



The WILLOWS

PREMIER RETIREMENT COMMUNITIES
FOR ACTIVE ADULTS



RESIDENCY AGREEMENT

**THE WILLOWS AT WESTBOROUGH
RESIDENCY AGREEMENT
SPECIFICATION PAGE**

APARTMENT _____

OCCUPANCY DATE _____

AMOUNT

SINGLE RESIDENT ENTRANCE DEPOSIT (1) \$ _____

2ND RESIDENT ENTRANCE DEPOSIT (1) \$ _____

TOTAL \$ _____

SINGLE RESIDENT MONTHLY SERVICE FEE (2) \$ _____

2ND RESIDENT MONTHLY SERVICE FEE (2) \$ _____

TOTAL \$ _____

RESIDENT'S NAME:

RESIDENT NO. 1. _____
PLEASE PRINT

RESIDENT NO. 2. _____
PLEASE PRINT

RESIDENT'S SIGNATURE

RESIDENT NO. 1. _____ DATE _____

RESIDENT NO. 2. _____ DATE _____

THE WILLOWS AT WESTBOROUGH

BY: _____

(1) AT DATE OF EXECUTION HEREOF

(2) SUBJECT TO CHANGE, SEE PARAGRAPH III. C. OF RESIDENCY AGREEMENT

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RESIDENCY AGREEMENT
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THE WILLOWS AT WESTBOROUGH RESIDENCY AGREEMENT

GENERAL CONDITIONS - RESIDENCY AGREEMENT

This General Conditions - Residency Agreement states the agreement between The Willows at Westborough, a Massachusetts partnership doing business as The Willows at Westborough, (hereinafter referred to as "The Willows") and each person whose name appears on the signature page of this Agreement (hereinafter referred to as "Resident"), with regard to the facilities and services provided by The Willows to the Resident.

From the Occupancy Date (hereinafter defined) until the termination of this Agreement, The Willows will furnish to Resident facilities and services according to the terms of this Agreement.

I. FACILITIES PROVIDED BY THE WILLOWS

A. Living Accommodation

Resident has the right to occupy and use the living accommodation assigned in the Residency Agreement Specification Page (the "Apartment") subject to provision for change in accommodations as provided hereinafter. The Willows will furnish wall-to-wall carpeting, blinds, and the following kitchen appliances and accessories: refrigerator, range, washer and dryer, and garbage disposal. All other furnishings shall be provided by Resident. Subject to the prior written approval of The Willows, Resident, at Resident's own expense, may make changes to the Apartment.

B. Community Facilities

Resident may use, in common with others, all community facilities and common areas.

II. SERVICES OFFERED BY THE WILLOWS

A. Food and Service

1. Dining Room and Coffee Shop (Crossway Café)

- Breakfast is served in the Crossways Cafe only.
- Lunch is available in the Crossway Café or Dining Room.
- Dinner is available in the Dining Room only.
- Sunday the Dining room is open for Brunch only.
- The Crossway Café is open on Sunday evening.
(See Resident Handbook for hours).

2. Tray Service

Seven days of tray service per calendar year will be provided without extra charge to Residents participating in a meal plan.

3. Guest Meals

Meals will be available to guests of Residents. Guest meal charges will be included in Resident's monthly statement. The Willows reserves the right to modify these rates from time to time.

II. SERVICES OFFERED BY THE WILLOWS (continued)

4. Meal Charges

The Monthly Service Fee (defined in Section III C. 1.) includes (1) one meal per day of Resident's choice. Alternate meal arrangements may be made for two or three meals per day. Charges for extra meals will be made according to the then current established rates. The Willows reserves the right to modify these rates from time to time.

B. Housekeeping and Bed Linen Services

Weekly housekeeping and bed linen service is provided as part of the Monthly Service Fee and is limited to a sanitizing of all bathroom fixtures and floors, surface cleaning of the kitchen, washing of floors, and vacuuming of all exposed carpeted surfaces. The Resident Handbook has a more detailed description of these services.

C. Maintenance and Repair Services

The Willows will repair, maintain, and replace property and equipment owned by The Willows. Minor repairs to Resident's personal property may be provided on a charge basis. Redecoration of the Apartment, in addition to or other than that scheduled by The Willows, will require the approval of The Willows and will be at Resident's expense.

D. Utilities

The Willows will furnish water, electricity, heat, air conditioning and expanded cable service. Residents will be responsible for their own telephone service.

E. Emergencies

Each Apartment will be equipped with an emergency call system. Twenty-four hour emergency response will be provided at no additional charge to Resident.

F. Health Care

1. Health Service Coordinator

The role of the Health Service Coordinator will be to provide individual assessment, consultation, education, awareness programs, blood pressure monitoring, weight and medication coordination. When requested, the Health Service Coordinator will refer residents to an appropriate physician and/or health care provider.

2. Physician Services

The Willows will maintain physician office space which may be used by appointment by Resident's private physician. The Willows will not provide physician services.

F. Health Care (continued)

3. Inpatient Nursing Care

Beaumont at The Willows (a.k.a. "Beaumont at Westborough" or "Beaumont"), a licensed nursing home, physically attached to but owned and operated separately from The Willows, provides inpatient nursing care for long term and short term stays on a fee for service basis. Resident will be given a right to be admitted to Beaumont on a priority basis, to the extent permitted by applicable law, regulations and government policies. Resident will be responsible for paying or causing the payment of all costs associated with nursing home services provided by Beaumont.

G. Medical and Surgical Insurance - Resident's Obligation

Each Resident shall procure and maintain in force at his or her own cost and expense the maximum coverage available to such Resident under any applicable program of Federal Social Security, and Blue Cross and Blue Shield Medicare supplemental insurance, or the equivalent.

H. Temporary Transfer From The Willows For Reasons of Health

If necessary, a committee will be formed, which may include among its members the Medical Director, the Health Service Coordinator, a physician retained by Resident and the Executive Director of The Willows or his designee (hereinafter the "Review Committee"). If, in the opinion of the Review Committee the health condition of Resident is such that his or her continued presence in the facility is dangerous or detrimental to the health or safety of other Residents of The Willows or to himself or herself, The Willows may arrange for such hospitalization or transfer to a special service facility as may be appropriate.

III. FINANCIAL CONDITIONS

A. Entrance Deposit

1. Payment of Entrance Deposit

Resident shall pay an entrance deposit (the "Entrance Deposit") to The Willows in the amount provided for in the Residency Agreement Specification Page. The Entrance Deposit shall not be held in escrow and it may be used and applied at the discretion of The Willows. The Willows will not pay interest thereon. The refundable portion of the Entrance Deposit shall be refunded to Resident or his estate, as appropriate, upon the termination of this Agreement as provided in Section III.B.

A. Entrance Deposit (continued)

2. Payment of Additional Entrance Deposit Upon Transfer to an Apartment with a Higher Refundable Entrance Deposit (R.E.D.)

Should Resident elect to transfer to a larger Apartment, an additional Entrance Deposit equivalent to the difference between the amount paid by the Resident for the smaller apartment and the then current Entrance Deposit for the larger Apartment will be due The Willows.

3. Payment of Additional Entrance Deposit Upon a Second Resident's Occupancy of the Apartment

Should the Apartment become occupied by a second Resident, an additional Entrance Deposit equivalent to the then current Entrance Deposit for double occupancy will be due The Willows.

4. Assignment of Entrance Deposit To Lending Institution

Resident agrees that at the request of The Willows, Resident will assign Resident's interest in the refundable portion of the Entrance Deposit to a lending institution in order to secure a loan from such institution to obtain funds to pay for Resident's or Resident's spouse's obligations at The Willows or Beaumont.

B. Refund of Entrance Deposit

1. Termination of Agreement

Resident is entitled to a refund of the entire Entrance Deposit if the termination of this Agreement occurs within the first two months of occupancy of an Apartment. Thereafter, one percent per month will be non-refundable for a maximum of 10% at the end of one year of occupancy.

2. Transfer of Resident to an Apartment with a Lower Refundable Entrance Deposit (R.E.D.)

Upon the transfer of Resident from a larger Apartment to a smaller Apartment, Resident will receive as a refund the difference between the refundable portion of the Entrance Deposit Resident paid for the larger Apartment and the refundable portion of the Entrance Deposit applicable for the smaller Apartment at the time of Resident's occupancy of the smaller Apartment.

3. Termination of One of the Residents Sharing an Apartment

In the event that this Agreement is terminated as to one of two Residents sharing an Apartment, the terminated Resident will receive as a refund, 90% of the second resident entrance deposit as stated on the Residency Agreement specification page. The refund of the single resident Refundable portion of the Entrance Deposit as stated on the Residency Agreement specification page shall be refunded to the remaining resident per Section III B. 1. of the Residency Agreement.

B. Refund of Entrance Deposit (continued)

4. Payment of Refund

Except for a refund due pursuant to Sections III. B.3. or IV. A., any refund of the refundable portion of the Entrance Deposit shall be paid to Resident within the earlier to occur of (1) one year after all outstanding charges of The Willows, Whitney Suites/Place and Beaumont have been deducted from the RED, Resident's apartment has been vacated, Resident's belongings removed therefrom, and Resident's keys surrendered, or (2) all outstanding charges of The Willows, Whitney Suites/Place and Beaumont have been deducted from the RED, Resident's Apartment has been vacated, Resident's belongings removed therefrom, Resident's keys surrendered, and the receipt by The Willows of the Entrance Deposit paid by a new resident who has accepted the Apartment formerly occupied by Resident.

Any refund due pursuant to Section III. B.3. shall be paid within ninety (90) days after all outstanding Willows, Whitney Suites/Place and Beaumont charges have been paid and Resident has vacated the Apartment. Any refund due pursuant to Section IV. A. shall be paid within thirty (30) days of the termination of this Agreement.

C. Monthly Charges

1. Monthly Service Fee

The monthly fee ("Monthly Service Fee") provided in the Residency Agreement Specification Page includes one meal and weekly housekeeping services. This is billed in advance. The Monthly Service Fee may be adjusted from time to time upon thirty (30) days prior notice to Resident. The Willows agrees that in the exercise of its discretion, which shall be binding on Resident, it will maintain the Monthly Service Fee at the lowest possible rate which in its judgment is consistent with sound financial operation and maintenance of the quality of services called for herein.

The Willows agrees that the Monthly Service Fee shall not exceed an amount based on the estimated costs of operating the Willows, including a management fee not to exceed 7.5% of estimated operating costs, for the twelve month period commencing the month for which an increase in the Monthly Service Fee is sought. Upon written objection of two-thirds of the residents, the Willows will establish to the satisfaction of an arbitrator chosen by the President of the Worcester County Bar Association, that the increase is necessary to cover estimated operating costs.

C. Monthly Charges (Continued)

2. Monthly Statement

A monthly statement shall be provided to Residents on the 20th day of each month. The Statement shall include:

- a. the Monthly Service Fee for the following month;
- b. any credits;
- c. charges for additional services rendered up to the cutoff date for the monthly statement;
- d. any other amounts due The Willows.

3. Payment of Monthly Charges

The monthly charges shall be paid to The Willows on or before the first day of each calendar month following receipt of The Willow's monthly statement. If Resident fails to make payment within five (5) days of when due, a late charge of 1% will be assessed by The Willows. Failure of Resident to make payment of the monthly charges within fifteen (15) days of when due shall be a default under this Agreement and The Willows may terminate this Agreement.

IV. TERMINATION

A. Termination Prior to Occupancy

1. Either party may terminate this Agreement at any time prior to Resident's occupancy of the Apartment by delivering to the other party notice of such termination. If the Apartment is available for occupancy on the date The Willows has specified the Apartment will be available for Resident's occupancy (the "Occupancy Date") and Resident fails to occupy the Apartment on said date either by reason of death or any other reason, then Resident shall be deemed to have terminated this Agreement as of that date unless the parties agree in writing to extend the Occupancy Date.
2. If the Apartment is not available for occupancy upon the Occupancy Date, this Agreement shall terminate as of said date unless the parties agree in writing to extend the Occupancy Date.

B. Termination After Occupancy

1. Termination by Resident

Resident may terminate this agreement by delivering to The Willows written notice of Resident's intent to do so. The written notice shall state date when the termination is to become effective, at or prior to which Resident shall vacate the Apartment and remove his/her belongings therefrom.

B. Termination After Occupancy

1. Termination by Resident (Continued)

On the effective date of such termination, which shall not be less than sixty (60) days after notice has been given, Resident's obligation to continue to pay the Monthly Service Fee shall cease and Resident shall be entitled to a refund of the refundable portion of the Entrance Deposit subject, however, to the limitations provided in Section III. B.4.

2. Termination by The Willows

The Willows may terminate this Agreement upon the occurrence of any of the following events:

- a. Failure of Resident to comply with the policies, procedures, rules and regulations adopted by The Willows and such failure continues 30 days after The Willows gives Resident notice in writing of such failure; provided, however, that The Willows need not give such notice and grace period if said failure creates a danger to the health or safety of Resident or other Residents or staff of The Willows.
- b. Failure of Resident to pay any monthly charge as required by Section III.C.3.
- c. Failure of Resident to comply with the terms of the Residency Agreement.
- d. A material breach by the Resident of any warranty or representation made by Resident in the Residency Agreement.
- e. The determination by the Review Committee in its sole reasonable discretion that the health condition of Resident is such that his or her continued presence in the facility is or may become dangerous or detrimental to the health or safety of residents or staff of The Willows or to the Resident and that such condition will not be resolved in a reasonable time. In each such case The Willows shall give Resident written notice of termination specified to be effective on a date not less than, thirty (30) days after the date of notice; provided that, if in its sole reasonable judgment The Willows determines that Resident's continued presence in the facility is or may become dangerous to the health or safety of Resident other Residents, or staff of The Willows, it may give Resident written notice of termination specified to be effective on a date less than thirty (30) days after the date of notice. On or before the termination date in any such notice, Resident shall vacate his/her Apartment and remove his/her belongings therefrom. At the termination date, and after the vacating of the Apartment and removal of belongings therefrom, Resident's obligation to continue to pay the Monthly Service Fee shall cease and Resident shall be entitled to a refund of the refundable portion of the Entrance Deposit subject, however, to the limitations provided in Section III. B 4.

B. Termination After Occupancy (Continued)

3. Termination by Death

Unless otherwise terminated, this Agreement shall terminate at the death of Resident. In the case where the deceased Resident was the sole occupant of the Apartment, the obligation to pay monthly charges as provided in this Agreement shall continue until the Apartment has been vacated by the family, the estate of the deceased Resident, or by The Willows. In the case of double occupancy, the Monthly Service Fee shall be adjusted following the death of one of the Residents of the Monthly Service Fee applicable to single occupancy.

V. RIGHTS AND OBLIGATIONS OF RESIDENT AS TO PROPERTY

A. Rights of Property

The rights and privileges granted to Resident by this Agreement do not include any right, title or interest in any part of the personal property, land, buildings, and improvements owned or administered by The Willows. Nothing contained in this Agreement shall be construed to create the relationship of landlord and tenant between The Willows and Resident. Resident's rights are primarily for services, with a contractual right of occupancy. The Willows grants to Resident a revocable license to occupy and use space in the facility. Any rights, privileges or benefits under this Agreement shall be subordinate to any mortgage or deed of trust on any of the premises or interest in real property of The Willows, to all amendments, modifications, replacements or refundings, of any such mortgage or deed or trust, and to such reasonable policies, rules and regulations on the use of all of The Willows' property as shall from time to time be imposed by The Willows. Resident agrees, upon request, to execute and deliver any document which is required by The Willows, or by the holder of any such mortgage or deed of trust to effect such subordination or to evidence the same.

B. Use of Apartment

The Apartment shall be used only for residential purposes and shall not be used for business or professional purposes, nor in any manner in violation of law.

C. Right of Entry

The Willows recognizes Resident's right to privacy and its responsibility to limit entry to the Apartment to legitimate emergencies and scheduled work. Resident recognizes and accepts the responsibility of The Willows to enter Resident's Apartment in order to carry out the purpose and intent of this Agreement. Such entry includes but is not limited to (a) performance of scheduled housekeeping duties, (b) response to the emergency alert system, (c) response to automatic fire alert system, (d) entry by authorized personnel in the event that Resident is reported missing or having not responded to a call, and (e) scheduled or emergency maintenance procedures.

D. Responsibility for Damages

Any loss or damage to real or personal property of The Willows caused by the negligence of Resident shall be charged to and paid for by Resident. If any negligence of another Resident results in injury, illness, damage to Resident, or damage to Resident's personal property, The Willows assumes no responsibility therefrom, and Resident hereby releases and discharges The Willows from all liability or responsibility for injury or damage to Resident or to Resident's personal property caused by the fault or negligence of other Residents.

E. Responsibility for Protection of Resident's Property

The Willows shall not be responsible for the loss of any personal property belonging to Resident due to theft, fire, or any other cause. Resident shall have the responsibility, at his own expense, of providing any insurance desired by him to protect against any such loss.

If Resident is no longer able to occupy the Apartment or fails to vacate after having been given notice to do so, The Willows shall have the right at Resident's cost to remove promptly all personal property of the Resident from the Apartment and store the same at the Resident's cost. If the property is stored in a commercial warehouse, The Willows shall have no responsibility for such property (including costs) after storage has been accomplished.

In the case of Resident's death, The Willows will attempt to deliver, at the cost of Resident's estate all personal property in the Apartment theretofore occupied by the Resident, and any personal property of Resident previously stored by The Willows, to Resident's executor, administrator, or personal representative, or if none qualifies within thirty (30) days after Resident's death, to any of Resident's next of kin. After death, items not removed shall be held in storage for up to six (6) months at the risk and expense of Resident's estate, or of the persons entitled thereto, after which they shall be sold. Resident shall, at the time he or she moves to the facility, give instructions to The Willows, designating to whom the personal property should be delivered. Resident agrees that The Willows will not be held liable for delivery of personal effects to the guardian or conservator or next-of kin.

F. Impairment of Resident's Financial Position

Resident agrees not to sell, transfer, assign, mortgage, hypothecate or encumber in any way Resident's right to receive a refund of the Entrance Deposit without the Willow's consent. Except as provided in the preceding sentence, Resident may sell, transfer, assign, hypothecate or encumber any of the Resident's assets as long as such action does not impair Resident's ability to meet Resident's financial obligations hereunder.

VI. RIGHTS AND OBLIGATIONS OF SPOUSE OR OTHER TO OCCUPY RESIDENT'S APARTMENT

A. Entry of Spouse or Other into the Facility

The Willows shall accept a spouse of a Resident or other person designated by Resident into the facility as a Resident under the condition that he/she share Resident's Apartment if the spouse or other person meets all of the criteria for occupancy then in effect.

B. Additional Entrance Deposit

Upon such acceptance, an additional Entrance Deposit as provided in Section III. A. 3. will be due The Willows.

C. Monthly Service Fee

Upon such acceptance, the Residents of the Apartment will be jointly and severally responsible for the Monthly Service Fee for double occupancy of such unit, which Monthly Service Fee shall be set forth in The Willows' schedule of fees.

D. Marriage in the Facility

Existing Residents are, of course, free to marry and remain in The Willows. The Monthly Service Fee shall be governed by Section VI. C. Change in occupancy from two separate Apartments to double occupancy of one Apartment by existing Residents of the facility will be permitted. There shall be a refund of the refundable portion of the Entrance Deposit, subject to the provisions of Section III. B.4. Upon such occurrence, the refund will be equal to the difference between the refundable portion of the Entrance Deposit paid by both Residents and the refundable portion of the Entrance Deposit applicable to the Apartment occupied by both Residents.

VII. DISCLOSURE STATEMENT

A. The Information Booklet

Resident acknowledges that Resident has received with this Agreement a disclosure statement entitled, "The Willows at Westborough Information Booklet" (the "Information Booklet").

VII. DISCLOSURE STATEMENT (Continued)

B. Health and Financial Standards

A description of the health and financial conditions required for an individual to be accepted as and continue as a Resident are set forth in the Information Booklet, which descriptions are incorporated herein by reference.

C. Reserve Funds

No special escrow account, trust or reserve funds have been established to enable The Willows to perform its obligations hereunder. All assets of The Willows are under the control and direction of its Partners, information about whom is set forth in the Information Booklet which information is incorporated herein by reference.

VIII. MISCELLANEOUS

A. Documents Made a Part of the Residency Agreement

The Residency Agreement includes the Residency Agreement Specification Page, the General Conditions, the Information Booklet, Financial Information, Medical Records, and all medical information submitted by or on behalf of Resident. Said documents are hereby incorporated by reference. Knowing that The Willows will rely on all of the financial and medical information submitted by Resident to The Willows, Resident represents and warrants that all such information is true and complete as of the date of this Agreement and as of the Occupancy Date.

B. Rules Adopted by The Willows

The Willows reserves the right to adopt policies, procedures and rules and regulations regarding residency consistent with the provisions of this Agreement. Resident agrees to observe said policies, procedures, rules and regulations for the convenience, comfort, and safety of all.

C. Guest Policies

The rights and obligations of guests of Residents, including the right to spend the night in an Apartment, shall be governed by the Resident Handbook.

D. Assignability

The rights of Resident under this Agreement are not assignable and no rights or benefits hereunder shall inure to the use or benefit of the heirs, legatees, assignees or representatives of Resident, unless expressly provided herein.

VIII. MISCELLANEOUS (Continued)

E. Personal Liability of The Willows' Partners, etc.

This Agreement has been executed on behalf of The Willows, by its duly authorized agent and, no partner, director, agent or employee of The Willows shall have any personal liability hereunder to Resident under any circumstance.

F. Notices

All notices, reports or other communications required or permitted to be given hereunder shall be given in writing; and, unless some other method of giving such notice, report or other communication is accepted by the party to whom it is given, shall be given by being delivered at (or mailed by regular U.S. Mail, postage prepaid to) the address specified in writing by each party.

G. Modifications

This Agreement shall not be changed, modified, terminated or discharged in whole or in part except by an instrument in writing signed by either their respective successors or assigns, or otherwise as provided herein.

H. Binding Effect

This Agreement shall bind any successors or assigns of the parties hereto as herein provided.

I. Governing Law

The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the Commonwealth of Massachusetts as at the time in effect.

The Residency Agreement is subject to the terms and conditions of the Entrance Deposit Certificate and the Mortgage and Indenture of Trust, which secures it.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed under seal as of the date first set forth above.

THE WILLOWS AT WESTBOROUGH

EXECUTIVE DIRECTOR

DATE

RESIDENT

DATE

RESIDENT

DATE

DISCLOSURE

Tax code changes enacted by Congress in June 1984 (Public Law 98-369) may affect your taxable income. The Internal Revenue Service may interpret Section 7872 of the new law, pertaining to below-market interest rate loans, as imposing an income tax liability on the refundable portion of the entry or accommodation fee to a continuing care facility. The IRS might treat the refundable portion of this fee as a loan from you to The Willows and attribute to you receipt of interest income on the outstanding balance of the fee, even though you do not receive interest payments. You should consult with your accountant or attorney to determine how changes in the 1984 tax law, particularly section 7872, might be applied to you.