

EXHIBIT 12

LONE STAR SETTLEMENT TERMS

On or about December 1, 2008, SunWest Management, Inc. and certain affiliates (collectively "SunWest") agreed to sell assets consisting of 45 senior living facilities (the "Lone Star Properties") to LSREF Golden Age Acquisition LLC ("Lone Star"), which sale closed on January 19, 2009 (the "Lone Star Sale"). This Agreement reflects the settlement of any and all claims by those investors (the "Claimants") with an interest in Lone Star properties and affiliated assets who are asserting any claim or claim for relief arising out of, or in any way related to, the Lone Star Sale, the disposition of proceeds therefrom, or the actions or conduct of those involved in the Lone Star Sale. The following reflects the material terms as to the resolution of any and all claims related to Lone Star (except as to claims by employees, whose claims will be resolved separately, or those whose claims were previously settled or otherwise resolved:

(1) The Receiver, Debtor, and Reorganized Debtor (collectively, the "Receiver") shall release any and all claims to funds related to Lone Star properties which were distributed for any reason prior to the date of the Lone Star Sale (the "Pre-Sale Distributions").

(2) The Receiver shall release any and all claims to ninety two percent (92%) of the funds which were distributed prior to March 2, 2009, which reflected the payment to Claimants of a portion of the proceeds of the Lone Star Sale (the "Initial Sale Distribution").

(3) The Claimants shall waive and release any and all claims arising out of or related to undisbursed proceeds or other funds from the Lone Star Sale, including but not limited to, claims to any funds that were previously allocated, escrowed, or otherwise accounted for, but not

paid to Claimants from the proceeds of the Lone Star Sale or claims related to the same, (the "Undistributed Funds").

(4) For avoidance of doubt, to the extent that Claimants have claims which will be allowed pursuant to MIMO (as defined in the Distribution Plan), neither Pre-Sale Distributions or Initial Sale Distributions will be included in calculation of such Claimant's Allowed Claim pursuant to the Plan of Reorganization or the Distribution Plan.

(5) The Receiver shall be entitled to recover from each of the Claimants, all amounts paid to the Claimants after March 2, 2009 from the Loan Star Sale, plus the Receiver is entitled to recover eight percent (8%) of the Initial Sale Distribution (collectively, the "Avoided Transfers").

(6) Except as specifically provided herein, Claimants, and each of them, shall cooperate with the Receiver with regard to the Receiver's collection of the Avoided Transfers. The Claimants waive and release any and all claims or defenses related to the payment to the Receiver of the Avoided Transfers described in paragraph 5 above. The Claimants assign to the Receiver, their right to receive distributions under the Reorganization Plan and Distribution Plan, solely to the extent necessary to satisfy the obligation to pay the Avoided Transfers.

(7) The Claimants' right to receive distributions from the receivership estate or the Debtor, if any, and the Receiver's right to recover the Avoided Payments, arise out of the same transaction or occurrence and, as provided herein, the Receiver is entitled to recover the Avoided Transfers by setting off amounts that would otherwise be distributed to Claimants. As such, the Receiver shall be permitted to recover the Avoided Transfers as follows:

- (a) The Receiver shall first seek payment of the Avoided Transfers by by offsetting against the Claimant's right to distributions based upon Allowed Claims under the LLC Settlement;
- (b) The Receiver shall next seek payment by offsetting against any right to payment on any other Allowed Claim held by a Claimant, whether the right to payment is in cash or securities; and
- (c) If the foregoing offsets are insufficient to satisfy the Claimant's obligation or the Claimant has no allowed claims or LLC settlement interests that are subject to offset, then the Receiver may make a demand for a cash payment from the Claimant and pursue recovery and collection of the Avoided Transfers against the individual Claimant pursuant to state law.

To the extent that the Receiver proceeds with recovery under Section 7(c), the Claimant shall have the right to prove that the payment of cash to the Receiver would impose a significant and material financial hardship. Such proof shall be submitted to the Receiver, Bettina Whyte, and Lyle Velure (the "Mediators"). The Receiver shall be permitted to respond to the hardship submission and the Mediators shall make a final and binding determination as to the amount, if any, that the Receiver may recover from the Claimant based upon the level of hardship.

(8) The Court will be asked to enter an order as to each Claimant to show cause why their claims and/or causes of action arising out of or related to the Lone Star sale transaction shall not be treated and allowed in accordance with the terms of this settlement (the "Show Cause Order").

(9) The Mediators shall recommend that Dillon Jackson, subject to the approval of the Court, shall be paid from the estate, the sum of up to \$175,000 to cover all fees, costs and expenses and shall file an application thereon under the procedures adopted for payment of professionals.

(10) Dillon Jackson and the Ad Hoc Committee which he represents, shall use reasonable efforts to obtain consent and/or convince Investors that the Settlement should be approved.

(11) Acceptance of this agreement shall constitute a full and final agreement among all parties as to claims for damages or otherwise, arising out of or relating to the Lone Star Sale; the right to proceeds from the Lone Star Sale; and the actions of the CRO and Receiver related to the Lone Star Sale (collective, the "Lone Star Dispute"). All other claims and causes of action related to the Lone Star Dispute shall be deemed waived and released.

Dated: October ____, 2010.
