

EXHIBIT
CCRC Fees and Tax Implications

| Condition | Type A | Type B | Type C | Type D |
|--|--------|--------|--------|--------|
| Requires an entrance fee | Yes | Yes | Yes | No |
| Entrance fee contains prepaid healthcare | Yes | * | † | No |
| Requires a monthly fee | Yes | Yes | Yes | Yes |
| Monthly fee contains prepaid healthcare | Yes | * | † | No |
| Monthly fees rise when resident moves to higher level of services | No | * | Yes | Yes |
| Portion of monthly fees qualifies for healthcare deduction in independent living | Yes | Yes | † | No |
| Full monthly fee qualifies for healthcare deduction in assisted living | ** | ** | ** | ** |
| Full monthly fee qualifies for healthcare deduction in skilled care | Yes | Yes | Yes | Yes |

* Must consider the specific provisions in the modified contract.

** Determine whether the assisted living is for health-related reasons and base the deduction on residence and health-related costs.

† Currently open to interpretation of the decision in *Baker*.