

EXHIBIT M-3  
**REQUIRED REMOVAL EXCEPTIONS**

1. Any standard exceptions with respect to the following matters shall be removed for all Properties:
  - a. Rights or claims of tenants or parties in possession not shown by the public records
  - b. Easements, or claims of easements, not shown by the public records
  - c. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records
  - d. Taxes or special assessments which are not shown as existing liens by the public records
  - e. Defects, liens, encumbrances, adverse claims and other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date of the title commitment, but prior to the date the proposed insured acquires for value of record the estate or interest covered by the title commitment
2. Any standard exceptions with respect to the following matters shall be removed for all Properties other than Missing Survey properties:
  - a. Encroachments, overlaps, boundary line disputes, and any matters which would be disclosed by an accurate survey and inspection of the premises
3. Any exceptions with respect to the following matters shall be removed for all ground-leased Properties:
  - a. The effect of any failure to comply with the terms, covenants, conditions and provisions of the ground lease arising before the effective date of the policy
  - b. Any facts, rights, interests or claims in the ground lease, which are not shown by the public records, but which could be ascertained by making inquiry of the lessors and their successors-in-interest
  - c. Any defect or invalidity of, or other matter relating to the leasehold estate, which would be disclosed by an examination of the unrecorded lease
4. The following exceptions shall be removed:
  - a. Alpine Springs (OR)
    - i. Exception #18: Lease between Alpine Springs, LLC and Alpine Springs III, LLC, dated 9/30/02, as disclosed by Memorandum of Lease filed on 10/1/02
  - b. Azalea Garden (MS)
    - i. Exception #11: Apparent scrivener's error beginning in Special Warranty Deed from Azalea Gardens, LLC to Oxford Senior Living, LLC as filed in instrument Number 200609488 and each subsequent transfer thereafter
  - c. Buckingham Estates (CT)
    - i. Exception #10: Lease between Fairway Crossing Senior Living, LLC and Fairway Crossing Senior Living Property, LLC and related Subordination,

Non-Disturbance and Attornment Agreement, dated 2/28/07, in favor of General Electric Capital Corporation

- d. Carriage Inn (TX)
  - i. Exception #23: Performance Bond and Payment Bond, dated 10/3/97, by White Oak Builders, Inc., Carriage Inn-North Shore, L.P. and National American Insurance Company, and recorded on 10/13/97
  - ii. Exception #24: Affidavit of Commencement by The Retirement Group, Inc., dated 12/5/97 and recorded 1/20/98
  - iii. Exception #25: Performance Bond and Texas Statutory Payment Bond (Property Code-Private Work), dated 1/7/98, by Williams Industries, Inc., The Hartford Fire Insurance Company and Carriage Inn-North Shore, L.P., and recorded on 3/11/98
- e. Canterbury Court (TX)
  - i. Exception #10 (Sch. C): Any rights (including, without limitation, any right of first refusal) pursuant to (i) that certain Lease, dated 10/1/01, between LSOF Harlingen, L.P. and LSOF Tenant, Inc., (ii) that certain Management Agreement, dated 10/2/01, between LSOF Tenant, Inc. and ARV Assisted Living Inc., and (iii) that certain First Right to Purchase Agreement, dated 10/2/01, between LSOF Harlingen, L.P. and ARV Assisted Living Inc., each as referred to in that certain Collateral Assignment of Management Agreement and Subordination of Property Management and Broker's Liens and Subordination of Right of First Refusal, dated 10/3/01, by ARV Assisted Living Inc., LSOF Harlingen, L.P. and LSOF Tenant, Inc. for the benefit of Heller Healthcare Finance, Inc., recorded on 10/5/01
- f. Century Fields (OR)
  - i. Exception #15: Unrecorded Triple-Net Lease Agreement, dated November 29, 2004
- g. Chris Ridge (AZ)
  - i. Exception #14: Public Purposes Agreement, dated 12/01/85, between City of Phoenix and CVR Limited Partnership, and recorded on 1/20/86
  - ii. Exception #17: Regulatory Agreement for Tax Exemption, dated 5/1/92, between CVR Limited Partnership and The Industrial Development Authority of the City of Phoenix, Arizona, and recorded on 6/3/92
- h. Cordova Estates (TN)
  - i. Exception 9: Land Use Restriction Agreement, recorded as Instrument No. FZ 0274, as corrected by Instrument No. FZ 1730 and assumed pursuant to instrument No. 050744147
- i. Court at Orchard Park/Quaker's Landing (NY)
  - i. Exception #3: Lease between Orchard Park Sterling Drive, LLC and Orchard Park Sterling Road Partners, LLC

- j. Culpepper Place (KY)
  - i. Exception #10: Construction Easement in favor of McCracken County, dated 10/15/96 and recorded on 11/22/96
  - ii. Exception #13: Master Lease between Paducah Senior Living Property, LLC and Paducah Senior Living, LLC, as reflected in a Memorandum of Lease, dated April 30, 2007
- k. Eagle Cove (OR)
  - i. Exception #13: Lease between Eagle Cove Senior Living, LLC and Bear Creek Clinic, P.C. (d/b/a Eagle Point Medical Center)
- l. Englewood Heights (WA)
  - i. Exception #8: Lease between Yakima Senior Living Property, LLC and Yakima Senior Living LLC and related Subordination, Non-Disturbance and Attornment Agreement, recorded on April 4, 2007
- m. Fisher's Landing (WA)
  - i. Exception #7: Contract and Agreement, dated June 5, 1998, between WRG Phase II Equities Eight Towncenter, LLC and John Leyerzaph, Bonnie Leyerzaph and Patricia Haugen, evidenced by a Memorandum of Contract, recorded on November 10, 1998
- n. Flint River(GA)
  - i. Exception #8: Lease between Macon Senior Living, LLC and Macon Senior Living Property, LLC and related Subordination, Non-Disturbance and Attornment Agreement, dated December 27, 2006
- o. Georgian Place (GA)
  - i. Exception #15: Unrecorded Triple Net Lease and related Subordination and Standstill Agreements, dated May 10, 2007 and February 22, 2008
- p. Heron Pointe (OR)
  - i. Exception #16: Lease between Heron Pointe Retirement and Assisted Living Residence, L.L.C., and Heron Pointe III, LLC, dated 9/30/02, as disclosed by a Memorandum of Lease filed on 9/30/02
- q. Lake Springs Cottages (GA)
  - i. Exception #11: Management Agreement between Swan Enterprises, LLC and Elder Healthcare Developers, LLC, as affected by First Amendment to Management Agreement and Notice of Right of First Refusal, dated 5/31/99
- r. LaVilla (NM)
  - i. Exception #1(c), Sch. B, Sec. I: Any rights (including, without limitation, any right of first refusal) pursuant to (i) that certain Lease, dated 10/1/01, between LSOF Roswell II, LLC and LSOF Tenant, Inc., (ii) that certain Management Agreement, dated 10/2/01, between LSOF Tenant, Inc. and ARV Assisted Living Inc., and (iii) that certain First Right to Purchase Agreement, dated

10/2/01, between LSOF Roswell II, LLC and ARV Assisted Living Inc., each as referred to in that certain Collateral Assignment of Management Agreement and Subordination of Property Management and Broker's Liens and Subordination of Right of First Refusal, dated 10/3/01, by ARV Assisted Living Inc., LSOF Roswell II, LLC and LSOF Tenant, Inc. for the benefit of Heller Healthcare Finance, Inc.

- s. Legacy Crossing (TN)
  - i. Exception #14: Unrecorded Triple Net Lease
- t. Lexington Gardens (SC)
  - i. Exception #20, Sch. B, Sec. I: Lease between SC Lexington, LLC and West Columbia Associates, LLC
- u. Medallion (TX)
  - i. Exception 10(i): Lease between Marriott Senior Living Services, Inc. and National Health Investors, Inc., dated 7/1/96 and evidenced by a Memorandum of Lease filed on 8/8/96
- v. Montclair Park (WA)
  - i. Exception #10: Use Limitations and Declaration of Restrictive Covenants recorded on 5/22/02, as amended by Amended and Restated Use Limitation and Declaration of Restrictive Covenants recorded on 1/22/03
- w. Northpark Place (IA)
  - i. Exception #16: Evidence that in connection with the 2007 transfer of this Property St. Luke's Health System, Inc. released or elected not to exercise the right of first refusal created in its favor by Memorandum of Restrictive Covenants, dated 12/15/03 and recorded on 12/15/03.
- x. Park Place (OR)
  - i. Exception #11: Lease between LTC West, Inc. and Regent Assisted Living, Inc., recorded on 6/5/98
- y. Parkway Village (WA)
  - i. Exceptions #5 & 6: Unrecorded leases and related Subordination and Standstill Agreement, recorded 8/14/06
- z. Plaza on the River (TX)
  - i. Exceptions #53 and 54, Sch. C: Any rights pursuant to (i) that certain Master Lease Agreement, dated 12/27/06, between Kerrville Senior Living Property Limited Partnership and Kerrville Senior Living Limited Partnership, and (ii) that certain Sublease Agreement, dated 10/24/06, between Kerrville Senior Living Limited Partnership and TI- Kerrville, L.L.C., as referred to in (x) the Subordination, Non-Disturbance and Attornment Agreement, dated 12/27/06, among Kerrville Senior Living Property Limited Partnership, Kerrville Senior Living Limited Partnership and General Electric Capital Corporation, and (y) the Subordination, Non-Disturbance and Attornment Agreement, dated

12/27/06, among Kerrville Senior Living Limited Partnership, TI- Kerrville, L.L.C. and General Electric Capital Corporation

- aa. Remington House (TN)
  - i. Exception #6: Deed restriction and Regulatory Agreement, dated 3/1/98, between Sentinel Trust Company and Kingsport Senior Housing, L.L.C.
  - ii. Exception #8: Unrecorded Triple Net lease
- bb. River Road (OR)
  - i. Exception #18: Regulatory Agreement and Declaration of Restrictive Covenants, dated 11/25/98, between Jilar Keizer Enterprises, L.L.C. and the Oregon Housing and Community Services Department, and recorded on 12/1/98
- cc. Rosemont at Clearlake (TX)
  - i. Exception #10(l): Lease between Clearlake Senior Living Property Limited Partnership and Clearlake Senior Living Limited Partnership
- dd. Sellwood Landing (OR)
  - i. Exception #20: Required recording of a Memorandum of the First Amended and Restated Ground Lease Agreement
- ee. Spring Arbor (SC)
  - i. Exception #14: Lease between Spring Arbor Property, LLC and Spring Arbor Senior Living, LLC, evidenced by Memorandum of Lease, recorded on 4/14/06
- ff. Spring Estates (WA)
  - i. Exception #14: Lease between Kenmore Senior Living, LLC and Northshore House Operations, LLC
- gg. Terrace at Bluegrass (TN)
  - i. Exception #6: Operating Lease between Hendersonville BG Property, LLC and the other parties named therein
- hh. Waterford in Bellevue (TN)
  - i. Exception #13: Unrecorded Triple Net Lease
- ii. Woodside Village (OR)
  - i. Exception #24: Right, title and interest of Woodside Retirement and ALF, as disclosed by Lane County Personal Property Tax Statement.

***Missing Title Documents***

Purchaser has not yet received copies of the following exception documents. These exceptions shall be deemed Required Removal Exceptions until such time as Purchaser has reviewed and approved copies of the underlying exception documents.

<i>Property (State)</i>	<i>Exception</i>
Alpine Court (OR)	<u>Exception #14</u> : Planned Unit Development Agreement, disclosed by Notice of Planned Unit Development Agreement, recorded 3/20/00 as Rec. No. 2000018086.
Alpine Springs (OR)	<u>Exception #11</u> : Planned Unit Development Agreement between Sunwest Management, Inc. and the City of Eugene referenced in the Notice of Planned Unit Development Agreement between Sunwest and the City of Eugene.
Big Sky (MT)	<u>Exception #17</u> : Property Owners Association Agreement.

### ***Legal Description Corrections***

The legal descriptions for the following Properties are to be corrected by Seller to address the issues identified below, which shall be deemed Required Removal Exceptions until such time as Purchaser has reviewed and approved revised Title Reports for each of these Properties.

1. Canterbury Gardens (TX)
  - a. The legal descriptions appearing in the Title Report and vesting deed for this Property except a 0.027 acre tract of land, more or less, conveyed in Special Warranty Deed dated December 15, 2006, filed July 2, 2007, executed by Camelot Retirement Community, L.P. to Camelot Garden Homes, L.L.C., recorded in Volume 14015, page 119, Official Public Records of Cameron County, Texas.
2. Peridot (AZ)
  - a. The legal description appearing in the vesting deed for this property contains an incorrect direction in the fourth line from the ending "TRUE POINT OF BEGINNING," which line reads "thence North 90°00'00" West, 125.75 feet" and should instead read thence North 90°00'00" East, 125.75 feet."
3. Sweetwater Springs (GA)
  - a. The legal descriptions appearing in the Title Report and vesting deed for this Property excepts a certain disputed tract of land conveyed by quit claim deed, dated April 14, 1997, recorded April 29, 1997, in Book 1701, Page 525, as more particularly described in such Title Report and vesting deed.

### ***Title Company Confirmation Pending***

The Title Company is in the process of confirming whether exceptions 10-30, 32-37, 39, and 41-42 listed in the Title Report for Manchester House/Statesman Club (OK) affect such Property. Such exceptions shall be deemed Required Removal Exceptions pending the delivery of a revised Title Report for such Property.