

ENTRANCE FEE ESCROW AGREEMENT

of

CT WATERMARK EAST HILL, LLC

This Entrance Fee Escrow Agreement is made as of this 31st day of May, 2016, by and between CT Watermark East Hill, LLC (the "**Provider**"), a Delaware limited liability company, and People's United Bank, National Association, a national bank with its principal place of business in the State of Connecticut ("**Escrow Agent**").

Recitals:

WHEREAS, Provider is the sponsor of a continuing-care retirement community (the "Community") located in Southbury, Connecticut, and as such is a "provider" within the meaning of Sections 17b-520 through 17b-535 of the Connecticut General Statutes (the "**Statutes**"); and

WHEREAS, in order to comply with Section 17b-524 of the Statutes and to protect residents or prospective residents of the Community, the parties desire to enter into this Entrance Fee Escrow Agreement (the "**Agreement**") setting forth the terms under which certain deposits will be made with the Escrow Agent for the purpose of maintaining an escrow account for entrance fee payments in compliance with the Statutes. Attached hereto as Exhibit "A" and incorporated herein by reference is a copy of the proposed form of continuing-care contract (the "**Residency Agreement**") as such may be amended by Provider from time to time, which will be entered into between Provider and each prospective resident of the Community (a "**Resident**").

WHEREAS, the Provider acknowledges that the Escrow Agent is not bound by, and has no duties or obligations under, the Statutes, that all references in this Escrow Agreement to the Statutes are for convenience, and that the Escrow Agent shall have no implied duties beyond the express duties set forth in this Escrow Agreement.

NOW THEREFORE, in consideration of these premises and the mutual covenants herein set forth, the parties agree as follows:

1. **Deposits.** In accordance with the Residency Agreement, Provider expects to receive from each Resident a payment of that Resident's Entrance Fee (as such term is described in the Residency Agreement) at the time of execution of the Residency Agreement on or before the date Resident begins to reside at the Community. On or after the date of this Agreement, Provider will deposit with the Escrow Agent, within seventy-two (72) hours of receipt thereof by Provider, all Entrance Fees received by Provider in connection with the Community together with a letter substantially in the form of FORM 1 attached hereto, including a copy of the signature page of each Residency Agreement signed by a Resident.
2. **Escrow Account.** The Escrow Agent shall maintain all such deposits made to the Escrow Account separate and apart from any other funds of Resident or of Provider.
3. **Investments.** The Escrow Agent shall invest all amounts held by it from time to time in such obligations of the United States or its agencies (or in shares of a registered investment company which holds a portfolio of such securities) or such certificates of deposit; savings accounts, or other

savings or, investment securities as Provider may from time to time direct in writing. No amounts held by the Escrow Agent pursuant to this Agreement may be invested in any building or health-care facility of any kind, or used for capital construction or, improvements or for the purchase of real estate or removed from the State of Connecticut if required to be maintained within such State. No amounts held by the Escrow Agent pursuant to this Agreement shall be pledged as collateral or subordinated to other loans or commitments of the Community.

4. Reports and Certificates. The Escrow Agent agrees to issue periodic statements indicating the status of the Escrow Account maintained by the Escrow Agent pursuant to this Agreement. In any event, Escrow Agent agrees to provide monthly reports to the Provider, which include a summary of all additions to, disbursements from and interest on the Escrow Account during the current period, and a detail of the investments comprising the balance in the Escrow Account as of the end of the current period.

5. Disbursements. The Escrow Agent shall release any amounts then held by it in the Escrow Account in accordance with the following terms and subject to Paragraph 5.5 hereof:

5.1 Disbursement When Resident Rescinds Within Thirty (30) Days. Upon receipt by the Escrow Agent of written notice from Provider, accompanied by written certification (see FORM 2), pertaining to the election by the Resident to rescind his or her obligations under the Residency Agreement prior to occupancy, the Escrow Agent shall, within five (5) business days, release from the Entrance Fee Escrow Account to the Provider, such portion of the Entrance Fee paid by such Resident as is indicated in the written certification of Provider, and the balance of such Entrance Fee, if any.. Any Entrance Fees refundable to Resident pursuant to this Paragraph 5.1 are hereinafter referred to as "Refundable Deposits."

5.2 Disbursements When Resident Cancels For Any Other Reason. In the event that the Apartment at the Community is not available for occupancy by the Resident within three (3) years after the date of execution of his or her Residency Agreement or under any other circumstances permitting a refund of all or any portion of the Entrance Fee, the Escrow Agent shall, upon receipt of written notice thereof from the Provider certifying that such refund shall be made, return forthwith to Provider, such portion of the Entrance Fee paid by such Resident as is required by his or her Residency Agreement and the balance of such Entrance Fee, if any.

5.3 Disbursements to Additional Reserve. The Escrow Agent shall release amounts to the additional reserve described in Paragraph 6 below, upon receipt by the Escrow Agent of written notice from Provider substantially in the form of FORM 4 attached hereto which certifies that all conditions required by the Statute have been met to permit such release, and sets forth the amount to be released to such additional reserve. Upon receipt of such notice, the Escrow Agent shall forthwith release such amount of the aggregate Entrance Fees then deposited with the Escrow Agent for deposit into such additional reserve and the balance, if any, shall be released to the Provider as described in Paragraph 5.4.

5.4 Disbursements to Provider. The Escrow Agent shall release amounts to the Provider in accordance with the following terms:

(a) With respect to a previously occupied living unit, upon receipt by the Escrow Agent of written notice from Provider stating that the previously occupied living unit to which the Entrance Fee(s) relates is available for occupancy by the Resident, the Escrow Agent shall forthwith release to the provider the balance of any Entrance Fee(s) then deposited with the Escrow Agent pursuant to this Agreement for that Resident.

(b) With respect to a living unit which has not been previously occupied, upon receipt by the Escrow Agent of written notice from the Provider certifying that the following conditions have been met:

(i) The sum of the Entrance Fees received or receivable by the Provider pursuant to the Residency Agreements, plus the anticipated proceeds of any first mortgage loan or other long-term financing commitment, plus funds from other sources in the actual possession of the Provider, equals or exceeds the sum of seventy-five percent of the aggregate cost of constructing or purchasing, equipping and furnishing the Community plus seventy-five percent of the funds estimated in the statement of anticipated source and application of funds submitted by the Provider as part of its disclosure statement on file with the Department of Social Services (the "Disclosure Statement") to be necessary to fund start-up losses of the Community plus seventy-five percent of the amount of the reserve fund escrow required to be maintained by the Provider;

(ii) A commitment has been received by the Provider for any permanent mortgage loan or other long-term financing described in the statement of anticipated source and application of funds included in the Disclosure Statement and any conditions of the commitment prior to disbursement of funds thereunder, other than completion of the construction of the Community, have been substantially satisfied; and

(iii) If construction of the Community has not been substantially completed: all governmental permits or approvals necessary prior to the commencement of construction have been obtained; a maximum price contract has been entered into between the Provider and a general contractor responsible for construction of the Community; a bond covering the faithful performance of the construction contract by the general contractor and the payment of all obligations arising thereunder has been issued by an insurer authorized to do business in the State of Connecticut with the Provider as obligee; a loan agreement has been entered into by the Provider for an interim construction loan in an amount, when combined with the amount of Entrance Fees then held in escrow under this Agreement plus the amount of funds from other sources then in the actual possession of the provider, that will equal or exceed the estimated cost of constructing, equipping and furnishing the Community; not less than ten percent of the amount of the construction loan has been disbursed by the lender for physical construction or site preparation work completed; and orders at firm prices have been placed by the Provider for not less than fifty percent in value, including installation charges if applicable, of items necessary for equipping and furnishing the Community in accordance with the description set forth in the Disclosure Statement; or if construction or purchase of the Community has been substantially completed, an occupancy permit covering the living unit has been issued by the local government having authority to issue these permits;

the Escrow Agent shall release to the Provider the balance of any Entrance Fees then deposited with the Escrow Agent less any Refundable Deposits then being held by the Escrow Agent. The aggregate amount of Entrance Fees which may be released to the Provider hereunder prior to the date on which any reserve fund escrow that is required to be established pursuant to the Statute is established, shall not exceed the aggregate amount of Entrance Fees then received or receivable by the Provider pursuant to binding Residency Agreements less the amount of the Entrance Fees received or receivable which may be required to be initially maintained in such reserve fund escrow, and Provider shall certify that such condition has been met in the written notice provided pursuant to this Section 5.4(b).

(c) Upon receipt by the Escrow Agent of written notice from Provider, the Escrow Agent shall forthwith release to the Provider the aggregate of all interest earned on the Escrow Account, or such portion thereof as Provider desires released.

5.5 Written Confirmation by Provider of Disbursements. In any case in which the Provider believes that funds are required, to be disbursed by the Escrow Agent hereunder, the Provider shall promptly give written notice to the Escrow Agent of the Provider's calculation of the amount(s) to be disbursed to Resident and/or Provider, as the case may be (refer to Paragraphs 5.2, 5.3, and 5.4 and FORM 3). In any case in which a Resident has notified the Escrow Agent that Escrowed Funds should be released to such Resident: (i) the Escrow Agent shall immediately notify the Provider of such request (such notice to be given by telephone and confirmed in a writing mailed to Provider at its address first set forth above); and (ii) the Escrow Agent shall not disburse any such funds except in accordance with written confirmation of the Provider, which confirmation shall be given by written notice substantially in the form attached hereto as FORM 2 (refer to Paragraph 5.1).

5.6 Notice to Residents. The Provider shall provide each prospective Resident of the Community who has signed a Residency Agreement with the name, address, and telephone number of the Escrow Agent and shall file a copy of this Agreement with the Department of Social Services.

5.7 Income Tax Allocation and Reporting. The Provider agrees that, for tax reporting purposes, all interest and other income from investment of the Escrow Property shall, as of the end of each calendar year and to the extent required by the Internal Revenue Service, be reported as having been earned by the Provider whether or not such income was disbursed during such calendar year.

5.8 Tax Liability. To the extent that the Escrow Agent becomes liable for the payment of any taxes in respect of income derived from the investment of the Escrow Property, the Escrow Agent shall satisfy such liability to the extent possible from the Escrow Property. The Provider shall indemnify, defend and hold the Escrow Agent harmless from and against any tax, late payment, interest, penalty or other cost or expense that may be assessed against the Escrow Agent on or with respect to the Escrow Property and the investment thereof unless such tax, late payment, interest, penalty or other expense was directly caused by the gross negligence or willful misconduct of the Escrow Agent. The indemnification provided by this Section 5.8 is in addition to the indemnification provided in Section 8 and shall survive the resignation or removal of the Escrow Agent and the termination of this Escrow Agreement.

6. Additional Reserve. To protect Residents and prospective Residents of the Community and to comply with Section 17b-525 of the Statute, the Provider will establish the following additional reserve:

Operating Reserve. The Provider will establish an Operating Reserve, to be administered pursuant to a separate agreement. Such Operating Reserve shall be funded from the Escrow Account in accordance with Paragraph 5.3 above. If the Provider has already funded the Operating Reserve as required by Connecticut law, any amounts released from the Escrow Account which would have so funded the Operating Reserve shall be paid to the Provider to such extent.

7. Duties.

7.1 The Escrow Agent undertakes to perform only such duties as are expressly set forth herein and no implied duties or obligations shall be inferred or otherwise imposed upon or against the Escrow Agent. The Escrow Agent may act in reliance upon any writing or instrument under signature which it, in good faith, believes to be genuine; may assume the validity and accuracy of any statement or assertion contained in any such writing or instrument; and may assume that any person purporting to give any writing, notice, advice, or instruction in connection with the provisions hereof has been duly authorized to do so, unless Escrow Agent has actual knowledge otherwise. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form or manner of execution or validity of any instrument deposited with or delivered to the Escrow Agent hereunder. The duties of the Escrow Agent hereunder shall be limited to the safekeeping of the Deposits and other money, instruments, or other documents received by it as Escrow Agent and for its disposition of the same in accordance with the written instructions accepted by it as Escrow Agent. Each and every determination, payment, action, or duty to be taken by the Escrow Agent under this Agreement, shall be taken based solely on the written direction from the Provider. The Escrow Agent will be fully released from any liability hereunder if it acts in accordance with such written direction.

7.2 Under no circumstance will the Escrow Agent be deemed to be a fiduciary to any party or any other person under this Escrow Agreement. The Escrow Agent will not be responsible or liable for the failure of Provider to perform in accordance with this Escrow Agreement. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document (including, without Limitation, the Residency Agreement) other than this Escrow Agreement, whether or not an original or a copy of such agreement has been provided to the Escrow Agent; and the Escrow Agent shall have no duty to know or inquire as to the performance or nonperformance of any provision of any such agreement, instrument, or document. References in this Escrow Agreement to any other agreement, instrument, or document are for convenience only, and the Escrow Agent has no duties or obligations with respect thereto. This Escrow Agreement sets forth all matters pertinent to the Escrow contemplated hereunder, and no additional obligations of the Escrow Agent shall be inferred or implied from the terms of this Escrow Agreement or any other agreement.

7.3 The Escrow Agent shall not be required to perform any act hereunder unless and until reasonably satisfied that any condition which must be fulfilled prior to the performance of such act by the Escrow Agent has been fulfilled.

7.4 The Escrow Agent, acting as such, shall not be liable to anyone by reason of an error or judgment, a mistake of law or fact, or for any act done or step taken or omitted in good faith, and this provision shall survive the termination of this Agreement.

7.5 THE ESCROW AGENT SHALL NOT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (I) DAMAGES, LOSSES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN DAMAGES, LOSSES OR EXPENSES WHICH HAVE BEEN FINALLY ADJUDICATED TO HAVE DIRECTLY RESULTED FROM THE ESCROW AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, OR (II) SPECIAL, INDIRECT, PUNITIVE, OR CONSEQUENTIAL DAMAGES OR LOSSES OF ANY KIND WHATSOEVER (INCLUDING WITHOUT LIMITATION LOST PROFITS), EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF

THE POSSIBILITY OF SUCH LOSSES OR DAMAGES AND REGARDLESS OF THE FORM OF ACTION.

7.6 The Escrow Agent shall be entitled to rely on and shall not be liable for any action taken or omitted to be taken by the Escrow Agent in accordance with the advice of counsel or other professionals retained or consulted by the Escrow Agent. The Escrow Agent shall be reimbursed as set forth in Section 10 for any and all compensation (fees, expenses and other costs) paid and/or reimbursed to such counsel and/or professionals. The Escrow Agent may perform any and all of its duties through its agents, representatives, attorneys, custodians, and/or nominees. The Escrow Agent shall not be responsible for the negligence or misconduct of agents or attorneys appointed by it with reasonable care.

7.7 If any conflict, disagreement or dispute arises between, among, or involving the Provider and any Resident concerning the meaning or validity of any provision hereunder or concerning any other matter relating to this Escrow Agreement, or the Escrow Agent is in doubt as to the action to be taken hereunder, the Escrow Agent may, at its option, retain the Escrow Property until the Escrow Agent (i) receives a final non-appealable order of a court of competent jurisdiction or a final non-appealable arbitration decision directing delivery of the Escrow Property, (ii) receives a written agreement executed by each of the parties involved in such disagreement or dispute directing delivery of the Escrow Property, in which event the Escrow Agent shall be authorized to disburse the Escrow Property in accordance with such final court order, arbitration decision, or agreement, or (iii) files an interpleader action in any court of competent jurisdiction, and upon the filing thereof, the Escrow Agent shall be relieved of all liability as to the Escrow Property and shall be entitled to recover attorneys' fees, expenses and other costs incurred in commencing and maintaining any such interpleader action. Any such court order or arbitration decision shall be accompanied by a written instrument of the presenting party certifying that such court order or arbitration decision is final, non-appealable and from a court of competent jurisdiction or from a competent arbitration panel, upon which instrument the Escrow Agent shall be entitled to conclusively rely without further investigation. The Escrow Agent shall be entitled to act on any such agreement, court order, or arbitration decision without further question, inquiry, or consent.

8. Indemnity. Provider hereby agrees to indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits, or proceedings at law or in equity, or any other expense, fees, or charges in equity, or other expenses, fees, or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Agreement, unless caused by the Escrow Agent's willful misconduct or gross negligence; and in connection therewith, to indemnify the Escrow Agent against any and all expenses, including attorney's fees and, the cost of defending any action, suit, or proceeding or resisting any claim. Any and all expenses incurred by the Escrow Agent hereunder shall be reimbursed by the Provider upon demand.

9. Termination. Either party may terminate this Agreement upon thirty (30) days' written notice thereof to the other party, subject to the appointment of its successor by Provider within such thirty (30) day period. Provider shall give prompt written notice to the Escrow Agent of the name and address of the successor escrow agent. If a successor escrow agent is not appointed by Provider within the thirty (30) day period, the Escrow Agent may petition the Court to appoint a successor. Upon the appointment of such successor escrow agent, the Escrow Agent agrees to deliver to such successor escrow agent all funds and documents in its possession within thirty (30) days from the date of its notice of termination or resignation, or five (5) business days from the date of appointment of the successor escrow agent, whichever shall later occur. The successor escrow agent shall also be required to have a place of business in Connecticut.

10. Fees. Provider shall pay the Escrow Agent the usual and customary fee for services an Escrow Agent. Fees for any additional or extraordinary services may be agreed upon by Provider and the Escrow Agent.

11. Amendments. This Agreement may be amended by the parties in writing signed by both, provided that no amendments be made without prior notification by the Provider to the Commissioner of the Connecticut Department on Social Services and prior to approval by the Commissioner of the proposed changes, if and to the extent required by the Statute or regulations thereunder.

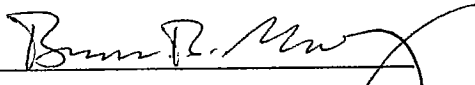
12. Governing Law. This Agreement shall be construed according to the laws of the State of Connecticut.

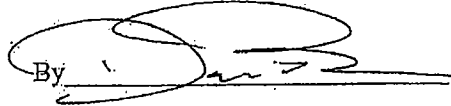
13. Superseder. This Agreement supersedes and replaces any and all prior agreements between the parties concerning the subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Entrance Fee Escrow Agreement as of the _____ day of May, 2016.

PEOPLE'S UNITED BANK.

CT WATERMARK EAST HILL, LLC

By 
Its SR. FUNDATIONAL TRUST OFFICER
SVP

By 
Its AUTHORIZED SIGNATORY

FORM 1
Entrance Fee Deposit

Date: _____

To: [Bank]

In accordance with the Entrance Fee Escrow Agreement entered into between [Provider] and [Bank], please deposit this entrance fee payment into the established account for the Community's entrance fees.

1. Date of Residency Agreement:
2. Amount: \$
3. Name on Residency Agreement:
4. Copy of Signature Page of Residency Agreement attached.

As the _____ of [Provider], I am authorized to act on behalf of [Provider].

Sincerely,

Name:

Title:

FORM 2
Rescission

Date: _____

To: [Bank]

In accordance with Paragraph 5.1 or 5.2 of the Entrance Fee Escrow Agreement entered into between [Provider], and _____, please release the Refundable Deposits paid to the Community to the Resident named in the Residency Agreement, as outlined in the Residency Agreement.

1. Date of Residency Agreement:
2. Amount on deposit: \$
3. Any cancellation costs: \$
4. Amount to be refunded to Resident: \$
5. Amount to be refunded to the Community: \$

As the _____ of [Provider] I am authorized to act on behalf of [Provider].

Sincerely,

Name:
Title:

FORM 3
Release of Deposit Balance payment

Date: _____

To: [Bank]

In accordance with Paragraph 5.4 of the Entrance Fee Escrow Agreement (the Escrow Agreement") entered into between [Provider], and _____, please release the amount of Entrance Fees indicated below and deposited with you pursuant to the Escrow Agreement to [Provider]. We hereby certify that the conditions set forth in the Entrance Fee Escrow Agreement have been satisfied and that the living unit referred to" in the Residency Agreement is now available for occupancy by said Resident.

1. Amount to be released: \$
2. Name on Residency Agreement:

As the _____ of [Provider], I am authorized to act on behalf of [Provider].

Sincerely,

Name:
Title:

FORM 4
Release to Operating Reserve

Date: _____

To: [Bank]

In accordance with paragraph 5.3 of the Entrance Fee Escrow Agreement entered into between [PROVIDER], and _____, please release the amount set forth below for deposit into the operating reserve escrow for the Community. The undersigned hereby certifies that all conditions required by applicable statute have been met to permit such release and that the amount to be released, together with other amounts to be deposited in such operating reserve escrow, are sufficient to cover: (1) all principal and interest, rental or lease payments due during the first 6 months after the Community is first occupied by a Resident on account of any first mortgage loan or any other long-term financing of the Community; and (2) the total cost of operations of the Community for a one-month period, excluding debt service, rental or lease payments as described in subsection (1) above and excluding capital expenditures.

Amount of Entrance Fees to be released for deposit into operating reserve escrow:
\$ _____

As the _____ of [Provider], I am authorized to act on behalf of [Provider].

Sincerely,

Name:
Title:

FORM 5
Fees of Escrow Agent

\$6,500 Annually