

SUMMIT HEALTHCARE REIT, INC.
CHARTER FOR THE
COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS

January 1, 2017

Organization

This Charter governs the operations of the Compensation Committee of Summit Healthcare REIT, Inc., a Maryland corporation (the “Company”). The Compensation Committee shall review and reassess the Charter at least annually. The Compensation Committee shall consist of at least two Directors appointed by the Board of Directors, each of whom will be an “independent director” as defined in applicable guidelines or listing requirements, a “non-employee director” within the meaning of Rule 16b-3 issued by the Securities and Exchange Commission (“SEC”), and an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code, as amended. Each appointed Committee member will be subject to annual reconfirmation and may be removed by the Board of Directors (the “Board”) at any time.

Statement of Policy

The Compensation Committee’s basic responsibility is to review the performance and development of Company management in achieving corporate goals and objectives and to assure that senior executives of the Company are compensated fairly in a manner consistent with the strategy of the Company, competitive practice, and the requirements of the appropriate regulatory bodies. Toward that end, the Committee will oversee, review and administer all compensation, equity and employee benefit plans and programs.

Responsibilities and Processes

In carrying out its purpose, the Compensation Committee will have the following responsibilities and duties:

1. Review annually and approve the Company’s compensation strategy to ensure that employees of the Company are rewarded appropriately for their contributions to Company growth and profitability.
2. Review annually and approve corporate goals and objectives relevant to executive compensation and evaluate performance in light of those goals.
3. Approve all special perquisites, special cash payments and other special compensation and benefit arrangements for the Company’s officers and executives.
4. Review and recommend compensation for non-employee members of the Board, including but not limited to the following elements: retainer, meeting fees, committee fees, committee chair fees, equity or stock compensation, benefits and perquisites.

5. With sole and exclusive authority, make and approve stock option grants and other discretionary awards under the Company's stock option or other equity incentive plans to all persons who are Board members, officers, executives or employees.
6. Grant stock options and other discretionary awards under the Company's stock option or other equity incentive plans to all other eligible individuals. The Committee may delegate to one or more corporate officers designated by the Committee the authority to make grants to eligible individuals (other than any such corporate officer) who are not officers, provided that the Committee shall have fixed the price (or a formula for determining the price) and the vesting schedule for such grants, approved the form of documentation evidencing such grants, and determined the appropriate number of shares or the basis for determining such number of shares by position, compensation level or category of personnel. Any corporate officer(s) to whom such authority is delegated shall regularly report to the Committee the grants so made. Any such delegation may be revoked at any time by the Committee.
7. Amend the provisions of the Company's stock option or other equity incentive plans, to the extent authorized by the Board, and make recommendations to the Board with respect to incentive compensation and equity-based plans.
8. Approve for submission to the stockholders stock option or other equity incentive plans or amendments thereto to the extent required by applicable rules of the SEC and applicable stock exchange, if applicable.
9. Oversee and periodically review the operation of all of the Company's employee benefit plans. Responsibility for day-to-day administration, including the preparation and filing of all government reports and the preparation and delivery of all required employee materials and communications, will be performed by company personnel.
10. Ensure that the annual incentive compensation plan is administered in a manner consistent with the Company's compensation strategy and the terms of such plan, including but not limited to the following: participation, target annual incentive awards, corporate financial goals, actual awards paid to officers, total funds reserved for payment under the plan, and potential qualification under IRS Code Section 162(m).
11. Review matters related to management performance, compensation and succession planning and executive development for executive staff.
12. Approve separation packages and severance benefits for officers to the extent that the packages are outside the ordinary plan limits.
13. Have full access to the Company's executives and personnel as necessary to carry out its responsibilities.
14. Obtain such data or other resources as it deems necessary to perform its duties, including but not limited to obtaining external consultant reports or published

salary surveys, and engaging independent compensation consultants and other professionals to assist in the design, formulation, analysis and implementation of compensation programs for the Company's officers and employees.

15. Have responsibility for the review and approval of all reports and summaries of compensation policies and decisions as may be appropriate for operational purposes or as may be required under applicable law.
16. Review the Compensation Committee Charter annually and recommend any changes to the Board.
17. Report to the Board on the major items covered at each Compensation Committee meeting.

Notwithstanding the foregoing, any action of the Compensation Committee, other than the grant of stock options or other discretionary awards under the Company's stock option or other equity incentive plans, may be subject to Board review and may be revised, modified or rescinded by the Board.