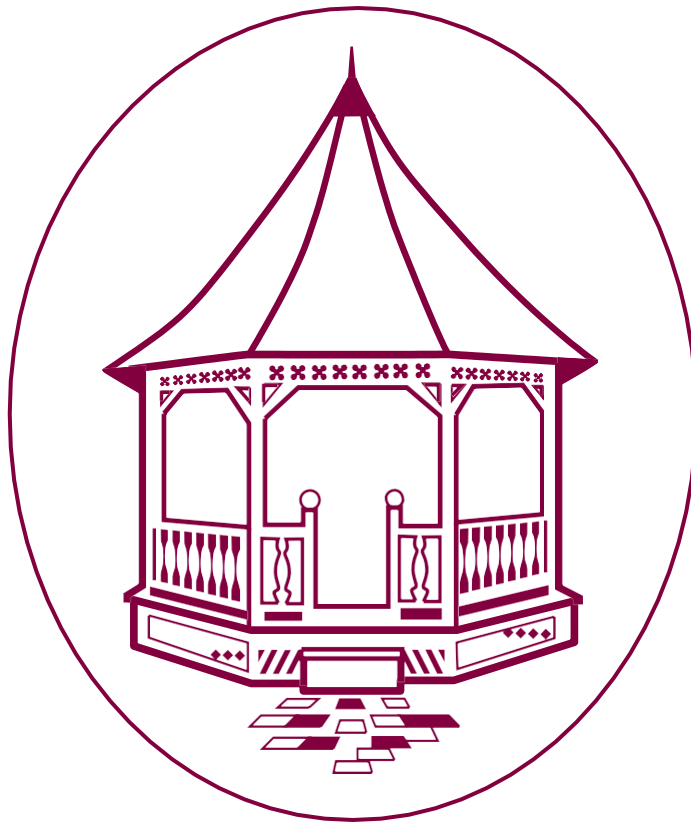


Southgate at Shrewsbury Residency Agreement



Southgate at Shrewsbury, Inc.
30 Julio Drive
Shrewsbury, MA 01545

Southgate at Shrewsbury
Residency Agreement

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SOUTHGATE AT SHREWSBURY

RESIDENCY AGREEMENT

1. SPECIFICATIONS

RESIDENT: _____

RESIDENT: _____

APARTMENT HOME NUMBER: _____

OCCUPANCY DATE: _____

ENTRANCE FEE: \$ _____

MONTHLY FEE: \$ _____

2. BASIC AGREEMENT

This Residency Agreement (“Agreement”) is entered into by Southgate at Shrewsbury, Inc. (“Southgate”), a Massachusetts Corporation which owns and operates Southgate at Shrewsbury, a non-smoking senior living community (“the Community”) located at 30 Julio Drive in Shrewsbury, MA 01545_____and _____individually/collectively hereinafter known as (“Resident”). From the Occupancy Date in the Community, as indicated above in Section 1. of this Agreement, (“the Occupancy Date”) until the Termination Date of this Agreement Southgate will provide facilities and services to Resident according to the terms and conditions set forth in this Agreement.

3. FINANCIAL CONDITIONS

3.1. Payment of Entrance Fee

Resident will pay an Entrance Fee to Southgate in the amount stated in Section 1. The Entrance Fee shall not be held in escrow and may be used and applied at the discretion of Southgate. Southgate will not pay interest thereon. The Entrance Fee shall only be refunded to Resident and/or the estate(s) of Resident, upon the termination of this Agreement, as provided in Section 7.6 Southgate's obligation to refund the Entrance Fee to Resident and/or estate(s) of Resident will be secured by a Mortgage and Indenture of Trust dated April 21, 1989 ("the Mortgage and Indenture of Trust").

3.2. Monthly Fees

Resident agrees to pay in advance the monthly fee ("Monthly Fee") as stated in Section 1. and subject to change as provided in Section 3. 3., on or before the first day of each calendar month.

3.3. Changes in Fees

The Monthly Fee and the Additional Services fee are subject to change after not less than 30 days prior written notice to Resident.

3.4. Late Charges and Set-Off

Southgate will assess Resident a late charge of 1 ½% per month of the amount due if the Monthly Fee or charges for Additional Services are not paid in full on or before the 10th day of the calendar month in which they are due. In the event Resident fails to pay the Monthly Fee or charges for Additional Services, including all late charges, Southgate shall be entitled to a right to set-off all unpaid fees against the Entrance Fee, pursuant to Section 7.9.

3.5. Credits

Credit to Resident's account will not be given when Resident does not use the services or facilities set forth in this Agreement.

3.6. Liability for Charges

Each person who is designated as Resident in this Agreement is jointly and severally liable for the payment of the Monthly Fee and all other amounts required to be paid to Southgate pursuant to the provisions of this Agreement. In the event it is necessary for Southgate to institute legal action or other proceedings to recover

amounts payable to Southgate under this Agreement, Southgate also will be entitled to recover legal fees and costs incurred in connection with all such proceedings. This provision will survive any termination of this Agreement.

4. FACILITIES

4.1. Living Accommodation

In exchange for payments initially specified in Section 1., Resident will be entitled to occupy the Apartment Home indicated above (“the Apartment Home”), subject to change as provided hereinafter.

4.2. Alteration to Apartment Home

Resident may make alterations to the Apartment Home (including painting, wallpapering, building of shelves, etc.) with the prior written approval of Southgate. Any approved alterations will be performed at Resident’s expense by Southgate’s maintenance staff or by a contractor approved by Southgate. For Resident’s safety, Resident agrees not to replace or add any locking devices to the Apartment Home.

4.3. Community Areas

Resident has the right, in common with all others, to the use of common areas.

5. SERVICES

5.1. Dining Service

Resident will be entitled to one meal per day from a selective menu served in our dining facilities. (see Resident Handbook for guest meal rates)

5.2. Housekeeping

Light housekeeping of the Apartment Home, including vacuuming, dusting of exposed surfaces, kitchen surface and bathroom cleaning, will occur on a scheduled weekly basis.

5.3. Maintenance

Southgate will maintain all common areas and be responsible for the maintenance and repair of all property, furnishings and equipment owned by Southgate. Southgate has no obligation to perform maintenance on Resident’s personal property.

5.4. Utilities

Sewer, water, electricity, heat and air-conditioning for the Apartment Home will be

provided. The Apartment Home will be centrally wired for cable television and telephone hook-up. Resident will be responsible for the installation charges and payment of any telephone and/or cable television service, if service is desired.

5.5. Transportation

Local transportation to designated shopping, social events and/or other destinations will be scheduled on a regular and limited basis: within 10 miles Monday through Friday, 8:00 to 4:30 and with a minimum number of participants.

5.6. Additional Services

(“Additional Services”) may be made available by Southgate on a fee-for-service basis. Charges for Additional Services will be listed in the Resident Handbook and will be billed to Resident on the monthly bill.

6. TRANSFERS FROM SOUTHGATE

6.1. Agreement to Transfer

If Southgate determines, in accordance with Section 6. 4. that Resident’s health requires services for which transfer would be appropriate, Resident agrees to leave the Community for such care.

6.2. Temporary Transfer

If Resident requires short term care and is likely to return to the Apartment Home in the near future, Resident will be considered to have made a temporary transfer (“Temporary Transfer”) and Resident’s obligation to pay the Monthly Fee will continue.

6.3. Permanent Transfer

If Southgate determines that Resident is unable to live independently in the Community, Resident’s transfer will be considered permanent (“Permanent Transfer”) and this Agreement will be subject to termination.

6.4. Determinations Concerning Temporary or Permanent Transfers

Determinations will be made by Southgate in consultation with, and to the extent feasible, Resident, Resident’s family members or representatives and Resident’s attending physician.

7. TERMINATION AND REPAYMENT OF ENTRANCE FEE

7.1. Termination Date

The termination date of this Agreement shall only become effective if in accordance with the required number of days of prior written notice and only after

Resident and/or estate(s) of Resident has vacated the Apartment Home, removed personal property therefrom and returned all keys ("Termination Date").

7.2. Written Notice

After occupancy, to terminate this Agreement, Resident must give to Southgate a written notice which will state the Termination Date ("Notice of Termination"). Termination shall not be less than sixty (60) days after notice has been given. In accordance with Section 7.4 (e) the death of the Resident will serve as Notice of Termination.

7.3. Termination Prior to Occupancy

- a) Resident or Southgate may terminate this Agreement at any time prior to the Occupancy Date by prior written notice to the other party.
- b) If the Apartment Home is available for occupancy on the Occupancy Date and Resident fails to pay the Entrance Fee and Monthly Fee, then Resident shall be deemed to have terminated this Agreement as of that date unless Resident and Southgate agree in writing to extend the Occupancy Date.
- c) If Resident dies before the Occupancy Date, this Agreement shall be automatically canceled and the legal representatives of Resident shall receive a full refund of the Entrance Fee, as provided in Sections 7.6.

7.4. Termination after Occupancy by Southgate

Southgate may terminate this Agreement at any time for good cause upon thirty (30) days prior Notice of Termination to Resident. Good cause will include, but not be limited to:

- a) Resident's failure to abide by the rules and regulations of the Community, as detailed in the Resident Handbook as they now exist or as they may later be amended, and such violation is not cured within 30 days after written notice to Resident;
- b) Southgate's determination that Resident's continued residence in the Apartment Home presents a danger to the safety or well-being of Resident or others.
- c) Resident's failure to comply with the terms of this Agreement.
- d) Southgate's discovery of a material misstatement or omission in the Resident's confidential data application or other information submitted by or on behalf of Resident;

- e) Upon the death of Resident in the case where the deceased Resident was the sole occupant of the Apartment Home.

7.5. Other Rights

Termination of this Agreement for whatever reason will not affect or impair the exercise of any right or remedy granted to Southgate under this Agreement for any claim or cause of action occurring prior to the date of such termination.

7.6. Repayment of Entrance Fee

- a) If the Termination Date of this Agreement occurs prior to the Occupancy Date, Southgate will repay to Resident and/or estate(s) of Resident, a full refund of the Entrance Fee paid to Southgate by Resident.
- b) If the Termination Date of this Agreement occurs after the Occupancy Date, Southgate will repay to Resident and/or estate(s) of the Resident, the Entrance Fee minus the Deferred Fee and any other charges due Southgate upon earlier to occur of: One year after the Termination Date of this Agreement, or upon receipt of a new Entrance Fee from a new resident and a new resident occupies the Apartment Home most recently occupied by Resident.

7.7. Deferred Fee

After occupancy, upon termination of this Agreement, Resident will pay to Southgate a deferred fee equal to the lesser of 15 % of the Entrance Fee as shown in Section 1, or, if termination occurs within the first 15 months after the Occupancy Date, 1 % of the Entrance Fee for each month of occupancy, based on the number of days of occupancy pro-rated equally over 456 days. The deferred fee ("Deferred Fee") is due and payable on the date that Resident's Entrance Fee is repaid by Southgate as pursuant to Section 7.6.

7.8. Impairment of Resident's Finances

Resident agrees not to sell, transfer, assign, mortgage or encumber in any way Resident's right to receive a refund of the Entrance Fee held by Southgate. Resident may not sell, transfer, assign, hypothecate or encumber any of the Resident's assets if such action impairs Resident's ability to meet Resident's financial obligations to Southgate.

7.9. Right of Set-Off

Southgate has the right to set-off against repayment of the Entrance Fee the Deferred Fee and any other fees or amounts due to Southgate.

8. CHANGES IN OCCUPANCY

8.1. Effect of Double Occupancy

If this Agreement is signed collectively by two persons as Resident and if one dies or moves from the Apartment Home, this Agreement will continue in full legal force and effect as to the remaining Resident, except that the Monthly Fee will be adjusted to reflect the then applicable single occupancy Monthly Fee rate.

8.2. Occupancy by non-Resident

If a Resident and a non-resident desire to share the Apartment Home, the non-resident may become a resident and live in the Apartment if he/she follows the standard application procedures for admission as Resident. The decision whether or not to accept the non-resident will be made by Southgate in its sole discretion. If the non-resident is accepted for residency, both Resident and the non-resident will be required to sign a new Agreement and the Occupancy Date of this Agreement will apply to the new Agreement. An additional Entrance Fee, equivalent to the then current Entrance Fee for a second occupant will be due to Southgate. In addition, the Monthly Fee will be adjusted to reflect the current rate for double occupancy then in effect for the Apartment Home.

8.3. Relocation

If the Apartment Home is damaged by fire, flood, storm or other casualty or cause and Southgate elects not to terminate this Agreement, Southgate will, at its expense, proceed diligently to repair and restore the Apartment Home. If the Apartment Home is untenantable during the repair, Southgate will relocate Resident to a comparable type Apartment Home, if available, or, if not, will endeavor to relocate Resident temporarily to any other available apartment and the Monthly Fee will be adjusted for the type of Apartment Home temporarily occupied by Resident.

9. MISCELLANEOUS

9.1. Resident's Interest

Resident does not have any proprietary interest in Southgate, its assets or properties, or the assets and properties of the Community by virtue of this Agreement.

9.2. No-Smoking Policy

For the safety of the Community and in the best interests of the health and well-being of the Resident, Southgate has made a commitment to be a smoke-free community. No smoking is allowed in the common areas of the Community. Resident agrees not to smoke in the Apartment Home nor to allow guests to smoke in the Apartment Home.

9.3. Responsibility for Resident's Property

Southgate will not be responsible for damage or loss to any personal property belonging to Resident caused by fire, flooding, or other casualty, or by leaking of water, bursting of pipes, theft or other cause. Resident will be solely responsible, at Resident's expense, for insuring against property damage or loss and personal liability.

9.4. Right of Entry

Resident hereby authorizes employees and agents of Southgate to enter Resident's Apartment Home for the purpose of providing services, repairs, maintenance, alterations, pest control and inspection, and in the event of perceived medical or other emergency. Southgate reserves the right, with reasonable advance notice, to show an Apartment Home to a prospective resident once Notice of Termination by Resident has been received by Southgate.

9.5. Indemnification for Negligence

Resident will indemnify, protect and hold harmless Southgate for any loss, damage, injury or expense incurred by it as a result of the careless, negligent or willful acts of Resident or Resident's guests.

9.6. Guests

Occupancy of the Apartment Home and use of the Community facilities is limited to Resident and guests. Guests may not occupy the Apartment Home for more than 14 days during any calendar quarter without the prior written approval of Southgate. Resident will be responsible for the conduct of Resident's guests and for payment of any charges incurred by Resident's guests. Children under 16 years

of age are not allowed to use the Health Club equipment and must be supervised by an adult at all times within the Community. Resident may bring guests to the dining facility to the extent space is available, residents having first priority.

9.7. Resident Handbook

Southgate will establish rules and regulations for the orderly operation and management of the Community's affairs, the health, safety, welfare, peace and comfort of the residents of the Community as set forth in the resident handbook ("Resident Handbook"). Resident agrees to abide by such rules and regulations. The Resident Handbook may be revised at Southgate's reasonable discretion at any time without prior notice. Resident acknowledges that Southgate has provided to Resident a copy of the Resident Handbook.

9.8. Damage to Apartment

Any loss or damage to the Apartment Home or Southgate's furnishings caused by negligence or willful acts on the part of the Resident or Resident's guests shall be charged to Resident. Southgate will have the right to set-off such costs against the Entrance Fee as provided in Section 7.9.

9.9. Pets

A pet may be kept in the Apartment Home provided the pet is properly vaccinated and licensed. Resident is responsible for the pet's litter and for any damage caused by the pet. Pets are not allowed in the common areas, except in the common corridors for access to and from the building. In accordance with the laws of the Town of Shrewsbury, dogs must have some type of restraining device when on public property. In the event that Southgate determines that pet problems are preventing the quiet enjoyment by other residents of their Apartment Homes or community areas, Resident agrees to remove the pet from the Apartment Home.

9.10. Entire Agreement

This Agreement constitutes the entire agreement between Southgate and Resident. Southgate will not be liable for, or bound by, any statements, representations or promises made to Resident by any person representing or purporting to represent Southgate unless such statements, representations or promises are expressly set forth in writing in this document.

9.11. Binding Effect

This Agreement is binding upon the successors and assigns of Southgate and the heirs and personal representatives of Resident. The provisions of this Agreement

are not assignable or transferable in whole or in part by Resident, and Resident will have no right to sublet the Apartment Home.

9.12. Severability

Each provision of this Agreement will be deemed separate from each other provision and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the balance of this Agreement.

9.13. Subordination

Resident agrees that Resident's rights under this Agreement will be subordinate to any mortgage or other lien that now encumbers all or any part of the real estate upon which the Community is situated, and shall be further subordinate to the lien of any mortgage hereafter placed on all or any part of the real estate upon which the Community is situated. The amount of any mortgage hereafter placed on all or part of the real estate upon which the Community is located may not exceed that authorized under the Mortgage and Indenture of Trust. Resident agrees to execute, acknowledge and deliver any such subordination agreement as any lender or future lender shall reasonably require in order to establish the priority of any such lien.

9.14. Non-Discrimination

Southgate will be operated on a non-discriminatory basis, and will provide the facilities and services described in this Agreement to individuals regardless of race, color, sex, religion, creed or national origin.

9.15. Notices

Any notice to Southgate by Resident should be given in writing and mailed or delivered to Southgate at Shrewsbury, Inc. at the administrative office of the Community. Any notice to Resident by Southgate will be given in writing and mailed or delivered to Resident's Apartment Home or at such other address as Resident may designate to Southgate in writing.

9.16. Amendments and Alterations

Notwithstanding any other provision in this Agreement, Southgate may amend this Agreement and may make alterations to the Apartment Home and Community areas to comply with applicable Federal, State or local statutes, laws, regulations or ordinances.

IN WITNESS WHEREOF, Southgate and Resident have signed this Agreement on this
_ day of _ , .

SOUTHGATE AT SHREWSBURY, INC.

A Massachusetts Corporation

BY: _

Title: Authorized Representative of Southgate at Shrewsbury, Inc.

WITNESS: _

RESIDENT(S)

(Signed): _

Print Name: _

(Signed): _

Print Name: _

WITNESS: _

OCCUPANCY DATE ENDORSEMENT

Resident will begin occupancy in the Community on

Initialed: Southgate _ Date: _

Resident _ Date: _

Resident _ Date: _

Contract Document Revision Date: November 1, 2000