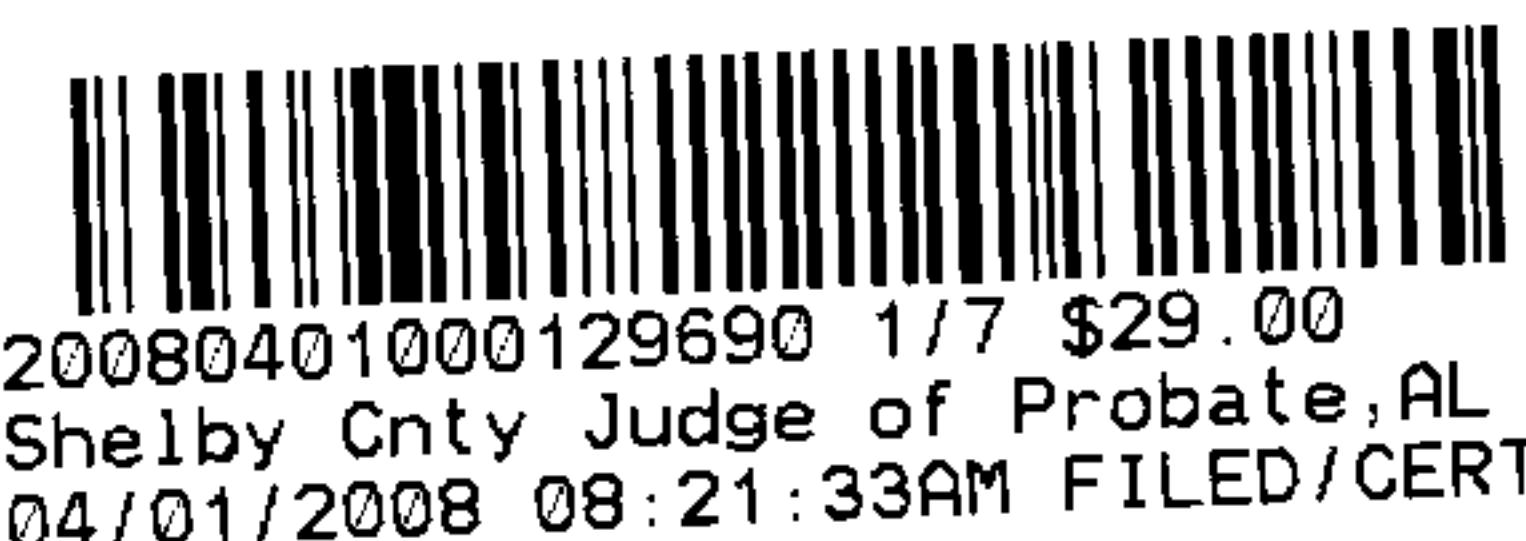


AMERICAN RETIREMENT CORPORATION
an affiliate of Brookdale Senior Living Inc.
111 Westwood Place, Suite 200
Brentwood, TN 37027



March 13, 2008

Jefferson Morris Yeilding
Mildred Harmon Yeilding
141 Cove Lane
Pelham, AL 35134

Re: 141 Cove Lane, Pelham, AL 35124
(the "Property")

Dear Mr. & Mrs. Yeilding:

We are very excited to have you join our community known as Galleria Woods Retirement Community ("Galleria Woods"). You have signed or will be signing the Galleria Woods Residency Agreement and Care Agreement – Value Plan: 50% Refund (the "Residency Agreement") which will govern your stay at Galleria Woods. The Residency Agreement provides that you are to pay a total entrance fee of \$151,000. However, we have agreed to accept \$30,200 of the entrance fee at this time and the balance when you sell the above-referenced Property. The purpose of this letter agreement ("Agreement") is to memorialize the understandings and agreements of the parties in greater detail as follows:

1. We acknowledge that you have already paid Galleria Woods \$30,200, which represents 20% of the initial \$151,000 entrance fee (including any applicable "second person entrance fee").
2. You agree to pay to us the balance of the entrance fee (\$120,800) (the "Deferred Entrance Fee") plus accrued interest, if any, contemporaneously with the sale of the Property or as otherwise specified in this Agreement. During the first eight months after the date of this Agreement, the Deferred Entrance Fee will not accrue interest. If the Deferred Entrance Fee is not paid within eight months after the date of this Agreement, it will then begin to accrue interest at the rate of six percent (6%) per year. If the Deferred Entrance Fee and accrued interest is not paid in full within eleven months after the date of this Agreement (and the Residency Agreement is still in effect), you agree to pay the accrued interest on a monthly basis within 15 days of receipt of an invoice from us. If for any reason the Deferred Entrance Fee and all accrued interest thereon is not paid in full within two years after the date of this Agreement, the full amount due under this Agreement will accrue interest at the rate of 9% per year, and the interest rate will increase three percentage points every three months thereafter until the Deferred Entrance Fee and all accrued interest is paid in full (for example, at two years and three months, the interest rate would increase to 12%; at two years and six months, the interest would increase to 15%, etc). Interest charged under this Agreement will not compound. Notwithstanding any provision in this Agreement to the contrary, in no event will the interest under this Agreement exceed the amount of interest that may be lawfully charged in the state in which the Property is located.
3. You represent and warrant that the Property is currently listed for sale with the following broker: Jay Harris (the "Broker"), and that you intend to sell the Property for an amount not

likely to exceed \$189,900. You acknowledge and agree that you have determined the list price and will determine whether to accept any offer to purchase the Property based on your independent evaluation of the Property and any offer to purchase.

4. Except as disclosed on attached Exhibit A, you represent and warrant that you own the Property free and clear of any mortgage, pledge or other encumbrance, that casualty insurance on the Property is currently in effect, that the real estate taxes assessed against the Property have been paid in full and that you will keep the insurance in effect and keep the taxes paid in full until the Deferred Entrance Fee and all accrued interest is paid in full.
5. Until the Deferred Entrance Fee and all accrued interest is paid in full, you agree that you will not mortgage, pledge or otherwise encumber all or any part of the Property or sell, gift, transfer or otherwise convey all or any part of the Property unless the Deferred Entrance Fee and all accrued interest thereon is contemporaneously paid in full to Galleria Woods.
6. A breach by you under the Residency Agreement will be deemed a breach by you under this Agreement. Notwithstanding anything herein to the contrary, the Deferred Entrance Fee and all accrued interest thereon will become immediately due and payable if any one of the following circumstances occur (i) you commit a breach under this Agreement or the Residency Agreement and we provide you with written notice of the breach; (ii) the Residency Agreement is terminated or you no longer reside at Galleria Woods; or (iii) by reason of the death of the last surviving resident named in the Residency Agreement. Any refunds that you are owed under the Residency Agreement at the time the Deferred Entrance Fee becomes due and payable will reduce the amount payable to us under this Agreement.
7. We may set off any amounts that we or Galleria Woods may owe you against any amount due us or Galleria Woods under this Agreement. In the event of any breach by you under this Agreement, we shall be entitled to all remedies available in law or in equity, including but not limited to injunctive relief. If we should seek such an injunction, you hereby waive any requirement that we post a bond or any other security.
8. In the event of a dispute under this Agreement, the prevailing party will be entitled to recover all reasonable legal fees and costs incurred by that party related to the dispute.
9. The parties agree that, at the election of any party, any dispute relating to this Agreement (including, but not limited to, any action for injunctive relief), shall be resolved by binding arbitration by the National Arbitration Forum, under its code of procedure then in effect. If an injunction is sought, the party seeking the injunction will not be required to post a bond or any other security. This provision binds third parties who are not signatories to this Agreement to the full extent permitted by applicable law. This provision shall be governed by and interpreted under the Federal Arbitration Act. The parties agree that the arbitration will be conducted by one arbitrator selected by the Forum within 10 days after notice of a dispute and will be completed within 30 days thereafter unless otherwise agreed to among the parties. The arbitrator may award fees and costs in favor of any party as permitted by law. Any award of the arbitrator may be entered as a judgment in any court having jurisdiction. **The Owner understands that the result of this arbitration provision is that claims or disputes under**

this Agreement will be resolved as described in this section and may not be brought before a judge or jury without the mutual consent of the parties.

10. We may assign this Agreement at any time, and the person or entity to whom this Agreement is assigned will have all of our rights and obligations from the date of the assignment forward, including the right to receive payment of the Deferred Entrance Fee and all accrued interest thereon. You may not assign your rights or obligations under this Agreement.
11. We may record a Memorandum of Agreement in the form attached hereto as Exhibit B in the real estate records for the county in which the Property is located.
12. This Agreement and the exhibits attached hereto and the other agreements referenced herein constitute the entire agreement between the parties. This Agreement may not be amended except in writing signed by both parties. This Agreement is binding upon us and our successors and assigns and upon you and your heirs, executors, administrators, and personal representatives. The parties agree that facsimile signatures are binding.

If the foregoing is acceptable to you, please sign this Agreement where indicated below and fax a copy to all parties.

Very truly yours,

AMERICAN RETIREMENT CORPORATION

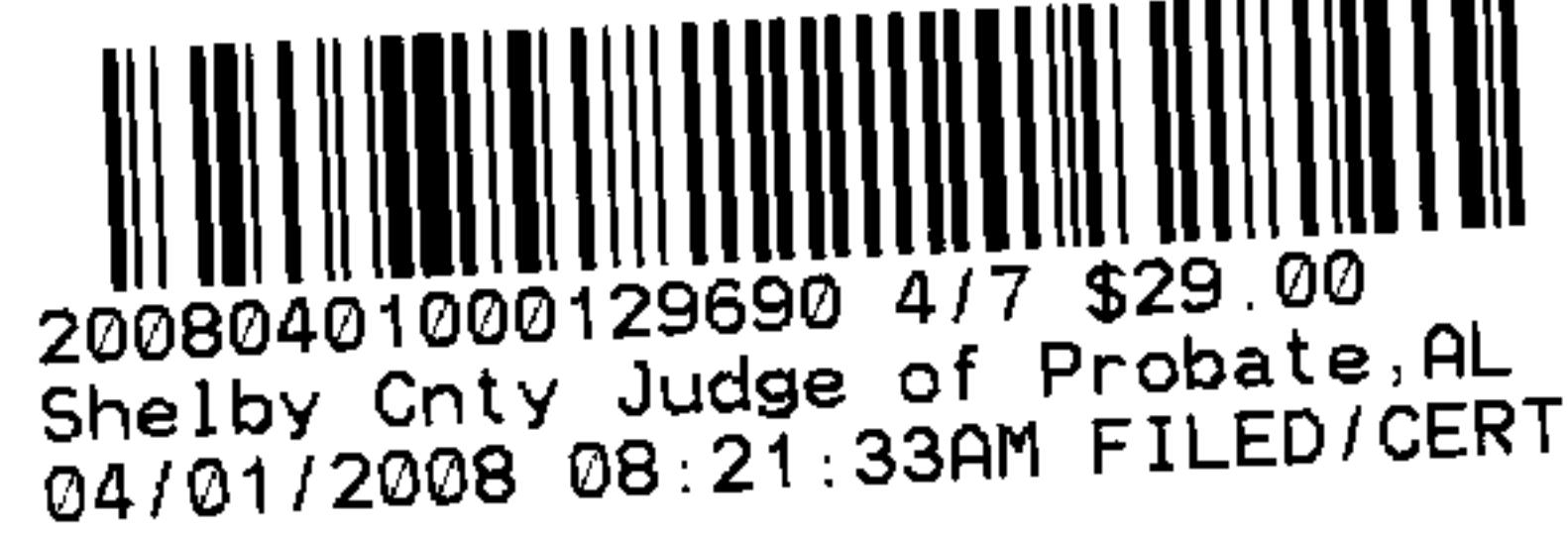
By: Wyman Hamilton
Name: Wyman Hamilton
Title: Executive Director

Jean T. Munney
SVP Market Development
ARC

AGREED TO AS OF MARCH 13, 2008.

Deane Y. Hyde P.O. A.
Jefferson Morris Yeilding

Deane Y. Hyde P.O. A.
Mildred Harmon Yeilding



After recording, please return to:

American Retirement Corporation
an affiliate of Brookdale Senior Living Inc.
111 Westwood Place, Suite 200
Brentwood, TN 37027
Attn: Legal Department

20080401000129690 4/7 \$29.00
Shelby Cnty Judge of Probate, AL
04/01/2008 08:21:33AM FILED/CERT

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement is made by and between Jefferson Morris Yeilding & Mildred Harmon Yeilding ("Owner") and American Retirement Corporation ("ARC"), with reference to the following facts:

Owner and ARC are parties to that certain letter agreement dated as of March 13, 2008, (the "Agreement"), relating to certain real property located in the City of Pelham, County of Shelby, State of Alabama, more particularly described in Annex "A" attached hereto (the "Property").

Pursuant to Section 2 of the Agreement, Owner acknowledges an obligation to pay to ARC certain deferred entrance fees, accrued interest thereon and other amounts as described in the Agreement.

Section 5 of the Agreement provides that until Owner pays ARC in full all amounts due ARC under the Agreement, Owner will not mortgage, pledge or otherwise encumber all or any part of the Property or sell, gift, transfer or otherwise convey all or any part of the Property unless all amounts due ARC under the Agreement are contemporaneously paid in full.

Owner and ARC desire to have this Memorandum recorded in the Official Records of Shelby County, Alabama, in order to put interested parties on notice of the rights of ARC under the Agreement. Any person or entity who has notice of the Agreement and who enters into a transaction with Owner that is prohibited under Section 5 of the Agreement will be deemed to have tortuously interfered with the Agreement and will be subject to a claim for damages by ARC.

ARC shall terminate this Memorandum of Agreement and record such termination promptly upon receipt of payment in full of all amounts due ARC under the Agreement.

Any party who is interested in acquiring an interest in the Property should contact the Owner and the ARC at their respective addresses as follows:

AMERICAN RETIREMENT CORPORATION
an affiliate of Brookdale Senior Living Inc.
111 Westwood Place, Suite 200
Brentwood, TN 37027
Attn: Legal Department

OWNER
Jefferson Morris Yeilding
Mildred Harmon Yeilding
141 Cove Lane
Pelham, AL 35124

In Witness Whereof, the parties have signed this Memorandum of Agreement as of March 13, 2008.

AMERICAN RETIREMENT CORPORATION

By: Wyman H. Hamilton

Name: Wyman Hamilton
Title: Executive Director

James T. Money

SVP market development
ARC

AGREED TO AS OF MARCH 13, 2008.

Deane Y Hyde P.O.A.
Jefferson Morris Yeilding

Deane Y Hyde P.O. A.
Mildred Harmon Yeilding

[Signatures must be notarized on the following page].

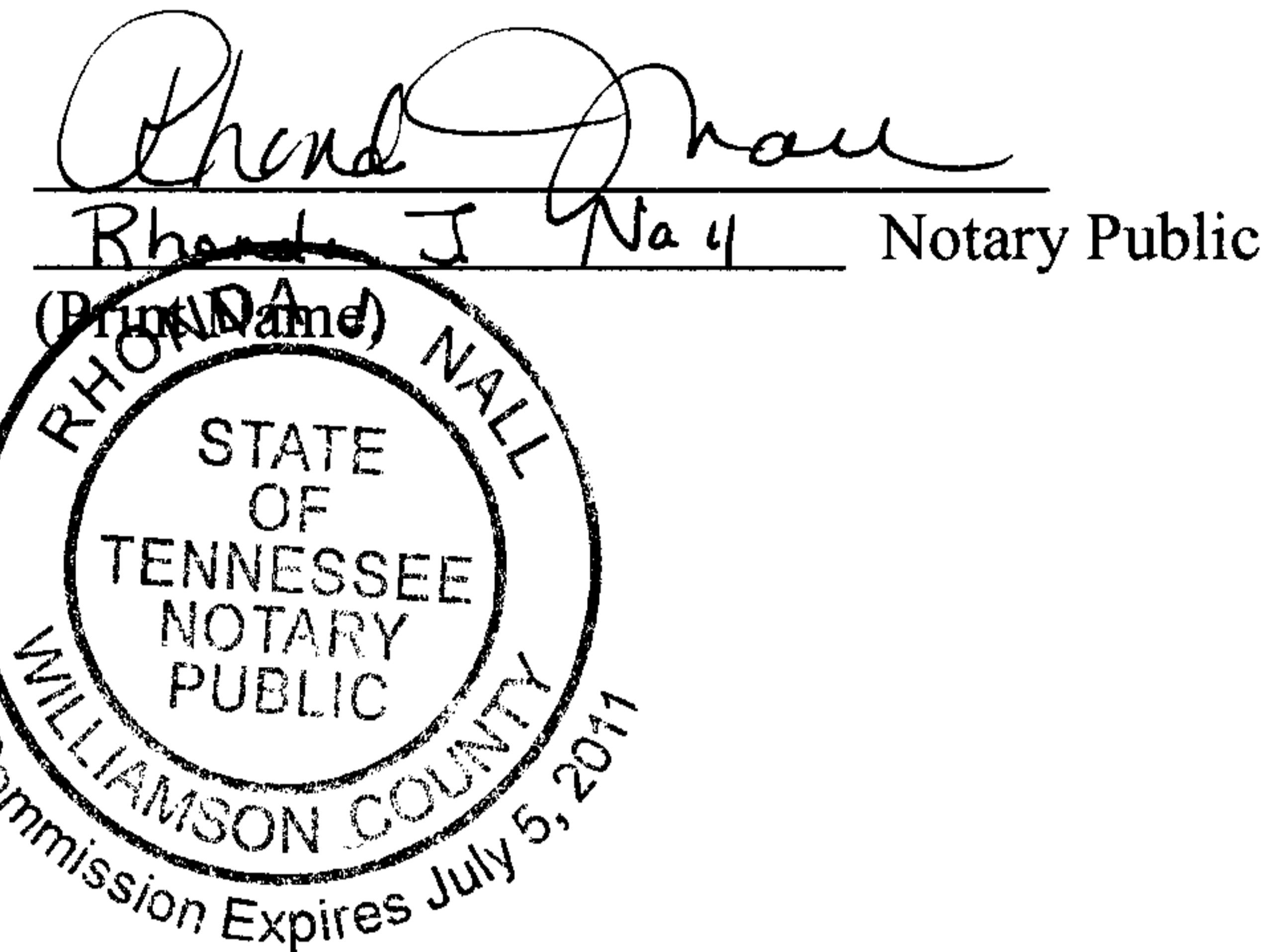


20080401000129690 6/7 \$29.00
Shelby Cnty Judge of Probate, AL
04/01/2008 08:21:33AM FILED/CERT

STATE OF Tennessee)
COUNTY OF Williamson) ss.

The foregoing instrument was acknowledged before me this 22 day of March, 2008 by James T. Money, of American Retirement Corporation, on behalf of the corporation. He/she is personally known to me.

Witness my hand and official seal.

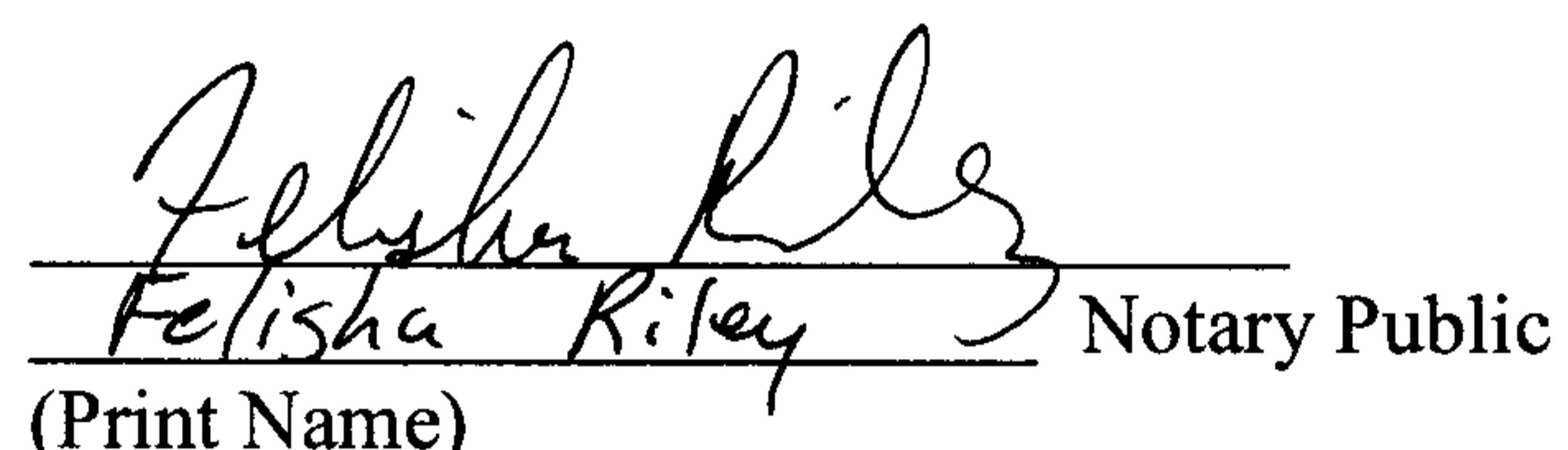


My commission expires: July 5, 2011

STATE OF Alabama)
COUNTY OF Jefferson) ss.

The foregoing instrument was acknowledged before me this 13 day of March, 2008 by Jefferson Morris Yeilding and Mildred Harmon Yeilding. They are personally known to me.

Witness my hand and official seal.



My Commission expires: 7/18/2011

Yeilding

Annex A

Legal Description of Property



20080401000129690 7/7 \$29.00
Shelby Cnty Judge of Probate, AL
04/01/2008 08:21:33AM FILED/CERT

Lot 2864, according to the Survey of Weatherly Highlands, The Cove, Section 28, Phase I, as recorded in Map Book 27, Page 99, in the Probate Office of Shelby County, Alabama.

For informational purposes only:

Parcel No: 14-9-32-2-002-027.000