

ADMINISTRATIVE SERVICES AGREEMENT
By and Between
RIVERSPRING SERVICES CORP.
and
RIVERSPRING HEALTH SENIOR LIVING, INC.
(the "Company")

THIS ADMINISTRATIVE SERVICES AGREEMENT (the "Agreement") is entered into as of _____, 20__ (the "Commencement Date"), by and between RiverSpring Services Corp. ("Services"), a New York not-for-profit corporation, and the Company, a New York not-for-profit corporation.

WHEREAS, the Company desires Services to furnish administrative services to the Company in connection with the Company's operation of its business activities, and

WHEREAS, Services is willing to furnish such administrative services to the Company.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein contained, the parties hereby agree to the following:

1. ENGAGEMENT.

The Company hereby engages Services to provide the administrative support services provided for in Section 3 hereof, and Services hereby agrees to provide such services in accordance with the terms and conditions of the Agreement. Notwithstanding any provision in this Agreement to the contrary, services to be provided under this Agreement shall not delegate of any of the following elements of management authority from the Company to Services:

- a. direct independent authority to hire or terminate the chief executive officer, or, if none, the functional equivalent thereof, of the Company;
- b. adoption of budgets and independent control of the books and records of the Company;
- c. authority over the disposition of assets and the authority to incur on behalf of the Company liabilities not normally associated with the day-to-day operation of the Company;
- d. independent adoption and/or enforcement of policies affecting the operation of the Company and the delivery of healthcare services;
- e. maintenance of the books and records of the Company;
- f. disposition of assets and the incurring of liabilities normally associated with the day-to-day operations of the Company;
- g. implementation of policies affecting the Company's delivery of health care services;
- h. implementation of the Company's budgets and provision for annual audits; and
- i. quality assurance and improvement

2. TERM and TERMINATION.

Subject to termination as set forth in the next sentence hereof, this Agreement shall be effective as of the Commencement Date. The term hereof shall extend until the one-year

anniversary of the last day of the calendar month of the Commencement Date and shall continue from year to year thereafter unless terminated on the last day of any one-year term upon at least 30 days prior written notice of such termination from one party to the other party; provided, however, that either party may terminate any one-year term of this Agreement at any time, with or without cause, upon thirty (30) days prior written notice to the other party of its intent to terminate this Agreement.

3. SERVICES.

Services shall provide to the Company the administrative services set forth on Exhibit A hereto, as amended from time to time by the parties hereto.

4. PERSONNEL.

All personnel utilized by Services in performing services hereunder shall remain employees of Services and shall not, by virtue of their performance of services pursuant hereto, be deemed employees of the Company for any purpose. While providing services under this Agreement, Services personnel shall at all times remain under the direction and supervision of the management of Services.

5. FEES AND PAYMENTS.

The Company shall pay to Services, semiannually, as compensation for the services rendered by Services pursuant to this Agreement, a fee (the "Service Fee"). The Service Fee shall be determined as set forth in Exhibit B.

6. NO RECOURSE.

Services agrees to accept the Company's payments pursuant to Section 5 hereof as payment in full for the services rendered by Services hereunder. Services shall have no recourse against any person for whose benefit such services were performed for any payments owing by the Company, and Services agrees to look solely to the Company for payment of such amounts.

7. COMPLIANCE WITH STATE AND FEDERAL LAW.

a. For the term of this Agreement and for a period of six years thereafter, Services shall maintain all records relating to the services rendered hereunder in accordance with prudent record keeping procedures and as required by applicable law, including applicable federal requirements regarding access to book and records. To the extent required by law and in accordance with procedures established by the Company, during the term of this Agreement and thereafter for a period of six years, Services shall provide the Company, New York State Department of Social Services, the Comptroller of New York State, the New York State Department of Health, and their respective representatives and agents (collectively, the "Regulatory Agencies"), reasonable access for inspection, examination, and copying, during regular business hours, to (1) all books and records of Services relating to the services provided hereunder for the purpose of enabling the Company to administer or cause to be administered its programs and to comply with the provisions (i) of applicable laws and regulations, and (ii) any agreement between the Company and any of the Regulatory Agencies; and (2) all books and

records maintained by Services that are necessary to certify the nature and extent of the costs of any services furnished hereunder.

b. Services agrees to comply with all applicable state and federal laws, including laws related to non-discrimination laws and shall not discriminate unlawfully on the basis of age, race, color, sex, creed or national origin. Services agrees to comply with all applicable state and federal laws relating to confidentiality of patient information.

c. Services shall submit promptly to the Company any reports concerning services rendered hereunder required by the Company in order for the Company to administer its programs in accordance with all applicable laws, regulations, and rules, the Company's quality assurance and utilization review program, and government contracts.

d. Services represents and warrants to the Company that none of the members of its board of directors, or any of its board members, agents or management staff have been convicted of criminal offenses relating to their involvement of the Medicaid program, Medicare program or social services programs under Title XX of the Social Security Act.

8. LIABILITY.

For purposes of this Agreement, the relationship of the parties is that of independent contracting parties, and nothing contained in or implied by this Agreement shall constitute or be construed to be or create a partnership, joint venture, agency, or employment relationship between Services and the Company or to authorize either party to bind the other. Neither of the parties hereto, nor any of their respective officers, directors, or employees, shall be deemed or construed, by virtue of this Agreement, to be the agent, employee or representative of the other, except as specifically provided herein. Except as expressly provided herein, neither party is authorized, by virtue of this Agreement, to represent the other party for any purpose whatsoever without the prior written consent of such other party.

9. GRANT OF LICENSE TO USE SERVICE MARKS; RIGHT TO PUBLICITY.

Except as provided in this section, neither the Company nor Services (or any of their transferees) shall use the other party's name or any of its program names, symbols, trademarks, or service marks in informational, marketing, promotional, or other materials or otherwise without the prior consent of such party.

10. NOTICES.

All notices, demands, requests, or other communications which may be or are required to be given, served or sent by any party to the other party pursuant to this Agreement shall be in writing and shall be hand delivered (including delivery by courier), mailed by first-class registered or certified mail, return receipt requested, postage prepaid, or transmitted by facsimile to the address indicated for each party beneath its signature below to the attention of the undersigned or such new address as such party may designate by notice to the other party.

11. BINDING EFFECT.

Subject to any provisions hereof restricting assignment, this Agreement shall be binding upon and shall insure to the benefit of the parties hereto and their respective successors and assigns.

12. ASSIGNMENT.

This Agreement shall not be assignable or delegable by either party without the prior written consent of the other party.

13. LIMITATION ON BENEFITS.

It is the explicit intention of the parties hereto that no person or entity other than the parties hereto is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants, undertakings, and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the parties hereto or their respective successors, legal representatives, and assigns as permitted hereunder.

14. ENTIRE AGREEMENT; AMENDMENT.

This Agreement constitutes the entire agreement among the parties hereto with respect to the matters provided for herein, and it supersedes all prior oral or written agreements, commitments or understandings with respect to the matters provided for herein. No amendment, modification or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendment, modification, or discharge is sought.

16. HEADINGS.

Section headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provision hereof.

17. GOVERNING LAW.

This Agreement, the rights and obligations of the parties hereto and any claims or disputes relating thereto shall be governed by and construed in accordance with the laws of New York State (excluding the choice of law rules thereof).

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, or have caused this Agreement to be duly executed on their behalf, as of the date and year first above written.

RIVERSPRING SERVICES CORP.

RIVERSPRING HEALTH SENIOR LIVING, INC.

Name:

Title:

Name:

Title:

Exhibit A

Services

1. To prepare the Company employee payrolls.
2. To recommend and institute, as approved and adopted by the Company, appropriate employee benefits, including retirement, insurance benefits, vacations and holiday policies and incentive plans for the Company employees.
3. To provide, at the Company's request, activities relating to human resources functions, including but not limited to pre-employment physicals and annual assessments, provided, however, that nothing herein shall be construed to mean that the Company shall ever relinquish direct independent authority to hire or terminate its chief executive officer or, if none, the functional equivalent thereof.
4. To purchase, at the Company's request, capital equipment (e.g., furniture, computers, telephones, etc.) and office supplies necessary for the successful operation of the Company's programs.
5. To provide, at the Company's request, information technology support services.
6. To recommend and institute, as approved and adopted by the Company, cash management and investment policies and procedures, provided, however, that nothing herein shall be construed to mean that the Company shall ever relinquish maintenance, control or oversight over adoption of its budgets and its independent control of its books and records.
7. To prepare and plan, as approved and adopted by the Company, community outreach, public relations and special events programs, in each case on behalf of and under the supervision of the Company.

EXHIBIT B COMPENSATION

The Service Fee will be reasonable in accordance with 10 NYCRR Section 98-1.10 and calculated based on the costs of providing such Services as allocated under the methodology described in the Medicare Provider Reimbursement Manual (December 1984), CMS Pub. 15-1, Section 2150.3.

The monthly amount of the Service Fee will be the sum of:

- Services monthly costs associated with the Services that can be allocated directly to the Company
- Services monthly costs associated with the Services not allocated directly but allocated on a functional basis to the Company
- Remaining amounts of Services monthly costs associated with the Services that are pooled and allocated to the Company based on:
 - The Company's total monthly costs (excluding those costs incurred by Services and any charges between entities affiliated with the Company and served by Services ("Intercompany Charges")) divided by
 - Total monthly costs of all the entities affiliated with the Company and served by Services (excluding those costs incurred by Services and any Intercompany Charges)