

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934
Date of Report (date of earliest event reported):
March 17, 2014

SUMMIT HEALTHCARE REIT, INC.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

000-52566
(Commission
File Number)

73-1721791
(I.R.S. Employer
Identification No.)

1920 Main Street, Suite 400
Irvine, California 92614
(Address of principal executive offices)

(949) 852-1007
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act.
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act.
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act.
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act.
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Item 1.02 Termination of a Material Definitive Agreement

After an analysis conducted by the independent directors of our board of directors, our independent directors and our board of directors have determined that it is in the best interest of our company and its stockholders to terminate our Advisory Agreement with Cornerstone Realty Advisors, LLC (our “**Advisor**”) and initiate actions to become self-managed. As a result on March 17, 2014, we delivered written notice to the Advisor terminating the Advisory Agreement as of May 16, 2014. We are currently working with our Advisor in developing an orderly transition where we expect to hire the personnel and obtain the resources necessary to internally self-manage our company.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Letter to Stockholders dated March 21 , 2014

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Company has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

SUMMIT HEALTHCARE REIT, INC.

By: /s/ Dominic J. Petrucci

Name: Dominic J. Petrucci

Title: Chief Financial Officer

Dated: March 21, 2014



March 21, 2014

Dear Summit Healthcare REIT, Inc. Shareholder:

This letter is to inform you of recent actions taken by our Board of Directors and the Independent Members of the Board of Directors (collectively, the “**Board**”) of Summit Healthcare REIT, Inc. (the “**REIT**” or the “**Company**”).

Advisory Agreement Termination

On March 17, 2014 we provided our advisor Cornerstone Realty Advisors, LLC (the “**Advisor**”) with notice of termination of the Advisory Agreement (the “**Agreement**”) that governs the relationship between our Advisor and the REIT. Our Board voted to take this action after conducting a thorough analysis, considering several alternatives and determined that a termination of the Agreement was in the best interest of our Company and its shareholders. The effective date of the termination will be May 16, 2014 as the Agreement provides for a 60 day transition period.

Moving Forward

You will shortly receive a more comprehensive year end shareholder letter that discusses our operating results and accomplishments in 2013. That letter will be sent in conjunction with the filing of our annual report on Form 10-K. However, we think it is important to outline how the Agreement termination may impact the REIT moving forward.

- We intend to become a self-managed REIT. Since our inception, we have been an external- managed entity that depended upon the Advisor for personnel and services to conduct our day-to-day activities. As part of the process of becoming self-managed, we intend to hire employees who will work directly for the Company to conduct our business affairs, and who will continue to implement the restructuring plan that we embarked upon two years ago. We may or may not be able to hire certain employees of the Advisor to fill the roles we consider strategic, and we plan to outsource certain ministerial functions and services.
 - We intend to relocate the Company to a location separate from the Advisor, but remain in Orange County, CA. We believe that our office space needs can be accommodated at a lower cost than the amount that has previously been allocated to the REIT.
 - We believe that on an intermediate to long term basis, becoming a self-managed REIT will create numerous opportunities for cost savings as compared to the overhead reimbursement and fee structure under the current Agreement. We believe this effort will be accretive to shareholders, and over time will have a positive impact on both cash flow and the value of your shares.
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- In the short term we will incur certain transition costs that may have the impact of being temporarily dilutive to the cash flow and value of your shares. However, we believe this short term impact will be more than offset by the intermediate and long term benefits we anticipate realizing.

We look forward to continuing to serve you. If you have any questions, please contact your financial advisor or Investor Services at (888) 522-1771.

Sincerely,



Dominic J. Petrucci
Chief Financial Officer

cc: Financial Advisor

This letter contains forward-looking statements relating to the business and financial outlook of Cornerstone Core Properties REIT, Inc. that are based on our current expectations, estimates, forecasts and projections and are not guarantees of future performance. Actual results may differ materially from those expressed in these forward-looking statements, and you should not place undue reliance on any such statements. A number of important factors could cause actual results to differ materially from the forward-looking statements contained in this release. Such factors include those described in the Risk Factors sections of the Cornerstone Core Properties REIT, Inc.'s annual report on Form 10-K for the year ended December 31, 2012, and quarterly report for the periods ended March 31, 2013, June 30, 2013, and September 30, 2013. Forward-looking statements in this document speak only as of the date on which such statements were made, and we undertake no obligation to update any such statements that may become untrue because of subsequent events. We claim the safe harbor protection for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.