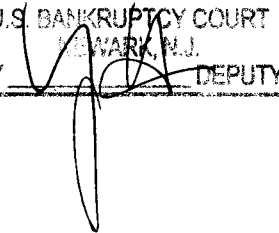


UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEW JERSEY	
Caption in Compliance with D.N.J. LBR 9004-2(c)	
DUANE MORRIS LLP A Delaware Limited Liability Partnership One Riverfront Plaza 1037 Raymond Boulevard, Suite 1800 Newark, New Jersey 07102-5429 Telephone: (973) 424-2000 Facsimile: (973) 424-2001 Walter J. Greenhalgh, Esq. (WG-9614) Gregory R. Haworth, Esq. <i>Attorneys for Debtor, Roseville Senior Living Properties, LLC</i>	
In re:	
ROSEVILLE SENIOR LIVING PROPERTIES, LLC,	
	Debtor.

FILED
JAMES J. WALDRON, CLERK

JAN 28 2014

U.S. BANKRUPTCY COURT
NEWARK, N.J.
BY  DEPUTY

Chapter 11

Case No. 13-31198 (DHS)

Honorable Donald H. Steckroth

Hearing Date:

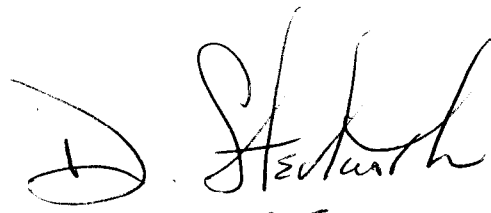
Hearing Time:

ORDER (I) AUTHORIZING DEBTOR TO (A) ENTER INTO AN EXIT FINANCING TERM SHEET AND (B) INCUR AND PAY CERTAIN FEES, INDEMNITIES, COSTS AND EXPENSES IN CONNECTION THEREWITH

The relief set forth on the following pages, numbered two (2) through three (3), is hereby

ORDERED.

Jan. 29, 2014


USBT

(Page 2)

Debtor: Roseville Senior Living Properties, LLC
Case No.: 13-31198 (DHS)
Caption of Order: Order (I) Authorizing Debtor to (A) Enter In an Exit Financing Term Sheet and (B) Incur and Pay Certain Fees, Indemnities, Costs and Expenses In Connection Therewith

THIS MATTER coming before the Court upon the Notice Of Motion supported by the Verified Application in support of Debtor's Motion for an Order authorizing the Debtor to (A) enter into a Term Sheet filed under seal with the Court and (B) incur and pay certain fees, indemnities, costs and expenses in connection therewith, upon the Order authorizing expedited consideration of the Motion entered by the Court on January 21, 2014; and the Court having reviewed all of the pleadings in support of the Debtor's Application and the Limited Objection of CapitalSource Finance, LLC to the Debtor's Motion and for the relief set forth on the record, and for good cause shown:

IT IS ORDERED as follows:

1. Debtor's Motion for the relief sought in its Verified Application is hereby approved as set forth herein.
2. The Debtor is hereby authorized to (A) enter into an exit financing Term Sheet ("Term Sheet") a copy of which is annexed hereto as Exhibit A and (B) incur and pay certain fees, indemnities, costs and expenses in connection therewith, in accordance with the Term Sheet, in a capped amount not to exceed the deposit of \$50,000 without prejudice to the Debtor requesting authorization to pay additional funds hereunder.
3. Service of the within Order shall be made upon all parties who have filed request for Notice in this case pursuant to Bankruptcy Rule 2002(g).

EXHIBIT A



Jason McMeen
Managing Director
MidCap Financial, LLC

150 South Wacker Drive
Suite 1305
Chicago, IL 60606
(312) 288-8603
jmcmeen@midcapfinancial.com

January 15, 2014

Michael Edrei
Mecorp Capital Markets, LLC
Managing Member
Roseville Senior Living Properties, LLC, DIP
2050 Center Avenue
Fort Lee, New Jersey 07024

C/O: Aron Will

Aron Will
CBRE Capital Markets
2800 Post Oak Boulevard, Suite 2100
Houston, TX 77056

Re: Terraces of Roseville

Dear Mr. Edrei,

We are pleased to issue this term sheet which outlines the terms under which MidCap Financial, LLC ("MCF" or "Agent") will consider providing financing for the above referenced transaction (the "Loan"). While the proposed loan is subject to due diligence, third party reports, internal approvals and acceptable legal documentation you should be aware that this proposal was reviewed and preliminarily approved by MidCap's credit committee. Acceptance of this proposal by Borrower and Principal is wholly conditional upon the approval of the Bankruptcy Court District of New Jersey.

Summary terms are provided below.

Borrower: Roseville Senior Living Properties, LLC, a Debtor-in-Possession ("Borrower") Borrower is currently in a Chapter 11 bankruptcy case pending in the United States Bankruptcy Court for the District of New Jersey (the "Court") Case No. 13-31198 DHS.

Principal: Michael Edrei

Agent: MidCap Financial, LLC, or an affiliate.

Lenders: MidCap Financial, LLC, or an affiliate, together with such other lenders to which MidCap may syndicate the transaction.

Loan Amount: \$27,000,000 limited to 75% of the as-is appraised value plus the "as complete" value of a 40-unit Memory Care expansion (the Expansion Plan"). Of the Loan Amount, \$2,000,000 to be held in escrow until commencement of the Expansion Plan.

Property: Terraces of Roseville, a 198 unit Independent/assisted living/memory care facility located at 707 Sunrise Avenue, Roseville, CA 95661, inclusive of the Expansion Plan.

Security: A first lien mortgage and assignment of leases, rents and profits on the Property. If the Property consists of multiple parcels, each mortgage/assignment will be cross-collateralized and secure the entire Loan. In addition, (A) a first priority pledge of and security interest in all other assets of the Borrower including personal property, insurance, accounts receivable, licenses, certificates of need and contracts; (B) a pledge of the stock, partnership or membership interests in Borrower; (C) environmental indemnities from Borrower, the Principal and all guarantors; and (D) the assignment and subordination of any and all management agreements and leases. The mortgage shall be insured as a first lien via a mortgagee title insurance policy acceptable to Agent, subject only to exceptions approved by Agent.

Recourse: The Loan shall be a fully recourse obligation of the Borrower. The Loan shall be nonrecourse to the Principal except for standard nonrecourse carveouts, including losses relating to fraud, waste, abandonment, misrepresentation, misappropriation of funds, prohibited distributions, environmental liabilities, failure to keep the Properties insured, repayment of the Loan in certain specific circumstances (e.g., bankruptcy, prohibited transfers or liens, etc.) and other standard obligations with respect to the Principal.

Sources and Uses: Proceeds from the Loan will be used for the Purpose(s) stated above and the estimated Transaction Sources and Use are as follows:

Sources		Uses	
Loan	\$27,000,000	CapitalSource Refinance	TBD
		Mecorp Refinance	TBD
		Expansion Plan	\$2,000,000

Escrow	
Origination Fee	\$270,000
CBRE Fee	\$270,000
Est. Due Diligence	\$20,000
EST. lender Legal	\$60,000
Equity Recapture	TBD
Administrative Costs (BK)	TBD

Total	\$27,000,000	Total	\$27,000,000
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Term: 36 months with two 12-month extension options with a 25 basis point fee on the Loan Amount for each option, subject to 1) a minimum 1.35x DSCR on an amortizing basis, 2) a minimum 12% Debt Yield and 3) the loan is not in default.

Base Index Rate: Reserve adjusted 30-day LIBOR index, reset monthly, subject to a floor of 0.50%. Interest shall be calculated based upon the actual number of days elapsed in a 360 day year.

Spread: 575 basis points.

Amortization: 18 months interest-only with a 25-year amortization beginning in month 19. Interest and principal are payable on the 10th day of each month in arrears.

Prepayment: Option 1: Locked out from voluntary prepayment during the initial 12 months of the Term, open to prepayment thereafter, subject to the Exit Fee below. A prepayment premium, payable for the account of Agent, will be charged for any voluntary or involuntary prepayment made during the lock-out period and shall include the exit fee.
Option 2: Freely prepayable subject to a 2% Exit fee in year 1 and a 1% Exit Fee thereafter.

Origination Fee: 1% of the Loan Amount. The Origination Fee is payable to Agent upon the closing of the Loan.

Exit Fee: 1% of the Loan Amount if Option 1 Prepayment is selected. 2% of the Loan Amount in year 1 and 1% thereafter if Option 2 Prepayment is selected.

Operating Cash Flow (OCF): Annualized EBITDARM of the Properties, adjusted for a 5.0% management fee, a 3% Asset Management Fee, replacement reserves in

the amount of \$350 per unit and a minimum portfolio vacancy factor of 5.0%, subject to appropriate adjustments as determined by Agent.

Existing Cash Flow: Existing OCF of the Property is \$3,025,687 based upon the trailing three months annualized through November 30, 2013. Agent shall verify this amount of cash through its standard cash flow verification procedures.

Debt Yield: OCF for the trailing 3 months divided by the Loan Amount.

Debt Service Coverage Ratio: OCF for the trailing 3 months divided by the debt service due under the Loan.

Covenants: The Loan shall be subject to the following operating level covenants during the Term, tested quarterly:

Year 1: Minimum Debt Yield of 10.5% and 1.30x Debt Service Coverage ratio on an interest only basis.

Years 2-3: Minimum Debt Yield of 11% and 1.35x Debt Service Coverage ratio on an amortizing basis.

Borrower shall have the ability to cure an Operating Covenant default with a principal pay down no more than once per year.

Subordinate Debt: Subordinate debt shall not be permitted.

Deferred Maintenance: Borrower shall complete any work associated with deferred maintenance at the properties, as identified in the engineering reports, within a six month period of closing.

Escrows: Borrower shall fund on a monthly basis (i) a maintenance reserve of \$29.16 per unit (5,773.68 monthly) and (ii) real estate tax and insurance escrows. Insurance escrows shall be paid by Westmont when due, and Westmont will provide on-going proof of payments to Agent.

Reporting: Borrower shall provide Agent with satisfactory monthly reporting on a consolidated basis and with respect to the Property including, but not limited to, census reports broken down by payor type and operating statements. Borrower shall further provide Agent quality of care survey and licensing documentation relating to the Properties on a current basis.

Administration Fee: Borrower shall pay Agent an annual inspection fee of \$5,000 to be paid at closing and on each anniversary of loan closing.

Insurance: Agent shall require satisfactory proof of insurance, including property, business interruption, general liability and professional liability.

- Property Management:** Westmont Living shall manage the Property. The management agreement and lease, if applicable, shall be in substance and form acceptable to Agent. Agent shall have the absolute right to approve any proposed change to the lease, management company or any management agreement. The management agreement and fees shall be subordinated to the Loan.
- Asset Management:** Meecorp Capital Markets, LLC the Borrower's Manager will continue to perform Asset Management duties. Asset Management fees shall be subordinated to the Loan.
- Brokers:** Agent and Lenders shall not be responsible for any claims for brokerage fees.
- Refinance Rights:** Agent shall retain the exclusive right to refinance the Agent's loan on the Property with debt from Fannie Mae, Freddie Mac or FHA/HUD, either directly or indirectly through CBRE Capital Markets or related entity, or an assignee.
- Syndication/Cooperation:** The Loan is not conditioned on a syndication. However, Borrower and Principal shall cooperate with Agent prior to and following closing relating to any efforts toward syndication of the Loan, if applicable, which may include (i) separating the Loan into two or more notes secured by one or more insured mortgages (with tiered priorities as determined by Agent); (ii) amending the Loan, provided that the effect of which would not materially increase Borrower's or any Principal's obligations or decrease Borrower's or any Principal's rights under the loan documents and (iii) providing legal opinions and other information necessary for Agent to make the Loan marketable.
- Agent may elect to share its diligence in an effort to minimize the costs of other institutions and Borrower and Principal hereby consent to all such sharing. Borrower agrees to discuss cash management and banking relationships with potential syndicate banks.
- Due Diligence:** Agent shall perform its standard due diligence in order to prepare its internal credit memorandum as it seeks approval to close the Loan. As part of its standard due diligence, Agent shall require third party reports including, but not limited to, a FIRREA appraisal, an ALTA land title survey, a mortgage title insurance commitment and policy, lien, litigation and judgment searches, property condition report, environmental report, seismic assessment, flood plain assessment, zoning report, insurance assessment, compliance and quality of care survey assessment and credit and background reviews of the Borrower and Principal.
- Costs & Deposits:** Subject to Bankruptcy Court approval of this term sheet, Borrower shall be responsible for and shall pay promptly upon demand (i) all fees, costs

and expenses of the Agent and Lenders (including without limitation the fees, costs and expenses of counsel to, and independent appraisers, consultants and auditors retained by, the Agent and Lenders) in connection with the examination, review, due diligence investigation, documentation, negotiation, recording, title insurance, closing and syndication of the transactions contemplated by or in connection with the Loan.

Upon approval of the Court, Borrower shall remit to Agent together with execution of this term sheet an expense deposit in the amount of \$50,000. Borrower agrees to remit, upon request by Agent, additional deposit funds to be applied against costs during the Loan underwriting and diligence period. Borrower and Principal agree that deposits made hereunder will (a) not bear interest and (b) be used for costs and expenses as described in this term sheet. The foregoing expense deposit assumes that Borrower will contract for directly and will pay directly all title insurance and land title survey expenses.

Exclusivity:

In connection with the credit process for the Loan, Borrower and Principal understand that Agent and Lenders will invest significant resources into making financial, legal and collateral investigations and determinations, and that Agent and Lenders will incur opportunity costs in pursuing such investigations and determinations for this Loan. Accordingly, Borrower and Principal agree that, during the "Feasibility Period" defined below, Borrower and Principal and their affiliates will (a) not close any loan or extend or refinance any existing financing providing for financing for the Property, or sign a term sheet with or otherwise engage another lender for such purpose, (b) negotiate exclusively with Agent regarding any financing, the purpose of which is substantially the same as that of the proposed Loan, and (c) act in good faith and with reasonable diligence and dispatch to provide all requested access, information, and documentation to allow Agent to pursue approval of the proposed Loan and closing if the Loan is approved by Agent's credit committee. If Borrower fails to comply with the requirements of the preceding sentence, then Borrower shall pay to Agent, on demand, a break-up fee equal to the Origination Fee, such payment to be in addition to any deposit(s) paid to Agent and any other reimbursement obligations of the Borrower and Principal hereunder. The "Feasibility Period" means the period commencing as of the date of Court Approval and continuing until the earlier of (a) the closing of the Loan, (b) a determination by Agent not to pursue such transaction, or (c) 45 days from the date hereof (which 45-day period will automatically be extended to 45 days if Agent obtains, within 45 days, credit committee approval for the Loan substantially in accordance with the terms described herein).

Confidentiality:

The contents of this term sheet will not be shared with any third party without Agent's prior written consent, except for potential equity and

permitted subordinated debt investors, and advisors, management and regulatory bodies on a need-to-know basis. All persons who are informed of the contents of this term sheet also need to be informed that such contents are confidential and cannot be disclosed without Agent's prior written consent. Borrower agrees that monetary damages would not be an adequate remedy for Borrower's breach of this paragraph; accordingly, Agent shall be entitled to specific performance of Borrower's obligations under this paragraph.

USA Patriot Act Notice:

Agent hereby notifies Borrower and Principal that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001) (the "Act") and Agent's policies and practices, Agent is required to obtain, verify and record certain information and documentation that identifies each Borrower, Principal and other persons with ownership interests, which information includes the name and address of each Borrower, Principal and certain owners of Borrower, and such other information that will allow Agent to identify each of Borrower, Principal and certain owners of Borrower in accordance with the Act.

Governing Law/Waiver of Jury Trial:

This term sheet shall be governed by and construed in accordance with the laws of the State of Maryland and the U.S. Bankruptcy Court District of New Jersey. Each of the parties hereto waives all right to trial by jury in any action, proceeding or counterclaim (whether based upon contract, tort or otherwise) related to or arising out of the Loan or the other transactions contemplated hereby, or the performance by us or any of our affiliates of the services contemplated hereby.

No Commitment to Lend:

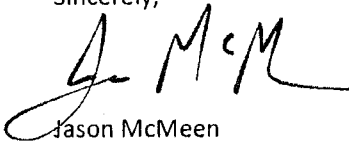
The terms of the Loan as set forth herein are for discussion purposes and Court Approval only and this term sheet does not imply in any way a commitment by Agent to enter into the Loan or to submit the Loan to Agent's or any Lender's credit committee for approval. Agent may terminate its review of the Loan at any time in its sole discretion. Agent will make the Loan summarized above only upon further due diligence and underwriting of the transaction, approval through each Lender's credit approval process, each Lender's and Agent's continuing satisfaction with the financial and business conditions and prospects of the Borrower, the Property, the property manager and Principal, each Lender's continuing satisfaction with the syndication and warehousing facilities and markets through which each Lender intends to warehouse and syndicate the Loan, and receipt of documentation and assurances satisfactory to Agent, each Lender and its and their legal counsel. This term sheet does not purport to specify all of the terms, conditions, representations and warranties, covenants and other provisions that will be contained in the final financing documents for the Loan, if approved by Lender. The Loan shall be subject to such other terms,

covenants and conditions as Lender deems appropriate in its sole discretion.

The terms of the preceding six sections (Costs & Deposits; Exclusivity; Confidentiality; US Patriot Act Notice; Governing Law/Waiver of Jury Trial; Court Approval; and No Commitment to Lend) are intended to be legally binding enforceable obligations of the Borrowers and Principal. Otherwise, this term sheet is a non-binding expression of interest. Borrower and each Principal shall be jointly and severally liable hereunder, and shall be bound to the sections described above notwithstanding any failure of the Borrower or any other Principal to be bound by or to execute this term sheet.

If you would like Agent to continue reviewing your loan request, please evidence your agreement with the forgoing by accepting this proposal on the space set forth below, and returning it, and subject to Court Approval remitting a Good Faith Deposit of \$50,000, to MidCap Financial, LLC, Attn: Finance & Accounting/Good Faith Department, 7255 Woodmont Avenue, Suite 200, Bethesda, MD 20814. Alternatively, the Good Faith Deposit can be wired to SunTrust Bank, 25 Park Place, Atlanta, GA 30303, ABA # 061000104, Account Name: MC SERVICECO LLC, 7255 Woodmont Avenue, Suite 200, Bethesda, MD 20814, ACCT# 1000113400443, ATTN: Terraces of Roseville. Upon receipt, we will begin due diligence, Agent's credit process and legal documentation. We appreciate the opportunity to furnish this proposal to you. If you have any questions, please do not hesitate to call.

Sincerely,



Jason McMeen
Managing Director

ACCEPTANCE AND AGREEMENT:

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned Borrower and other signatory(ies) below, as of the ____ day of _____, 20____, hereby agree to be bound by the Costs & Deposits; Exclusivity; Confidentiality; US Patriot Act Notice; Governing Law/Waiver of Jury Trial; and No Commitment to Lend provisions of this term sheet.

By: _____
Name: _____
Title: _____