the extended stay and may assess a charge to the Resident for the extended stay.

2.7 Parking. The Community maintains a limited number of parking areas. In order to obtain a parking space, the Resident must own and register the vehicle with the Community. Guest and additional vehicle parking is available in accordance with the Community policy, which is subject to change from time to time. The Community reserves the right to designate parking areas. There are no individually reserved parking spaces. A vehicle that is not being regularly driven, as defined in the Community policy set forth in the Resident Handbook, must be removed from the premises.

2.8 Operation of Motor Vehicles, Electric Carts, and Battery Operated Scooters. The Resident's use of any motorized vehicle, such as an automobile, electric cart/scooter, is subject to the Community's rules and policies as reflected in the Resident Handbook, which is subject to change from time to time. The Community reserves the right to revoke the Resident's operating, driving and parking privileges on the Community's property if the Resident does not abide by the applicable rules and policies.

2.9 Prohibitions on Use of Space. The Resident may not utilize the Residence to engage in a trade, business or other occupation unless approved by the Community in writing.

2.10 Smoking Policy. As of February 1, 2009, Residents or their guests will not be permitted to use tobacco products in any area of The Highlands, including residential dwellings, patios, and balconies, outside grounds, parking lots and parked cars.

2.11 Alteration of Living Space. Redecoration of Residences, in addition to or other than that scheduled by the Community, shall require pre-approval of the Community, and shall be at the Resident's expense. The Community retains the right to inspect yearly any interior and/or exterior upgrades made by the Resident in order to insure that these upgrades continue to adhere to the Community standards. Any change or replacements by the Resident of the furnishings provided by the Community in the Residence become the property of the Community unless specified in writing by the Community.

2.12 Insurance Requirements. The Resident shall obtain and maintain, at the Resident's expense, general liability insurance in such amounts as the Community in its discretion may deem appropriate, which amounts are subject to change from time to time. The Resident also shall obtain and maintain personal property insurance in an amount sufficient to cover the loss of all personal property in the Residence. The Community requires that the Resident provide the Community with a certificate of insurance verifying coverage.

2.13 Risk of Loss. The Community shall not be responsible for the loss of any personal property belonging to the Resident due to theft, fire, water damage, or any other cause, unless such loss is determined by the Community to be attributable to or caused by the negligence of the Community.

2.14 Responsibility for Damages. Any loss or damage to real and/or personal property of the Community caused by the negligence of the Resident, including all acts on the part of the Resident or their guests that are not construed as normal wear and tear shall be paid for by the Resident. If any negligence by the Resident or the Resident's guests or employees results in injury or damage to another Resident or to his/her personal property, the Resident releases and discharges the Community from all liability or responsibility for such injury or damage.

2.15 Indemnification and Hold Harmless. The Resident agrees to indemnify and hold harmless the Community for any claims against the Community as a result of negligence of a Resident or the guests or employees of a Resident which results in injury or damage to another Resident or his/her personal property.

2.16 The Resident's Right to Privacy. The Community acknowledges the Resident's right to privacy and its responsibility not to enter the Residence except under certain circumstances. The Resident acknowledges that authorized personnel of the Community have a limited right to enter the Resident's Residence in order to carry out the purpose and intent of this Agreement. This right of entry shall include, but is not limited to, entry for the purpose of: (a) response to the medical alert system; (b) response to the fire alert system; (c) entry by authorized personnel if the Resident is reported missing or has not responded to repeated calls; (d) scheduled or emergency housekeeping and maintenance; (e) where prior approval has been given for the purpose of showing the Residence to prospective Residents; and (f) for services preauthorized by the Resident, including routine security measures such as checking the alarm systems.

3.0 SERVICES PROVIDED BY THE COMMUNITY

3.1 Meals.

3.1 (a) Full Services Dining. Community dining is available daily with a choice of standard menus. For Residents occupying apartments, the Monthly Service Fee provides for one (1) daily meal per resident. For Residents who reside in Cottages, the Monthly Service Fee provides for ten (10) meals per month per resident. Residents desiring additional meals may arrange for such meals at the charges currently in effect. Reasonable special dietary meals will be provided upon request; however, some adjustment in the charge may be required.

3.1 (b) Guest Meals. Residents are encouraged to bring guests for meals served in the dining rooms. Reservations are preferred. Charges for guest meals are added to the Residents monthly bill at the current charge; such charges are subject to change.

3.1 (c) Room Service. The Community shall provide a Resident with room service if the Resident is confined to his/her Residence for minor illnesses and if medically prescribed by the Resident's physician and/or approved by the Community. The Community reserves the right to restrict the duration of room service in accordance with Community's policy. Room service that is not medically prescribed will be charged to and paid by the Resident.

3.2 Housekeeping Services. The Resident agrees to maintain his/her Residence in a clean, sanitary and orderly condition. The Community shall provide housekeeping in all public areas, and twice-monthly light housekeeping service in the Residence. Annual, heavier cleaning services shall be provided to maintain each Residence in a clean and sanitary condition.

Should the Resident be unwilling to maintain his/her Residence in a clean, sanitary and orderly condition, the Community shall, after notice to the Resident, arrange for the provision of such additional services, and the cost will be charged to the Resident.

3.3 Cable and Telephone Services. The Community shall provide telephone wiring to each Residence. All telephone service and charges shall be at the expense of the Resident. Basic cable television service, or its general equivalent, shall be provided to each Residence. No exterior antennas or satellite dishes shall be permitted.

3.4 Utilities, Maintenance and Repair Services. The Community shall furnish reasonable amounts of hot and cold water, heat, air conditioning, electricity, and sewer to each Residence. Cottage Residents shall be billed directly for natural gas and electricity. The Community shall be responsible for trash removal, snow removal, lawn maintenance, and all necessary repairs, maintenance and replacement of property and equipment owned by the Community. The Resident shall be responsible for his/her own personal property.

3.5 Transportation. The Community shall provide regularly scheduled transportation at no extra charge to the Residents for shopping, banking, or other needs deemed necessary by the Community. Transportation for medical appointments within a ten (10) mile radius will also be provided if necessary. In its discretion, Community shall provide unscheduled transportation, subject to availability, for an additional charge as reflected on the Transportation Fee Schedule.

3.6 Social Events and Programs. The Community shall offer a schedule of social, educational, travel, recreational and religious programs to stimulate and support the overall physical, spiritual, and educational well being of the Residents.

3.7 Additional Services and Fees. Other miscellaneous services are available at an additional charge and are not included in the Monthly Service Fee. A written list of these services is available from the Finance Department. Services and fees may be changed periodically.

3.8 Changes in Services. The Community reserves the right to provide additional services or delete existing services in its sole and absolute discretion. Thirty (30) days advance notice of any such change in services shall be provided.

4.0 HEALTH SERVICES

The Community shall provide the Health Services benefits specified below to the Resident.

4.1 Emergency Service. Each Residence shall have an Emergency Call System enabling staff response to emergency calls 24 hours each day.

4.2 Nursing Care and Personal Care. The Community shall provide routine nursing care or personal care for temporary and permanent illnesses. Upon transfer to Nursing Care or the Personal Care Residence, Resident is required to sign an additional agreement for the provision of nursing care or personal care services. These agreements shall supplement the terms of this Agreement.

4.3 Costs for Health Services. The Entrance Fee and Monthly Service Fee provide the Resident with routine services in Nursing Care in a semi-private accommodation or a studio accommodation in Personal Care. Private accommodations in Nursing Care are provided on a space available basis and at an additional charge as reflected on the Schedule of Charges. There is also an additional charge for any accommodation larger than a studio accommodation in Personal Care.

The Community's commitment to provide health services shall not be terminated, subject to the Resident's satisfaction of conditions of this Agreement related to maintenance of insurance, payment of co-payments, deductibles and personal costs. However, the Community's commitment to provide health services shall be subject to the termination provisions for cause and under extraordinary circumstances, and the commitment is subject to the Community's right to make the sole and final determination with regard to residency, terms of residency, transfer, placement and dismissal of any Resident.

4.4 Monthly Service Fee Coverage and Ancillary Charges. The Monthly Service Fee covers only routine nursing care and personal care; nursing care in a semi-private room and personal care in a studio accommodation. If larger accommodations are requested by the Resident, the Resident is responsible for the difference in charges. The Monthly Service Fee will be adjusted for the cost of meals in accordance with this Agreement, applicable law, and with the rules and regulations promulgated for the operation of the Community. All miscellaneous charges and fees for ancillary services not included in the basic rate are an additional charge and

shall be paid by the Resident. A description of ancillary services not covered by or included in the basic rate is provided to the Residents upon a move to Nursing Care or Personal Care, upon the change in such charges, or upon request.

The Community reserves the right to provide semi-private accommodations in Personal Care for short-term, temporary stays. There is no reduction in the Monthly Service Fee if a semi-private accommodation is provided in Personal Care on a temporary basis. All other ancillary charges as described above will apply to short-term temporary stays in Personal Care.

4.5 Exclusions. The following items are not covered by the Monthly Service Fee: prescription drugs, over-the-counter drugs, hospitalization, ambulance services, therapy or rehabilitation services, home health services, laundering of personal clothing, physician services, Medicare deductibles and co-payments, medical or diagnostic tests, psychotherapy and psychiatric consultations or services, diagnostic services, dental services, chiropractic services, transplants, private duty nurses or companions, podiatry, refractions, eyeglasses, contact lenses, hearing aides, orthopedic devices and appliances such as walkers, braces, wheelchairs, special beds or chairs, incontinence supplies, personal care supplies such as disposable under garments, toiletries, digestive aids and over-the-counter pharmaceutical and other health supplies, medical equipment and supplies, such as respirators, ventilators, oxygen tanks, intravenous items, catheterization materials, specialized treatment including ventilator dependent treatment, dialysis, and all sub-acute care services, chemotherapy, blood transfusions, or special rehabilitation services, and any other health or medical service not specifically set forth in this agreement. The Community in its discretion may provide any or all of the services not covered by the Monthly Service Fee at an additional charge, or refer the Resident to another provider capable of providing higher acuity services.

4.6 Hospitalization or Special Service Facility Care. The Community does not provide hospital, acute, sub-acute care, or psychiatric/mental health services. The Community will arrange for the transfer of the Resident to a hospital or other facility on order of the Resident's Physician or the Medical Director. The costs of ambulance or emergency transportation for transfer to a hospital, acute or sub-acute care, or psychiatric/mental health services or any specialty care services provider and the costs of such hospitalization, acute and sub-acute care, and psychiatric/mental health or specialty care services are not included in this Agreement and shall be the responsibility of Resident.

4.7 Accident or Illness Away From the Community. In the event the Resident suffers an accident or illness while away from the Community, and the Resident relies on health care and support services available in the area where the accident or illness occurred, the Resident's health insurance or other personal resources available must be used for payment for such services. The Resident shall make every reasonable effort to notify the Community of the accident or illness and, upon the Resident's return to the Community, the Resident shall be entitled to all benefits under this Agreement. The Community shall, as long as the Resident continues to pay all monthly charges that the Resident would be obligated to pay if cared for in Nursing Care, contribute to the cost of temporary care in another nursing facility up to an amount equal to the Community's daily cost for semi-private nursing care.

4.8 Limitations on Care. The Community's services are not designed to care for persons with serious mental illness or who require specialized psychiatric care or services not authorized or permitted under licensing currently granted by the Commonwealth to the Community. If the Community determines that the Resident's mental or physical condition is such that the Resident's continued presence in the Community is either dangerous or detrimental to the life, health, safety of the Resident, other Residents or to the peaceful enjoyment of the Community by other Residents, the Community may transfer the Resident to an appropriate outside care facility. If the transfer is for a temporary period, then the Resident shall continue to pay the applicable Monthly Service Fee and also shall be responsible to pay for the cost of the Resident's care in such other facility. If the transfer is to be permanent, then the Termination provisions of this Agreement shall apply, except that only such notice of Termination as is reasonable under the circumstances shall be given in any situation where the Resident is a danger to self or others, or to the health, safety or peace of the Community.

4.9 Limitation on the Resident's Liability. If a health care provider seeks payment from the Resident for health services which are the responsibility of the Community to pay under this Agreement, then the Community shall hold the Resident harmless from all loss or liability arising from such claims for payment.

5.0 HEALTH INSURANCE

5.1 Required Insurance. The Community expects that some of the cost of medicines, medical or nursing services or equipment provided for the Resident under this Agreement will be paid by benefits available through Social Security programs (commonly known as "Medicare A, B & D"), private plans or programs of medical/surgical insurance, including Medicare supplemental health insurance (commonly known as Medigap insurance), or through present or future federal, state, municipal plans or programs of medical/surgical insurance, including, without limitation, the benefits available through Social Security programs (commonly known as "Medicare A, B & D"). The Community may exercise an option to grant occupancy to a Resident without Medigap insurance if the Resident has equivalent alternative coverage approved by the Community or if the Resident can establish to the satisfaction of the Community the ability to self-fund the co-insurance obligations typically covered by Medigap insurance. An addendum shall be signed by a resident who exercises this option.

Prior to occupancy, the Resident shall secure, in a form acceptable to the Community, medical and surgical insurance for protection from medical risks and, when eligible, shall secure and maintain in force at the Resident's expense maximum coverage available under the federal government Social Security health insurance indemnity program known as "Medicare A and B", or an equivalent policy approved in writing by the Community, and at least one Medigap insurance policy such as those offered by the Blue Cross and Blue Shield Plans, or an equivalent policy as approved in writing by the Community which provides coverage for Medicare deductibles and co-insurance.

Benefits from a health maintenance organization ("HMO") or managed care plan will not satisfy the insurance requirements under this Agreement, unless the HMO or managed care plan is approved by the Community in writing as an equivalent policy. See Section 5.3 below.

Proof of such insurance must be provided at the time of application and prior to Occupancy. In the event the Resident fails to maintain such health care insurance after occupancy, the Community reserves the right to make payments for purposes of maintaining insurance in force for the Resident's benefit. The Resident is obligated to reimburse the Community for payments made on behalf of the Resident and the cost of premiums shall be added to and included in the Monthly Service Fee. The payment by the Community of any premium due on the required policies does not constitute a waiver of the Community's right to terminate this Agreement upon the Resident's failure to make premium payments, and the Community has no obligation or liability to provide or pay for the Resident's health insurance. The Resident shall provide proof of health insurance from time to time after occupancy as established by the Community, and shall notify the Community immediately upon any change in the conditions of coverage.

5.2 Assignment of Required Insurance and Third Party Payments. If the Resident becomes eligible to receive payments from any third party for services provided under this Agreement by the Community, the Resident shall at all times cooperate fully with the Community and each third-party payor so that the Community may make claim for, and receive, any applicable third party payments. The Community has the right to any applicable benefits payable to the Community under the insurance coverage required by this Agreement for services the Community renders to the Resident.

5.3 Enrollment in a Health Maintenance Organization ("HMO") or Other Managed Care Plan. The Resident may not enroll in a health maintenance organization ("HMO") or other managed care plan for which the Community is not a network or participating provider, and the Resident may not enroll in or subscribe to any HMO or managed care plan providing equivalent Medicare benefits without the written consent of the Community. Prior to enrolling in any HMO or managed care plan, the Resident shall sign an addendum identifying the plan and reflecting the Community's approval or disapproval.

In the event that the Resident subscribes to an HMO or other managed care plan, including a managed care plan that provides Medicare benefits, and the Community is not a participating provider in the Resident's managed care plan, the Community may elect, at its option, to attempt to negotiate an agreement with and to obtain payment from the Resident's managed care plan for covered services to be provided by the Community. If the Resident's managed care plan and the Community do not reach an agreement on the terms under which services would be provided, or the Resident's managed care plan does not agree to provide payment for covered services provided by the Community, the Resident shall either transfer to and receive services from a participating provider in the Resident's managed care plan or shall pay the Community, in addition to the Monthly Service Fee, the cost of routine nursing care or personal care which otherwise would have been covered by Medicare indemnity coverage, but only for the limited period of time during which Medicare or other required insurance coverage would have been available. The Resident shall pay for all other ancillary charges and services related to such care.

In the event that the Resident is transferred to a provider participating in the Resident's managed care plan, the Resident shall continue to pay the Monthly Service Fee and additionally all costs and charges related to the transfer to and occupancy of the participating provider. There will be no reduction in the Monthly Service Fee, as a result of the Resident's participation in any

health insurance program or managed care plan, which provides for payment for services rendered in Nursing Care or for other services provided by the Community.

If the Community is or becomes a network provider in the Resident's managed care plan, the Community reserves the right to withdraw from participating as a network provider.

6.0 FINANCIAL PROVISIONS

6.1 Monthly Service Fee. The Resident shall pay to the Community a Monthly Service Fee of \$_____, in advance for each month of Occupancy. The amount of the Monthly Service Fee is based on the size and number of occupants of the Residence. Payment of the first Monthly Service Fee is due on the date the Resident accepts Occupancy or the Designated Occupancy Date, whichever is earlier. The Monthly Service Fee for the first month of Occupancy shall be pro-rated if the Resident assumes Occupancy after the first of the month. All subsequent payments are due immediately upon receipt of a monthly statement.

6.2 Statement of Charges. Billing statements will be generated monthly and will include the advance Monthly Service Fee and all other charges for meals and for miscellaneous, ancillary or other services and applicable meal and other credits during the previous month. Payment for all other charges is due at the same time as the Monthly Service Fee.

6.3 Away Allowance. If the Resident plans to be away from the Community for a period of fourteen (14) to twenty-nine (29) consecutive days and notifies the Community in advance, the Resident shall be credited with the published daily away allowance on the monthly statement for such absence. Residents who provide advance notice that they will physically be away and will not utilize the corresponding meal credits for a period of thirty (30) or more consecutive days can receive an Extended Away Allowance. The Community reserves the right to limit the number of away allowances granted in one year.

6.4 Late Payment and Cost of Collection. If payment is not received within thirty (30) days of the date of mailing set forth on the monthly statement, the Resident will be charged interest on the outstanding balance at an annual rate of eighteen (18%) percent unless other arrangements are made in writing between the Community and the Resident. If payment of the outstanding balance is not made within ninety (90) days from the due date, the Community may elect to exercise its available rights and remedies under this Agreement, including Termination. In the event the Community initiates mediation and/or arbitration to collect payments past due in excess of ninety (90) days and the parties, through mediation, mutually agree in favor of the Community, or if unable to mutually agree, the Community, through arbitration, is deemed to be the prevailing party, the Resident shall be responsible to pay all attorneys' fees and costs incurred by the Community in pursuing the enforcement of the Resident's financial obligations under this Agreement. If the parties mutually agree in favor of the Resident or the Resident is the prevailing party in a collection action, the Resident shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

6.5 Adjustments in Monthly Service Fee. The Monthly Service Fee may be adjusted from time to time. The Community will strive to maintain its Monthly Service Fee as low as possible, consistent with sound financial management and quality service. Factors influencing the need to adjust the Monthly Service Fee include, but are not limited to: inflation rates, (e.g., the cost of living, health care, etc.), government regulations, prefunding for the

Community's future healthcare costs, reserve fund maintenance, and occupancy levels. Adjustments shall not normally be made more frequently than once per year. In all cases, the Community will provide at least thirty (30) days advance written notice of any changes in the Monthly Service Fee.

6.6 The Co-Resident's Fee Responsibility. In situations of Double Occupancy, each Co-Resident shall be jointly and severally liable for all payments due under this Agreement. If one Co-Resident expires or leaves the Community, the remaining Co-Resident shall be responsible for payment of the applicable Monthly Service Fee and any other past or future charges.

6.7 Disclosure of Financial Information. The Community reserves the right to require the Resident to update the financial information disclosed in the Application for Occupancy. Such disclosure allows the Community to monitor and project future financial assistance needs.

6.8 Termination of Obligation to Pay Fees. In the event this Agreement is terminated, the Resident's obligation to pay the Monthly Service Fee shall continue until the date of Surrender of the Residence.

6.9 Transfer of Funds/Failure to Meet All Financial Obligations to the Community. Resident shall not be eligible for financial assistance if Resident has unreasonably depleted assets or income, as represented under the "Assets" and "Income" sections of the Confidential Financial Application, to such extent that the ability of the Resident to fulfill Resident's financial obligations to Community has become impaired.

6.10 Financial Assistance.

Community Subsidy. Through the generosity of other Residents and donors, special funds have been designated for use when a Resident, through no fault of his/her own, is unable to meet the full cost of care. The Community will not terminate a Residence and Care Agreement solely because of the Resident's financial inability to pay the Monthly Service Fee or other charges, subject to the restrictions cited in Section 6.9. The availability and continuance of any Community Subsidy is subject to the policies and procedures of the Community, which are published in the Resident Handbook and which may, from time to time, be amended in the sole discretion of the Community.

7.0 CHANGE OF STATUS OF THE RESIDENTS

7.1 Marriage or Sharing of a Residence by Two Residents. Should a Resident marry another Resident of the Community or share his/her Residence with another Resident, the Residents may, with the Community approval, which will not be unreasonably withheld, occupy one Residence and pay the double occupancy Monthly Service Fee for the Residence in which they reside. Any unamortized Entrance Fee for the vacated Residence shall be refunded to the vacating Resident minus any charges required for restoration of the Residence other than for normal wear and tear.

7.2 Proposed Co-Resident Applying to Reside with Existing Resident in One Residence.

Should a Resident invite a proposed Co-Resident to occupy his/her Residence, the proposed Co-Resident must satisfy all Occupancy requirements. If the proposed Co-Resident's application is accepted, the proposed Co-Resident must execute a Residence and Care Agreement prior to Occupancy. The new Resident shall pay an Entrance Fee equivalent to the current Entrance Fee for a studio apartment, which will be amortized over a period of fifty (50) months at 2% for each month of occupancy, or portion thereof. A double occupancy Monthly Service Fee will be paid.

If the Community determines that the proposed Co-Resident does not satisfy all Occupancy requirements of the Community, the Resident shall be entitled to a refund of his/her remaining Entrance Fee, should he/she elect to terminate the Agreement in consequence of the Community's decision not to admit the proposed Co-Resident. This refund shall be in accordance with the Termination provisions in Section 8.

7.3 Transfer for Health Services.

7.3 (a) Conditions of Residence Occupancy. The Resident may occupy the Residence as long as the Resident is able to provide for his/her own needs of daily living, maintain the Residence in a safe, clean and orderly fashion, and keep the Residence in good repair and free from health or safety hazards. The Resident must be able to maintain his/her own person and Residence in such a way as not to pose a threat to the health or safety of self or anyone in the Community. The Resident's ability to satisfy the requirements of residency may be reviewed from time to time by the Community.

7.3 (b) Authority to Transfer. The Community, in its sole discretion, may transfer the Resident from and between Residences, to Nursing Care or Personal Care, or any other appropriate health care facility on a permanent or temporary basis if it determines that such a move should be made because of the health or safety of the Resident or the Community, for the proper operation of the Community, to comply with regulations of the Commonwealth of Pennsylvania, including but not limited to the Pennsylvania Department of Public Welfare, the Pennsylvania Department of Health, local regulations of the Fire Department, the Pennsylvania Department of Insurance, or any other duly constituted authorities or agencies, or to otherwise meet the requirements of law. Upon a determination by the Community's Appropriate Placement Committee or its successor, that the Resident is no longer capable of meeting the Conditions of Occupancy of the Residence, the Resident or the Resident's legal representative, or agent acting on the Resident's behalf, will be notified by the Community that arrangements will be made for the Resident's transfer to Nursing Care or Personal Care or other appropriate care facility.

7.3 (c) Temporary Transfer. If, in the opinion of the Community, the Resident becomes ill or incapacitated and requires temporary nursing care or personal care services, such care will be available in the Community on a temporary basis until the Resident can return to his/her living arrangement and fulfill the conditions of continued Occupancy.

7.3 (d) Permanent Transfer. If the Resident is transferred permanently to another Residence, Nursing Care, Personal Care, or to any other appropriate facilities authorized under this Agreement, the Resident's previous Residence will be considered vacant. The Community shall consider the opinion of the Resident and the advice of a family representative, if available, and, if requested and at the Resident's expense, a private physician. The opinion of the Resident and advice of family and the Resident's physician is advisory only and shall not be

binding on the Community. Upon determination of a permanent transfer from the residence, the Resident must remove all remaining personal property from the dwelling within thirty (30) days of notice of permanent transfer. Beginning day thirty-one (31), if belongings are not removed, Resident shall be charged concurrent monthly service fees for both Residences until all belongings have been removed and/or stored. If the Resident's personal property is not removed within sixty (60) days of the Resident's permanent transfer from the residence, the Community shall place the Resident's personal property in storage and shall not be liable or responsible for any damages to it. The Resident or Resident's estate shall be obligated to pay all costs for the removal and storage of the Resident's property. If the Resident's property is moved to and stored in a commercial warehouse, the Community shall have no liability or responsibility for the Resident's property during the transfer or storage of the property.

7.3 (e) Transfer To Hospital or Outside Facility. In the event that hospitalization or outside care of the Resident becomes necessary as determined by the Community, with the advice of the Community's Medical Director, the Resident will be transferred to a hospital or other outside health care provider. In the event the Resident's mental, emotional or physical condition deteriorates to the degree that, in the professional opinion of the Medical Director, the Resident's presence at the Community is deemed detrimental to the health, safety or peace of other Residents, the Community may transfer the Resident to an appropriate outside care facility.

7.3 (f) Transfer Because of Insufficient Space. If the Community determines that the Resident requires prompt access to nursing care or personal care services and no space is available in the Community's Nursing Care or Personal Care, then the Resident may be admitted temporarily to a comparable Nursing Care or Personal Care of the Resident's choice that is mutually agreed upon by the Resident and the Community and shall be placed on a priority waiting list for transfer back to the Community as soon as possible. In that case, if the outside facility is located within Berks County, the Community shall be responsible to pay the semi-private Nursing Care or studio Personal Care charges for the Resident's care as charged by that facility. If the outside facility is located outside of Berks County, the Community shall be responsible to pay charges for the Resident's care up to an amount equal to the Community's then-current semi-private rate in Nursing Care or studio rate in Personal Care. If the Resident chooses to transfer to another Nursing Care or Personal Care while a bed is then available in the Community, the Resident shall be responsible for all costs incurred for such transfer to and care at the outside facility.

7.3 (g) General Powers of the Community. The Community reserves the right to make all necessary arrangements and adjustments regarding residency not otherwise specifically provided for in this Agreement.

7.4 Transfer between Residences.

7.4 (a) Transfer to Smaller Residence. Should a Resident move to a smaller Residence, the original Entrance Fee paid by the Resident is amortized at the rate of two percent (2%) per month for fifty (50) months (including the probationary period). The difference between the unamortized balance of the Entrance Fee of the larger Residence and the unamortized balance of the Entrance Fee of the smaller Residence, based upon the cost of the Residences when the original Residence was purchased, should any remain, shall be refunded to the Resident. Any such refund

shall be made only after the Residence vacated has been reoccupied and upon receipt of a full Entrance Fee payment from the new Resident.

The Resident's Monthly Service Fee shall change to the then current Monthly Service Fee applicable to the newly occupied Residence. If the Resident is subsequently transferred on a permanent basis to Personal Care or Nursing Care within one year of occupying the new, smaller residence, the original monthly service fee associated with the original, larger residence will be applied. In a situation of double occupancy, upon the death of the resident permanently transferred to Personal Care or Nursing Care, the Monthly Service Fee will revert to the then current monthly service fee applicable to the smaller residence.

The Resident shall be responsible for all moving charges and any restoration charges beyond normal wear and tear for the Residence vacated.

If a Resident desires to transfer to a Residence that has a pending Entrance Fee refund, the Resident will be required to pay into a non-interest bearing escrow fund an amount equal to the refund payable to the estate.

7.4 (b) Transfer to Larger Residence. Should the Resident move to a larger Residence, the unamortized portion of the original Entrance Fee shall be carried forward as a credit toward the then-current Entrance Fee of the new Residence. The Resident will be required to pay the difference between the then-current Entrance Fee for the new Residence and the unamortized portion, if any, of the original Entrance Fee. The Entrance Fee for the larger Residence shall then be amortized at the rate of two percent (2%) per month for fifty (50) months.

The Resident's Monthly Service Fee shall change to the then current Monthly Service Fee applicable to the newly occupied Residence.

The Resident shall be responsible for all moving charges and any restoration charges beyond normal wear and tear for the Residence vacated.

If a Resident desires to transfer to a Residence that has a pending Entrance Fee refund, the Resident will be required to pay into a non-interest bearing escrow fund an amount equal to the refund payable to the estate.

7.4 (c) Transfer to Residence of the Same Size. Should the Resident move to a Residence of the same size, there shall be no adjustment to the original Entrance Fee, and the Monthly Service Fee shall remain the same.

The Resident shall be responsible for all moving charges and any restoration charges beyond normal wear and tear for the Residence vacated.

If a Resident desires to transfer to a Residence that has a pending Entrance Fee refund, the Resident will be required to pay into a non-interest bearing escrow fund an amount equal to the refund payable to the estate.

7.4 (d) Transfer Addendum. The Resident shall sign an addendum to this Agreement reflecting all costs and charges related to the transfer to another Residence, including the Monthly Service Fee for the designated Residence.

7.5 Change in Resident Status.

7.5 (a) Will and/or Estate Planning. If not previously completed, the Resident shall make arrangements providing for the disposal of his/her furniture and possessions, and where appropriate, the appointment of the Executor or Executrix of the Estate.

7.5 (b) Power Of Attorney. The Resident agrees to furnish a Durable Power of Attorney to the Community. This document shall provide the authority of the appointed attorney-in-fact to carry out the terms of this Agreement on the Resident's behalf in the event of the Resident's incapacity. A complete copy of the document, including the address and telephone number of the Resident's appointed attorney-in-fact, shall be submitted by the Resident to the Community at the time of occupancy. All changes in this information shall be communicated immediately to the Community.

7.5 (c) Advance Directives. The Community recommends, but does not require, that each Resident have in effect an "Advanced Directive" in the form of a Living Will and/or Durable Power of Attorney for Healthcare stating the Resident's desires regarding extraordinary life support treatment. The Community further recommends that such documents be made available to the Community as part of the Resident's permanent file.

7.5 (d) Arrangements of Guardianship. If the Resident becomes unable to care properly for his/her property and if the Resident has made no designation of a person or legal entity to serve as guardian, trustee, or power of attorney, or if the authorized guardian, trustee, or power of attorney is unable or unwilling to act on the Resident's behalf, then the Resident hereby authorizes the Community to nominate a person or entity to serve as guardian, trustee, or power of attorney, when approved by a court as provided by law. The costs incurred shall be paid from the Resident's funds.

8.0 TERMINATION OF AGREEMENT

8.1 Right of Rescission. In addition to the termination provisions contained herein, the Resident may rescind this Agreement within seven (7) days of execution by signing the attached Notice of Right to Rescind and delivering it to the Community. Such rescission shall be without forfeiture or penalty; however, there is no refund available for the one time Processing Fee which was submitted with the Application for Occupancy.

8.2 Termination by Death Prior to Occupancy. If the Resident expires prior to the Designated Occupancy Date, this Agreement shall automatically terminate. The Resident's estate shall receive a full refund of any Entrance Fee paid to the Community less any restoration cost. The Community will remarket the residence. If there have been customized alterations, the Community will attempt to obtain payment from the prospective resident. If the new prospective resident does not want the customized alterations, the Resident or the Resident's estate will be responsible for restoration to the original condition. The Entrance Fee refund shall be made within thirty (30) days after the date of death, but such refund shall only be made to a duly authorized representative of the estate. Should one of the Co-Residents expire prior to Occupancy, the other Co-Resident may opt to terminate this Agreement and receive the Entrance Fee refund as described above, or may continue to seek to occupy the Residence and execute an amended Agreement pertaining to single occupancy.

8.3 Termination by the Resident Prior to Occupancy. If the Resident terminates this Agreement prior to the Designated Occupancy Date for any reason other than death, the Resident shall forfeit five percent (5%) of the total Entrance Fee as a Cancellation Fee. Additionally, the Resident shall be liable for any restoration costs incurred by the Community for alterations to the assigned Residence which were requested by the Resident. The refund, subject to any adjustment, shall be made only after the Residence has been reoccupied and upon receipt of the full Entrance Fee from a new Resident.

8.4 Termination by the Community Prior to Occupancy. At any time prior to Occupancy, the Community may terminate this Agreement for failure of the Resident to meet the Conditions of Occupancy or other cause by delivery of written notice to the Resident. Termination shall be effective upon delivery of notice of termination. The refund of the Entrance Fee, subject to adjustment for any restoration costs incurred by the Community, shall be made within thirty (30) days of the effective date of termination.

8.5 Termination by Either Party during Probationary Period. During the first ninety (90) consecutive days of actual occupancy, i.e., physically residing in The Highlands Residence, should either the Resident or the Community decide to terminate this Agreement for any or no reason, including the health status of the Resident, a refund of the unamortized portion of the Entrance Fee will be made to the Resident, less any restoration costs beyond normal wear and tear as determined by the Community. Written notice of the exercise of this right shall be given by the Resident or the Community to the other party no later than the last day of the ninety (90) day probationary period. If the Resident or Community exercises the right to terminate this Agreement, the refund shall be made within ninety (90) days of the date of termination. The Resident must remove all possessions and return the keys to the Community within thirty (30) days of receipt of notice of termination by the Community or within thirty (30) days of notice to the Community of Resident's intent to terminate. The Resident remains obligated to pay the Monthly Service Fee until such time as all possessions have been removed from the Residence. If the Resident's possessions are not removed within thirty (30) days of the date of notice of termination, the Community may place the Resident's possessions in storage and shall not be liable or responsible for any damages to them. The Resident or Resident's estate shall be obligated to pay all costs for the removal and storage of the Resident's possessions. If the Resident's possessions are moved to and stored in a commercial warehouse, the Community shall have no liability or responsibility for the Resident's possessions during the transfer or storage of the possessions. Health Services benefits as described in Section 4.0 Health Services, will not be provided, effective on the date of notice of termination. The Resident shall permit the Community reasonable access to the Residence in order to facilitate the remarketing of the Residence.

8.6 Termination by Death during Probationary Period. If the Resident expires during the ninety (90) day probationary period, a refund of the unamortized portion of the Entrance Fee shall be made, less any restoration costs as set forth above. The refund shall be made only after the Residence has been reoccupied and upon receipt of the full Entrance Fee from a new Resident. The Resident's estate will have up to thirty (30) days from the date of the death to remove all possessions and return the keys to the Community. The Resident's estate remains obligated to pay the Monthly Service Fee until such time as all possessions have been removed from the Residence. If the Resident's possessions are not removed within thirty (30) days of the date of Resident's death, the Community may place the Resident's possessions in storage and

shall not be liable or responsible for any damages to them. The Resident or Resident's estate shall be obligated to pay all costs for the removal and storage of the Resident's possessions. If the Resident's possessions are moved to and stored in a commercial warehouse, the Community shall have no liability or responsibility for the Resident's possessions during the transfer or storage of the possessions. The Resident shall permit the Community reasonable access to the Residence in order to facilitate the remarketing of the Residence.

8.7 Termination by Resident after Occupancy and Probationary Period. The Resident may terminate this Agreement for any or no reason after Occupancy and the Probationary Period. The Resident shall provide the Community with thirty (30) days advance written notice of the Termination. Upon such notice to the Community, the Resident must remove all personal possessions from the Residence and return the keys to the Community within thirty (30) days. The Resident remains obligated to pay the Monthly Service Fee until such a time as all personal possessions have been removed from the Residence. If the Resident's possessions are not removed within thirty (30) days of the date of notice of termination, the Community shall place the Resident's possessions in storage and shall not be liable or responsible for any damages to them. The Resident or Resident's estate shall be obligated to pay all costs for the removal and storage of the Resident's possessions. If the Resident's possessions are moved to and stored in a commercial warehouse, the Community shall have no liability or responsibility for the Resident's possessions during the transfer or storage of the possessions.

Healthcare benefits as described in Section 4.0 Health Services will cease upon receipt of written notice from the Resident of the intent to terminate this Agreement.

The Entrance Fee paid by the Resident under this Agreement shall be amortized at the rate of two percent (2%) per month for 50 months (including probationary period). A refund of the unamortized balance of the Entrance Fee, less the amount of any financial assistance subsidy provided to the Resident by the Community, or less any amounts deducted to cover costs incurred by the Community to refurbish, restore, or repair the Residence in the event of conditions beyond normal wear and tear, or to cover costs incurred at the specific request of Resident, or to satisfy unpaid charges, shall be paid to the Resident or the Resident's estate. The refund shall be made only after the Residence has been reoccupied and upon receipt of the full Entrance Fee from a new Resident. The Resident shall permit the Community reasonable access to the Residence in order to facilitate the remarketing of the Residence.

8.8 Termination by Community for Just Cause. The Community may terminate this Agreement upon a determination of just cause and delivery of thirty (30) days advance written notice or upon delivery of such written notice as is reasonable under the circumstances to the Resident or the Resident's representative. Just cause shall include, but not be limited to, a default in payment subject to the Community's financial policies, the omission of any material information in the application documents, the submission of any false information in the application documents, the failure of the Resident to abide by the Community's rules, regulations, policies and procedures, the breach of any of the other terms of this Agreement, including the Resident's obligation to make required health, general liability and personal property insurance premium payments, or a good faith determination in writing by the Community that continued Occupancy in the Residence by the Resident creates a serious threat or danger to the life, health, safety or peaceful enjoyment of the Resident or other Residents or persons in the Community. In situations where continued Occupancy threatens the life, health,

safety or peaceful enjoyment of the Resident or other Residents, only such notice as is reasonable under the circumstances will be provided to the Resident or the Resident's representative, and termination may be effective immediately.

Health Services benefits as described in Section 4.0 Health Services, will not be provided, effective on the date of notice of termination.

The Resident remains obligated to pay the Monthly Service Fee until such a time as all personal possessions have been removed from the Residence. If the Resident's possessions are not removed within thirty (30) days of the date of notice of termination, the Community shall place the Resident's possessions in storage and shall not be liable or responsible for any damages to them. The Resident or the Resident's estate shall be obligated to pay all costs for the removal and storage of the Resident's possessions. If the Resident's possessions are moved to and stored in a commercial warehouse, the Community shall have no liability or responsibility for the Resident's possessions during the transfer or storage of the possessions.

The Entrance Fee paid by the Resident under this Agreement shall be amortized at the rate of two percent (2%) per month for 50 months (including probationary period). A refund of the unamortized balance of the Entrance Fee, less the amount of any financial assistance subsidy provided to the Resident by the Community, or less any amounts deducted to cover costs incurred by the Community to refurbish, restore, or repair the Residence in the event of conditions beyond normal wear and tear, or to cover costs incurred at the specific request of Resident, or to satisfy unpaid charges, shall be paid to the Resident. The refund shall be made only after the Residence has been reoccupied and upon receipt of the full Entrance Fee from a new Resident. The Resident shall permit the Community reasonable access to the Residence in order to facilitate the remarketing of the Residence.

8.9 Termination upon Separation or Divorce. The termination of the Agreement and withdrawal from the Community by one of two individuals who sign as Resident shall not result in a termination of the Agreement with regard to the remaining Co-Resident. There will be no refund to the vacating Co-Resident. The last remaining Co-Resident or his/her estate shall be entitled to any applicable refund.

8.10 Further Obligations and Release Upon Termination. Upon Termination of this Agreement, the Community is released from any further obligations to the Resident or the Resident's estate except for the payment of any refund which may be due. The Resident or the Resident's estate is released from any further obligations to the Community except for: (a) the obligation to repay any financial assistance received from the Community; (b) the obligation to vacate and surrender the Residence and leave it in the condition it was on the date of possession, normal wear and tear excepted; and (c) the obligation to pay any unpaid sums due under the Agreement, including any indemnification obligations and payment of the Monthly Service Fee up to the date of surrender of the Residence.

8.11 Calculation of Refund upon Termination. Upon Termination of this Agreement after Occupancy, the remaining unamortized balance, if any, of the Entrance Fee shall be refunded to the Resident or the Resident's estate. The refund shall be made only after the Residence has been reoccupied and upon receipt of the full Entrance Fee from a new Resident, except as otherwise described in this Agreement. The applicable Monthly Service Fee shall continue to be charged by the Community to the Resident or to the Resident's estate on a

pro rated basis until the date upon which all personal property of the Resident has been removed and the keys have been returned to the Community. The Resident or the Resident's estate shall have no more than thirty (30) days from the date of notice of termination of this Agreement to remove all possessions and return the keys to the Community. The Resident or Resident's estate remains obligated to pay the Monthly Service Fee until such time as all possessions have been removed from the Residence. If the Resident's possessions are not removed within thirty (30) days of the date of notice of termination, the Community is entitled to place the Resident's possessions in storage and shall not be liable or responsible for any damages to them. The Resident or Resident's estate shall be obligated to pay all costs for the removal and storage of the Resident's possessions. If the Resident's possessions are moved to and stored in a commercial warehouse, the Community shall have no liability or responsibility for the Resident's possessions during the transfer or storage of the possessions. Any refunds calculated under this section are subject to any outstanding charges owed to the Community.

8.12 No Accrual of Interest. No interest will accrue to the benefit of the Resident on any amounts required to be refunded under this Agreement, and no interest will be paid on Termination.

8.13 Conditions and Due Date For Refund Payments. As long as the Resident, or in the case of Double Occupancy, a Co-Resident, continues to occupy any Residence within the Community, including accommodations in Nursing Care or Personal Care, no refund shall be due and no refund shall be paid until the death, discharge or voluntary departure of the Resident from the Community, (or in situations of Double Occupancy, both Co-Residents) and the Termination of this Agreement.

8.14 Surrender and Restoration of Residence upon Termination. It is the obligation of the Resident to surrender the Residence in the same condition in which the Resident took possession, normal wear and tear excepted. At the discretion of the Community, the Resident or the Resident's estate may be obligated to restore alterations, structural changes exempted, thereby returning the Residence to its original condition. The Resident or the Resident's estate shall pay for the costs of restoring the Residence to the original condition by replacing or changing non-structural improvements including decorative or aesthetic improvements such as the removal of wallpaper. In the event that the surrendered premises require maintenance and housekeeping beyond normal wear and tear, including removal of items not removed during the vacating process, such costs shall be added to the final bill of the Resident and shall be due and payable by the Resident, his/her successor, heirs or assigns.

8.15 Disposition of Property. After thirty (30) days from the date on which the Resident vacates the Residence, all remaining property may be removed and disposed of by the Community at the expense of the Resident or the Resident's estate. This period will represent no more than sixty (60) days from the date of notice of termination. The Community shall have no responsibility for property left in the Residence after the Resident has vacated the Residence. Expenses of storage, removal and/or disposition of the Resident's property may be deducted from any refund due to the Resident, or to the Resident's estate, or, if no refund is due, will be charged to the Resident or the Resident's estate payable upon receipt of the bill.

9.0 AUTHORIZATIONS FOR RELEASE OF MEDICAL INFORMATION

The Resident consents to the release of Resident's personal and medical records maintained by the Community for treatment, payment and operations as determined reasonably necessary by the Community. Any such release may be to the Community's employees, agents and to other health care providers from whom the Resident receives services, to third-party payors of health care services, to any Managed Care Organization in which the Resident may be enrolled, or to others deemed reasonably necessary by the Community for purposes of treatment, payment and operations. Release of records for other purposes shall be done in accordance with applicable law, with a specific authorization from the Resident where required. Authorized agents of the state or federal government, including the Long Term Care Ombudsman, may obtain the Resident's records without the written consent or authorization of the Resident.

10.0 MISCELLANEOUS

10.1 Will and Funeral Arrangements. The name of the Executor or Executrix designated in the Resident's Will and the name of the funeral director selected by the Resident shall be provided in writing to the Community prior to occupancy of the Residence. In the event that the Resident changes the name of the Executor or Executrix designated in the Resident's Will or selects another funeral director, the Resident shall notify the Community of the changes in writing.

10.2 Transfer Taxes. In the event that the Commonwealth of Pennsylvania or any subdivision thereof or any county or local municipal government imposes a transfer tax upon the execution of this Agreement, the Resident agrees to pay the transfer tax in full, and the Community will not be obligated or responsible to pay such transfer tax, if any.

10.3 Rules, Regulations, Policies and Procedures. The Resident shall cooperate fully with the Community to maintain the Residence and common facilities in a neat and orderly manner, and shall comply with all rules, regulations, policies and procedures established by the Community, and such amendments, modifications or changes as may be adopted from time to time. The Community's rules, regulations, policies and procedures are set forth in the Resident Handbook, and are subject to change from time to time.

10.4 Rights of the Resident Are Personal and Non-transferable. The rights and privileges of the Resident under this Agreement are personal to the Resident and cannot be transferred or assigned. No person other than the Resident may occupy or use the Residence covered by this Agreement unless approval is obtained in writing from the Community.

10.5 The Resident's Continuing Disclosure Obligation. The information regarding the Resident's age, health and financial affairs submitted by the Resident in the Continuing Care Application, Medical Records, Confidential Financial Information and related application documents constitutes a material part of this Agreement, and that information is incorporated as a part of this Agreement. The Resident acknowledges that the submission of false information shall constitute grounds for the Termination of this Agreement. Prior to Occupancy, the Resident must disclose any material changes in the Resident's physical and/or mental condition, and financial position. The failure to make such disclosure shall constitute grounds to terminate this Agreement.

10.6 Use of the Entrance Fee. The entire Entrance Fee after payment shall be used by the Community for any corporate purpose and in any manner deemed appropriate by the Community consistent with law. No portion of the Entrance Fee shall be held in Trust for the Resident and the Community assumes no fiduciary obligations to the Resident with respect to any amounts paid for occupancy to or continued occupancy of the Community.

10.7 Non-discriminatory Occupancy Policy. The Highlands at Wyomissing is a Continuing Care Retirement Community designed to provide retirement living in an atmosphere of peace and harmony to persons who have attained the age of sixty-two (62), regardless of race, color, creed, religion, national origin, ancestry, sex, or limited English proficiency.

10.8 Receipt of Disclosure Statement and the Resident Handbook. As required by the Pennsylvania Continuing Care Provider Registration and Disclosure Act, an annual Disclosure Statement will be provided to each Resident. The Resident acknowledges receiving a copy of the Community's Annual Disclosure Statement, audited financial statements, and the Resident Handbook prior to signing this Agreement.

10.9 Average Annual Cost of Providing Care. The average annual cost of providing care and services during the most recent twelve (12) month period for which a report is available is **Forty Seven Thousand Three Hundred Fifteen Dollars (\$47,315.00).**

10.10 The Community's Modification of Agreement and Policies. The Community reserves the right to modify unilaterally this Agreement to conform to changes in law or regulation, and to make modifications in its rules, regulations, policies and procedures.

10.11 Non-Waiver of Act 82. No act, agreement or statement of the Resident, or of any individual purchasing care for a Resident under any agreement to furnish care to the Resident, shall constitute a valid waiver of any provision of the Continuing-Care Provider Registration and Disclosure Act, Act of June 18, 1984, P.L. 391, No. 82 Sections 1-25, 40 P.S. Section 3201 et. seq., (Act 82), intended for the benefit or protection of the Resident or the individual purchasing care for the Resident.

10.12 Voluntary Mediation. Mediation is a form of alternative dispute resolution whereby an impartial person facilitates communication between the parties. The goal of mediation is to resolve the dispute promptly, amicably, and without incurring significant time and expense. Mediations are non-binding in nature. This Agreement provides for voluntary mediation whereby the parties may, upon mutual agreement, engage in mediation before resorting to arbitration. If the parties mutually agree to mediate any dispute that may arise between them, then the mediation will be conducted at a site selected by the Community, which shall be at the Community or at a site within a reasonable distance of the Community. If the parties are unable to resolve their dispute through mediation, then the dispute may only be resolved by arbitration as provided in this Agreement. If the parties do not mutually agree to mediate any dispute that may arise between them, then they may proceed directly to arbitration. The costs of the mediation shall be borne equally by each party, and each party shall be responsible for their own legal fees, except in collection actions where the parties mutually agree in favor of the Community or, if unable to resolve the dispute through mediation, where the Community, through arbitration, is deemed to be the prevailing party, then in that event, the Community shall be entitled to recover attorneys' fees and costs incurred in pursuing the enforcement of Resident's financial obligations. If the parties mutually agree in favor of

Resident or Resident is the prevailing party, Resident shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

10.13 Mandatory, Binding Arbitration. Arbitration is a specific process of dispute resolution utilized instead of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party ("Arbitrator(s)") chosen by the parties to this Agreement renders the decision, which is binding on both parties. Generally an Arbitrator's decision is final and not open to appeal. The Arbitrator will hear both sides of the story and render a decision based on fairness, law, common sense and the rules established by the Arbitration Association selected by the parties. When Arbitration is mandatory, as it is under this Agreement, it is the only legal process available to the parties. Mandatory Arbitration has been selected with the goal of reducing the time, formalities and cost of utilizing the court system. Resident or, in the event of Resident's incapacity, Resident's authorized representative has the right to rescind this arbitration clause in accordance with the terms and conditions specified in Section 10.13(h) of this Agreement.

10.13 (a) Contractual and/or Property Damage Disputes. Unless resolved or settled by mediation, any controversy, dispute, disagreement or claim of any kind or nature, arising from or relating to this Agreement, with the exception of: (1) guardianship proceedings resulting from the alleged incapacity of the Resident; and (2) disputes involving amounts in controversy of less than Eight Thousand Dollars (\$8,000), shall be settled exclusively by arbitration. This means that the Resident will not be able to file a lawsuit in any court to bring any claims that the Resident may have against the Community. It also means that the Resident is relinquishing or giving up all rights that the Resident may have to a jury trial to resolve any claims against the Community. It also means that the Community is giving up any rights it may have to a jury trial or to bring claims in a court against the Resident. Subject to Section 10.13(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the Arbitrator(s) may be entered in any court having appropriate jurisdiction. Resident acknowledges and understands that there will be no jury trial on any claim or dispute submitted to arbitration, and Resident relinquishes and gives up the Resident's right to a jury trial on any matter submitted to arbitration under this Agreement.

10.13 (b) Personal Injury or Medical Malpractice. Unless resolved or settled by mediation, any claim that the Resident may have against the Community for any personal injuries sustained by the Resident arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in the Community, shall be settled exclusively by arbitration. This means that the Resident will not be able to file a lawsuit in any court to bring any claims that the Resident may have against the Community for personal injuries incurred while residing in the Community. It also means that the Resident is relinquishing or giving up all rights that the Resident may have to a jury trial to litigate any claims for damages or losses allegedly incurred as a result of personal injuries sustained while residing in the Community. Subject to Section 10.13(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the Arbitrator(s) may be entered in any court having appropriate jurisdiction. Resident acknowledges and understands that there will be no jury trial on any claim or dispute submitted to arbitration, and Resident relinquishes and gives up the Resident's right to a jury trial on any claims for damages arising from personal injuries to the Resident which are submitted to arbitration under this Agreement.

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

10.13 (d) Right to Legal Counsel. Resident has the right to be represented by legal counsel in any proceedings initiated under this arbitration provision. Because this arbitration provision addresses important legal rights, the Community encourages and recommends that Resident obtain the advice and assistance of legal counsel to review the legal significance of this mandatory arbitration provision prior to signing this Agreement.

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

10.13 (f) Time Limitation for Arbitration. Any request for Arbitration of a dispute must be requested and submitted to ADR Options, Inc., with notice to the other party, prior to the lapse of two (2) years from the date on which the event giving rise to the dispute occurred. ADR Options, Inc., is the designated arbitration agency that shall hear disputes specified in Sections 10.13(a-b) of this Agreement. ADR Options, Inc., is an impartial alternative dispute resolution organization that provides a panel of neutral third party arbitrators from which Resident and the Community, upon mutual agreement, shall select an arbitrator to facilitate dispute resolution. In the event ADR Options, Inc., is unable or unwilling to serve, then the request for Arbitration must be submitted to the Community within thirty (30) days of receipt of notice or other determination of ADR Options, Inc.'s unwillingness or inability to serve as a neutral arbitrator. The Community shall select an alternative neutral arbitration service within thirty (30) days thereafter and the selected Arbitration Agency's procedural rules shall apply to the arbitration proceeding. The failure to submit a request for Arbitration to ADR Options, Inc., or an alternate neutral arbitration service selected by Community, within the designated time (i.e., two (2) years) shall operate as a bar to any subsequent request for Arbitration, or for any claim for relief or a remedy, or to any action or legal proceeding of any kind or nature, and the parties will be forever barred from arbitrating or litigating a resolution to any such dispute. Contact information for ADR Options, Inc., is as follows:

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

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

collection action, then Resident shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

10.13 (h) Limited Resident Right to Rescind this Mandatory, Binding Arbitration Clause (Section 10.13(a-i) of this Agreement). Resident or, in the event of Resident's incapacity, Resident's authorized representative has the right to rescind this arbitration clause by notifying the Community in writing within thirty (30) days of the execution of this Agreement. Such notice must be sent via certified mail to the Community, and the notice must be post-marked within thirty (30) days of the execution of this Agreement. The notice may also be hand-delivered to the Community within the same thirty (30) day period. The filing of a claim in a court of law within the thirty (30) days provided for above will automatically rescind the arbitration clause without any further action by Resident or Resident's authorized representative.

10.13 (i) Severability of Arbitration Clause (Section 10.13(a-i) of this Agreement). If any provision of this arbitration clause is determined by a judicial or administrative tribunal of proper jurisdiction to be invalid or unenforceable, such provision shall be severed and the balance of this arbitration clause shall remain in full force and effect.

10.14 Indemnification. The Community shall not be responsible or liable for, and the Resident shall indemnify, defend and hold the Community harmless from any and all claims, losses, damages, fines, penalties, expenses, judgments, reasonable settlements, or lawsuits, including reasonable attorneys' fees and all costs incurred in defending against any such claims, arising from or based upon any injury or death to persons or any damages to property caused by, or arising from, or based on, or in any way attributable to or connected with the negligent, reckless, intentional or other acts, conduct or omissions of the Resident. The Resident's indemnification obligation is payable on demand by the Community.

10.15 Subrogation. In the event the Resident is physically injured by an individual or entity not a party to this Agreement, the Resident grants to the Community a right of subrogation, and authorizes the Community to bring such demands, claims or legal proceedings in the name of or on behalf of the Resident for purposes of recovering from any third party or third party's insurer responsible for the Resident's injury, the dollar value of all care provided by the Community to the Resident as a result of any such injury. The Resident shall cooperate and sign any documents necessary to facilitate the Community's ability to exercise its subrogation right.

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

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

10.18 Editorial Provisions. The Headings of the paragraphs in this Agreement are inserted for convenience only and do not constitute a part of this Agreement. The use of gender-based pronouns shall be interpreted to include both the male and female pronouns unless explicitly specified to relate to one gender only.

10.19 Binding Effect. This Agreement shall bind and serve to benefit the successors and assigns of the Community, and the heirs, executors, and administrators of the Resident.

10.20 Consent to Assignment. The Resident consents to the collateral or other assignment by the Community of its right, title and interest in this Agreement.

10.21 Resident’s Rights and Obligations May Not be Assigned. The rights, privileges, and obligations of Resident under this Agreement are personal to Resident and cannot be transferred or assigned.

10.22 Governing Law. This Agreement shall be interpreted and enforced according to the laws of the Commonwealth of Pennsylvania.

10.23 Entire Agreement. This Agreement along with any applicable addendum(s) or schedules, the Resident's application and financial statement, constitute the entire Agreement between the Community and the Resident. The Community shall not be responsible or liable for any statements, representations or promises made by any person representing or purporting to represent the Community, unless such statements, representations or promises are set forth in this Agreement. Any brochures or advertisements describing the Community are for the purpose of inviting inquiries only and are not to be relied upon as legally or contractually binding. The Resident may not amend this Agreement except by a subsequent written Agreement executed by the parties.

10.24 Tenancies. If signed by husband and wife, this Agreement will be deemed to create a “tenancy by the entireties”; if signed by Co-Residents, it will be deemed to create an estate as “joint tenants with right of survivorship”. While these provisions create limited rights in surviving Co-Residents as defined under Pennsylvania law, the Resident recognizes that this Agreement conveys personal and non-assignable rights of occupancy and services according to the provisions of this Agreement, and that this Agreement does not include any rights of ownership or tenancy to the personal or real property of the Community.

10.25 Notice. Any notice or request which shall be required under this Agreement shall be delivered in person or sent by United State first-class mail, postage prepaid. Such notice or request shall be addressed to the Community in the following manner:

**The Highlands at Wyomissing
Office of the President
2000 Cambridge Avenue
Wyomissing, PA 19610-2714**

Notice or request which shall be required under this Agreement shall be delivered in person or sent by United States first-class mail, postage prepaid, addressed as follows:

Resident’s Name _____
Street Address _____
City State Zip _____

After occupancy, the notice/request shall be sent to the Resident's mailing address at The Highlands at Wyomissing. Either party may designate an alternate address by giving written notice to the other party.

THE RESIDENT HEREBY ACKNOWLEDGES READING THIS AGREEMENT IN ITS ENTIRETY, UNDERSTANDING ITS PROVISIONS AND HAVING BEEN ACCORDED AN OPPORTUNITY TO CONSULT WITH PERSONAL ADVISORS, INCLUDING LEGAL COUNSEL, REGARDING ITS TERMS.

IN WITNESS WHEREOF, the Community has caused this Agreement to be signed by its authorized representative, and the Resident has hereunto affixed his/her/their signature(s), this _____ day of _____, _____.

Attest:

The Highlands at Wyomissing

Witness:

By

James E. Adamowicz, President

(Resident's name)

(Resident's name)

NOTICE OF RIGHT TO RESCIND

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

To rescind your Residence and Care Agreement, mail or deliver a signed and dated copy of this notice, or any other dated written notice, such as a letter or facsimile, stating your desire to rescind to the following:

**The Highlands at Wyomissing
Office of the President
2000 Cambridge Avenue
Wyomissing, PA 19610-2714

Facsimile: 610-775-9851**

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

Pursuant to this notice, I hereby cancel my Residence and Care Agreement

Date

Prospective Resident's Signature

Prospective Resident's Signature (if more than one Resident)

GLOSSARY

The following terms used in this Agreement have the meanings set forth below, unless indicated otherwise.

ADDITIONAL OCCUPANT: An individual who, after the Resident takes Occupancy, applies and is accepted for Occupancy to the Community to occupy a Residence with a current Resident. These Residents may be referred to as Co-Residents.

AMORTIZATION: To provide for the gradual reduction in an amount over time on a scheduled periodic basis.

APPROPRIATE PLACEMENT COMMITTEE: The Committee, appointed by the Community, to monitor, among other things, the ability of the Resident to satisfy the Conditions of Occupancy of the Residence.

AGREEMENT: This Residence and Care Agreement.

APPLICATION DEPOSIT: Refundable down payment applied to Entrance Fee payment; this fee must be paid prior to being assigned a specific Residence. The deposit is credited towards the total Entrance Fee.

ASSIGNMENT OF INSURANCE: The granting of authority to the Community to apply for and collect insurance benefits from the Resident's insurance carrier(s) for services furnished to the Resident or on the Resident's behalf by the Community.

CANCELLATION FEE: The fee assessed by the Community for Termination of Agreement for reasons other than death of the prospective Resident prior to Designated Occupancy Date but after the Rescission Period of seven (7) days. This fee is five percent (5%) of the total Entrance Fee.

COMMUNITY: The Highlands at Wyomissing.

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

CONTINUING CARE: A retirement living arrangement that provides a full spectrum of residential living services and amenities, as well as personal care and nursing care services if needed.

CO-RESIDENT: One of two persons who signs the Agreement as the Resident to occupy one Residence.

DESIGNATED OCCUPANCY DATE: The date specified in the Agreement on which the Resident must accept Occupancy of the Residence and on which the Monthly Service Fee becomes due and payable.

DOUBLE OCCUPANCY: Two individuals occupying one Residence.

ENTRANCE FEE: The total upfront fee charged as a condition of Occupancy to the Community. The Resident shall pay this fee prior to Occupancy. It is separate and distinct from the non-refundable Processing Fee.

FINANCIAL ASSISTANCE POLICY: The potential discretionary use of designated funds to assist those Residents, who through no fault of their own, are unable to meet the costs of care.

MEDICAL DIRECTOR: The licensed physician designated by the Community to oversee the medical affairs of the Community and to coordinate the provision of personal and health care services to the Residents.

MONTHLY SERVICE FEE: The monthly charge for occupancy of a Residence and the right to receive services.

NORMAL WEAR AND TEAR: Depreciation of value caused to the Residence from ordinary daily use.

NURSING CARE: The nursing center maintained by Community.

OCCUPANCY: The right to reside in the Residence.

PERSONAL CARE: The provision of assistance with activities of daily living within the Personal Care residence. The Community reserves the right to define the scope and level of personal care services provided, in accordance with applicable law.

PROBATIONARY PERIOD: The first ninety (90) consecutive days of actual occupancy of the Residence.

PROCESSING FEE: The non-refundable amount paid for processing of the Residential Application to the Community.

RESIDENCE: The living space for which the Resident has the right of Occupancy. It may consist of a Gaelsong home, cottage, apartment, Personal Care, or Nursing Care accommodation.

RESIDENT: A person who signs the Residence and Care Agreement with the intent to occupy a Residence.

RESIDENT HANDBOOK: A Community publication reflecting many of the rules, regulations, policies, and administrative procedures of the Community. The Handbook is reviewed by the Community on an ongoing basis and subject to change from time to time.

RIGHT OF RESCISSION: The unqualified right of the Resident to cancel, without penalty or forfeiture, this Agreement within the first seven (7) days after the execution of the Agreement.

ROUTINE NURSING CARE: The level of nursing care services as established by the Community that is included in the Monthly Service Fee.

SCHEDULE OF CHARGES: A Community publication reflecting current charges for services rendered by the Community.

SHORT-TERM TEMPORARY STAY: A stay in either Nursing Care or Personal Care that does not result in the permanent vacating of an apartment or cottage.

SINGLE OCCUPANCY: One individual occupying one Residence.

SURRENDER: To cease to occupy the Residence, to remove all possessions, and to turn in all keys.

TERMINATION: The end or cessation of this Agreement. Certain obligations, such as the obligation to pay charges or refunds, may exist beyond the termination of this Agreement.

UNREASONABLE DEPLETION OF ASSETS: The spending down or transferring of income and/or other assets for non-essential expenditures or other purposes to the detriment of Resident's ability to meet financial obligations to the Community.

Effective 6/30/09
g:\gac\RC agreement comprehensive 6-30-09



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