

EXHIBIT F

FRIENDS HOMES, INC. CONTRACT APPROVAL AND EXECUTION POLICY

I. **Purpose.** To identify certain individuals who are authorized to execute contracts on behalf of Friends Homes, Inc. ("**Corporation**") for the benefit of Corporation and Corporation's owned and operated residential care communities known as Friends Homes at Guilford and Friends Homes West (the "**Communities**"), and to define the authority of such individuals to enter into contracts on behalf of the Corporation.

II. **Application.** This policy applies to PHI Management Services, LLC ("**Manager**"), acting in its capacity as manager of the Corporation pursuant to that certain Management Services Agreement entered into by and between Corporation and Manager (the "**Management Agreement**"), as well as the Executive Directors (as defined in the Management Agreement) assigned to the Corporation to serve the Communities by Manager under the Management Agreement.

III. **Policy.** Contracts binding the Corporation may only be signed by an individual with the authority to sign such contract in compliance with this Policy, as well as subject to the terms of the Management Agreement. In the event of any conflict or inconsistency between this Policy and any term of the Management Agreement, the terms of the Management Agreement shall control. For purposes of this Policy, "**Contract**" means any contract, agreement, lease, memorandum of agreement or understanding, letter of intent, or renewal of or amendment to any such document, that commits or relates to the funds, personnel, facilities, equipment, property, or other resources of the Corporation.

IV. **Delegation.** Subject to the limitations set forth herein, as well as the applicable terms and limitations applicable to Manager or the Executive Directors as set forth in the Management Agreement, either of the Executive Directors, acting on behalf of and in the name of the Corporation as an agent of the Manager under the Management Agreement, upon using commercially reasonable efforts to ensure the Contract is in the Corporation's best interest, may negotiate, obtain, and execute the following Contracts in the name of the Corporation:

A. Continuing care contracts, including independent living, assisted living, and skilled nursing contracts executed between Corporation and individuals eligible for admission to a residential unit at either Community ("**Residence and Care Agreements**"); and

B. Any other Contracts or arrangements reasonably appropriate and necessary for the proper management and operation of the Communities, provided that the expenses and costs to be incurred by Corporation under such Contracts are within the limits set forth in the Corporation's approved and applicable Capital Budget or Operating Budget (collectively, the "**Budget**"), as well as the limits set forth herein.

Executive Directors of Manager shall sign contracts on behalf of the Corporation as follows:

Friends Homes, Inc.

By: _____

[Executive Directors' Name], Executive Director

V. **Limitations and Requirements.** Notwithstanding the foregoing, the authority delegated above shall be subject to the following limitations:

A. An Executive Director shall not execute any Contract on behalf of the Corporation which would obligate the Corporation to make any disbursement for operating expenses in excess of \$50,000, or which would obligate the Corporation to make any series of related disbursements which in the aggregate exceed \$50,000 in any 90 day period, if such disbursements are not included within, or which exceed an applicable line item of, the Operating Budget, unless specifically authorized by the Board in advance in writing.

B. An Executive Director shall not execute any Contract on behalf of the Corporation which would obligate the Corporation to expend in excess of \$100,000 for any individual capital repair or replacement, or any series of related repairs or replacements in a 90 day period, which are not included within, or which exceed the applicable line item of, the Capital Budget, unless specifically authorized by the Board in advance in writing.

C. Subject further to the terms of Section 3.13 of the Management Agreement, an Executive Director shall not enter into any Contract or agreement intended to settle any claim or dispute on behalf of FHI without the Board's prior written consent.

D. The Executive Directors shall only utilize the Corporation's then-current form Residence and Care Agreement approved by the Board, as may be modified by the Board from time to time.

E. The Executive Directors shall not execute any Contract on behalf of the Corporation that would otherwise be prohibited under Section 3.22, or any other applicable provision, of the Management Agreement.

F. The Executive Directors shall not execute any Contracts on behalf of the Corporation to which Manager, or any parent, subsidiary or other affiliate of Manager, is a party unless approved by the Board in advance in writing.

G. It is recommended that the Corporation's legal counsel be included in the Contract review and execution process, as appropriate. Review by the Corporation's legal counsel shall be required for any Contract which requires any lien to be placed on an FHI asset, financing, or satisfaction of any ongoing financial covenant.