

**HAWTHORNE GARDENS
CONFIDENTIAL OFFERING MEMORANDUM**

Portland Senior Living Property, LLC, an Oregon limited liability company (the "Co-Owner"), is offering for sale fractional interests (the "Fee Interests") in a senior living facility and related real property described in the attached Exhibit A (the "Property"). Fee Interests will be offered and sold solely to Accredited Investors (the "Purchasers"), with a minimum purchase requirement of \$100,000. Funds from Purchasers, together with senior secured financing (the "Mortgage Loan"), will be used by the Co-Owner to acquire the Property, but escrowed until the Co-Owner is prepared to close the acquisition of the Property and the Title Company is prepared to record the Purchaser's deed. At such time, Purchaser funds will be released by the Title Company to complete the sale of Fee Interests to Purchasers. If you and Purchasers do not purchase all available Fee Interests, the Co-Owner may retain the unsold Fee Interests, or may later sell the unsold Fee Interests to any party of the Co-Owner's choosing.

A purchase of a Fee Interest involves significant risk. The material risks are described in detail in the "Risk Factors" section of this Memorandum, and those risks include:

- * There is no market for the Fee Interests, and there are restrictions on the transfer of Fee Interests. As such, the Fee Interests are highly illiquid, and you may be required to bear the financial risks of your investment for an indefinite period of time.
- * Real estate market values vary widely due to a number of economic and market factors that may impact the value of the Property and your Fee Interest.
- * You and other Purchasers must lease the Fee Interests to Portland Senior Living, LLC, an Oregon limited liability company (the "Master Tenant"). In order to pay your rent, the Master Tenant will hire and rely on Sunwest Management, Inc. (the "Property Manager") to attract residents and effectively manage the Property. The Master Tenant and the Property Manager must compete with other properties that residents may find more desirable by virtue of rent, aesthetics, location or other reasons. If the Master Tenant, with the Property Manager's assistance, is unable to generate sufficient cash flow from the Property, there may be insufficient funds to pay your rent.
- * The Property will be encumbered by mortgage debt to which the Fee Interests are subordinate, the principal balance of which may constitute a significant percentage of the value of the Property.
- * Purchasers who purchase Fee Interests as replacement property under Section 1031 of the Internal Revenue Code may face ordinary income tax, capital gains tax, penalties and interest if the IRS concludes that the Fee Interests are not qualified replacement property under Section 1031.
- * Approximately 60% of the units at the Property are currently occupied, which will result in negative cash flow to the Master Tenant for some period of time. If the Master Tenant does not increase occupancy and generate positive cash flow prior to exhaustion of operating reserves, the Master Tenant may be unable to pay its debts, including its debt obligations and its obligation to pay your rent.

The Fee Interests have not been registered under federal or state securities laws. Neither the Securities and Exchange Commission ("SEC") nor any state regulatory agency has approved or disapproved the Fee Interests, nor reviewed this Memorandum for accuracy or completeness. Any representation to the contrary is a criminal offense. This offering is made to Accredited Investors only, as defined in Rule 501 of Regulation D of the federal Securities Act, and does not constitute a public offer to sell or a public solicitation of an offer to buy Fee Interests, nor does it constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorized. No person has been authorized to make any representations regarding the Fee Interests other than those in this Memorandum. No additional oral or written representation should be relied upon. This Memorandum does not contain legal or tax advice. Purchasers should consult their own tax and legal advisers.

Name of Offeree: _____

Copy No.: ____ MEMORANDUM DATE: February 12, 2008

SUMMARY OF THE OFFERING AND OFFERING COSTS

SUMMARY OF OFFERING				
	Price to Purchasers (1)	Total Cash Sought from Purchasers (2)	Aggregate Debt Available for Assumption (3)	Aggregate Offering Price (Cash plus Debt) (4)
In Aggregate Dollars	\$9,860,100	\$3,630,000	\$3,600,000	\$5,445,000
As % of the Property	100%	36.8%	36.8%	73.6%

SUMMARY OF OFFERING COSTS				
	Offering and Closing Costs (5)	Sales Commissions and Brokerage Fees (6)	Acquisition Fee (7)	Total Costs and Fees (8)
In Aggregate Dollars	\$85,000	\$254,100	\$125,000	\$464,100

(1) The Price to Purchasers is determined by adding to the Co-Owner's purchase price for the Property any costs and fees associated with (a) the Co-Owner's purchase of the Property, (b) this offering (including the Acquisition Fee), and (c) the portion of the Mortgage Loan that is not loaned by the Co-Owner to the Master Tenant.

(2) The total cash sought from Purchasers, when combined with the Mortgage Loan, is the amount needed to close the acquisition of the Property, pay related costs and fees described in this Memorandum, and provide the Master Tenant with sufficient financing to fund reserves. If the Co-Owner does not raise the total cash sought from the Purchasers, the Co-Owner may obtain the remainder of the cash from alternative sources, or may discontinue this offering and return your funds. Amounts shown in this summary represent the anticipated maximum proceeds from the sale of the Fee Interests, but the Co-Owner may sell more than the anticipated number of Fee Interests. There is no minimum amount needed to proceed with the sale of Fee Interests.

(3) The aggregate debt available for assumption is the dollar amount of debt, in the aggregate, that the Co-Owner is likely to allow Purchasers to assume from the Co-Owner in connection with their purchase of Fee Interests. All Purchasers must assume at least \$1,000 of debt.

(4) The aggregate offering price is the total cash sought plus the aggregate debt available for assumption. If the Co-Owner receives more cash than anticipated from the sale of Fee Interests, the Co-Owner will either reduce the amount of the Mortgage Loan or will loan the excess loan proceeds to the Master Tenant to increase the Master Tenant's operating reserves.

(5) Offering and closing costs include distribution costs, regulatory fees, filing fees, transfer taxes, communication expenses, costs of providing materials to Purchasers, the Master Lease guaranty fee, and accounting and legal fees. For more information, see "SUMMARY OF THE OFFERING - Use of Proceeds."

(6) Offers and sales of Fee Interests will be made on a "best efforts" basis by a selling group of broker-dealers who are members of the Financial Industry Regulatory Authority (the "FINRA"). Canyon Creek Financial, LLC (the "Dealer-Manager"), will act as the managing broker-dealer and will receive selling commissions equal to 7% of the gross cash proceeds of the Fee Interests that are sold. Additional broker dealers may sell Fee Interests and receive selling commissions. The total aggregate amount of commissions and reimbursements will not exceed 7% of the gross cash proceeds of the offering. In circumstances deemed appropriate by the Dealer-Manager and the Co-Owner, the Co-Owner may sell Fee Interests net or partially net of the selling commissions and expenses.

(7) The Acquisition Fee is paid by the Co-Owner to Canyon Creek Development, Inc., an Oregon corporation (the "Sponsor") for the Sponsor's investigation of the Property, its services in negotiating and securing the rights to purchase the Property, and its assignment of the purchase rights to the Co-Owner. This fee is typically the greater of \$125,000 or 1% of the Sponsor's purchase price for the Property.

(8) The total costs and fees include the offering and closing costs, the sales commissions and brokerage fees and the Acquisition Fee.

THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS MEMORANDUM, INCLUDING, WITHOUT LIMITATION, STATEMENTS REGARDING FUTURE EVENTS, ACTIVITIES, OCCURRENCES, OR PERFORMANCES, ARE INTENDED MERELY AS ESTIMATES, PROJECTIONS, PREDICTIONS, OR BELIEFS, UNLESS EXPRESSLY STATED OTHERWISE. FOR VARIOUS REASONS, INCLUDING THOSE SET FORTH IN THE "RISK FACTORS" SECTION OF THIS MEMORANDUM, THERE CAN BE NO ASSURANCE THAT THE ACTUAL EVENTS WILL CORRESPOND WITH THESE FORWARD-LOOKING STATEMENTS OR THAT FACTORS BEYOND THE CONTROL OF THE CO-OWNER AND THE PROPERTY MANAGER WILL NOT AFFECT THE ASSUMPTIONS ON WHICH THE FORWARD-LOOKING STATEMENTS ARE BASED. THEREFORE, THE ILLUSTRATIVE VALUE OF THESE FORWARD-LOOKING STATEMENTS SHOULD NOT, UNDER ANY CIRCUMSTANCES, BE CONSIDERED A GUARANTEE THAT SUCH FUTURE EVENTS, ACTIVITIES, OCCURRENCES, OR PERFORMANCES WILL TAKE PLACE.

THE FEE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THE INVESTMENT FOR AN INDEFINITE TIME.

The Co-Owner will make available, prior to any sale of a Fee Interest, to each Purchaser, the opportunity to ask questions of, and receive answers from, the Co-Owner and the Sponsor concerning the Property and this offering and to obtain any additional information necessary to verify the accuracy of the information in this Memorandum. Purchasers and their representatives are invited to contact the Sponsor at the following address:

Canyon Creek Development, Inc.
Attention: Investor Relations
3723 Fairview Industrial Drive SE
Salem, Oregon 97302

In this Memorandum, unless the context otherwise requires, "we," "us," "our" and similar terms refer to the Co-Owner.

Circular 230 Disclaimer

THE TAX ADVICE CONTAINED IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY YOU, TO AVOID PENALTIES AND IS WRITTEN TO SUPPORT THE MARKETING OF THE FEE INTERESTS. YOU SHOULD SEEK ADVICE REGARDING THE TAX IMPLICATIONS OF AN INVESTMENT IN THE FEE INTERESTS FROM AN INDEPENDENT ADVISOR.

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EXHIBITS

A	Description of the Property
B	Purchase Agreement and Escrow Instructions
C	Tenants-in-Common Agreement
D	Master Lease Agreement
E	Master Tenant Purchase Option Agreement
F	Debt Assumption Agreement
G	Projection of Income
H	Tax Opinion
I	Form of Sponsor Bridge Note
J	Form of Subordination and Forbearance Agreement
K	Prior Performance of Sponsor and Affiliates

WHO MAY INVEST

Accredited Investor Requirement

In light of the tax risks of an investment in a Fee Interest, the relative lack of liquidity of the Fee Interests, the presence of substantial restrictions on the transfer of Fee Interests, and certain requirements of federal and state securities laws, the Co-Owner is offering Fee Interests only to accredited investors, as defined in Rule 501 of Regulation D, enacted pursuant to the Securities Act of 1933. For individual Purchasers to qualify as accredited investors, they must meet one of the following tests:

- gross income in each of the last two calendar years of at least \$200,000 (or \$300,000 if combined with the Purchaser's spouse) and anticipated gross income in the current calendar year of at least such amount or
- net worth of at least \$1,000,000.

Rule 501 of Regulation D also describes other types of accredited investors, including certain corporations, partnerships, limited liability companies, trusts and other entities. If you plan to invest through an entity, you should speak with a representative of the Dealer-Manager to confirm that your investment vehicle will qualify. You will be required to complete a confidential accredited investor questionnaire to confirm your status as an accredited investor and to confirm your suitability for an investment in a Fee Interest.

Sophisticated Investor Requirement

This investment involves a high degree of risk and is highly speculative. Therefore, an investment in a Fee Interest is suitable only for persons of substantial financial means who have no need for liquidity. In this regard, Purchasers will be required to represent and warrant to us that they have read and fully understand this Memorandum, including without limitation those risks set forth in this Memorandum in "RISK FACTORS." Among other matters, the Purchasers will be required to confirm that their investment in a Fee Interest is not disproportionate to their individual net worth, and that they have adequate means for providing for their personal financial requirements, both current and anticipated, without reliance on income or return from their Fee Interest. Purchasers must be willing to bear the economic risk of losing their entire investment in the Fee Interest, and must not have any present intention, agreement or arrangement for the resale or transfer of their Fee Interest. They should be knowledgeable and experienced in financial and business matters and capable of evaluating the merits and risks of an investment in the Fee Interest.

Special Purpose Entity Requirement

In addition to the accreditation and sophistication requirements set forth above, each Purchaser will be required to purchase his or her Fee Interest through a special purpose Oregon limited liability company (your "special purpose entity" or "SPE"). A special purpose entity is required by the Mortgage Lender in order to limit each Property owner's activities solely to the ownership and leasing of the Property, which in turn assures the Lender that the owners of the Property will not become insolvent or file bankruptcy. If properly maintained, an SPE should also protect the owners of the SPEs from liabilities and risks arising from Property ownership. The Sponsor will assist each Purchaser with the formation of the SPE, but the Purchaser will thereafter retain responsibility for maintaining the SPE and respecting the separate existence of the SPE.

IN MAKING AN INVESTMENT DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE CO-OWNER, THE PROPERTY AND TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

SUMMARY OF THE OFFERING

The following summary includes selected limited information regarding the offering of Fee Interests and should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Memorandum. You must read this entire Memorandum before investing in the Fee Interests.

- Interests Offered** The Fee Interests are undivided tenant-in-common interests in the Property.
- Purpose of the Offering; Use of Proceeds** The purpose of this offering is to raise funds that, when added to the proceeds of the Mortgage Loan, are sufficient to acquire the Property, and pay related costs and expenses. See "ESTIMATED SOURCES AND USES OF PROCEEDS."
- Investor Suitability Standards** This offering of Fee Interests is made only to "accredited investors" who meet certain minimum suitability requirements. See "WHO MAY INVEST."
- Completing the Purchase of Fee Interests Through a Special Purpose Entity** You will be required to purchase your Fee Interest through a special purpose Oregon limited liability company, of which you (and perhaps your spouse if you live in a community property state) will be the sole member. Married persons living in community-property states should consult their tax advisors about the possibility of jointly owning a single special purpose entity. See "MATERIAL FEDERAL INCOME TAX CONSEQUENCES - General Considerations - Classification of Certain Entities Owned by Husband and Wife." The limited liability company will be the legal owner of your Fee Interest, but for federal income tax purposes you (and, if applicable, your spouse) will be considered the owner of your Fee Interest unless you make an election to the contrary. See "ACQUISITION TERMS AND FINANCING - Formation of Special Purpose Entity."
- Required Documents** Purchasers of the Fee Interests, individually and on behalf of their respective newly-formed special purpose entities, will be required to execute and deliver certain documents as described in "PLAN OF DISTRIBUTION."
- Tenants-in-Common Agreement** The Tenants-in-Common Agreement will govern the ownership of the Property. As more fully described in the Tenants-in-Common Agreement, each tenant in common must approve any sale, refinancing or leasing of the Property, any hiring or replacement of any manager or broker for the Property, and any indebtedness to be secured in whole or in part by any mortgage, deed of trust, pledge, lien or other encumbrance upon the Property. All other decisions require the approval of tenants in common owning more than 50% of the undivided interests in the Property. See "SUMMARY OF TENANTS-IN-COMMON AGREEMENT."
- Master Lease** Pursuant to a Master Lease, Purchasers will lease the Property to the Master Tenant for an original term of 50 years. The Master Tenant will have the right, in its sole discretion, to renew the Master Lease for four successive five-year terms. The Master Tenant does not have the right to terminate the Master Lease during the original term or any successor term, except in the event of certain casualty losses to the Property. During the term of the Master Lease, the Master Tenant is obligated to pay your rent and all costs of operating, maintaining, repairing and leasing the Property. See "SUMMARY OF MASTER LEASE AND MANAGEMENT AGREEMENTS." The Master Tenant's obligations under the Master Lease will be guaranteed by Lease Reserve, LLC, which is a single purpose limited net worth entity owned by certain affiliates of the Sponsor and the Master Tenant (the "Guarantor").

Base Rent

During the term of the Master Lease, your annual base rent will be equal to 8.5% of the total purchase price of your Fee Interest (including your cash payment and debt assumption). The Master Tenant will pay your base rent in monthly installments, after offsetting base rent by debt service rent, as described below. See also "SUMMARY OF MASTER LEASE AND MANAGEMENT AGREEMENTS."

Debt Service Rent

The Master Tenant will pay, on your behalf, the interest due, but not the principal, on the portion of the Mortgage Loan that you assume in connection with your purchase of a Fee Interest. Any payments of interest on your behalf will reduce, on a dollar-for-dollar basis, the base rent otherwise payable to you under the Master Lease. If the interest rate on the Mortgage Loan remains lower than the base rent rate under the Master Lease, Purchasers who assume a portion of the Mortgage Loan will realize a modest return on each dollar of assumed debt. If, after the fifth year of the Master Lease, the interest rates rises, Purchasers who assume a portion of the Mortgage Loan will pay the higher interest rate, thereby reducing their net rent. The impact of leverage on your return is described in detail in "SUMMARY OF MASTER LEASE AND MANAGEMENT AGREEMENTS."

Master Tenant Purchase Option Agreement

The Master Tenant Purchase Option Agreement grants the Master Tenant the option to purchase your Fee Interest and all, but not less than all, of the other Fee Interests for Fair Market Value. However, in order to exercise the option, the Master Tenant must offer to pay an amount no less than the sum of the cash investment in the Fee Interests, plus two percent (2%) of such amount per year the Fee Interests are held, plus relief from the debt assumed in connection with the acquisition of the Fee Interests. You may accept the Master Tenant's offer or elect to have Fair Market Value determined by independent appraisal. If you opt for an appraisal, the Master Tenant will be required to purchase your Fee Interest at the value determined by the appraiser to be Fair Market Value, regardless of whether such value is higher or lower than the amount offered by the Master Tenant. See "SUMMARY OF PURCHASE AND CALL OPTIONS—Master Tenant Purchase Option."

Property Management

You will not be involved in the day-to-day management of the Property. For the purposes of managing some or all of the Master Tenant's responsibilities under the Master Lease, the Master Tenant intends to subcontract management of the Property to the Property Manager. The Master Tenant will be responsible for the payment of any fees due to the Property Manager, although the Property Manager has agreed to subordinate its management fees, if necessary, to the obligation of the Master Tenant to pay your rent.

Property Description

The Property is a brand new assisted living and memory care facility located in Portland, Oregon. The Property was 60% occupied as of December 31, 2007. The Property development and construction was completed in 2007. See "DESCRIPTION OF THE PROPERTY." You are encouraged to request and review a complete set of all Property-related information prior to subscribing for a Fee Interest. See "ADDITIONAL INFORMATION."

Property Acquisition

The Co-Owner intends to purchase the Property for a purchase price of \$9,250,000 (exclusive of \$150,000 for personal property). The price at which the Property will be sold to you and other Purchasers (the "Price to Purchasers") will be \$9,860,100, which includes the Co-Owner's purchase price for the Property, plus all costs and fees (but not reserves) incurred in connection with the purchase of the Property and this offering of Fee Interests.

Property Financing Terms

The Co-Owner anticipates it will obtain a Mortgage Loan from _____ (the "Mortgage Lender"). We have not yet finalized the terms of the Mortgage Loan, but we expect that the Mortgage Loan will be made to the Co-Owner and then assumed in part by the Purchasers. Payment of the Mortgage Loan will be secured by a first

priority lien against the Property, which means that the Fee Interests will be subordinate to the Mortgage Loan. See "RISK FACTORS." The Mortgage Loan is anticipated to be in the approximate amount of \$7,050,000. The Mortgage Loan is anticipated to have a fixed interest rate of 7.0% per annum. We anticipate that the Mortgage Loan will be with recourse to the Co-owner and will be guaranteed by Jon Harder and Darryl Fisher, who are the key principals of our Sponsor. Pursuant to the Debt Assumption Agreement, your SPE will assume its portion of the Mortgage Loan, in connection with which your SPE must agree to indemnify the other tenants in common for the portion of the Mortgage Loan that your SPE assumes. The Mortgage Lender will likely restrict or discourage various common privileges of ownership, including but not limited to the right of the tenants in common to transfer their Fee Interests and the ability of the tenants in common to partition the Property. Negotiations may change the terms of the Mortgage Loan, and this Memorandum will be supplemented, if necessary, when the final terms of the Mortgage Loan are determined. See "ACQUISITION TERMS AND FINANCING." You are encouraged to review the complete set of Mortgage Loan documents that will be available for your review upon your written request. See "ADDITIONAL INFORMATION."

The Co-Owner's loan to the Master Tenant

With certain of the funds borrowed from the Mortgage Lender, the Co-Owner will loan up to \$819,900 to the Master Tenant to provide the Master Tenant with adequate funds to establish operating, and marketing reserves, and to facilitate the Master Tenant's purchase of the personal property used in connection with the Property.

Review and Approval Period

Upon your written request, we will deliver to you, to the extent in our possession and without representation or warranty as to accuracy or completeness, a title commitment for the Property, a survey of the Property, any third-party property condition report, appraisal, or third-party environmental report and certain Mortgage Loan documents.

Ownership Objectives

The ownership objectives for the Co-Owner and Purchasers will be to receive monthly lease payments by leasing the Property to the Master Tenant and ultimately sell the Property for a price that exceeds the original Price to Purchasers. See "Projection of Income" and "Cash Flow Projections" attached as Exhibit G to this Memorandum. There is no assurance that any of these objectives will be met.

Risk Factors

There are numerous risks associated with this offering. See "RISK FACTORS."

Co-Owner

Portland Senior Living Property, LLC is an Oregon limited liability company that is not controlled by the principals of the Sponsor, the Master Tenant or the Property Manager.

Master Tenant

Portland Senior Living, LLC is an Oregon limited liability company that is controlled by the principals of the Sponsor.

Sponsor

The sole sponsor of this offering is Canyon Creek Development, Inc., an Oregon corporation.

The Sponsor's and Property Manager's mailing address is 3723 Fairview Industrial Drive SE, Suite 270, P.O. Box 3006, Salem, Oregon, 97302-0006, its telephone number is (503) 375-9016, and its website is www.sunwestmanagement.com.