

CAPITAL SENIOR LIVING CORPORATION

Director Independence Policy

No director qualifies as “independent” unless the Board affirmatively determines that the director has no material relationship with the Company.

The following guidelines shall be considered in making this determination:

- A director who is, or has been within the last three years, an employee of the Company, or whose immediate family member is, or has been within the last three years, an executive officer, of the Company is not “independent”;
- A director who received, or whose immediate family member received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not “independent”;
- A director (a) who is or whose immediate family member is a current partner of a firm that is the Company’s internal or external auditor, (b) who is a current employee of such a firm, (c) whose immediate family member is a current employee of such a firm and participates in the firm’s audit, assurance or tax compliance (but not tax planning) practice, or (d) who is or whose immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company’s audit within that time, is not “independent”;
- A director who is, or whose immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company’s present executive officers at the same time serves or served on that other company’s compensation committee is not “independent”;
- A director who is a current employee, or whose immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company’s consolidated gross revenues, is not “independent”;
- A director who serves as an executive officer, or whose immediate family member serves as an executive officer, of a tax exempt organization that, within the preceding three years received contributions from the Company, in any single fiscal year, of an amount equal to the greater of \$1 million or 2% of such organization's consolidated gross revenue, is not "independent"; and

- A director who has a beneficial ownership interest of 10% or more in a company which has received remuneration from the Company in any single fiscal year in an amount equal to the greater of \$1 million or 2% of such Company's consolidated gross revenue is not "independent" until three years after falling below such threshold.

The term "Company" when used herein shall mean Capital Senior Living Corporation and any direct or indirect subsidiary of Capital Senior Living Corporation which is part of the consolidated group.

An "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who shares such person's home.

Members of the Audit Committee must also satisfy an additional independence requirement. They may not accept any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries or affiliates other than directors' compensation.

The Board shall undertake an annual review of the independence of all non-management directors. In advance of the meeting at which this review occurs, each non-management director shall be asked to provide the Board with full information regarding the director's business and other relationships with the Company to enable the Board to evaluate the director's independence.

Directors have an affirmative obligation to inform the Board of any material changes in their circumstances or relationships that may impact their designation by the Board as "independent." This obligation includes all business relationships between, on the one hand directors or members of their immediate family, and, on the other hand, the Company, whether or not such business relationships are described above.

*Adopted by Resolution of the Board of Directors
on February 10, 2005*