ASHA’S C-O-R-E PUBLIC POLICY PRINCIPLES

CONSUMER DRIVEN
Ensure that the needs and preferences of seniors housing consumers continue to be met through regulatory oversight at the state and local level, where it is most effective.

OWNER/OPERATOR DRIVEN
Promote a favorable business climate that supports quality, competition, innovation, and long-term investment in seniors housing.

RESIDENT SERVICE DRIVEN
Support research and national initiatives that enable residents of seniors housing to receive state-of-the-art services and age with dignity in the setting of their choice.

EMPLOYEE DRIVEN
Ensure that employees of senior housing providers have full access to competitive wages and benefits and a work environment that fosters job satisfaction and professional growth.

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We are especially appreciative of the additional financial support ASHA receives from our members who sponsor our meetings and research.
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FROM THE

LEADERSHIP
As we bring 2010 to a close, we are pleased to report that the American Seniors Housing Association remains on strong financial footing. We are committed to maintaining a solid financial foundation in the year ahead and will continue to serve our members with a strong federal advocacy program, comprehensive industry research, and informative and thought-provoking meetings.

We look forward to serving you in 2011 which marks our 20th anniversary. As always, we welcome your thoughts on ways we can further enhance our service to you throughout the year. We hope you enjoy the 2010 Year-in-Review.
Kicking off the meeting was a presentation of the top seniors housing companies.

Dr. Marci Rossell, former Chief Economist for the CNBC network and formerly an economist with the Federal Reserve Bank of Dallas, shared her bullish predictions for the U.S. economy — higher consumer savings for the first time in decades was a key factor in shaping her upbeat outlook.

Immediately following the Executive Board Meeting, a Strategic Planning Meeting was held. The Committee members discussed a number of new research initiatives. One of the research projects to be initiated in 2011 will explore the next generation of seniors housing from the perspective of adult children of current seniors housing residents. This will be a very comprehensive study, and we are pleased that this effort will be overseen by a group of ASHA members who have agreed to provide critical input on all aspects of this project.

We especially want to thank the following Strategic Planning Committee members for their vision and guidance on our organization’s varied initiatives and member activities:

- David Hegarty, Senior Housing Properties Trust
- Ed Kenny*, Life Care Services
- Ray Lewis*, Ventas Healthcare Properties
- Noah Levy, Prudential Real Estate Investors
- Andy Gomes, One Eighty/Leisure Care
- Matthew Whitlock, CBRE Seniors Housing
- Margaret Wylde, Ph.D., ProMatura Group
- John Rijos*, Brookdale Senior Living
- Bill Thomas, Senior Star Living
- Patricia Will, Belmont Village Senior Living

*Executive Committee member
ASHA’s Executive Board Meeting and Fall Meeting were held in Chicago in conjunction with the Annual NIC meeting. It was attended by more than 200 members of our Executive Board and Advisory Committee.

- **RANDY HARDOCK**, ASHA’s Chief Legislative Counsel, provided an insightful overview of key tax issues and health care reform legislation and the fiscal implications for business owners and more specifically, the seniors housing industry. He also handicapped many of the tough Senate races in the midterm election.

- **COLLEEN BLUMENTHAL**, Health Trust, LLC highlighted key findings from *The State of Seniors Housing 2010* survey.

- **RAY LEWIS**, Ventas Healthcare Properties, Inc. and Chairman of the Seniors Housing PAC, shared key highlights of the 2010 Seniors Housing PAC Leadership Campaign and presented Platinum Circle awards to the top 15 contributing companies to the Seniors Housing PAC (see highlights of the 2010 SH PAC Leadership Campaign on page 24).

- **MARGARET WYLDE, PH.D.**, ProMatura Group, discussed the ASHA/ProMatura Profiler APP, which is an on-line tool that quickly creates a profile of a prospect and determines their likelihood of moving to and being very satisfied living in an independent living community.

The Fall Meeting concluded with a captivating presentation by **Ron Brownstein**, Editorial Director of the *National Journal* and nationally acclaimed political analyst. Mr. Brownstein provided keen insights into the dynamics of the 2008 presidential election and the political twists and turns that lie ahead for the 2012 election.
FEDERAL ADVOCACY PROGRAM

PUBLIC POLICY – A hallmark of ASHA is its strong commitment to federal advocacy on behalf of the seniors housing industry. ASHA’s Public Policy Committee provides regular guidance and oversight regarding policy positions, key priorities, and legislative strategies.

We want to especially thank the following industry leaders for their service on the Public Policy Committee:

PUBLIC POLICY COMMITTEE
☐ Thilo Best, Horizon Bay Retirement Living  ☐ Ray Lewis, Ventas Healthcare Properties, Inc.
☐ Wayne Curtin, Atria Senior Living  ☐ Pat Mullloy, Senior Care, Inc.
☐ David Ford, AegisLiving  ☐ Patricia Will, Belmont Village Senior Living
☐ Ed Kenny, Life Care Services, LLC

SENIORS HOUSING PAC – A critical component of ASHA’s federal advocacy program is the Seniors Housing Political Action Committee (SH PAC). The SH PAC Steering Committee plays a key role in overseeing our PAC disbursement strategy and ensuring that federal candidates targeted for contributions meet established criteria for support (i.e. hold leadership positions; serve on key committees; and generally supportive and responsive to ASHA positions on issues impacting seniors housing).

We want to especially thank the following industry leaders for their service on the SH PAC Steering Committee:

SH PAC STEERING COMMITTEE
☐ John Dombleser, Senior Star Living  ☐ Chuck Herman, Health Care REIT, Inc.
☐ Tim Fox, Senior Resource Group  ☐ Pat Kennedy, Hawthorn Retirement Group
☐ Jerry Frumm, Senior Lifestyle Corporation  ☐ Ray Lewis, Ventas Healthcare Properties, Inc.

For a comprehensive review of the year’s federal legislative developments and SH PAC activities, please see pages 12 thru 29.

Dan Baty – Emeritus Senior Living
Tim Buchanan – Legend Senior Living
INDUSTRY COLLABORATION

As highlighted below, ASHA is an active member of several “special issue” coalitions aimed at thwarting highly adverse federal legislation. ASHA also collaborates with a variety of organizations aimed at furthering the development of seniors housing and long term care quality initiatives.

**ALZHEIMER’S ASSOCIATION** — ASHA and the Alzheimer's Association work together on a variety of fronts including the development and dissemination of Alzheimer's caregiving resources and training material, and direct coordination between our organization's legislative staffs.

**CENTER FOR EXCELLENCE IN ASSISTED LIVING (CEAL)** — ASHA is a founding member of CEAL and currently serves on the CEAL Executive Committee. The CEAL Board is represented by 11 national organizations, including ALFA, NCAL, AAHSA, AARP, and the Alzheimer's Association. CEAL was established in 2004 to help promote quality care in assisted living. It continues to be at the forefront of several major quality initiatives and is a vital resource to policymakers, regulators, providers and consumers regarding best practices in assisted living. To learn more about CEAL and the CEAL national clearinghouse, visit the website at www.theceal.org.

**“CARRIED INTEREST” COALITION** — ASHA is part of a major coalition effort comprised of national real estate groups, such as the National Multi-Housing Council and Real Estate Roundtable that was formed to oppose increased taxes on real estate partnerships. The Coalition successfully killed the “carried interest” legislation through a highly coordinated lobbying campaign.

**COALITION FOR A DEMOCRATIC WORKPLACE (CDW)** — ASHA is a member of the CDW Steering Committee which is comprised of national trade associations representing major businesses throughout the U.S. The coalition was formed several years ago to thwart efforts to eliminate the secret ballot process that protects workers right to privacy in voting in union elections. The CDW launched a major lobbying offensive and successfully killed the “card check” legislation. The CDW remains vigilant in its efforts to challenge future rulings by the National Labor Relations Board that attempt to bypass Congress and enact “card check” through rule-making.

**GOVERNMENT-SPONSORED ENTERPRISES (GSE) COALITION** — ASHA is part of a multifamily coalition comprised of several national trade associations, including the National Multi-Housing Council and National Apartment Association, who represent the interests of owners, developers, managers, and financiers of multifamily housing, including seniors housing and rental apartments. The coalition has been formed to ensure that the GSE’s continue to play an active role in ensuring liquidity to the multifamily industry as Congress begins the complex task of transitioning to a new housing finance system.

**HEALTHCARE FINANCING STUDY GROUP** — ASHA is a part of a collaborative organization comprised of financial institutions that focuses attention and resources on a range of issues related to the financing programs of the U.S. Department of Housing and Urban Development (HUD).

**LTC DISCUSSION GROUP** — ASHA is a part of a collaborative LTC group that provides a forum for experts from the federal government and the private sector to exchange information about emerging long term care issues.

**LONG-TERM QUALITY ALLIANCE** — ASHA is part of a national coalition comprised of leading long-term care experts from government, academia, and various public and private institutions. A primary focus of the LTQA is to decrease potentially avoidable hospitalizations, re-hospitalizations and total health care costs among persons receiving long term care services and supports.
Ed Kenny of Life Care Services, Marilynn Duker of Senior Star Living, and Patricia Will of Belmont Village Estate Investors, Bill Thomas of Shelter Group/Brightview Senior Living, and Jim Bowe of Health Care REIT, represented by at least one executive from each sponsor, and, of course, to all attendees, nearly two-thirds of whom attended our 2010 Annual Meeting, starting with ASHA's CEO Forum participants, looked back at the success of our 2010 Annual Meeting, which will be held in Phoenix, AZ, January 17–18, 2011. Despite unseasonably cool temperatures, the Annual Meeting proceeded as smoothly as possible. Special thanks are due to our ever-popular Golf Tournament co-organizers, David Ford with AegisLiving served as moderator. There are many to thank for sparking the courtship and dowsing the crisis... and its outlook for tomorrow. We're really happy with that." We ended the year with revenues up, and, as a result, as an industry we can run with wind in our sails and, of course, a little bit of favorable wind, as well as a little bit of favorable economic winds. We were able to raise rates. Renewals are better, and, of course, as a result of that, occupancy is up 120 basis points overall, layering in the acquisitions and other key metrics. Now we have one of the worst economic reversals, the largest economic reversals, that have happened over the course of that 2009 stability sets the stage for growth, expansion in 2010 and, as a result, as an industry we can run with wind in our sails and, of course, a little bit of favorable economic winds. We're really happy with that." We ended the year with revenues up, and, as a result, as an industry we can run with wind in our sails and, of course, a little bit of favorable wind, as well as a little bit of favorable economic winds. We were able to raise rates. 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Weitz Senior Living. For additional information, please contact Larry at 515/286-4822 or Bryan Schnurr

### CCRC and Seniors Housing Construction Costs

The table below shows the construction costs for different types of senior housing, including CCRCs.

<table>
<thead>
<tr>
<th>Type</th>
<th>Cost/Year ($1000)</th>
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<tbody>
<tr>
<td>Mid-level</td>
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<td>High-level</td>
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<td>CCRC</td>
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### Mid-level High-Level

- Common costs: $182 $215 $239 $318
- Skilled Nursing: $147 $171 $190 $242
- Assisted Living: $120 $162 $186 $233

### Amenities and finishes

- Mid-level projects: generally are of wood-framed construction with standard amenities and finishes, and typically target the more moderate income senior.
- High-level projects: have more amenities and finishes, and typically target the higher income senior.

### Workforce Initiatives

- The Workforce Investment Act laid out initiatives to help laid-off workers and career changers.
- Funding was provided to workforce development.
- The Recovery Act included $4 billion to support job training and new tools to prevent health care fraud.
- The aim was to spur job growth and prepare workers for new positions.

### Home Health Care Within Independent Living Communities

- This initiative helps seniors by providing comprehensive home health care within their independent living communities.

### The State of Seniors Housing: An Analysis of Three-Year Same-Store Data 2007-2009

- Prepared by Harvey Singer for American Seniors Housing Association

### ASHA publications

ASHA publications cover a diversity of seniors housing issues related to federal and state legislation, construction starts, financial data, legal issues, etc. We have another full research agenda planned for 2011 and are grateful to those members who participate in our surveys and to those companies who generously sponsor our research initiatives.

The above is a complete listing of the publications released by ASHA in 2010.
SPECIAL ACKNOWLEDGEMENTS

We are especially appreciative of the additional financial support ASHA receives from our members who sponsor our meetings and research.

2010 MEETING SPONSORS

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<th>Direct Supply</th>
<th>ANNUAL MEETING</th>
<th>SPRING EXECUTIVE BOARD</th>
<th>FALL MEETING</th>
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2010 RESEARCH SPONSORS

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<th>STATE OF SENIORS HOUSING 2010</th>
<th>NIC/ASHA CONSTRUCTION TRENDS REPORT</th>
<th>2010 LIABILITY INSURANCE, HEALTH BENEFITS, WORKERS COMPENSATION HANDBOOK</th>
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SPECIAL THANKS TO ASHA STAFF:

ASHA accomplishes a great deal with a small but very dedicated and talented staff: Rachelle Bernstecker, Krystalle Campo and Doris Maultsby.

SPECIAL THANKS TO THE PROFESSIONAL COMMUNITY WHO HELP SUPPORT ASHA INITIATIVES:

ASHA would also like to recognize and thank some of the outstanding professionals we work with over the course of the year who help us be the best we can be:

**LEGAL COUNSEL:** Paul Gordon and Joel Goldman – Hanson Bridgett, LLP

**LEGISLATIVE COUNSEL:** Randy Hardock, Barbara Pate, Van McMurty and Tad Davis – Davis & Harman, LLC

**PUBLIC RELATIONS:** Jim Bowe – GlenAire HealthCare, LLC □ Jason Childers – One Eighty/Leisure Care □ Jeff DeBevec – Belmont Village Senior Living □ Dan McConnell – Dan McConnell Public Relations □ Meg Ostrom – VI □ Loree Wagner – Merrill Gardens, LLC


Finally, we would like to thank every member of the American Seniors Housing Association. Your continued support of our meetings, research studies, legislative efforts, and Seniors Housing PAC is greatly appreciated.

**ED KENNY**
Chairman

**BILL PETTIT**
Vice Chairman

**JOHN RUOS**
Treasurer, Secretary

**RAY LEWIS**
Chairman, Seniors Housing PAC

**DAVID S. SCHLESS**
President

THE STATE OF SENIORS HOUSING 2010

ASHA and NCI along with AAHSA, ALFA, and NCAL continue to make progress improving the sample size for The State of Seniors Housing 2010. The results of our ongoing efforts to encourage all industry providers to submit data were very promising — the number of properties that comprised the sample increased to approximately 1,500 communities representing nearly 200,000 units/beds. The sample size was the most robust ever in the 18-year history of this annual research project.

Plans are underway for the The State of Seniors Housing 2011 survey and all ASHA members who own and/or manage market-rate properties are strongly encouraged to make the commitment to participate in this important research.

(1-9): Judy Marczeuski – One Eighty and Angela Mago – KeyBank Real Estate Capital
ASHA GOVERNMENT AFFAIRS TEAM

BARBARA A. PATE  ➡️ Barbara A. Pate is a partner in the law firm of Davis & Harman LLP, concentrating on tax and benefits issues before the U.S. Congress and the federal executive branch agencies. From 1995 to 2005, Ms. Pate served as the Tax Counsel and Legislative Director to U.S. Representative Rob Portman (R–OH). Ms. Pate also served as Tax Counsel, Legislative Director, and Chief of Staff to Representative J.J. Pickle (D–TX).

RANDY H. HARDOCK  ➡️ Randy H. Hardock, Chief Legislative Counsel to ASHA since 1998, is the managing partner in the law firm of Davis & Harman LLP. From 1993 to 1995, he served as Benefits Tax Counsel, U.S. Department of the Treasury, where he was responsible for all tax issues involving pensions, executive compensation and health insurance, and worked closely with officials in the White House, Office of Management and Budget, Internal Revenue Service, PBGC, and the Departments of Labor and Health and Human Services. From 1986 to 1993, he was tax counsel to the U.S. Senate Committee on Finance, serving as an advisor to Chairman Lloyd Bentsen on a wide variety of issues.

RACHELLE F. BERNSTECKER  ➡️ Rachelle F. Bernstecker has served as Vice President, Government Affairs of ASHA since 2006. Prior to joining ASHA, she specialized in legislative and regulatory matters for three of the nation’s largest providers of seniors housing and nursing homes, including Sunrise Senior Living, Marriott Senior Living Services, and Manor Care. Ms. Bernstecker currently serves on the Board of Directors of the Center for Excellence in Assisted Living, a non-profit collaborative of eleven national consumer and provider organizations.

DAVID S. SCHLESS  ➡️ David S. Schless has served as President of ASHA since its inception in 1991. During his tenure, he has earned a reputation as a strong advocate for expanding the nation’s supply of quality seniors housing and promoting access to a variety of choices for the nation’s seniors. He has authored and overseen the publication of numerous research studies and reports encompassing various aspects of seniors housing, including development trends, affordable seniors housing, and financial trends and transactions.

VAN B. MCMURTRY  ➡️ Van B. McMurtry is a partner in the law firm of Davis and Harman LLP. He specializes in corporate tax, Medicare, health care, insurance and financial services. Before joining Davis & Harman, Van worked as a senior government relations executive at Aetna, Cornell University, and the University of Pennsylvania. He brings with him valuable Capitol Hill experience from senior staff positions in the U.S. House of Representatives and the U.S. Senate, including a four year stint as Staff Director and Chief Counsel of the Senate Finance Committee.
2010 was a year of the “unexpected.” Four major issues dominated the debate – health care, financial services reform, the economy, and taxes. On all four, the end result was not what most pundits would have predicted at the beginning of the year.

When Senate Democrats lost their “filibuster-proof” Senate majority with the election of Scott Brown (R-MA) in January, major health care reform was put on life support and many observers doubted that even modest reforms would be enacted. Some also suggested that another major Obama Administration priority, financial regulatory reform, would be stymied. At the same time, few anticipated that we would approach the end of 2010 unsure of what tax rates would apply in 2011. Allowing that kind of uncertainty with respect to fundamental tax issues was generally thought to be politically imprudent, if not downright irresponsible. So, almost everyone believed that action would have to be taken on taxes before the November election. Wrong again. The Bush-era tax cuts ultimately were extended, but no action was taken until December.

Democrats did succeed in enacting sweeping health care and financial services reforms, but failed to act in a timely manner on the issues that seemed to have greater immediate import to American voters – the economy and taxes. The result was perhaps predictable – what President Obama himself termed an electoral “shellacking.” The November elections brought the Republicans back into control of the House of Representatives and significantly increased their voting clout in the Senate. The Democrats’ electoral gains of 2006 and 2008 have been swept away.
While those big issues were working their way through the congressional labyrinth, many other important issues continued to percolate in the background. ASHA entered the year ready to fight a series of burdensome new proposals that would disrupt the seniors housing industry. In the end, changes that would have placed new federal burdens on seniors housing were considered, but not enacted. These included restrictions on pre-dispute arbitration agreements and challenges to traditional CCRC practices. Controversial card check legislation was once again derailed, as were proposed increases in the tax rate on carried interest. And Fannie Mae and Freddie Mac were allowed to continue providing much needed capital for seniors housing projects. On all these fronts, 2010 was a successful year, but on some the margin of victory was narrow and many of these threats (and more) can be expected to surface again next year.

**HOUSING FINANCE**

When Democrats pushed through the most sweeping overhaul of the financial regulatory system since the 1930s (the Dodd-Frank bill), they left a key piece of the puzzle – housing finance – in limbo. Democrats had set the stage for considering long-term solutions to the challenges facing the U.S. housing market, including what to do about Fannie Mae and Freddie Mac, but had postponed serious deliberations on the matter. Throughout 2010, ASHA helped educate members on both sides of the aisle about the critical roles that Fannie and Freddie play in providing needed financing to the seniors housing industry. Going forward, our task remains to work with others in the multifamily housing arena to ensure recognition of the unique needs of the multifamily sector in any new housing financing design and to avoid disrupting capital flows during any transition period.

**THE FUTURE OF FANNIE AND FREDDIE**

Efforts to determine the long-term fate of Fannie and Freddie only inched forward this year. A White House/Treasury/HUD proposal on GSE restructuring that had been expected by February, 2010, was ultimately postponed until 2011. House Financial Services Committee Chairman Barney Frank (D-MA) and Senate Banking, Housing, and Urban Affairs Committee Chairman Chris Dodd (D-CT) promised to make housing finance a priority after enactment of the financial overhaul bill, and both Chairmen held hearings. While both were said to be working on a housing finance proposal, nothing was released, and those efforts have now become less meaningful with Senator Dodd’s retirement and the control of the House switching to the Republicans.

The financial system overhaul did not address the housing market. Republicans vehemently opposed that omission, arguing that the housing meltdown caused the financial crisis and that Fannie and Freddie were key players in that crisis. That dispute continues to fester, with Republican members of the bipartisan Financial Crisis Inquiry Commission (FCIC) recently preempting full Commission action with a minority statement that emphasized the Republican’s view that Fannie and Freddie were a much bigger cause of the financial crisis than many Democrats are willing to concede.

House Republicans provided insights into their views on reform early in the year with the release of a set of principles that called for winding down the operations of Fannie and Freddie. Led by Spencer Bachus (R-AL), who will chair the House Financial Services Committee beginning in 2011, they proposed phasing out the conforming loan limits in high-cost areas, reducing Fannie’s and Freddie’s mortgage portfolio holdings by 25% a year over 4 years, and increasing their capital requirements. House Republicans reiterated this position in their pre-election “Pledge to America,”

Throughout 2010, ASHA helped educate members on both sides of the aisle about the critical roles that Fannie and Freddie play in providing needed financing to the seniors housing industry.
which included a promise to reform Fannie and Freddie. Senate Republicans voiced similar views, with Senator John McCain (R-AZ) attempting to include a two-year phase-out of Fannie’s and Freddie’s government conservatorship in the financial regulatory reform bill. In the end, Senate Democrats beat back that attempt by substituting a provision that required Treasury to review the matter and submit specific GSE reform options to Congress in January 2011. At that time, housing finance (and especially Fannie and Freddie reform) is expected to begin receiving ever increasing congressional attention.

ASHA COMMENTS ON FUTURE REFORM OF THE US HOUSING FINANCIAL SYSTEM

ASHA was active throughout the year monitoring the regulatory reform bill and providing input into the Obama Administration GSE reform deliberations. ASHA, the National Multi-Housing Council (NMHC), and the National Apartment Association (NAA) jointly responded to a request from the Departments of Treasury and Housing and Urban Development (HUD) on how to reform the U.S. housing finance system.

Focusing on the importance of a government-supported secondary market to the multifamily housing sector, we proposed the following nine key principles to guide the creation of, and transition to, a new housing system:

(1) a deliberate and careful transition period to avoid disrupting the capital flows,
(2) acknowledgement of the unique needs of the multifamily sector in the new housing finance design,
(3) a predominant role for private capital in the reconfigured system,
(4) a Commission on Private Capital composed of experts in housing finance,
(5) creation of a permanent federal facility to provide credit to the mortgage market with the full faith and credit of the government,
(6) a reduced, but continued, role for the GSEs in housing finance,
(7) disregarding calls to nationalize Fannie and Freddie,
(8) elimination of the social mandates for Fannie and Freddie, and
(9) establishment of a strong, but fair, new regulatory regime.

Treasury and HUD received more than 300 comments, with nearly all commenters urging substantial reform of Fannie and Freddie and a majority arguing that the government must continue to support the housing finance market. ASHA will continue to work to ensure that senior and other multifamily housing issues are not lost in the broader debate on the single family housing crisis and Fannie and Freddie.

FINANCIAL REGULATORY REFORM ENACTED

In July, President Obama signed a financial regulatory package that will touch every individual and business in the U.S. Although the new law will face challenges from the new Republican House of Representatives, the activity will mostly be relegated to oversight of the implementation process, since its repeal is unlikely.

ASHA closely monitored a number of provisions as the reform bill moved through Congress, including

(1) the new requirement that loan securitizers retain an economic interest of at least 5% of credit risk in assets they securitize (the law authorizes alternative forms of risk-retention for commercial mortgage-backed securities), and
(2) the creation of a new Office of Credit in the SEC to monitor and enforce credit rating agency rules, including rules designed to increase transparency and reduce conflicts of interest.
The law also established new oversight of over-the-counter derivatives with exemptions for end-users that use derivatives to hedge everyday business risks. ASHA was concerned about the possible effect that this provision could have on commercial and multi-family real estate owners, operators, and developers who use derivatives to manage risk, and we joined with other trade associations to voice these concerns. Although the outcome was generally favorable, we intend to remain engaged during the regulatory process.

**FHA MULTIFAMILY COMMITMENT AUTHORITY**

ASHA joined with a coalition of other health care and real estate organizations to obtain an additional $5 billion in commitment authority for the Federal Housing Authority (FHA) to ensure multifamily mortgages under the General and Special Risk Insurance Funds. Without this additional funding, FHA's multifamily programs could have been forced to stop guaranteeing loans after September 30 (the end of the fiscal year).

In July, President Obama signed a financial regulatory package that will touch every individual and business in the U.S.
WORKPLACE-RELATED LEGISLATION

UNION CARD CHECK LEGISLATION

ASHA has continued to take a leadership role in the coalition formed to oppose card check legislation (H.R. 1409/S. 560, the Employee Free Choice Act (EFCA)). Over the past year, the issue moved into the headlines from time to time – when organized labor representatives predicted that legislation would pass before August, and when Health, Education, Labor and Pensions Committee Chairman Tom Harkin (D-IA) denied that the issue was dead, and suggested that if Democrats couldn’t move the bill in its entirety, they would try to pass key parts of it separately. However, the legislation never received a vote in either Chamber, and by August even President Obama (a cosponsor of card check legislation while in the Senate and a proponent as President) acknowledged that “the opportunity to get this passed…is not high.” The change in party control of the House and fewer Democrats in the Senate makes future action even less likely. Nevertheless this issue is too important for complacency, and ASHA will continue to remain active in the coalition and participate in any future grass-roots and grass-top efforts to oppose EFCA.

LIMITS ON PRE-DISPUTE ARBITRATION AGREEMENTS DEFEATED

There was a brief flurry of House activity on two anti-arbitration bills. House Judiciary Committee Chairman John Conyers (D-MI) scheduled a mark-up in June on H.R. 1237, the Fairness in Nursing Home Arbitration Act, and H.R. 1020, the Arbitration Fairness Act. H.R. 1237 would bar pre-dispute agreements between a long-term care facility and a resident (or anyone acting on behalf of a resident). The term “long-term care facility” is defined broadly to include a public facility, proprietary facility, or facility of a private nonprofit corporation providing any assistance
with activities of daily living and providing a dwelling place for residents in order to deliver such supportive services. H.R. 1020 would declare invalid and unenforceable all arbitration agreements with respect to an employment, consumer, or franchise contract if they are entered into before the actual dispute arises. The mark-up was postponed and was expected to be rescheduled in the fall. However, that did not occur. Pre-dispute arbitration is an issue of primary importance to ASHA. We continue to strongly oppose any changes in federal arbitration law that would abolish the practice of pre-dispute arbitration agreements for nursing homes and assisted living facilities.

HEALTH REFORM

Democrats devoted more than half of the 111th Congress to enacting a health care reform law and spent the rest trying to convince the public it was a good idea. They had mixed success, with pollsters saying that nearly half of the American public wants the law repealed. The new law makes significant changes that will affect seniors housing businesses, the health benefits provided to seniors housing employees, and seniors housing residents. These changes include new individual and employer health insurance coverage mandates, insurance market reforms that guarantee access to health insurance, major changes in Medicare Advantage programs and Medicare prescription drug benefits, and sizeable tax increases to help fund new premium subsidies for Americans with modest incomes. Aware of the importance of these issues to our members, their employees, and their residents, ASHA sponsored a teleconference call and issued a detailed summary. Although the more sweeping provisions in the health care reform law do not go into effect until 2014, the bureaucracy assigned to the task of providing guidance is already at work. The Departments of Health and Human Services, Labor and the Treasury have been working together on guidance on a broad range of areas, focusing primarily on those provisions scheduled to go into effect in the near future. A few of these issues are highlighted below.

CLASS ACT — The health reform law includes a new entitlement program for the disabled called the CLAss Act. The details of the program essentially have been delegated to the Secretary of HHS, but generally, a new federal insurance program would be created that would be open to actively working Americans. Those who enroll and pay premiums for a period of five years would become eligible for cash benefits if they are unable to perform at least two activities of daily living or suffer from a substantial cognitive impairment. Most analyses of the new program have concluded that participation is likely to be fairly low. This, in large measure, is because the premiums charged under the program will be relatively high as a result of enrollees generally being significantly less healthy on average than the population as a whole.

The CLAss Act remains one of the most complex and controversial elements in implementation of health care reform law, and Republicans already have it in their sights. In July, House Ways and Means Committee member Charles Boustany (R-LA) introduced a bill (H.R. 5853, the Fiscal Responsibility and Retirement Security Act) to block implementation of the CLAss program. Among other things, the bill would require the HHS Secretary to submit the final CLAss plan to Congress. The plan would have to be approved by a two-thirds majority in the House and Senate before it could be implemented. HHS is currently struggling with how to create a CLAss program that is consistent with the statutory mandate that the program be financially sustainable. Recently, a majority of the Presidentially-created National Commission on Fiscal Responsibility and Reform issued a report supported by a majority of its members which concludes that absent reform, the CLAss program is likely to require large general revenue transfers or else collapse. The report recommended the program be reformed in a way that makes it credibly sustainable or, if that is not possible, that it be repealed.
LIMITED BENEFIT PLAN — From the seniors housing perspective, a significant immediate issue has been the early implementation of new rules governing permissible annual limits on health coverage. The new law will ban any annual or lifetime limits when fully phased in by 2014. In the interim, published regulations provide a limited period of transition which would allow a health insurance plan to impose “restricted” annual limits on essential health benefits of no less than $750,000 for policy years beginning on or after September 23, 2010, but before September 23, 2011. The maximum increases to $1.25 million for the following year and $2 million for the next year. At any of these annual limits, limited benefit plans (sometimes called “mini-med” plans) that are popular with some seniors housing employees would effectively be eliminated. The regulations also provide that HHS may establish a program allowing for the waiver of the annual limits if compliance would “result in a significant decrease in access to benefits under the plan or would significantly increase premiums for the plan.” ASHA had extensive discussions with the HHS regulators, urging them to establish a reasonable waiver process that would allow limited benefit plans to continue over the short term and, in the end, such a waiver program was created.

PROVISIONS BENEFITING SENIORS — The new law includes a provision supported by ASHA which eliminates Medicare Part D cost-sharing for institutionally eligible dual-eligible beneficiaries. ASHA also supported the provision in the new law which exempts seniors from the increased limitation on medical expense deductions and the provision which extends the current exceptions process for beneficiary payment limits on outpatient therapy services.

CHALLENGES TO THE NEW LAW — Many Republicans ran on a “repeal and replace” platform aimed at the new health reform law. Although repeal is extremely unlikely with Democrats still in control of the Senate and President Obama in the White House, Republicans most certainly will try to scale back the impact of the law by trying to restrict funding to those agencies charged with its implementation. These efforts and ongoing court challenges can be expected to confuse the health reform implementation effort in the years ahead.

As the effective dates of more and more changes approach, ASHA will be continuing to provide additional information to its members on implementation of the key elements of the new law.

NATIONAL ALZHEIMER’S PROJECT ACT BECOMES LAW

ASHA has continued to support initiatives promoting federal investment in Alzheimer’s research, and we are pleased that the President signed legislation creating a National Alzheimer’s Project within the Department of Health and Human Services to coordinate the country’s approach to research, treatment, and care giving. S. 3036, the National Alzheimer’s Project Act, also establishes an Advisory Council composed of representatives from federal agencies and 12 experts from outside the federal government, including scientific experts, health care providers and caregivers. The Advisory Council will submit an annual report to the Secretary of HHS evaluating federally financed programs involving Alzheimer’s research and treatment, and providing initial recommendations on which programs to expand or eliminate.

EXTENSION OF MEDICARE THERAPY CAPS EXCEPTIONS AND DELAY OF RUG-IV

On December 15, 2010, the President also signed into law legislation (H.R. 4994, the Medicare and Medicaid Extenders Act) which includes two provisions supported by ASHA. The new law extends the current exceptions process for beneficiary payment limits on outpatient therapy services through December 31, 2011. The new law also repeals the delay of RUG-IV, making it effective as of October 1, 2010, instead of October 1, 2011.
Congressional Democrats did have some small successes on tax bills in 2010. They had planned to emphasize a "jobs creation" agenda to show their commitment to spurring the economy and putting Americans back to work, and were able to pass a series of small bills – one which focused on the unemployed, extending COBRA, food stamps, and emergency unemployment benefits; one which included new tax incentives for hiring and retaining new employees; and a third bill which focused on small businesses. However, neither the unemployment rate nor the economy improved sufficiently to convince enough voters that the Democrats had fulfilled their commitment.

As noted, most predicted that the Bush-era 2001 and 2003 tax cuts would be extended before the November election. After all, failure to do so would result in the one of the largest tax increases in history. Nevertheless, Congress returned for the post-election session with the issue still on the table and a deal between Republicans (who wanted to extend the tax cuts for all income brackets) and Democrats (who wanted to extend the tax cuts only for the middle class) seemingly as elusive as ever. Also still unresolved, was a long list of popular tax breaks that had expired at the end of 2009. The House had passed a number of extenders bills to deal with the 2009 expired provisions. However, the Senate was never able to obtain the 60 votes necessary to break the Republican filibuster of the bills, in large part due to opposition to the tax increases in the House bills.

Congress did act in the end, but the new law was not passed until past the mid-point of December, and then only as part of a post-election deal between the President and the newly powerful Congressional Republicans. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 not only temporarily extended all of the Bush-era income tax cuts for 2011 and 2012, but also included substantial additional spending increases and tax cuts. The major elements of the bill are:

- The 2001 and 2003 changes in income tax law that were scheduled to expire at year-end 2010 will remain in effect during 2011 and 2012. This includes general marginal tax rates and the special tax rates on capital gains and dividends. As discussed below, the treatment of carried interest remains unchanged.
- The estate tax also would not return to pre-2001 levels next year. Instead, the estate tax rate in 2011 and 2012 would be 35% and there would be a $5 million per individual exemption amount. For taxpayers who died in 2010, the executors of the estate could elect into this new regime.
- Middle class relief from the AMT would be extended to the 2010 and 2011 tax years.
- The long list of business tax provisions that expired in 2009 would also be extended for two years – 2010 and 2011.
- In 2011 only, the employee share of Social Security payroll taxes would be reduced by 2% (from 6.2% to 4.2%) on wages. The tax rate on self-employment income would similarly be temporarily reduced from 12.4% to 10.4%.
- Certain businesses would be allowed (1) to deduct immediately 100% of property placed in service between September 9, 2010 and December 31, 2011; and (2) to take advantage of 50% bonus depreciation in 2012.
- Enhanced unemployment insurance provisions would be extended through the end of 2011.

ASHA has continued to support initiatives promoting federal investment in Alzheimer's research...
CARRIED INTEREST TAX INCREASE PROPOSAL DERAILED

As Democrats considered how to offset the cost of extending tax breaks that expired after 2009, they continued to propose an increase in the tax rate on carried interest. As in prior years, the provision appeared in numerous tax bills passed by the House. However, this year for the first time, the tax was seriously considered as a revenue offset in the Senate. Finance Committee Chairman Max Baucus (D-MT) reconsidered his earlier opposition to the tax and began discussing alternative proposals with Ways and Means Committee Chairman Sander Levin (D-MI), the original proponent of the carried interest tax in the House. The two Chairmen released a joint modified proposal that would have treated 50% of carried interest as ordinary income for tax purposes until 2013, and 75% as ordinary income after that. While that was something of an improvement over the original Levin proposal, ASHA remained adamantly opposed because it would still have imposed a huge tax increase on commercial real estate. We joined with our allies in contacting every member of Congress to let them know of the devastating effect that the provision would have on real estate, and seniors housing in particular. Chairman Baucus made a number of changes to the Baucus/Levin proposal, but he was never able to override unified Republican opposition to the proposal and objections from some of his Democratic colleagues.

ASHA remained actively engaged in this matter throughout the year, working with our allies to continue educating members and staff about the issues. We also joined with twelve other real estate groups in a full-page ad in Roll Call (the newspaper covering Congress) with the message “say ’NO’ to a carried interest tax hike on real estate.”

We can point to some successes. House members who previously supported bills with the carried interest provision grew concerned that the tax increase would dampen incentives for investment and cause commercial property real estate values to fall, and they expressed those views to the House leadership. In addition, we have a core group of Senators who speak out forcefully on the subject. Even so, it is an issue which we must continue to watch and make sure that members are aware of the devastating effect that increased taxes on carried interest will have on real estate, and specifically seniors housing.

IRS WITHDRAWS CHALLENGE OF CCRCs

In 2006, ASHA worked on legislation to clarify that CCRC residents would not be taxed on phantom imputed interest on entrance fee deposits. While that issue was successfully resolved, another CCRC issue surfaced this year. The IRS challenged a CCRC’s income tax treatment of the refundable portion of the entrance fee paid by its residents. The IRS claimed that entrance fees are rental income that should be immediately taxable in the year received – a position that ASHA explained runs counter to years of practice and precedent. The IRS has now admitted that it was wrong to issue the deficiency notice, but continues to maintain that the reason it issued the notice – entrance fees are properly characterized as rental income – may still be valid. For now, it appears that the IRS is backing down from its unjustified position, but we continue monitoring its activity.

REGULATORY OVERSIGHT

Opposition to any efforts to impose unwarranted regulatory burdens on seniors housing at the federal level continued to be a high priority for ASHA in 2010. We have spent a great deal of time educating members and staff about the efficacy of state oversight of assisted living, and we will be intensifying those efforts next year when over 100 new members of the Senate and House and Representatives are sworn in on January 5th. There was no legislation in 2010 that proposed federal regulation of seniors housing. In late 2009, however, Senate Special Committee on Aging Chairman Herb Kohl (D-WI) began a review of the CCRC structure that was triggered by financial difficulties at some communities. The Chairman requested the Government Accountability Office (GAO) to study the financial risks faced by CCRCs and CCRC residents and how states address those risks. He also asked his Committee’s investigative staff to review the matter. Their findings were presented at a hearing of the Special
Committee in July. While the GAO concluded that entering a CCRC is not without financial and other risks, it also acknowledged that CCRCs can benefit older Americans and that few have failed. Significantly, neither the GAO nor the Committee investigative staff proposed federal legislation, and instead urged state regulators to monitor CCRCs. Nevertheless, we believe that the Aging Committee will continue to investigate these and other issues next year. Next steps by that Committee could well involve an overall review of the assisted living issues.

THE NEW CONGRESS

When the 112th Congress convenes in January, Republicans will be in charge of setting the House agenda and will have a greater influence on the business of the Senate. Republicans picked up 6 seats in the Senate which will now have 53 Democrats (including independents) and 47 Republicans. In the House, Republicans picked up 63 seats, and the new ratio will be 242 Republicans and 193 Democrats. However, the faces at the top of each party’s leadership structure will be the familiar faces of the current Congress. Many had expected that the crushing defeat suffered by the House Democrats would cause Speaker Nancy Pelosi (D-CA), to step aside in favor of the second in command Steny Hoyer (D-MD). However, she announced soon after the election that she would run for the top minority spot (Minority Leader). Steny Hoyer was elected Minority Whip, and the current Democratic Whip, James Clyburn of South Carolina, was elected to the new position of Assistant Minority Leader. John Boehner (R-OH) faced no challenges from his party for the Speaker’s race, and his current team was elected as well. Eric Cantor (R-VA) is the new Majority Leader, and Kevin McCarthy (D-CA) is the new Majority Whip.

The top Senate leadership will remain unchanged. Harry Reid (D-NV) will return as the Majority leader and Richard Durbin (D-IL) will remain the Majority Whip. Mitch McConnell (R-KY) will remain the Minority Leader and Jon Kyl will remain the Minority Whip.

In the Senate, most of the Committee chairs will remain the same, though there will be some shifts of the ranking members because of Republican caucus rules limiting the number of years that their members can serve as chairs or ranking members of Committees. In the House, of course, there will be major changes with Republicans assuming the chairs of the Committees, and increasing their numbers on the Committees.
ASHA PLATINUM CIRCLE Awardees (Top 15 Contributing Companies)

Merrill Gardens
Red Capital Group
Belmont Village Senior Living
Senior Care
Brookdale Senior Living
Atria
Senior Lifestyle Corporation
Healthcare REIT
Hawthorn Retirement Group
Senior Living Investment Brokerage, Inc.
Life Care Services LLC
Hanson Bridgett

SENIORS HOUSING PAC

2010 LEADERSHIP CAMPAIGN
SH PAC CONTRIBUTIONS

Contributions to the 2010 Seniors Housing PAC Leadership Campaign totaled $437,990 — the second largest amount raised in the history of the SH PAC. More than 500 ASHA “c-suite” executives, mid-management employees, and community-level management staff representing 80 ASHA member companies contributed to the PAC. ASHA is enormously grateful to all those who have so generously supported the PAC (for a complete listing of SH PAC participating companies, see page 27).

We would also like to take this opportunity to specially thank Health Care REIT employees who contributed over $25,000—the top ranked company in total contributions. Also of special note were Hawthorn Retirement Group, Merrill Gardens, and Senior Lifestyle Corporation, each of whom contributed $20,000 or more. And once again, Senior Star Living, which contributed just over $18,000, set the pace for the largest employee campaign — nearly 80 employees contributed. Finally, our many thanks to the 15 top contributing companies (see Platinum Circle awardees on opposite page), who collectively contributed $230,000 to the SH PAC.

Finally, we would also like to specially acknowledge 123 members who generously contributed to Chairman’s Circle (a minimum contribution of $2,000). We are indebted to their longstanding commitment to ensuring a robust PAC and vital federal advocacy program (see listing of Chairman’s Circle members on page 29).

SH PAC DISBURSEMENTS

The SH PAC disbursement strategy is focused on targeting steady and sustainable contributions to key Members of Congress. This remains the most effective way to educate Members of Congress on our issues and to build longstanding relationships. A key objective of the SH PAC is to identify a network of champions that understands seniors housing issues and ASHA’s perspective on those issues. Since PACs can spend a maximum of $10,000 per election cycle per Member ($5,000 for the primary and $5,000 for the general election) and additional $5,000 per calendar year for Leadership PACs, some of these champions are targeted to receive maximum contributions. We believe that this maximum level of contribution is important to continue to grow our group of champions. We also believe that balanced support for a mix of moderate, business-friendly Democrats and Republicans remains prudent. We continue to target Members of committees which are most likely to have jurisdiction over issues of importance to ASHA members such as the Senate Aging Committee, Senate Finance Committee, Senate Health, Education, Labor and Pensions Committee, and House Ways and Means Committee.

The new 112th Congress will be sworn in on January 5, 2011, and our SH PAC disbursement strategy and list of targeted members will be updated to reflect major changes in the new Congress, including new committee chairs, new ranking members, new committee member assignments, and new party leadership positions. All members targeted for PAC support will be reviewed by the SH PAC Steering Committee and Executive Committee for final approval (for a complete listing of 2010 SH PAC disbursements, please see page 26).
**SH PAC DISBURSEMENTS**

**2007 – 2010 HIGHLIGHTS**

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### TOTAL SH PAC CONTRIBUTORS

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**SENATE COMMITTEES**

**SPECIAL COMMITTEE ON AGING**
- (Total Disbursements: $28,500)
  - Susan Collins (R-ME)
  - Lindsey Graham (R-SC)
  - Bill Nelson (D-FL)
- Saxby Chambliss (R-GA)
- Blanche Lincoln (D-AR)
- Richard Shelby (D-AL)

**BANKING, HOUSING & URBAN AFFAIRS**
- (Total Disbursements: $12,500)
  - Jim DeMint (R-SC)
  - Mike Johanns (R-NE)
- Mike Crapo (R-ID)
- Orin Hatch (R-UT)
- Olympia Snowe (R-ME)

**FINANCE**
- (Total Disbursements: $35,000)
  - Kent Conrad (D-ND)
  - Charles Grassley (R-IA)
  - Jon Kyl (R-AZ)
- Mike Enzi (R-WY)
- John Barrasso (R-WY)

**HOUSE COMMITTEES**

**EDUCATION & LABOR**
- (Total Disbursements: $7,500)
  - Jason Altmire (D-PA)
  - John Kline (R-MN)
- John Adler (R-NJ)
- Barney Frank (D-MA)
- Paul Kanjorski (D-PA)
- Kevin McCarthy (R-CA)
- Shelley Moore Capito (R-WV)

**FINANCIAL SERVICES**
- (Total Disbursements: $26,500)
  - John Adler (R-NJ)
  - Melissa Bean (D-IL)
  - Ron Klein (D-FL)
  - Finance Patrick McHenry (R-NC)
- Lynn Jenkins (R-KS)
- Ron Kind (D-WI)
- Richard Neal (D-MA)
- Earl Pomercy (D-ND)

**OTHER**
- (Total Disbursements: $51,500)
  - Candidates that ran for open Senate seats in ND, IL, KS, OH and FL
  - Governor John Hoeven (R-ND)
  - Rep. Mark Kirk (R-IL)
  - Rep. Jerry Moran (R-KS)
  - Former Rep. Rob Portman (R-OH)
  - Marco Rubio (R-FI)

**Ways & Means**
- (Total Disbursements: $94,000)
  - Xavier Becerra (D-CA)
  - Earl Blumenauer (D-OR)
  - Kevin Brady (R-TX)
  - Dave Camp (R-MI)
  - Joe Crowley (D-NY)
  - Haley Barbour (R-MS)
  - Ron Kind (D-WI)
  - Richard Neal (D-MA)
  - Earl Pomeroy (D-ND)
  - Allyson Schwartz (D-PA)
  - John Yarmuth (D-KY)

**Health, Education, Labor, and Pensions**
- (Total Disbursements: $48,000)
  - Lamar Alexander (R-TN)
  - Tom Coburn (R-OK)
  - Barbara Mikulski (D-MD)
  - Jack Reed (D-RI)
  - Richard Burr (R-NC)
  - Johnny Isakson (R-GA)
  - Lisa Murkowski (R-AK)
  - Pat Roberts (R-KS)

**Judiciary**
- (Total Disbursements: $7,000)
  - Ben Cardin (D-MD)
  - Dick Durbin (D-IL)

**Small Business & Entrepreneurship**
- (Total Disbursements: $15,000)
  - John Thune (R-SD)

**Note:** Disbursements include members’ re-election committees and/or Leadership PACs.
ASHA MEMBERS WHOSE EMPLOYEES CONTRIBUTED TO THE 2010 SENIORS HOUSING PAC

Advent Group
AegisLiving
Allegro Senior Living
American Seniors Housing Association
Atria Senior Living Group
Becker Properties
Belmont Village Senior Living
Berkadia Commercial Mortgage
Bickford Senior Living
Brandywine Senior Living
Brookdale Senior Living
Cambridge Realty Capital Companies
Capital Health Group
Capital Senior Living Corporation
CBRE Melody
CBRE Seniors Housing
CIT Healthcare
Contemporary Healthcare Capital
Cordia Senior Living
CSH
Direct Supply
ElderLife Financial
Encore Senior Living
E-Quest Management
Formation Capital
GE Capital Healthcare Financial Services
Generations
The Genova Company
Grace Management
Greystone Servicing Corporation
Hanson Bridgett
Hawthorn Retirement Group
HCP
Health Care Group
Health Care REIT
Health Trust
Herbert J. Sims & Co.
Horizon Bay Retirement Living
Houlihan Lokey
Integra Realty Resources
Irving Levin Associates
Isakson Living
JEASenior Living
KeyBank Real Estate Capital
Kisco Senior Living
Lancaster Pollard
Life Care Services
Love Funding
Merrill Gardens
MidCap Financial
Nationwide Health Properties
Oak Grove Capital
Pathway Senior Living
PNC Real Estate
Principle Valuation
ProMatura Group
Prudential Real Estate Investors
Red Capital Group
Retirement Companies of America
Ridge Care
Senior Care
Senior Housing Investment Advisors
Senior Housing Properties Trust
Senior Lifestyle Corporation
Senior Living Communities
Senior Living Investment Brokerage
Senior Resource Group
Senior Star Living
The Shuster Companies
Silverado Senior Living
Stroud Properties
Trilogy Health Services
Ungaretti & Harris
URBEK
Valuation and Information Group
Van Dyk Health Care
VantAge Pointe Capital Management & Advisory
Ventas Healthcare Properties
Vi
Vintage Senior Living
Watermark Retirement Communities

TOTAL CHAIRMAN’S CIRCLE CONTRIBUTORS
2007 116
2008 141
2009 114
2010 123

TOTAL CONTRIBUTING COMPANIES
2007 90
2008 91
2009 77
2010 81
CHAIRMAN’S CIRCLE EVENT

This year’s Chairman’s Circle event was held November 4–6 at The Grand Del Mar in San Diego, CA. Over 50 members attended along with many spouses, and a good time was had by all. Highlights of the event were candid discussions on leading industry issues led by Gil Till of URBEK, Margaret Scott of Belmont Village Senior Living, and Michael Grust of Senior Resource Group. Members also enjoyed championship golf and a guided nature walk by park rangers in the Los Penasquitos Canyon Preserve. The event was capped off with two delightful evening receptions hosted by Arnie Whitman and Terri Lundberg and Patricia and Ed Will at their homes in La Jolla and Rancho Santa Fe, CA, respectively.
SH PAC 2010 CHAIRMAN'S CIRCLE CONTRIBUTORS

LEADERSHIP SUPPORT LEVEL

$3,000 – $5,000

$2,000 – $2,999

*New Chairman’s Circle Members

Terri Lundberg and Arnie Whitman
Patricia Will (r) with her parents, Jacqueline and Marino Gutierrez
NEW MEMBERS AND UPGRADED MEMBERSHIPS IN 2010

EXECUTIVE BOARD MEMBERS
Franklin Park Management, Luke Classen
Goldman Sachs, Kristin Gannon
Love Funding Corporation, Leonard Lucas
LTC Properties, Wendy Simpson
Seniority, Inc., Sloan Bentley
Stifel, Nicholas & Co., Scott Cousino
VantAge Pointe Capital Management & Advisory, Inc., Lisa Widmier
Valuation & Information Group, Marcus Lussier

ASSOCIATE MEMBERS
Becker Properties, Thomas Becker
BMA Management LTD, Blair Minton
Brooks Adams Research, Robert Adams
Carlton Senior Living, Phillip Scott
Charles Hall Construction, LLC, Charles Hall IV
CHRISTUS Health, Linda McLung
Commonwealth Assisted Living, Richard Brewer
Dixon Hughes, Keith Seeloff
Dougherty Mortgage, LLC, Jonathan Banyard
Executive Capacity, LLC, Jill Haselman
First Centrum, LLC, Michael Weshinsky
Greystar Real Estate Partners, Kristopher Woolley
Grubb & Ellis Healthcare REIT, Danny Prosky
Justus Rental Properties, Inc., Scott Jeske
Kandu Capital, LLC, Bradley Dubin
The LaSalle Group, Melvin Warren
M3 Capital Partners LLC, Thaddeus Wilson
Paradise Retirement Hawaii, Christian Sieber
Premiera Care, LLC, Donald Petersen
Resort Lifestyle Communities, Breck Collingsworth
Rittenhouse Senior Living, Edward Yarish
The Roche Associates Inc., Joseph Roche
RBC Capital Markets, LLC, Frank Morgan
Senior Living Residences, LLC, Robert Larkin
UPMC Senior Communities, Deborah Brodine

ADVISORY COMMITTEE MEMBERS
Aurora Consulting Services, Terri Sherman
Avante Group, Dean Dickmann
Kwalu, LLC, Michael Zusman
New Perspective Senior Living, Ryan Novaczyk
Prudential Mortgage Capital Company, Thomas Goodsite

ASHA
MEMBERSHIP
ASHA MEMBERSHIP

EXECUTIVE BOARD MEMBERS

Advent Group, David A. Reeve
AegisLiving, David R. Ford
Allegro Senior Living, LLC, Douglas S. Schiffer
Atria Senior Living Group, Julie Harding
Atria Senior Living Group, Mark Jessee
Aureus Group, LLC, Robert T. Halpin, Jr.
Bank of the West, Marc Thompson
Bell Senior Living, Stephen Morton
Belmont Village Senior Living, Patricia G. Will
Benchmark Assisted Living, Thomas H. Grape
Bickford Senior Living, Joe Eby
Brandywine Senior Living, Brenda J. Bacon
Brightview Senior Living, LLC, David D. Carliner
Brookdale Senior Living, Inc., John P. Rijos
Brookdale Senior Living, Inc., W.E. Sheriff
Capital Health Group, LLC, Kenneth R. Assiran
Capital Senior Living Corporation, Lawrence A. Cohen
CBRE Capital Markets, Aron Will
CBRE Seniors Housing, Matthew F. Whitlock
Chartwell Seniors Housing REIT, Brent Binions
CIT Healthcare, Kathryn Burton-Gray
Contemporary Healthcare Capital, LLC, Douglas Korey
Cordia Senior Living, Karen M. Anderson
The Covenant Group, Gary D. Staats
CS Capital Advisors, LLC, Peter E. Pickette
CSH, LLC, Scott Stewart
Davis & Harman LLP, Randolf H. Hardock
Discovery Management Group, Richard J. Hutchinson
Duane Morris, LLP, Susan V. Kayser
Emeritus Senior Living, Melanie Werdel
E-Quest Management, LLC, Elmo Robinson, Jr.
Erickson Living, Alan Butler
Fannie Mae, Christopher E. Honn
Five Star Quality Care, Inc., Bruce J. Mackey, Jr.
Formation Capital, LLC, Arnold M. Whitman
Franklin Park Management, Luke Classen
Freddie Mac, Steven Schmidt
GE Capital, Healthcare Financial Services, Brian Beckwith
Goldman Sachs & Co., Kristin Gannon
Grace Management, Inc., Eugene W. Grace
Grandbridge Real Estate Capital, LLC, Richard A. Thomas
GreyStone Servicing Corporation, Inc., Peg S. Larson
Hanson Bridgett, LLP, Paul A. Gordon
Hawthorn Retirement Group, Patrick F. Kennedy
HCP, Inc., Paul Gallagher
Health Care REIT, Inc., Charles J. Herman, Jr.
HealthTrust, LLC, Alan C. Plush
Hearthstone Senior Services, Timothy P. Hekker
Herbert J. Sims & Co., Inc., William B. Sims
Holiday Retirement, Jack R. Callison, Jr.
Horizon Bay Retirement Living, Thilo D. Best
Houlihan Lokey, Patrick M. Hurst
HTG Consultants, LLC, Rod Turner
Isakson Living, E. Andrew Isakson
KeyBank Real Estate Capital, Angela G. Mago
Kisco Senior Living, LLC, Andrew S. Kohlberg
Lancaster Pollard, Daniel J. Biron
Lazard Freres Real Estate Investors, John A. Moore
Legend Senior Living, Timothy Buchanan
Life Care Services LLC, Edward R. Kenny
Love Funding Corporation, Leonard Lucas
LTC Properties, Inc., Wendy Simpson
MBK Senior Living, Terry Howard
Merrill Gardens, LLC, William D. Pettit, Jr.
MidCap Financial, LLC, Kevin McMeen
Nationwide Health Properties, Inc., Donald D. Bradley
NRF Healthcare, Donald C. Tomasso
Oak Grove Capital, Jessica Morgan
Oakmont Senior Living, LLC, Joseph G. Lin
One Eighty, Dan B. Madsen
Pathway Senior Living, LLC, Jerome E. Finis
PNC Real Estate, Sean Huntsman
Prime Care Properties, LLC, Jay L. Hicks
PreMatura Group, LLC, Margaret A. Wylde, Ph.D.
Prudential Real Estate Investors, Noah R. Levy
Red Capital Group, LLC, James F. Sherman
Ridge Care, Inc., Jeff Dickerson
Roskamp Sun Health Management & Development, Sharon Grambow
Salem Equity, James T. Hands
Senior Care Development, LLC, David Reis
Senior Care, Inc., Pat Mulloy
Senior Housing Investment Advisors, Mel Gamzon
Senior Housing Properties Trust, David J. Hegarty
Senior Lifestyle Corporation, William B. Kaplan
Senior Living Communities, LLC, Donald O. Thompson, Jr.
Senior Resource Group, LLC, Michael S. Grust
Senior Star Living, Robert D. Thomas
Senior Star Living, William F. Thomas
SeniorHousingNet, part of Move, Bradley Fuqua
Seniority, Inc., Sloan Bentley
Shattuck Hammond Partners, Philip J. Camp
Signature Senior Living, Steven L. Vick
Silverado Senior Living, Loren B. Shook
Spectrum Retirement Communities, LLC, Jeffrey D. Kraus
Stefel, Nicolaus & Company, Inc., Scott Cousino
Stroud Properties, Inc., James A. Stroud
Sunrise Senior Living, Inc., Julie Pangelinan
Trilogy Health Services, LLC, Randall J. Buffett
URBEK, Gilbert Till
Valuation & Information Group, Marcus Lussier
VantAge Pointe Capital Management & Advisory, Inc., Lisa Widmier
Ventas Healthcare Properties, Inc., Raymond J. Lewis
VI, Randal J. Richardson
Vintage Senior Living, Eric Davidson
Wakefield Capital, Edward P. Nordberg, Jr.
Walker & Dunlop, Douglas W. Bath
Walton Street Capital, LLC, Brian Landrum
Warburg Pincus, Gregory Baecher
Watermark Retirement Communities, David Barnes
Weitz Senior Living, Bryan Schnurr
Wells Fargo Bank, Catherine Vorey
Ziegler Capital Markets Group, William T. Mulligan

ADVISORY COMMITTEE MEMBERS
A.L. Wizard – A Division of RealPage, Rose Lochmann
AEW Capital Management, L.P., Anthony C. Crooks
American House Senior Living Residences, Robert W. Gillette
ARA National Seniors Housing Group, Jeffrey Pritchard
Arcapita Inc., C. MacLaine Kenan
The Asbury Group Marketing, Meredith Bogle
Aurora Consulting Services, Ltd., Terri R. Sherman
Avante Group, Inc., Dean Dickmann
Bagbridge Seniors Housing Inc., Robert Ian Ezer
Bovis Lend Lease, Inc., John R. Nicolay
CoastWood Seniors Housing Partners, Daniel A. Decker
Continuing Life Communities, Richard D. Aschenbrenner
Covenant Retirement Communities, Rick K. Fisk
Deutsche Bank Berkshire Mortgage, Christopher P. Fenton
Direct Supply, Inc., W. Bradford Klitsch
Era Living, Eli J. Almo
Front Porch, Gary Wheeler
The Genova Company, Phillip M. Anderson, Jr.
GlynnDevins Advertising & Marketing, James T. Glynn
Greystone Communities, Inc., Michael B. Lanahan
Harbor Retirement Associates, LLC, Timothy S. Smick
Haris & Company, Lee D. Haris
Integra Realty Resources, Charles A. Bissell
Integral Senior Living Management Group, Sue Farrow
Integrated Development Group LLC, Matthew K. Phillips
Irwin Partners Architects, Gregory R. Irwin
JEIA Senior Living, Jerry Erwin
KMF Senior Housing Investors, LLC, Philip L. Van Syckle
Kwalu, Michael Zusman
Lifespace Communities, Inc., Scott Harrison
Lincoln Healthcare Information, Scott Brown
Marcus & Millichap, Gary R. Lucas
Masterpiece Living, LLC, Lawrence L. Landry
Mather LifeWays, Mary G. Leary
Moore Diversified Services, Inc., James A. Moore
Morrison Senior Dining, Kevin Svagdis
Moving Station, Patricia Saulig
National Multi Housing Council, Douglas M. Bibby
National Real Estate Advisors, Kathryn A. Barnes
New Perspective Senior Living, Ryan Novaczyk
NorthMarq Capital, Gordon P. Mickelson
One on One, David A. Smith
Paradigm Senior Living, Lee E. Cory
Perkins + Will Architects, Paul E. Donaldson
Principle Valuation, LLC, Timothy H. Baker
Prudential Mortgage Capital Company, Thomas Goodsite
Royal Senior Care, LLC, Roni Soffer
Senior Living Investment Brokerage, Inc., Grant A. Kief
Senior Services of America LLC, D. Lee Field
The Shuster Companies, Jason Shuster
SilverCrest Properties, LLC, Michael F. Gould
Sodexo Senior Services, William S. Cephus
Southern California Presbyterian Homes, John H. Cochran, III
Stanley Healthcare Solutions, Christopher T. Watson
THOMCO, Monica Clark
Top Rock, LLC, Ralph J. Nagel
Ungaretti & Harris, John J. Durso
Virtual Care Provider, Inc., Matthew Rehmann
Volunteers of America, Michael King
The Walsh Group, Eric Larsen
Waltonwood Senior Living, Earl C. Parker
Westmont Living, Inc., Andrew S. Plant
Willis, John M. Atkinson
Yardi Systems, Inc., Laura Atallah
zumBrunnen, Inc., John H. zumBrunnen

ASSOCIATE MEMBERS
12 Oaks Senior Living, Richard K. Blaylock
AGM Financial Services, Inc., Tamera S. Gundersen
Alden Realty Services, Inc., Randi Schlossberg-Schuillo
All Seniors Care Living Centres Ltd., Lily Goodman
Allegro Residences, Francois Courtois
Altus Group, Stephen Hiscox
Ambrose Capital Group, Inc., Donald Ambrose
Americare, Clay Crosson
The Arbor Company, Ellison Thomas
Arnall Golden Gregory LLP, Hedy S. Rubinger
Atlantic Shores Cooperative Association, Eden B. Jones
Balfour Senior Living, LLC, Michael K. Schonbrun
Bank of America Merrill Lynch, Gray W. Hampton
Barrington Venture Holding Company LLC, Thomas S. Herb
Becker Properties, Thomas Becker
The Blackstone Group, David Roth
BMA Management, Ltd., Blair Minton
B’nai B’rith International, Mark D. Olshan
Brecht Associates, Inc., Susan B. Brecht
Bridgewood Property Company, James D. Gray
Brooks Adam Research, Robert T. Adams, Sr.
Cambridge Realty Capital Companies, Jeffrey A. Davis
CapitalSource, Steven L. Gilieand
Carefree Senior Living, Ken L. Templeton
Caring Communities Shared Services, G. James Caldwell
Carlton Senior Living LLC, Philip B. Scott
Chancellor Health Partners, Inc., Benjamin I. Byers
Charles Hall Construction LLC, Charles Hall, IV
Christenson Advisors, LLC, Jonathan A. Boba
Christopher Place Senior Communities, LLC, Charles Maulbetsch
CHRISTUS Health, Linda McClung
CLW Realty Group, Inc., Allen McMurtry, Jr.
Colliers International, Mark Silver
Columbia DuBrin Realty Advisors, LLC, L. Robin DuBrin
Commonwealth Assisted Living, Richard Brewer
Curry Architecture, Kristin Newland
Cushman & Wakefield, Inc., Alina Schoepfer
CWCapital, Brenda Bailey
Dial Communities, Inc., Joel M. Katleman
Dixon Hughes, Keith Seeloff
Dominion Partners, LLC, Michael Mays
Dougherty Mortgage LLC, Jonathan P. Banyard
DPR Construction, Inc., Scott Carriveau
Drucker & Falk, LLC, Robert C. Lippard
Elder Care Alliance, Jesse Jantzen
Eldercare Management Services, Mark W. Lierman
Eldercare Financial Services, Elias P. Papasavvas
Encore Senior Living, LLC, Peter Muhlilbach
The Erickson School / UMBC, Kevin D. Heffner
Essex Corporation, Kent Braasch

The Evangelical Lutheran Good Samaritan Society, Dustin Scholz
Executive Capacity, LLC, Jill Haselman
Farmington Centers, Inc., Jeff Chamberlain
First Centrum LLC, Mark L. Weshinsky
Foley & Lardner LLP, Michael A. Okaty
FPL Advisory Group, William J. Ferguson
Franciscan Sisters of Chicago Service Corporation, Stephen J. Bardoczi
Fremont Realty Capital, Max G. Newland
Gencare, Inc., Leon Grundstein
Generations, LLC, Chip Gabriell
Greenbrier Development, LLC, Mike Gilliam
Greystar Real Estate Partners, Kristopher L. Woolley
Grubb & Ellis Healthcare REIT, Danny Proskey
Gypsy Hill Place, LLC, David E. Taibl
Hamilton Insurance Agency, Jackie Moyer
Health Care Group, W. Major Chance
Heffernan Insurance Brokers, M. Brant Watson
HHHunt Properties, James R. King
Highgate Senior Living, Marjorie Todd
Holladay Corporation, Frances Manderscheid
Hollenbach Development, W. James Hollenbach
The Hollinger Group, Brad E. Hollinger
Howard & Associates, Evelyn R. Howard
Immanuel Health Systems, Eric N. Gurley
Irving Levin Associates, Inc., Stephen M. Monroe
Jacobs Chase Frick Kleinkopf & Kelley, Kevin H. Kelley
Javelin Capital Partners, LLC, Kurt Read
John L. Wortham & Son, LP, David B. Martin
JP Morgan, Jean M. Anderson
Justus Rental Properties Inc., Scott M. Jeske
Kandu Capital, LLC, Bradley E. Dublin
Kaplan Development Group, Glenn Kaplan
Koelsch Senior Communities, Aaron Koelsch
Lane Powell PC, Barbara J. Duffy
Lewis & Clark LTC RRG, Inc., Nadeene Wood-Clater
Lockton Companies of Colorado, Derek Cady
The Mann Group, Inc., Charles H. Mann, III
M&T Bank, Sharon O’Brien
M&T Realty Capital Corporation, Robert J. Ryan
M3 Capital Partners, Thaddeus R. Wilson
Martino & Binzer, Inc., David Martino
Metropolitan-Active Life Group, Sheldon L. Baskin
Milestone Retirement Communities, LLC, Paul W. Dendy
Moore Stephens Lovelace, P.A., Ronald R. Shuck
Morgan Stanley, Andrew Bauman
Mosaic Management, Cynthia Senke
Murtha Cullina LLP, Martha Everett Meng
National Investment Center, Robert G. Kramer
Nigro Group, LLC, Frank J. Nigro, III
Nixon Peabody LLP, Allen A. Lynch, II
NorSouth Companies, David H. Dixon
Pacific Retirement Services, Inc., Jill Collins
Paradise Retirement Hawaii, Christian Sieber
Parc Communities, Roy Dickson
The Plaza Companies, Sharon Harper
Primrose Retirement Communities, Brian Morgan
Propel Insurance, Michael Ferreira
Providence Life Services, Richard Schutt
Rag Stone, Inc., David W. Crump
RBC Capital Markets, LLC, Frank Morgan
REDMARK Economics for Real Estate Development and Market Research, Harvey Singer
REES Associates, Inc., Ken Baker
Resort Lifestyle Communities, Breck Collingsworth
Retirement Companies of America, LLC, Charles S. Trammell
Retirement Housing Foundation, Dr. Laverne R. Joseph
Revenue Leverage, LLC, Jack McCarthy
Rittenhouse Senior Living, Edward T. Yarish
Riverwood Retirement Management, Inc., Jerry C. Jaques
The Roche Associates, Inc., Joseph L. Roche
Rokskamp & Patterson Management Company, Steven Roskamp
Senior Living Residences, LLC, Robert F. Larkin
Senior Living Valuation Services, Inc., Michael G. Boehm
Senior Services, LLC, William D. Bell
The Seniors Group, Michael Girard
SL Residential, Inc., Greg Sadick
Spring Hills Senior Communities, Alexander C. Markowitz
Springpoint Senior Living, Gary T. Puma
The Springs Living, F. Fee Stubblefield, Jr.
St. Barnabas Health System, James D. Turco
St. Therese Southwest, Michael Pagh
Stanley Shorten Real Estate Group, Thomas E. Stanley
Stonegate Senior Care, John F. Taylor
Stratford Companies, Wendy Horn
Symphony Senior Living, Inc., Lisa M. Brush
Unified Property Group, Steve Falcone
United Adult Ministries, Douglas Kurtz
UPMC Senior Communities, Deborah S. Brodine
USA Properties Fund, Inc., Geoffrey C. Brown
Van Dyk Health Care, Robert Van Dyk
The Vinca Group L.L.C., Alice Katz
Waller, Lansden, Dortch & Davis, LLP, Jeffrey A. Calk
WDG Architecture, PLLC, David Banta
Weis Builders, Inc., Peter Worthington
Western Seniors Housing, Inc., Anthony Sandoval
Westminster Communities of Florida, James F. Emerson
Windsor Healthcare Equities, LLC, Leigh T. Howe
ASHA'S C-O-R-E PUBLIC POLICY PRINCIPLES

CONSUMER DRIVEN
Ensure that the needs and preferences of seniors housing consumers continues to be met through regulatory oversight at the state and local level, where it is most effective.

OWNER/OPERATOR DRIVEN
Promote a favorable business climate that supports quality, competition, innovation, and long-term investment in seniors housing.

RESIDENT SERVICE DRIVEN
Support research and national initiatives that enable residents of seniors housing to receive state-of-the-art services and age with dignity in the setting of their choice.

EMPLOYEE DRIVEN
Ensure that employees of senior housing providers have full access to competitive wages and benefits and a work environment that fosters job satisfaction and professional growth.

We are especially appreciative of the additional financial support ASHA receives from our members who sponsor our meetings and research.
## ASHA Membership Benefits

<table>
<thead>
<tr>
<th></th>
<th>Executive Board</th>
<th>Advisory Committee</th>
<th>Associate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Dues</td>
<td>$12,500</td>
<td>$5,000</td>
<td>$2,500</td>
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<tr>
<td>Number of Member Company Contacts to receive Newsletters and Publications</td>
<td>3</td>
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<td>1</td>
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<tr>
<td>Complimentary Attendance at Annual Meeting</td>
<td>3</td>
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<td>1</td>
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<tr>
<td>Complimentary Attendance at Fall Meeting</td>
<td>3</td>
<td>2</td>
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<tr>
<td>Complimentary Attendance at Spring Board Meeting</td>
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<tr>
<td>Pre-Meeting Reception at Annual Meeting</td>
<td>Yes</td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td>Directory of Personal &amp; Company Biographies</td>
<td>Yes</td>
<td>n/a</td>
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<tr>
<td>Corporate Website Link from ASHA Membership Section</td>
<td>Yes</td>
<td>Yes</td>
<td>n/a</td>
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<tr>
<td>Access to Members Only section of Website</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Serve as Officers of ASHA</td>
<td>Yes</td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td>ASHA Task Force Participation</td>
<td>Yes</td>
<td>Yes</td>
<td>n/a</td>
</tr>
</tbody>
</table>

- Membership on the Executive Board is limited to seniors housing owners, operators, or investors with approval of the Executive Board. Other industry professionals may be permitted on the Executive Board subject to prior approval of the Executive Committee with subsequent approval by the Executive Board.
- Vendors / Suppliers may only join at the Advisory Committee level.

## Composition of ASHA Membership: 2010

- 55% Developer / Owner / Operator
- 25% Professional Services
- 18% Lender / Investor
- 2% Vendor / Supplier