

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):
December 24, 2015

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.)

2 South Pointe Drive, Suite 100, Lake Forest, California 92630
(Address of principal executive offices)

(949) 535-2022
(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 1.01. Entry into a Material Definitive Agreement.

The information set forth below in Item 2.01 is incorporated herein by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On December 24, 2015, Summit Healthcare REIT, Inc. (“we” or the “Company”), through our subsidiary Summit Healthcare Operating Partnership, LP (“SHOP”), contributed all of its limited liability company interests in each of four limited liability companies that collectively own (i) two assisted living facilities located in Green Bay, WI, (ii) one memory care facility located in Green Bay, WI and (iii) one assisted living facility located in Appleton, WI, respectively (collectively, the “Properties”) to Summit Union Life Holdings, LLC (“Joint Venture”). The Joint Venture is owned 10% by SHOP and 90% by Best Years, LLC (“Best Years”), a U.S. based affiliate of Union Life Insurance Co, Ltd. SHOP previously acquired those limited liability companies and the Properties on November 3, 2015, and the description of such acquisition set forth in our Form 8-K filed with the Securities and Exchange Commission on November 6, 2015, along with the exhibits filed therewith, are hereby incorporated by reference.

This contribution results in the Joint Venture owning each of the Properties. The aggregate net value of the Properties that were contributed was approximately \$5.4 million, as agreed upon in the second amendment to the Joint Venture LLC Agreement (“LLC Agreement”), which approximated SHOP’s carrying value on the date of contribution (total assets were approximately \$19.5 million less liabilities of approximately \$14.1 million). Concurrent with SHOP’s contribution of the properties, Best Years contributed cash to the Joint Venture in the amount of approximately \$4.9 million and SHOP received cash of approximately \$4.9 million from the Joint Venture. SHOP has no obligation to use those funds for the Joint Venture. SHOP’s equity method investment in the Joint Venture increased approximately \$0.5 million as a result of the contribution.

As the Properties were purchased by SHOP and contributed to the Joint Venture during the fourth quarter of 2015, under the pro forma disclosure rules, the following is a narrative reconciliation of the pro forma impact on the Consolidated Balance Sheet as of September 30, 2015 and the Statements of Operations for the nine month period ended September 30, 2015 and for the year ended December 30, 2014. The acquisition and subsequent contribution of the Properties, both in the fourth quarter of 2015, resulted in a net cash outflow of approximately \$0.5 million, increasing our equity method investment in the Joint Venture by approximately \$0.5 million on our consolidated balance sheet. As a result of the contribution, the Properties were only owned by SHOP for the period from November 3, 2015 to December 24, 2015. We recorded revenue of \$0.3 million and net income of approximately \$0.1 million for the period that SHOP owned the Properties.

Under the LLC Agreement, as amended, net operating cash flow of the Joint Venture for these Properties will be distributed monthly first to SHOP and Best Years *pari passu* up to a 9% annual return, and thereafter to Best Years 75% and SHOP 25%. All capital proceeds (from the sale of the Properties, refinancing, or other capital event) will be paid first to SHOP and Best Years *pari passu* until each has received an amount equal to its accrued but unpaid 9% return plus its total contribution, and thereafter to Best Years 75% and SHOP 25%.

Under the LLC Agreement, as amended, Best Years paid Summit Healthcare Asset Management, LLC, a wholly-owned taxable REIT subsidiary of SHOP (“Management Company”), a one-time acquisition fee equal to 0.25% of the original purchase price SHOP paid for the Properties, and the Joint Venture will pay the Management Company annual asset management fees equal to .25% of the original purchase price paid for the Properties. The acquisition fee was paid on December 28, 2015.

Item 9.01 Financial Statements and Exhibits.

Exhibit No.	Description
10.1	Second Amendment to Limited Liability Company Agreement of Summit Union Life Holdings, LLC dated as of December 21, 2015.
10.2	Assignment and Assumption of Limited Liability Company Membership Interests made by Summit Healthcare Operating Partnership, LP and Summit Union Life Holdings, LLC dated as of December 24, 2015.

SIGNATURE

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/ Elizabeth A. Pagliarini

Name: Elizabeth A. Pagliarini

Title: Chief Financial Officer

Dated: December 30, 2015

SECOND AMENDMENT TO LIMITED LIABILITY COMPANY AGREEMENT

OF

SUMMIT UNION LIFE HOLDINGS, LLC

This SECOND AMENDMENT TO LIMITED LIABILITY COMPANY AGREEMENT (the "Second Amendment") is entered into as of the 21st day of December, 2015 by and between Summit Healthcare Operating Partnership, a Delaware limited liability company ("Summit"), and Best Years LLC, a Delaware limited liability company ("Union Life" and, collectively with Summit, the "Members").

RECITALS

A. Summit and Union Life entered into that certain Limited Liability Company Agreement of Summit Union Life Holdings, LLC, dated as of April 7, 2015 and amended by a First Amendment to Limited Liability Company Agreement, dated as of October 1, 2015 (as amended, the "Agreement"). Summit Union Life Holdings, LLC (the "Company") is a Delaware limited liability company formed for the purpose of acquiring, owning, improving, leasing and operating through one or more Subsidiaries skilled nursing, assisted living, memory care, senior independent living and other similar Facilities in the United States. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

B. Pursuant to the terms of the Agreement, the Company acquired, as Tranche 1, two skilled nursing Facilities in Colorado, one assisted living Facility in Virginia and two skilled nursing/assisted living Facilities and one independent living Facility in Oregon, each through a Subsidiary formed for the purpose of acquiring and owning such Facility.

C. Pursuant to the First Amendment to Limited Liability Company Agreement, the Company approved the acquisition of four skilled nursing Facilities in Texas and one assisted living Facility in New Hampshire ("Riverglen Facility"), each through a Subsidiary formed to acquire and own such Facility.

D. The Members now desire to acquire four additional assisted living and memory care Facilities located in Wisconsin ("Cottages Portfolio"), as more particularly set forth below.

AGREEMENT

1. Acquisition of Tranche 3 Facilities. Schedule 1.1 of the Agreement is hereby amended to add each of the Facilities listed on the Schedule 1.1 (b) attached to this Second Amendment (the “Tranche 3 Facilities”), and the Members hereby approve the acquisition of each Tranche 3 Facility through the execution of an Assignment and Assumption of Limited Liability Company Membership Interests between Company and Summit Healthcare Operating Partnership, a Delaware limited partnership, dated of even date herewith, for the Purchase Price set forth on Schedule 1.1(a) for such Facility and otherwise on the terms set forth in the purchase agreement dated August 25, 2015 for the Cottages Portfolio and the purchase agreement dated April 29, 2015 for the Riverglen Facility, each entered into by Manager.
2. Additional Capital Contribution. Prior to the closing for the acquisition of the Tranche 3 Facilities, or any portion thereof, Manager shall make a Capital Call pursuant to Section 6.2(a) of the Agreement in the amount required to close the applicable escrow and pay the third party costs incurred in connection with the acquisition, as set forth on the attached executed Schedules 2.7 for each of the Cottages Portfolio and the Riverglen Facility. Each Member shall fund its pro rata share, based on its respective Percentage Interest, of the amount specified in the Capital Call Notice within 5 Business days following the date of delivery of the Capital Call Notice.
3. This Second Amendment may be executed in two or more counterparts, each of which will constitute an original and all of which, when taken together, will constitute one Second Amendment. The submission of a signature page transmitted by facsimile (or similar electronic transmission facility) will be considered an “original” signature page for purposes of this Second Amendment so long as the original signature page is thereafter transmitted by mail or by other delivery service and the original signature page is substituted for the facsimile signature page in the original and duplicate originals of this Second Amendment.
4. Except as expressly amended herein, the Agreement shall remain in full force and effect as originally written.

IN WITNESS WHEREOF, the undersigned have entered into this Second Amendment as of the day and year first above written.

SUMMIT HEALTHCARE OPERATING PARTNERSHIP,
a Delaware limited partnership

By: Summit Healthcare REIT, Inc., a Maryland corporation,
General Partner

By: /s/ Kent Eikanas
Kent Eikanas, President

BEST YEARS LLC,
a Delaware limited liability company

By: /s/ Josh Johnson
Josh Johnson, Director

The undersigned Manager hereby agrees to be bound by the terms of this Second Amendment.

SUMMIT HEALTHCARE REIT, INC.,
a Maryland corporation

By: /s/ Kent Eikanas
Kent Eikanas, President

Schedule 1.1(b)

Cottages Portfolio Facilities

Name of Facility	Street Address	Type of Facility and Licensed Capacity	Purchase Price
Carolina Manor	3201 West 1 st Avenue Appleton, WI 54915	Assisted Living Facility 45 Units / 45 Beds	\$7,200,000
Carrington Manor	2626 Finger Road Green Bay, WI 54302	Assisted Living Facility 20 Units / 20 Beds	\$2,800,000
Marla Vista Manor	647 Highway 190 West Woodville, TX 75979	Assisted Living Facility 40 Units / 40 Beds	\$5,750,000
Marla Vista Gardens	2711 Pine Tree Road Longview, TX 75604	Assisted Living Facility 20 Units / 20 Beds	\$2,600,000

Schedule 2.7

Intentionally omitted

**ASSIGNMENT AND ASSUMPTION OF
LIMITED LIABILITY COMPANY MEMBERSHIP INTERESTS**

This Assignment and Assumption of Limited Liability Company Membership Interests (“**Agreement**”) is dated December 24, 2015 (the “**Effective Date**”) and made by **SUMMIT HEALTHCARE OPERATING PARTNERSHIP**, a Delaware limited partnership (“**Assignor**”) and **SUMMIT UNION LIFE HOLDINGS, LLC**, a Delaware limited liability company (“**Assignee**”).

The Assignor is the sole Member of Summit Appleton, LLC, Summit Carrington Manor, LLC, Summit Marla Vista Manor, LLC, and Summit Marla Vista Gardens, LLC, each a Delaware limited liability company (each, a “**Company**” and, collectively, the “**Companies**”), holding one hundred percent (100%) of the membership interests in each Company (the “**Membership Interests**”). The Assignor wishes to assign the Membership Interests to the Assignee, and the Assignee wishes to assume the Membership Interests. The Assignor and the Assignee may be referred to together as “**Parties**,” with each individually as “**Party**.”

The Parties therefore agree as follows:

1. Assignment and Assumption of the Membership Interests. The Assignor hereby assigns, transfers, delivers, and conveys to the Assignee the Membership Interests.

2. Acceptance of Assignment.

2.1 The Assignee hereby accepts and assumes the transfer, conveyance, and assignment of the Membership Interests, and the Assignor's obligations and duties relating to the Membership Interests, with respect to each Company under the Certificate of Formation and Limited Liability Company Agreement of each Company, and the Limited Liability Company Act of Delaware.

2.2 The Assignee hereby agrees to be substituted as a Member of each Company in the Assignor's name, place, and stead as to the Membership Interests, and as such to succeed to any and all of the Assignor's right, title, and interest whatsoever concerning the Membership Interests on and after the Effective Date.

2.3 The Assignee hereby assumes all of the duties, responsibilities, rights, and covenants to discharge all obligations of the Assignor in the Assignor's capacity as Member of each Company relating to the Membership Interests so assigned arising from and after the Effective Date (but assumes no liability for any of the duties, responsibilities, obligations, and liabilities of Assignor under relating to the Membership Interests arising before the Effective Date).

2.4 Assignee hereby agrees to be bound by the terms and conditions of each Company's Limited Liability Company Agreement.

3. Representations and Warranties of Assignor Concerning the Membership Interests. The Assignor represents and warrants to the Assignee each of the following:

3.1 The Assignor is the sole and lawful owner of the Membership Interests assigned under this Agreement.

3.2 The Assignor has the requisite power and authority to execute, deliver, and perform this Agreement.

4. Indemnity.

4.1 By Assignee. Assignee, shall indemnify, defend and hold harmless Assignor from and against all losses, claims, expenses, damages or liabilities of any kind, including, without limitation, reasonable attorneys' fees, arising out of or in connection with the Membership Interests on and after the Effective Date.

4.2 By Assignor. Assignor shall indemnify, defend and hold harmless Assignee from and against all losses, claims, expenses, damages or liabilities of any kind, including, without limitation, reasonable attorneys' fees, arising out of or in connection with the Membership Interests prior to the Effective Date.

5. Entire Agreement; Amendment. This Agreement embodies and sets forth the entire agreement and understanding between the Parties relating to the subject matter hereof. This Agreement merges and supersedes any and all prior discussions, agreements, understandings, representations, conditions, warranties, covenants, and all other communications between them on or relating to the subject matter of this Agreement. Any amendment, modification, addendum, or revision of this Agreement is valid only if in writing and signed by the Party to be bound, in which event there need be no legal consideration therefor.

6. Governing Law. The laws of the State of Delaware govern this Agreement.

7. Counterparts; Electronic Signatures. This Agreement may be executed in multiple counterparts, each of which is to be deemed an original and all of which together are to be deemed one and the same document. The exchange of copies of this Agreement and of signature pages by electronic transmission constitutes effective signing and delivery of this Agreement to the Parties, which may be used instead of the original Agreement for all purposes.

[Signatures on Next Page]

The Parties are signing this Agreement as of the Effective Date.

ASSIGNOR:

SUMMIT HEALTHCARE OPERATING PARTNERSHIP, a Delaware limited partnership

By: SUMMIT HEALTHCARE REIT, INC., a Maryland corporation

Its: General Partner

By: /s/ Kent Eikanas
Kent Eikanas
President

ASSIGNEE:

SUMMIT UNION LIFE HOLDINGS, LLC, a Delaware limited liability company

By: SUMMIT HEALTHCARE REIT, INC., a Maryland corporation

Its: Manager

By: /s/ Kent Eikanas
Kent Eikanas
President
