QUALITY LIFE SERVICES - CHICORA

a

Continuing Care Retirement Community
of

CHICORA MEDICAL CENTER LIMITED PARTNERSHIP

Located at:
160 Medical Center Road
Chicora, PA 16025
Phone: (724) 445-2000

Effective Date of Disclosure Statement: October 2024



This Disclosure Statement is not a contract and the Provider reserves all rights to amend, revise, update and otherwise change the Disclosure Statement at any time, in accordance with applicable laws.

The issuance of a Certificate of Authority does not constitute approval, recommendation or endorsement of the facility by the Pennsylvania Insurance Department, nor is it evidence of, nor does it attest to, the accuracy or completeness of the information set forth in this Disclosure Statement.

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Important Information to Prospective Residents

Pursuant to the Pennsylvania Continuing Care Provider Registration and Disclosure Act, 40 P.S. Section 3207 et. seq., (the "Act") this Disclosure Statement is being delivered to you at the time of or prior to your execution of a "Residency Agreement," or at the time of or prior to your payment of any money to Chicora Medical Center Limited Partnership. A copy of the Residency Agreement is attached. Your receipt of this Disclosure Statement creates no obligation on your part to execute and deliver the Residency Agreement to Chicora Medical Center Limited Partnership, nor does it create any obligation on the part of Chicora Medical Center Limited Partnership.

This Disclosure Statement contains a fair summary of the material enclosed and other terms of the documents purported to be summarized. This Disclosure statement is furnished to prospective residents and their representatives, and may not be relied upon by any other person.

SUMMARY OF DISCLOSURE STATEMENT

The following summary is qualified in its entirety by more detailed information appearing elsewhere and referred to in this Disclosure Statement and in the Residency Agreement attached to this Disclosure Statement.

1. **THE FACILITY:** Quality Life Services - Chicora ("Chicora") provides a continuum of services consisting of residential housing for the elderly, personal care, and nursing care services. The campus is located at 160 Medical Center Road, Chicora, PA 16025. Phone: (724) 445-2000.

2. **LICENSED PROVIDER:** The licensed provider as of the end of the Provider's 2024 fiscal year was Chicora Medical Center Limited Partnership, a Pennsylvania for-profit limited partnership, with corporate offices located at 612 N. Main Street, Butler, PA 16001. Phone: (724) 431-0770. As further described in Section 4, as of September 1, 2024, the new licensed provider for the facility is Quality Life Services - Chicora, LLC.

3. **PERSON TO BE CONTACTED TO DISCUSS ADMISSION:** Ean King, Nursing Home Administrator & Director of Residential Living, is the person to contact for individuals considering admission to Chicora. Mr. King can be contacted at 160 Medical Center Road, Chicora, PA 16025. Phone: (724) 445-3000.

4. **DESCRIPTION OF PROPERTY:** Chicora is located on approximately 17 acres in Chicora, PA in a suburban area of Butler County. The 26-bed personal care unit and a 114-bed nursing care unit, which includes a 19-bed Alzheimer Care Unit, are located in a single floor brick building. Laundry, maintenance, storage and an employee break

room are located in the basement. A maintenance building is located behind the facility.

Adjacent to the nursing and personal care facility is a single level duplex which provides two (2) residential living units. All units have an attached garage.

Chicora offers both an entrance fee and rental fee option for access to the residential living units. However, residents occupying a rental unit will not be provided priority access to personal care and nursing care services at Chicora as they are not considered part of the Continuing Care Retirement Community and not subject to review and approval by the PA Insurance Department.

The campus also includes a separate building that consists of physician offices, as well as out-patient lab and x-ray services through Butler Memorial Hospital. The building is owned by a partnership between Butler Memorial Hospital, Quality Life Services - Chicora and a physicians group.

Quality Pharmacy, LP, a retail pharmacy, is located on the Chicora campus and leases the real property from Chicora. The retail pharmacy opened in November 2006 and has also expanded into an institutional pharmacy to supply other nursing homes as well.

5. **AGE REQUIREMENTS:** The minimum entrance age for admission to the residential living units is 62 years of age.

6. **AFFILIATIONS WITH RELIGIOUS, FRATERNAL, CHARITABLE AND NON-PROFIT ORGANIZATIONS:** Chicora Medical Center Limited Partnership is affiliated with Don't Stop Dreamin', a Pennsylvania non-profit, charitable organization. Neither Chicora Medical Center Limited Partnership, nor any of its affiliates is or ever was affiliated with any other religious, charitable, or other nonprofit organization.

7. **CURRENT RESIDENT POPULATION:** Current Resident population as of October 26, 2024 is as follows:

Residential Living	2	Residents
Personal Care	11	Residents
Nursing Care	90	Residents
Total:	103	Residents

8. **THE ENTRANCE AND MONTHLY FEES:** The Entrance Fee for a residential unit is as follows:

Model Type **Single Level Duplex**	**Square Footage**	**Entrance Fee** (Single & Double Occupancy)	**Monthly Fee** (Single & Double Occupancy)
1 Bedroom **1 Full Bath** **Living Room** **Dining Room** **Kitchen** **1 Car Garage**	1200 sq. ft. (not including garage)	$25,000	$650

In the event that a resident subsequently marries or a second person moves in with an existing resident, please refer to the Residency Agreement for full details regarding additional fees.

9. **TAXABLE STATUS:** Don't Stop Dreamin', a Pennsylvania, non-profit, charitable organization and affiliate of Chicora Medical Center Limited Partnership, is exempt from payment of Federal Income Tax in accordance with Section 501(c)(3) of the Internal Revenue Code. Neither Chicora Medical Center Limited Partnership nor any of its other affiliates is or was ever exempt from payment of Federal Income Tax.

DISCLOSURE STATEMENT

This Disclosure Statement contains a fair summary of the documents enclosed and of the terms of the documents purported to be summarized.

1. NAME AND BUSINESS ADDRESS

Quality Life Services - Chicora ("Chicora") provides a continuum of services on its existing campus consisting of residential housing for the elderly, personal care, and nursing care services. The campus is located at 160 Medical Center Road, Chicora, PA 16025.
Phone: (724) 445-2000.

2. HISTORY AND ORGANIZATION

Located in the rolling hills of western Pennsylvania, Chicora has served the medical needs of Butler County and surrounding areas for over 50 years. The Chicora campus is located on what was formerly the Chicora Fairgrounds.

In 1966, the local American Legion gifted the Fairgrounds property to Dr. Ernest Molchany for the specific purpose of building a modern medical facility to serve the community. A year later, Dr. Molchany, with the help of other community leaders, opened a physician's office and a 34-bed licensed nursing home. Chicora is responsible for introducing Butler County and surrounding areas to the new age of nursing homes and health care delivery.

Twenty years later, the Molchany family added personal care services. A chapel and spacious dining area, known as the Settlers Dining Room, completed the most recent addition.

In 1999, the Molchany heirs sold the nursing home to the Tack family. Under their ownership and management, many improvements have been made and Chicora continues to offer state-of-the-art medical care in a modern and efficient home. Chicora currently operates a 114-bed nursing home and a 26-bed personal care home on the campus.

In June 2008, Chicora constructed a single level duplex which provides two (2) residential living units. Each unit has an attached garage.

Chicora offers both an entrance fee and rental fee option for access to the residential living units. However, residents occupying a rental unit will not be provided priority access to personal care and nursing care services at Chicora as they are not considered part of the Continuing Care Retirement Community and not subject to review and approval by the PA Insurance Department.

Chicora is an affiliate of Sugar Creek Rest, Inc., d/b/a Quality Life Services, ("Quality Life Services") a Pennsylvania corporation. Quality Life Services provides administrative and fiscal services to Chicora and the following separate legal entities managed by Quality Life Services. Certain additional information about these entities is provided in Section 4, "Description of Financing":

- **Quality Life Services - Grove City, LLC** began operating, effective March 1, 2024, a continuing care retirement community known as Quality Life Services - Grove City that consists of a 109-bed nursing facility and a 20-bed personal care home, as well as three (3) residential living units which are located in the same building as the nursing and personal care homes. Quality Life Services - Grove City is located in Grove City, PA.

- **Trinity Living Center, LP** (purchased 2001) is the former owner and operator of Quality Life Services - Grove City and remains the owner of the real property and the improvements thereon at Quality Life Services - Grove City.

- **Quality Life Services - Apollo, LLC** began operating, effective March 1, 2024, a 177-bed nursing home and a 70-bed personal care home known as Quality Life Services - Apollo, located in Apollo, PA.

- **West Haven Manor, LP** (purchased 2010) is the former owner and operator of Quality Life Services - Apollo and remains the owner

of the real property and the improvements thereon at Quality Life Services - Apollo.

- **Quality Life Services - Henry Clay, LLC** began operating, effective March 1, 2024, a 74-bed nursing home known as Quality Life Services - Henry Clay, located in Markleysburg, PA.

- **Henry Clay Villa, LP** (purchased 2010) is the former owner and operator of Quality Life Services - Henry Clay and remains the owner of the real property and the improvements thereon at Quality Life Services - Henry Clay.

- **Quality Life Services - Markleysburg, LLC** began operating, effective July 1, 2024, a 60-bed nursing home known as Quality Life Services - Markleysburg, located in Markleysburg, PA.

- **South Fayette Nursing Center, LP** (purchased 2007) is the former owner and operator of Quality Life Services - Markleysburg and remains the owner of the real property and the improvements thereon at Quality Life Services - Markleysburg.

- **Quality Life Services - New Castle, LLC** began operating, effective July 1, 2024, a 204-bed nursing home known as Quality Life Services - New Castle, located in New Castle, PA.

- **Golden Hill Nursing and Rehab, LP** (purchased 2014) is the former owner and operator of Quality Life Services - New Castle and remains the owner of the real property and the improvements thereon at Quality Life Services - New Castle.

- **Quality Life Services - Mercer, LLC** began operating, effective September 1, 2024, a 48-bed nursing home and a 100-bed personal care home which is comprised of 64 personal care suites and 36 secure memory support personal care suites. The facilities are known as Quality Life Services - Mercer, located in Mercer, PA.

- **Countryside Convalescent Home, Limited Partnership** (purchased 1992) is the former owner and operator of Quality Life Services – Mercer and remains the owner of the real property and the improvements thereon at Quality Life Services – Mercer.

- **Quality Life Services – Sugar Creek, LLC** began operating, effective March 1, 2024, a continuing care retirement community known as Quality Life Services – Sugar Creek that consists of a 35-bed personal care home, a 114-bed nursing care home, which includes a 30-bed Memory Support Care Unit, and 11 residential living modular homes, two (2) of which are currently part of the continuing care retirement community. Quality Life Services - Sugar Creek is located in Worthington, PA.

- **Sugar Creek Rest Limited Partnership** (founded 1973) is the former owner and operator of Quality Life Services – Sugar Creek and remains the owner of the real property and the improvements thereon at Quality Life Services – Sugar Creek.

- **Quality Life Services – Sarver, LLC.** It is anticipated that on or about November 1, 2024, Quality Life Services – Sarver, LLC will be the new operator of a continuing care retirement community known as Quality Life Services – Sarver that consists of a 66-bed nursing home, 30-bed personal care home and 1 free-standing residential living apartment. Quality Life Services – Sarver is located in Sarver, PA.

- **Fair Winds Manor, LP** (purchased 2007) is the current owner and operator of Quality Life Services – Sarver. It is anticipated that on or about November 1, 2024, this entity will remain the owner of the real property and the improvements thereon at Quality Life Services – Sarver.

- **Quality Life Services – Westmont, LLC.** It is anticipated that on or about November 1, 2024, Quality Life Services – Westmont will be the new operator of a 41-bed nursing home, a 34-bed personal care home, 12 residential living units which are located in the same

building as the nursing and personal care homes and 3 additional units which are located on the same campus, all of which is known as Quality Life Services - Westmont, located in Johnstown, PA.

- **Westmont Woods, LP** (purchased 2015) is the current owner and operator of Quality Life Services - Westmont. It is anticipated that on or about November 1, 2024, this entity will remain the owner of the real property and the improvements thereon at Quality Life Services - Westmont.

- **Family Home Health, LP** (acquired 2017) operates a licensed home health agency, a licensed hospice and a licensed home care agency which support patients in the communities served by Quality Life Services as well as the residents of its nursing facilities.

- **Quality Pharmacy, LP** (founded 2006) is a retail pharmacy located in Chicora, PA. Quality Pharmacy, LP also operates an institutional pharmacy which provides services to its affiliated health care facilities.

  Each of the above entities are separate legal entities and are accounted for separately for financial reporting purposes.

3. CONTROLLING PARTIES & DESCRIPTION OF INTEREST IN OR OCCUPATION WITH CHICORA

Chicora Medical Center Limited Partnership is a Pennsylvania for-profit limited partnership. The management and administrative oversight of Chicora Medical Center Limited Partnership is provided by Quality Life Services pursuant to a management agreement. Neither Quality Life Services nor any other affiliate of Chicora Medical Center Limited Partnership, or any other person or entity is responsible for the liabilities of Chicora Medical Center Limited Partnership or the fulfillment of its anticipated contractual obligations to its residents.

A description of Chicora's ownership structure is attached as **EXHIBIT A**.

The business experience of key management personnel, operating officers and controlling parties of Chicora is attached as **EXHIBIT B**.

4. FINANCING INFORMATION

Chicora Medical Center Limited Partnership and nine (9) Quality Life Services affiliates are borrowers under a Loan Agreement with Merchants Bank of Indiana, located at Carmel, Indiana, as lender, in the total principal amount of $67,000,000.00 (the "Existing Loan"). Quality Life Services is a guarantor on the Existing Loan. The Existing Loan is collateralized by the real and personal property of the borrowers.

It is expected that the Existing Loan will be refinanced through a series of Department of Housing and Urban Development ("HUD") guaranteed loans beginning in 2025. As part of and in preparation for this refinancing through HUD, Quality Life Services began a corporate reorganization, which, when complete, will involve the creation of ten (10) new limited liability companies to replace the existing nursing facility operating entities. This reorganization included the creation of a new licensee entity for Chicora known as Quality Life Services - Chicora, LLC, which became operational as of September 1. 2024.

Under the HUD refinancing, it is expected that the new licensee entity will be a borrower on a mortgage loan or loans in the proposed aggregate amount of approximately $67,000,000.00, which is currently being negotiated with HUD through VIUM Capital Mortgage LLC, (www.viumcapital.com) or its affiliates. The current estimate of the loan attributable to the new licensee entity is $12,400,000.00. It is anticipated that the guarantor of the loan will be Quality Life Services. The real property and improvements owned by Chicora Medical Center Limited Partnership and the personal property owned by the new licensee entity will be pledged as collateral.

5. DISCLOSURE OF RELATED PARTY CONTRACTS

The name and address of any professional service, firm, association, trust, partnership or corporation in which such person has, or which has in such

person, a 10% or greater interest and which it is presently intended will or may provide goods, leases or services to the facility of a value of $500 or more, within any year:

A. Steven Tack, Mary Susan Tack Yurek, and Susan Tack Beardsley are Trustors of separately held Irrevocable Trusts that hold an ownership interest in Chicora Medical Center Limited Partnership and Quality Pharmacy, LP.

The ownership of Quality Pharmacy, LP is as follows:

Partners:

Tack Family Ventures, LLC — 99% Limited Partner
612 North Main Street
Butler, PA 16001

Sugar Creek Rest, Inc. — 1% General Partner
612 North Main Street
Butler, PA 16001

Membership Interest in Tack Family Ventures, LLC:

Steven D. Tack Irrevocable Trust - 33.34 %
Susan Tack Beardsley Irrevocable Trust - 33.33%
Mary Susan Tack-Yurek Irrevocable Trust - 33.33%

Address for the above individuals is as follows:

612 North Main Street
Butler, PA 16001-4307

The Independent Trustee for the above-listed Trusts is as follows:

Dean Rippee
612 N. Main Street
Butler, PA 16001

Quality Pharmacy LP currently operates as a retail and institutional pharmacy. Quality Pharmacy, LP provides pharmacy consulting services to the nursing home operations of Chicora, as well as to other area nursing homes. Quality Pharmacy LP also provides pharmaceuticals and supplies to the nursing home of Chicora for its Medicare operations and over-the-counter items. Chicora's approximate annual cost of such services is $315,411.

B. Steven Tack, Mary Susan Tack Yurek, and Susan Tack Beardsley who are Trustors of separately held Irrevocable Trusts that hold an ownership interest in Chicora Medical Center Limited Partnership, hold the following ownership interest in Sugar Creek Rest, Inc., d/b/a Quality Life Services which provides managerial services to Chicora:

Steven D. Tack - 33.33 %
Susan Tack Beardsley – 33.33%
Mary Susan Tack-Yurek – 33.34%

Address for the above individuals is as follows:

612 North Main Street
Butler, PA 16001-4307

Quality Life Services provides administrative and management services which includes billing, payroll, accounts payable, education, human resource, marketing and computer support services. Quality Life Services budgets management fees for each of its campuses. Chicora's approximate annual cost of such services is $612,496.

No additional offers for management and pharmaceutical services were requested.

6. DISCLOSURE OF FELONY CONVICTIONS, FELONY CHARGES, CIVIL ACTIONS, COURT ORDERS, LICENSE SUSPENSIONS, ETC.

Neither the Provider, nor its Partners (a) have been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable or enjoined in a civil action by final judgment if the felony or civil action involved fraud, embezzlement, fraudulent conversion or misappropriation of property; and neither are they (b) subject to a currently effective injunctive or restrictive order of a court of record, or within the past five years had any State or Federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or health care, including, without limitation, actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under the Pennsylvania Continuing Care Provider Registration and Disclosure Act or a similar act in another state.

7. AFFILIATIONS WITH RELIGIOUS, FRATERNAL, CHARITABLE AND NON-PROFIT ORGANIZATIONS

Don't Stop Dreamin' is a Pennsylvania, non-profit, charitable organization exempt from payment of Federal Income Tax in accordance with Section 501(c)(3) of the Internal Revenue Code. Don't Stop Dreamin' provides funds and staff for the purpose of allowing residents of Quality Life Services - Chicora and the other healthcare entities affiliated with Quality Life Services to participate in activities, attend events and purchase items that they choose. Quality Life Services, the General Partner of Chicora Medical Center Limited Partnership, controls a majority of the Don't Stop Dreamin' board of directors. Don't Stop Dreamin' is not responsible for any of the financial or contractual obligations, debts or liabilities of Chicora Medical Center Limited Partnership. Neither Chicora Medical Center Limited Partnership,

nor any of its affiliates is or ever was affiliated with any other religious, charitable, or other nonprofit organization.

8. DESCRIPTION OF PHYSICAL PROPERTY

Chicora is located on approximately 17 acres in Chicora, PA in a suburban area of Butler County. The 26-bed personal care unit and a 114-bed nursing care unit, which includes a 19-bed Alzheimer Care Unit, are located in a single floor brick building. Laundry, maintenance, storage and an employee break room are located in the basement. A maintenance building is located behind the home.

Adjacent to the nursing and personal care home is a single level duplex which provides two (2) residential living units. All units have an attached garage.

Chicora offers both an entrance fee and rental fee option for access to the residential living units. However, residents occupying a rental unit will not be provided priority access to personal care and nursing care services at Chicora as they are not considered part of the Continuing Care Retirement Community and not subject to review and approval by the PA Insurance Department.

The campus also includes a separate building that consists of physician offices, as well as an out-patient lab and x-ray services through Butler Memorial Hospital. The building is owned by a partnership between Butler Memorial Hospital, Quality Life Services - Chicora and a physicians group.

Quality Pharmacy, LP, a retail pharmacy, is located on the Chicora campus and leases the real property from Chicora. The retail pharmacy opened in November 2006 and has also expanded into an institutional pharmacy to supply other nursing homes as well.

9. RESIDENT FEES

Payment of a One-Time Entrance Fee.

Continuing care services are provided to residents of the residential living units in return for payment of an Entrance Fee and Monthly Maintenance Fee. An Entrance Fee is a one-time fee charged to residents seeking admission to the residential living units. Upon approval of an application for residency, the prospective resident is required to pay the Entrance Fee in full on the designated occupancy date or upon occupancy, whichever is earlier. The Entrance Fees and Monthly Maintenance Fees are listed in **EXHIBIT C**.

Reference should be made to the Residency Agreement for further information. **See EXHIBIT D**.

Amortization of Entrance Fee.

The Entrance Fee shall be amortized at the rate of two percent (2%) per month over a period of fifty (50) months from the designated occupancy date or actual date of occupancy, whichever is earlier. At the conclusion of the amortization period, the Entrance Fee shall be earned in full by Chicora, and the Resident will not be entitled to a refund of any portion of the Entrance Fee.

Refund Policy.

Termination before Occupancy.

Any Entrance Fee payments will be refunded, if applicable, in full if the resident rescinds the Residency Agreement within seven (7) days in accordance with the Notice of Right to Rescind. In the event of termination of the Residency Agreement by the resident's death before the designated occupancy date or actual date of occupancy, whichever is earlier; or in the event the resident is precluded from taking occupancy because of illness, injury, or incapacity prior to the designated occupancy date or actual date of occupancy, whichever is earlier; then Chicora will make a full refund, if

applicable, less any amounts deducted to cover expenses incurred by Chicora for any upgrades or improvements as requested by the resident within thirty (30) days in accordance with the refund provisions of the Residency Agreement. If the resident does not terminate the Residency Agreement within the seven (7) day rescission period but does terminate prior to the designated occupancy date or actual date of occupancy, whichever is earlier, while not precluded from taking occupancy by illness, injury, incapacity, or death; then resident shall pay an amount equal to two percent (2%) of the Entrance Fee and any amounts necessary to cover expenses incurred by Chicora at the specific written request of resident in accordance with this Agreement. Where two individuals have signed this Agreement for double occupancy, the death of one resident shall not constitute termination of the Residency Agreement, and no refund shall be due.

Reference should be made to the Residency Agreement for further information.

Termination after Occupancy.

In the event of termination during the amortization period, the resident will be entitled to a refund of the unamortized portion of the Entrance Fee, if any, less deductions for any amounts necessary to cover costs incurred by Chicora to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at the resident's specific request, and/or any unpaid charges. All applicable refunds will be made after the resident surrenders the unit and only after the unit has been re-occupied by another resident who has paid in full the applicable Entrance Fee. After the lapse of the 50 month amortization period, the resident will not be entitled to a refund of any portion of the Entrance Fee.

Reference should be made to the Residency Agreement for further information.

Payment of a Monthly Maintenance Fee.

Chicora reserves the right, at any time, upon thirty (30) day notice to the resident, to adjust the Monthly Fees. The Monthly Fees are listed in **EXHIBIT C**.

Reference should be made to the Residency Agreement for further information.

Services Included in the Monthly Maintenance Fee:

Services included in the monthly fee will be provided in accordance with the terms of the Residency Agreement. The services to be included in the Monthly Maintenance Fee include:

1. Gas and electric
2. Sewer, water, and refuse collection
3. Access for telephone and satellite TV
4. Certain activities as defined by the facility
5. Maintenance of grounds/snow removal
6. Real Estate Taxes
7. Administrative support services
8. Maintenance and repairs of appliances

Additional Services Available for an Extra Charge. All other services, including housekeeping, meals, linen/laundry, barber/beauty, telephone, internet and satellite TV connection/service fees, are available at an additional charge. Personal Property Insurance is not included in the monthly fee and shall be the responsibility of the resident. The fees for additional services are listed at **EXHIBIT E**.

Additional Fees for Personal Care and Nursing Care Services:

Residents have the right to occupy the residential living unit for so long as they satisfy the health and other conditions of occupancy as set forth in the Residency Agreement. The Residents will have priority access to personal care and nursing care services on the Chicora campus. Admission is contingent upon the Resident meeting the financial and all other admission

criteria. Please note that individuals choosing the rental fee option will not be provided priority access to personal care and nursing care services at Chicora as they are not considered part of the Continuing Care Retirement Community.

The cost for personal care or nursing care services is not included in the Entrance Fee or Monthly Maintenance Fee. Residency Agreements signed by Residents are fee-for-service contracts. If a Resident requires personal care or nursing care services, an admission agreement is signed for that level of care which establishes the basis for charges for personal care and nursing care services. The fees associated with the provision of personal care and nursing care services depend upon the type of room and/or services required.

If space is not immediately available at Chicora, Chicora will identify and assist the resident in making arrangements to transfer to a local personal care or nursing care facility.

In situations of double occupancy where one co-resident is temporarily transferred to the personal care or nursing care facility, the Monthly Maintenance Fee shall remain the same, and the transferred co-resident will be charged for care and services in the personal care or nursing care facility. Both co-residents will collectively be liable for payment of the charges.

If the resident is permanently transferred to the personal care or nursing care facility, the Residency Agreement for residential living shall terminate. Reference should be made to the Residency Agreement for further information.

10. FREQUENCY AND AVERAGE DOLLAR AMOUNT OF EACH INCREASE IN PERIODIC RATES FOR THE PREVIOUS FIVE YEARS

A table showing the frequency and average dollar amount of each increase in periodic rates for the previous five (5) years is attached as **EXHIBIT F.**

11. AVERAGE ANNUAL COST OF PROVIDING SERVICES

The calculation of the average annual cost of providing services is attached as **EXHIBIT G.**

12. ESCROW AND RESERVE FUNDS

Reserve Funds

The Pennsylvania Insurance Department requires providers to maintain sufficient reserve funds related to its continuing care agreements. The provider is required to maintain a reserve equal to or the greater of the total of all projected principal and interest payments on any mortgage or long-term debt of the facility over a twelve-month period or 10% of total operating expenses excluding depreciation. The amount of the reserve shall be computed only on the portion of the financing or expenses that are applicable to residents under continuing care agreements as of the most recent year-end. Funds sufficient to meet such requirements will be retained, and such amounts will be classified as operating reserves during each fiscal period. Chicora funds the statutory liquid reserve requirement on a proportional basis as reflected in its audited financial statements.

Escrow Account

Chicora does not currently maintain an Entrance Fee Escrow Account because it does not receive payment of any portion of the Entrance Fee prior to the date the resident is permitted to occupy the unit. Therefore, no Entrance Fee escrow is currently contemplated.

13. AUDITED FINANCIAL STATEMENTS

A copy of the audited financial statements for Chicora Medical Center Limited Partnership for fiscal year ended June 30, 2024, prepared by Holsinger P.C., certified public accountants, are attached as **EXHIBIT H.** As required, Chicora will submit audited financial statements annually to the Pennsylvania Insurance Department.

A Pro Forma Income Statement for the next fiscal year, along with a narrative statement of material differences of actual vs. pro forma income statement is attached as **EXHIBIT I.**

14. RESIDENCY AGREEMENT

The Residency Agreement governs the relationship and explains the mutual obligations between the resident and Chicora. All terms of the agreement are reflected in the Residency Agreement and its attached exhibits. The Residency Agreement also provides a grievance procedure that includes a voluntary mediation provision and a mandatory, binding arbitration provision. Residents should review the Residency Agreement for further explanation. See **EXHIBIT D.**

15. RIGHT TO RESCIND

Resident may rescind and terminate the Residency Agreement without penalty or forfeiture within seven (7) days of signing the Residency Agreement. Residents are not required to move into the residential living unit before the expiration of this seven (7) day period. To rescind their Residency Agreement, resident must mail or deliver a signed and dated copy of a Rescission Notice or any other dated written notice, letter or telegram, stating their desire to rescind to Chicora. A Notice of Right to Rescind is included in the Residency Agreement.

16. RESIDENT RIGHT TO ORGANIZE

Residents shall have the right to elect a Residents' Association to represent the welfare and concerns of the Residents. A designated representative of Chicora will hold quarterly meetings during the calendar year with Residents for purposes of free discussion of topics related to living at Chicora. Residents will be given at least seven (7) days' notice of all such meetings.

Receipt

The undersigned hereby acknowledges delivery and receipt of Chicora's Disclosure Statement dated _____ and all attachments including a copy of the Residency Agreement and the Notice of Right to Rescind.

_____

Signature of First Resident

_____

Signature of Co-Resident

_____

Signature of Responsible Party/Family Member (if applicable)

_____

Date

_____ _____

Community Witness Date

Quality Life Services – Chicora
EXHIBIT "A"

Ownership of
Chicora Medical Center Limited Partnership

Partners:

Tack Family Ventures, LLC — 99% Limited Partner
612 North Main Street
Butler, PA 16001

Sugar Creek Rest, Inc. — 1% General Partner
612 North Main Street
Butler, PA 16001

Membership Interest in Tack Family Ventures, LLC:

Steven D. Tack Irrevocable Trust - 33.34 %
Susan Tack Beardsley Irrevocable Trust – 33.33%
Mary Susan Tack-Yurek Irrevocable Trust – 33.33%

Address for the above individuals is as follows:

612 North Main Street
Butler, PA 16001-4307

The Independent Trustee for the above-listed Trusts is as follows:

Dean Rippee
612 N. Main Street
Butler, PA 16001

Quality Life Services - Chicora
EXHIBIT "B"

Business Experience of Key Management Personnel, Controlling Parties, & Operating Officers

Philip E. Tack is a 1967 graduate of Westminster College with a Bachelor in Business Administration and received a Masters in Social Work from Case Western Reserve University in 1973. From 1967 to 1969 he was with the Peace Corps in Ecuador, was a caseworker with Children and Youth of Armstrong County from 1969 to 1971, and a caseworker with Family and Children's Aide Society of Akron, OH from 1973 to 1974. In 1974 he came to Sugar Creek Rest as co-administrator and had been administrator from 2001 until 2011 when he retired. Philip is Chairman of the Board of Quality Life Services.

Steven D. Tack received his Bachelors in Business Administration from Grove City College in 1989. He served as Administrator at Hempfield Manor from 1991 to 1992 and Interim Administrator of Lemington Center from 1992 to 1994. In 1994 to 1999 he was the Director of Operations at Sugar Creek Health Management where his duties included serving as Interim Administrator through contracted services and provided management and operational consulting to various nursing facilities. In July 1999 he became the Administrator of -Chicora Medical Center. Steve is currently the CEO of Quality Life Services.

Susan Tack Beardsley graduated from Clarion University of Pennsylvania in 1990 with a Bachelors Degree in Communications. From 1991 to 2000, she was employed at Tomsin Steel, Inc. in the office and then as Transportation Supervisor. From October 2000 to October 2002 she was the Admissions/Marketing Director at Meadowcrest Nursing center and from November 2002 to March 2003 was the Marketing Director at Trinity Living Center. In March 2003, she came to Quality Life Services as the Recruitment and Retention Director. Her current role is the Chief Administrative Officer of Quality Life Services.

Mary Susan Tack-Yurek graduated from Duquesne University in 2000 with a Bachelors in Psychology and Bachelors in Corporate Communications. From 2001 to 2002, she was the Admissions Director for Countryside Convalescent Home. She was the Marketing Director for Quality Life Services from 2002 to 2005, and in 2005 became the Director of Research and Development. In addition, in April 2005 she obtained her Nursing Home Administrator's license. Her current role is Chief Quality Officer of Quality Life Services.

John Michael Markivich III, Chief Financial Officer, Quality Life Services, graduated from Robert Morris University in Moon Township Pennsylvania with a Bachelor of

Science in Business Administration and a Master of Science in Accounting in 2006. From 2006-2016 he worked various positions in the Oil and Gas and Aerospace Defense Contracting industries ranging from Cost Accountant with American Refining Group to Manager of Finance with L-3 Communications Inc. In 2016 he transitioned into healthcare working for Familylinks and Ellwood City Medical Center as the Controller and St. Clair Hospital as the Accounting Supervisor. In 2020 he became the Accounting Manager for Quality Life Service and transitioned to Controller later that year.

Ean King, Nursing Home Administrator, and Director of Residential Living, graduated from Clarion University with a Bachelor's degree in Elementary Education. He has held various positions with QLS - Chicora since beginning his employment there in 2016, serving as Director, Social Services from 2016-2019, Personal Care Home Administrator from 2019-2022, and Assistant Administrator from 2022-2024 before becoming the full time licensed NHA in 2024. Prior to joining Quality Life Services, Ean held positions with SeniorLIFE and United Cerebral Palsy in Johnstown, PA.

Robert Moses, M.D. is the Medical Director of Quality Life Services - Chicora. He has been employed by Quality Medical Associates, PC, an affiliate of Quality Life Services, since November, 2020. Dr. Moses also serves as the Medical Director and primary attending physician at QLS's Markleysburg and New Castle locations. Dr. Moses attended Medical School at the University of Health Sciences, Antigua School of Medicine (UHSA). He completed internships in Family Medicine at the Central Maine Medical Center in Lewiston, Maine and in Physical Medicine and Rehabilitation (PM&R) at the Montefiore Medical Center. The Montefiore Medical Center is a teaching hospital of the Albert Einstein College of Medicine. After completing his residency, he completed his fellowship year of Interventional Pain Management in Lewiston, Maine. Dr. Moses is Board Certified in Physical Medicine and Rehabilitation.

Quality Life Services - Chicora
EXHIBIT "C"

Entrance Fees and Monthly Maintenance Fees

Model Type Single Level Duplex	Square Footage	Entrance Fee (Single & Double Occupancy)	Monthly Fee (Single & Double Occupancy)
1 Bedroom **1 Full Bath** **Living Room** **Dining Room** **Kitchen** **1 Car Garage**	1200 sq. ft. (not including garage)	$25,000	$650

In the event that a resident subsequently marries or a second person moves in with an existing resident, please refer to the Residency Agreement for full details regarding additional fees.

Note: Fees are subject to change

Quality Life Services – Chicora
EXHIBIT "D"

Residency Agreement

RESIDENCY AGREEMENT

FOR

CHICORA MEDICAL CENTER LIMITED PARTNERSHIP

D/B/A QUALITY LIFE SERVICES - CHICORA

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DEFINITIONS OF WORDS AND PHRASES

ADDITIONAL OCCUPANT: An individual who, after you take Occupancy, applies and is accepted for admission to Community to occupy the Residence as a Co-Resident.

CERTIFICATE OF INSURANCE: A document issued by an insurance carrier reflecting the coverage available under the policy.

CONDITIONS OF OCCUPANCY: The health, safety and related requirements for continued occupancy of the residence or other accommodation in the Community.

CO-RESIDENT: One of two individuals who signs a residency agreement to initially occupy one residence.

DAILY RATE: The daily charge for Routine Nursing Care Services or Personal Care Services. The Daily Rate does not include charges for additional or miscellaneous services.

DESIGNATED OCCUPANCY DATE: The date designated by us for you to accept occupancy, and for the monthly maintenance fee to become due, unless the residence is occupied earlier.

DOUBLE OCCUPANCY: Two individuals initially residing in a residence as co-residents.

ENTRANCE FEE: The initial charge for admission to the Community. The amount of the entrance fee is based on the model of the residence.

MONTHLY MAINTENANCE FEE: The charge per month for occupancy of the residence.

NURSING CARE FACILITY: The licensed nursing care facility of Community.

OCCUPANCY: The right of possession and use of the residence.

PERSONAL CARE FACILITY: The licensed personal care facility of Community.

PERSONAL CARE SERVICES: Assistance with or supervision in activities of daily living and/or instrumental activities of daily living in the Personal Care Facility in exchange for the Daily Rate.

RESIDENCE: The living unit designated under this Agreement for occupancy by you.

RESIDENT HANDBOOK: Community's publication reflecting the rules, regulations, policies, and procedures of the Community. You are obligated to comply with our rules,

regulations, policies, and procedures reflected in this publication. The Resident Handbook should not be construed as a contract. It does not grant any contractual rights, and it is subject to change from time to time.

ROUTINE NURSING CARE SERVICES: The level of routine nursing care services provided by us in the Nursing Care Facility in exchange for the Daily Rate. The following types of services are not included in routine nursing care: one-on-one companion or CNA services when required by your care plan; care for certain high acuity conditions, such as ventilator dependent care; dialysis services; treatment for drug and alcohol conditions; or psychiatric care. Generally, services not included in routine nursing care are not available at the Community; and, if such services become or are available, then such services are only provided for an additional fee.

SINGLE OCCUPANCY: One individual initially residing in a residence.

SURRENDER: To cease occupancy of the residence, to remove all possessions from it, and to return all keys to it.

RESIDENCY AGREEMENT

THIS RESIDENCY AGREEMENT (called "Agreement"), made this ____ day of _____, 20___, between Chicora Medical Center Limited Partnership d/b/a Quality Life Services - Chicora, a Pennsylvania for-profit limited partnership, (called "Community," and referred to by the words "we," "us" and "our"), and _____ (called "Resident," and referred to by the words "you" and "your" and when two individuals sign this Agreement for Double Occupancy, they are called collectively "Resident," "you" and "your" where the context permits, and individually "Co-Resident") for admission of Resident to the Community for Occupancy of _____ (called "Residence").

RECITALS:

We operate a continuing care retirement community;

You have applied for admission to occupy the Residence; and,

We have reviewed and accepted your application subject to the execution of this Agreement, and you have designated the above Residence for Occupancy.

In consideration of the mutual promises contained in this Agreement, and intending to be legally bound, we and you agree as follows:

SECTION 1: RESIDENCE AND FACILITIES

1.1 Living Accommodations and Term. We shall provide you with the accommodations, common facilities and services specified in this Agreement beginning on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier, and continuing until the termination of this Agreement.

1.2 Description of Residence. We shall provide you with the Residence designated under this Agreement. The items identified in Exhibit "A" are available to you in your Residence at no additional charge. You may provide other furnishings, subject to our approval, which shall remain your property.

1.3 Optional Furnishings or Fixtures. At your request, and subject to our approval, we shall provide optional furnishings or fixtures identified in an addendum(s) attached to this Agreement. Optional furnishings or fixtures are not included in the Entrance Fee or Monthly Maintenance Fee and are provided at an additional cost. If requested prior to Occupancy, the cost of any optional furnishings or fixtures shall be paid prior to Occupancy. At our discretion, the costs of any optional furnishings or fixtures requested

after Occupancy shall be paid prior to or at the time of installation. Upon installation, all additional furnishings or fixtures immediately become our property and shall remain in the Residence after the termination of this Agreement. An addendum to this Agreement reflecting all optional furnishings or fixtures and their cost shall be signed by you and us.

1.4 **Structural Changes and Redecoration.** Any structural or physical change of any kind or redecoration to the interior or exterior of the Residence, including, but not limited to, wallpaper, painting or floor covering, may be made only after obtaining written approval from us. The cost of any redecoration or structural change requested by you, and restoration to original condition, except that cost due to normal wear and tear, shall be paid by you unless otherwise agreed in writing by us. The selection of a contractor for any structural changes shall be made by us. The charge or value of any physical or structural changes will not be considered in calculating any applicable Entrance Fee refunds and are not considered part of the Entrance Fee. An addendum to this Agreement reflecting all structural changes and their cost shall be signed by you and us.

1.5 **Common Facilities.** We shall provide certain common facilities including, but not limited to, outdoor recreational and activity areas, walkways, dining facilities, beauty/barber shop, and meeting accommodations. The common facilities are available to you in accordance with our policies and procedures as reflected in the Resident Handbook and any other publications of the Community, which are subject to change from time to time at our discretion.

1.6 **Priority Access.** You will receive priority access to Routine Nursing Care Services and Personal Care Services on a fee-for-service basis. Priority access is conditioned on you satisfying the financial and all other requirements for admission.

1.7 **Designated Occupancy Date.** We shall establish a date when you must accept Occupancy (the "Designated Occupancy Date"). We will provide notice of the Designated Occupancy Date no later than thirty (30) days before the Residence is available. We reserve the right to extend the Designated Occupancy Date. The obligation to pay the Monthly Maintenance Fee shall begin on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. The Entrance Fee shall be paid in full on the Designated Occupancy Date or upon actual Occupancy, whichever is earlier.

SECTION 2: SERVICES

2.1 **Utilities.** We shall provide water, gas heat, electricity, sewer, and refuse collection. These services are included in the Monthly Maintenance Fee. We reserve the right to establish maximum usage levels on utilities and to charge you for any unreasonably excessive usage due to waste or abuse.

2.2 **Telephone.** We shall provide your Residence with access to telephone service. All telephone service charges, including connection charges, are not included in the Monthly Maintenance Fee and shall be paid by you.

2.3 **Satellite Television.** We shall provide your Residence with access to satellite television service and at least one connection. Satellite television service is not included in the Monthly Maintenance Fee and shall be paid by you.

2.4 **Maintenance and Repair of Equipment.** We shall provide necessary repairs, maintenance, and replacement of our property, equipment, and appliances. Repairs, maintenance, and replacement of your property and furnishings is your responsibility and is not included in the Monthly Maintenance Fee. Maintenance and repair of our property, equipment or appliances necessitated by your neglect or abuse as we determine, shall be paid by you.

2.5 **Maintenance of Grounds.** We shall provide grounds keeping, lawn care, and snow removal, in accordance with our policy, which is subject to change from time to time. These services are included in the Monthly Maintenance Fee.

2.6 **Property Insurance.** We shall provide insurance on our property only. You are responsible to insure against personal property and general liability losses and for the cost of such insurance.

2.7 **Administration.** We shall provide administrative support services to implement the provisions of this Agreement. Administrative services are included in the Monthly Maintenance Fee.

2.8 **Assessments.** Property taxes are included in the Monthly Maintenance Fee.

2.9 **Activities.** We, in our discretion, shall provide recreational, educational, and social services. Access to, participation in, and fees, if any, associated with activities are governed by our policy, which is subject to change from time to time.

2.10 **Scope of Services Included in the Monthly Maintenance Fee.** We reserve the right to add or delete certain services and to adjust the Monthly Maintenance Fee appropriately. We will provide thirty (30) days advance written notice of any changes in services, except for changes required by state or federal assistance programs.

2.11 **Other Services.** Meals are available at an additional charge. Other services, such as barber/beauty, light housekeeping and laundry/linen services, are available at an additional charge and are not included in the Monthly Maintenance Fee. The charges for these services and meals are reflected on the Fee Schedule, which is attached to this Agreement as Exhibit "B" and is subject to change from time to time.

SECTION 3: NURSING AND PERSONAL CARE SERVICES

3.1 Nursing Care Facility and Personal Care Facility. We operate a Nursing Care Facility known as "Quality Life Services - Chicora" and a Personal Care Facility known as "Quality Life Services - Chicora" for the provision of licensed Routine Nursing Care Services and Personal Care Services which shall be available to you on a priority access basis so long as you meet the financial and all other criteria for admission. The costs of Routine Nursing Care Services and Personal Care Services are at an additional charge and are not included in the Monthly Maintenance Fee. We will exercise our best efforts to accommodate your level of care needs; however, there is no guarantee that space will be immediately available in the Nursing Care Facility or the Personal Care Facility at such time as you may require Routine Nursing Care Services or Personal Care Services. If you are permanently transferred to the Nursing Care Facility or Personal Care Facility, this Agreement shall terminate and you shall sign an admission agreement for the provision of Routine Nursing Care Services or Personal Care Services.

3.2 Private Duty Nursing or Companion Services in the Residence. Subject to the approval of the Community, you may utilize the services of private duty nurses or companions providing personal or nursing care services in the Residence so long as you are able to satisfy the Conditions of Occupancy. Such services must be approved in advance and in writing by us. We reserve the right to review credentials of all nurses and companions, to approve or prohibit the use of or to require the discontinuation of such services. You are responsible to pay for all such services. As a condition of our approval, all private duty nurses or companions must provide us with an appropriate release and indemnification agreement, proof of workers' compensation and liability insurance, as well as proof that such nurses or companions are free of tuberculosis and/or any other contagious or communicable disease, and are subject to a criminal background check. To the extent required, you shall confirm that any approved private duty nurse, companion, or attending individual has workers' compensation insurance coverage. In the absence of such coverage, you are required to provide workers' compensation insurance to the extent required by law. Services of private duty nurses, nurse assistants or companions may be used so long as you are able to satisfy the Conditions of Occupancy. In exchange for our consent to your request for the services of a private duty nurse, companion, or other assistant, you shall execute, if requested by us, an Aging-in-Place Addendum, which shall be attached to this Agreement and incorporated by reference. We reserve the right to terminate your authorization to utilize the services of private duty nurses, nurse assistants or companions in the event that you do not comply with the requirements of this Section or the Aging-in-Place Addendum, or require transfer to another level of care. If transfer to another level of care is required, then we reserve the right to transfer you to another level of care within the Community or to such other external care facility as we deem appropriate.

3.3 Health Care Services and Liability for Health Care Costs. Subject to Section 3.4 below, you remain responsible for your own Routine Nursing Care Services, Personal Care Services and health care services while residing in the Residence. All Routine Nursing Care Services, Personal Care Services and health care services of any kind provided to you under this Agreement are at an additional charge.

3.4 Liability for Health Care Services. A resident shall not be liable to a health care provider for services rendered under this Agreement if the health care services rendered are services which the Community agreed to furnish to a resident in consideration of the resident's payment of entrance and periodic fees. No future health care services are covered by your payment of the Entrance Fee or Monthly Maintenance Fee.

3.5 Future Use of Facilities. Although there is no current plan to discontinue operations of the Nursing Care Facility or Personal Care Facility, if deemed to be in the best interests of the Community by the general and managing partners, we reserve the right at some future point to reduce the availability of the number of beds or to discontinue the operation of these units. Should we elect to discontinue operations of the Nursing Care Facility or Personal Care Facility, there are no assurances that any replacement units will be available at the Community.

3.6 Response Call System. We shall equip your Residence with a twenty-four (24) hour response call system. We do not provide Emergency Medical Services (EMS) or Emergency Medical Technicians (EMT). In the event of a medical emergency, you are required to contact 911 to obtain medical assistance. While the response call system may be used to inform us of a medical emergency, we disclaim any and all responsibility for responding to medical emergencies. In the event we are notified of an accident or unexpected medical need of yours on our property, a nursing assessment will be provided. If the initial nursing assessment indicates a need for additional medical assistance, we shall contact appropriate health care providers.

SECTION 4: FEES

4.1 Entrance Fee. You shall pay the sum of $_____ [____ *initials*] as an Entrance Fee on the Designated Occupancy Date or the date of actual Occupancy, whichever is earlier.

4.2 Use of Entrance Fee. The entire Entrance Fee shall be used for any purpose and in any manner deemed appropriate by us in our sole and absolute discretion consistent with law.

4.3 Amortization of Entrance Fee. The Entrance Fee shall be amortized by us at the rate of two percent (2%) per month over a period of fifty (50) months from the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. At the conclusion of the

amortization period, the Entrance Fee shall be earned in full by the Community, and you will not be entitled to a refund of any portion of the Entrance Fee.

4.4 Limitations on Increases in the Entrance Fee. After the signing of this Agreement by you, there will be no increase in the Entrance Fee for the Residence. Charges for care paid in one lump sum in the form of an Entrance Fee shall not be increased or changed during the duration of the agreed upon care, except for changes required by state or federal assistance programs. In accordance with Section 3.4 above, the Entrance Fee and Monthly Maintenance Fee do not include future health care services.

4.5 Monthly Maintenance Fee.

(a) Amount. You shall pay to us a Monthly Maintenance Fee of $_____ [____ *initials*] for Occupancy of the Residence.

(b) Payment and Due Date. Your responsibility to pay the Monthly Maintenance Fee begins on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. Payment is due upon receipt of the monthly statement. We reserve the right to change our billing cycle. The Monthly Maintenance Fee shall be pro-rated if you assume Occupancy after the first of the month. If any Monthly Maintenance Fee or other charges for miscellaneous or ancillary services are not paid within fifteen (15) calendar days of the due date, we may elect to exercise our available rights and remedies under this Agreement including termination.

(c) Adjustments in Monthly Maintenance Fee. The Monthly Maintenance Fee may be adjusted from time to time. We will provide thirty (30) days advance written notice of any changes in the Monthly Maintenance Fee, except for changes required by state or federal assistance programs.

4.6 Other Charges. In addition to the Monthly Maintenance Fee, the monthly statement shall reflect all other charges for miscellaneous, ancillary, or other services. Payment for all such other charges is also due upon receipt.

4.7 Co-Resident's Fee Responsibility. In situations of Double Occupancy, you shall be jointly and severally liable for each other's financial obligations and for all payments due under this Agreement. If one Co-Resident dies or leaves the Community, both Co-Residents and/or their estates remain jointly and severally liable for all financial obligations incurred by either Co-Resident under this Agreement.

4.8 Late Charges and Cost of Collection. Any charges which are unpaid after twenty-five (25) days of the date of the statement, shall be subject to a late charge of one and one-half percent (1.5%) per month (or annual rate of eighteen percent (18%)), and you are obligated to pay any late charges. In the event we initiate any legal actions or proceedings

to collect payments past due in excess of sixty (60) days, you shall be responsible to pay all attorneys' fees and costs incurred by us in pursuing the enforcement of your financial obligations under this Agreement.

4.9 Inability to Pay. If your income and assets are no longer sufficient to pay the Monthly Maintenance Fee and any other financial obligations under this Agreement, then we shall deduct from any funds otherwise due you as a refund of the Entrance Fee, amounts necessary to fulfill all of your financial obligations under this Agreement. You hereby authorize such deductions from any unamortized portion of the Entrance Fee. We shall make such deductions from any refunds otherwise due under this Agreement at such time as any amounts due us under this Agreement have been unpaid for more than thirty (30) days from the payment due date. We shall continue to make such deductions from any amounts otherwise due as a refund under this Agreement on a monthly basis to offset any unpaid financial obligations of yours until all funds otherwise due you as a refund have been exhausted and paid to us. We offer no other financial assistance to you. In addition to our right to terminate this Agreement for the reasons described in Section 8, we also may terminate this Agreement should you exhaust all financial resources.

SECTION 5: FINANCIAL DISCLOSURE

You agree to provide updated financial information at the request of the Community.

SECTION 6: MARRIAGE AND/OR ADDITIONAL OCCUPANTS

6.1 Non-Resident. In the event that you desire to marry or have another person enter the Community and share your Residence as a Co-Resident, the proposed Additional Occupant must file an application for admission and meet all age and other requirements for admission to the Residence. In the event you allow an Additional Occupant to occupy your Residence with you during the term of this Agreement and such Additional Occupant is admitted, then the Additional Occupant shall pay fifty percent (50%) of the then current Entrance Fee for the Residence, and shall also pay for those services that are not included in the Monthly Maintenance Fee and are available at an additional charge. The amount paid by the Additional Occupant as an Entrance Fee will be immediately amortized in full, and shall not be available as a refund. The parties to this Agreement and the proposed Additional Occupant shall execute an addendum so that the Additional Occupant shall become a Co-Resident under this Agreement. The Additional Occupant and you shall be jointly and severally liable for each other's financial obligations and for all payments due under the addendum and this Agreement. In the event that the proposed Additional Occupant does not satisfy the requirements for admission, then the proposed Additional Occupant may request admission under such other terms and conditions as may be acceptable to us, or you may exercise your option to terminate this Agreement.

6.2 **Other Resident.** In the event that you desire to marry another resident admitted under a separate Residency Agreement, and thereafter occupy a single Residence, then you and the other resident shall select and designate in writing at least sixty (60) days in advance of the proposed move, which one of the two Residences occupied by you and the other resident shall be thereafter occupied jointly. The Residence not designated for joint occupancy must be surrendered on or before the date of the proposed move to the designated Residence. Any applicable refund shall be paid to the resident surrendering his/her Residence upon the termination of the resident's Residency Agreement, but only after the vacated Residence has been reoccupied by another resident and the applicable Entrance Fee for the Residence has been paid in full by the reoccupying resident. Each resident shall then be treated as a Co-Resident, and any subsequent refund shall be paid in accordance with the refund provisions of this Agreement relating to Double Occupancy, unless otherwise agreed upon in writing. In the event you request to move to a larger Residence not then occupied by you or your anticipated co-resident, then subject to our approval and the availability of a larger Residence, you and such other person shall pay an additional fee, which shall be equal to the amount, if any, by which the then current Entrance Fee for Double Occupancy of the selected Residence exceeds the sum of the initial Entrance Fee paid by you and your anticipated co-resident. The additional fee shall be immediately amortized by us. Upon transfer, the Monthly Fee of the designated Residence shall be paid. This Agreement shall be amended to reflect the change in the Residence, the change in the Monthly Fee, if applicable, and any other matters reasonably necessary for your transfer to the designated or alternative Residence.

SECTION 7: OPTION TO MOVE

After Occupancy, you may request to exercise a limited option to move to another Residence on the Community's premises, if and when another Residence becomes available, in accordance with our policies, which are subject to change from time to time. In the event you desire to exercise the option to move to another Residence, you must notify us in writing of the Residence desired. The costs and charges related to exercising the option to move are your responsibility. We reserve the right to refuse your request to move to another Residence.

SECTION 8: TERMINATION OF AGREEMENT

8.1 Termination by You.

(a) **Rescission Period.** You may terminate this Agreement within seven (7) days of execution by signing the attached Notice of Right to Rescind and delivering it to us.

(b) **Prior to Occupancy.** After the lapse of the seven (7) day rescission period, but prior to the Designated Occupancy Date or actual date of Occupancy, whichever is

earlier, you may terminate this Agreement by delivering written notice to us prior to Occupancy. In the event of your death, illness, injury or incapacity prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then this Agreement shall automatically terminate. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. In situations of Double Occupancy where one Co-Resident is precluded from taking Occupancy due to death, illness, injury or incapacity, the other Co-Resident may elect to terminate this Agreement. If such Co-Resident elects to take Occupancy of the Residence, then the Monthly Maintenance Fee shall remain the same.

(c) **After Occupancy.** After Occupancy, you may terminate this Agreement by delivery of written notice to us at least thirty (30) days prior to termination, and by the Surrender of the Residence. Termination shall be effective after the lapse of the thirty (30) day notice period and Surrender of the Residence. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

8.2 **Termination by Us.**

(a) **Prior to Occupancy.** We may terminate this Agreement at any time prior to Occupancy by providing written notice to you prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. All payments shall be refunded to you.

(b) **After Occupancy.** We may terminate this Agreement upon a determination of just cause and delivery of thirty (30) days advance written notice to you or your representative or such written notice as is reasonable under the circumstances. Just cause shall include but not be limited to, a default in payment; the submission of any materially false information; your failure to abide by our rules, regulations, policies, and procedures; the breach of any of the other terms of this Agreement; or a good faith determination in writing signed by our Medical Director and Administrator that your continued Occupancy in the Residence either creates a serious threat or danger to the life, health, or safety of you or creates a serious threat or danger to the life, health, safety, or peaceful enjoyment of other residents or persons in the Community. In situations where continued Occupancy threatens the life, health, safety, or peaceful enjoyment of you or other residents, only such notice as is reasonably practicable under the circumstances will be provided to you or your representative, and termination may be effective immediately. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

8.3 **Termination Upon Permanent Transfer.** If you are permanently transferred to the Nursing Care Facility, Personal Care Facility or another facility, this Agreement shall terminate. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. In the case of Double Occupancy, this Agreement shall terminate only as to the transferring Co-Resident. The Co-Resident remaining in the Residence shall continue to pay the Monthly Maintenance Fee. No refund shall be due so long as the

remaining Co-Resident continues to reside in the Residence and until all other conditions for a refund have been satisfied.

8.4 **Termination by Death.** Following your death, this Agreement shall terminate when the Residence has been surrendered to us. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. If the Residence remains occupied by a Co-Resident, then this Agreement shall remain in full force and effect as to the surviving or remaining Co-Resident, and no refund shall be due at that time.

8.5 **Surrender.** The obligation to pay the Monthly Maintenance Fee shall continue until after the lapse of any mandatory notice period for termination and the Residence has been surrendered by you, or in the case of death, by your estate or your family. Surrender of the Residence shall be complete when you have ceased to occupy it, have removed all possessions from it, and have turned over the Residence keys to us.

8.6 **Further Obligations and Release Upon Termination.** Upon termination of this Agreement, we are released from any further obligations to you except for the delivery of personal property as limited by this Agreement, and the payment of any refund, which may be due. You are released from any further obligations to the Community after all of your financial and indemnification obligations have been met under this Agreement. The indemnification provision reflected in Section 17 survives the termination of this Agreement.

SECTION 9: TRANSFER TO NURSING CARE FACILITY, PERSONAL CARE FACILITY OR TO ANOTHER OUTSIDE FACILITY

9.1 **Conditions of Occupancy.** You shall have the right to occupy the Residence for so long as you satisfy the Conditions of Occupancy, which are attached as Exhibit "C" and may be subject to change from time to time due to regulatory or related changes in the law, or operating requirements or conditions. You agree to provide appropriate information regarding your ability to meet the Conditions of Occupancy, upon request.

9.2 **Decision to Transfer.** With the concurrence of our Medical Director, we may transfer you from and between the Residence and the Nursing Care Facility, Personal Care Facility or any other appropriate care facility if we determine that such a move should be made for your health, safety, or welfare, or for the proper operation of the Community, or because you no longer satisfy the Conditions of Occupancy. If you are transferred permanently to the Nursing Care Facility, Personal Care Facility or to any other appropriate care facility, we may declare the Residence vacant and reassign the Residence to another resident. The decision as to whether a transfer shall be deemed temporary or permanent shall be made by us at our sole discretion, with the concurrence of our Medical Director, after consideration of your opinion, the advice of your family, and if requested

and paid by you, the opinion of your physician. Your opinion and the advice of your family and your physician are advisory only and shall not be binding on us.

9.3 Charges Related to Transfer. If you transfer to the Nursing Care Facility, Personal Care Facility or another facility, you shall pay all charges related to the transfer to and Occupancy of the Nursing Care Facility, Personal Care Facility or other facility.

9.4 Release of or Return to Residence After Transfer.

(a) Temporary Transfer. If you are temporarily transferred to the Nursing Care Facility, Personal Care Facility or another facility, you shall continue to pay the Monthly Maintenance Fee to retain possession of the Residence and also shall pay all charges for care in the Nursing Care Facility, Personal Care Facility or other facility. You may return to the Residence at such time as we determine that you can satisfy the Conditions of Occupancy. In situations of Double Occupancy where one Co-Resident is temporarily transferred to the Nursing Care Facility, Personal Care Facility or another facility, the Monthly Maintenance Fee shall remain the same, and the transferred Co-Resident shall be charged and you shall collectively be responsible to pay the charges for care and services in the Nursing Care Facility, Personal Care Facility or other facility.

(b) Permanent Transfer. If you are permanently transferred to the Nursing Care Facility, Personal Care Facility or another facility, the obligation to pay the Monthly Maintenance Fee will cease upon Surrender of the Residence, and you shall Surrender and vacate the Residence within thirty (30) days of written notice of our decision to permanently transfer you and release the Residence. You shall pay all charges for care in the Nursing Care Facility, Personal Care Facility or other facility. If in our opinion, you subsequently recover sufficiently to satisfy the Conditions of Occupancy of a Residence, we in the exercise of our discretion, shall make available as soon as reasonably practicable a Residence with a floor plan comparable to the one relinquished. In situations of Double Occupancy where one Co-Resident is permanently transferred to the Nursing Care Facility, Personal Care Facility or another facility, the Monthly Maintenance Fee shall remain the same, and the transferred Co-Resident shall be charged and you shall collectively be responsible to pay the charges for care and services in the Nursing Care Facility, Personal Care Facility or other facility.

SECTION 10: REFUND OF ENTRANCE FEE

10.1 Termination Before Occupancy. If applicable, any Entrance Fee payments will be refunded in full if you rescind this Agreement within seven (7) days in accordance with the Notice of Right to Rescind. In the event of termination of this Agreement by your death before the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; or in the event you are precluded from taking Occupancy because of illness, injury, or incapacity prior to the Designated Occupancy Date or actual date of Occupancy, whichever

is earlier; then, if applicable, we will make a full refund of any Entrance Fee payments less any amounts deducted to cover expenses incurred by us at your specific written request. If you do not terminate this Agreement within the seven (7) day rescission period but do terminate prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier, while not precluded from taking Occupancy by illness, injury, incapacity, or death; then you shall pay an amount equal to two percent (2%) of the Entrance Fee and any amounts necessary to cover expenses incurred by us at your specific written request in accordance with this Agreement. Where two individuals have signed this Agreement for Double Occupancy, the death of one Co-Resident shall not constitute termination of this Agreement, and no refund shall be due. In the event of the termination of this Agreement by us before the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then, if applicable, we shall make a full refund of all Entrance Fee payments.

10.2 Termination After Occupancy. After the lapse of the amortization period, you will not be entitled to a refund of any portion of the Entrance Fee. In the event of termination during the amortization period, you will be entitled to a refund of the unamortized portion of the Entrance Fee less deductions for any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to you or your estate in accordance with Section 10.5.

10.3 Double Occupancy - Limitation on Availability of Refund. It is the intention of the parties that any applicable refund will only be made in accordance with Section 10.5 after the last surviving Co-Resident vacates and surrenders the Residence, and this Agreement is terminated. In situations of Double Occupancy where one Co-Resident is transferred to the Nursing Care Facility and becomes eligible for Medical Assistance, no potential future refund shall be available to pay for Routine Nursing Care Services. If, however, the Department of Human Services ("DHS") construes any potential future refund as an available resource, or if any court, administrative agency, or other appropriate tribunal having jurisdiction determines that Section 10.5 is contrary to law or Medical Assistance eligibility requirements, then we shall make available the amount determined by DHS or other appropriate tribunal as an available resource as a refund, and apply such refund to the payment of Routine Nursing Care Services for the particular Co-Resident.

10.4 No Accrual of Interest. No interest will accrue to the benefit of you or your estate on any amounts required to be refunded under this Agreement, and no interest will be paid on termination.

10.5 Conditions and Due Date for Refund Payments. Prior to Occupancy, all applicable refunds will be made within thirty (30) days of the termination of this Agreement. After Occupancy, all applicable refunds will be made after you have surrendered your Residence and only after it has been re-occupied by another resident from whom we have received full payment of the applicable Entrance Fee. The amount of any refund is subject to

deductions for any amounts due to us. The amortization of the Entrance Fee, if not fully amortized, shall cease on the effective date of Surrender. In situations of Double Occupancy, there will be no refund, partial or otherwise, upon the death, permanent transfer, discharge or voluntary departure from the Community of only one of the Co-Residents.

SECTION 11: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

11.1 Legal Guardian. If you become incapacitated or unable to properly care for self or property, and no representative has been lawfully designated to act on your behalf or no lawfully designated representative is available or able to act on your behalf, then we shall have the option to institute legal proceedings to adjudge you incapacitated and have a guardian appointed for you or your estate or both. You authorize us to nominate a legal guardian to serve, subject to court approval, and you release us from any liability related to the nomination. All costs of such legal proceedings, including legal fees, shall be paid by you or the legally appointed guardian of your estate.

11.2 Power of Attorney. We recommend that you furnish to us, no later than the actual date of Occupancy, a Power of Attorney executed by you, which shall be maintained in our files.

SECTION 12: RIGHTS AND OBLIGATIONS OF RESIDENT

12.1 Right to Receive Disclosure Statements. We shall deliver to you prior to or at the time of the execution of this Agreement, and make available to you at least annually thereafter, a copy of our Disclosure Statement required by the Continuing Care Provider Registration and Disclosure Act, Act No. 82 of 1984.

12.2 Rights to Property/Subordination. The rights and privileges granted to you by this Agreement do not include any right, title, or interest in any part of the personal property, land, buildings, and improvements owned, leased or administered by us. Your rights are primarily for services, with a contractual right of Occupancy. Nothing contained in this Agreement shall be construed to create the relationship of landlord and tenant between you and us. Any rights, privileges, or benefits under this Agreement, including your right to a full or partial refund, shall be subordinate to any existing or subsequent mortgages or deeds of trust on any of the premises or to any other interest in the real property of the Community and to all amendments, modifications, replacements, or re-financings of any existing or subsequent mortgages or deeds of trust or to any liens or security interests held by secured creditors of Community. This subordination provision means that the claims of secured creditors in the event of Community's bankruptcy or default on its financial obligations shall be paid before you are entitled to receive any applicable refund. Upon request, you shall execute and deliver any document, which is required by us, or by the

holder of any such mortgages or deeds of trust or other encumbrances, to effect such subordination or to evidence the same.

12.3 Inspection of Residence and Right of Entry. You shall permit us, our agents, or any representative of any holder of a mortgage or similar interest on the property, to enter your Residence for the purpose of making reasonable inspections, repairs, and replacements. Such entry will be made only with reasonable advance notice except under what we consider to be exigent circumstances as deemed necessary and appropriate by us. We shall have the right to enter your Residence to perform scheduled housekeeping, routine maintenance, or other reasonably necessary purposes having due regard for your privacy.

12.4 Housekeeping/Housecleaning Responsibilities. You shall maintain your Residence in a clean, sanitary, and orderly condition. If you do not maintain your Residence in a reasonable manner as determined by us, after notice to you, we shall have the right to maintain the Residence and the cost of such additional cleaning or maintenance shall be charged to you.

12.5 Health Insurance. We expect that some of the cost of medicines, medical or nursing services or equipment provided for you under this Agreement will be paid by present or future federal, state, municipal, or private plans or programs of medical/surgical insurance, including, without limitation, the benefits available through Social Security programs (commonly known as "Medicare A, B and D"). Prior to Occupancy, you shall secure medical and surgical insurance for protection from medical risks, and when eligible, shall secure and maintain in force at your expense maximum coverage available under the federal government social security health insurance programs known as "Medicare A, B and D" or an equivalent policy approved in writing by us, and at least one Medicare supplemental health insurance policy (commonly known as Medigap insurance, which must include coverage for nursing care co-insurance) such as those offered by the Blue Cross and Blue Shield Plans, or an equivalent policy as approved in writing by us, which provides coverage for Medicare deductibles and co-insurance. Acquisition of equivalent Medicare benefits from a managed care organization ("MCO") will not satisfy the insurance requirement under this Agreement unless the MCO is approved by us in writing as an equivalent policy. Proof of such insurance must be provided at the time of application and prior to admission.

12.6 Vehicle Registration and Insurance. You may operate a vehicle on our campus only if you have a valid driver's license and a valid state registration. You must register the vehicle with us, and comply with our rules and policies governing the safe operation of motor vehicles. We reserve the right to revoke your operating privileges and remove your vehicle from our property if you do not abide by our policy as reflected in the Resident Handbook, which is subject to change from time to time.

12.7 **Insurance Requirements.** You shall obtain at your expense, personal property and general liability insurance in such amounts as we may deem appropriate, and you shall provide us with Certificates of Insurance verifying coverage. Policies shall be endorsed so as to provide that we shall receive thirty (30) days prior written notice of cancellation or non-renewal.

12.8 **Reduction of Income or Other Resources.** You shall make every reasonable effort to meet your financial obligations to us. You shall not transfer control of assets or property for less than fair market value or make any gifts subsequent to the date of application for admission, nor make any transfers or gifts after Occupancy, which would substantially impair your ability or the ability of your estate to satisfy your financial obligations to us.

12.9 **Responsibility for Property Damage to Community.**

(a) **Responsibility for Condition of Residence Upon Termination.** Upon termination of this Agreement, you shall vacate and Surrender the Residence and leave it in as good condition as the date of Occupancy except for reasonable wear and tear. If the Residence is damaged beyond ordinary wear and tear, the costs of repair shall be your obligation and such costs shall be billed directly to you or your estate, or alternatively, deducted from any refund that may be due.

(b) **Property Damages Caused by Resident.** Any loss or damage to our real or personal property caused by you or your guests shall be paid by you. In the event of your death, your estate shall be liable for any loss or damage to our property caused by you.

12.10 **Release Regarding Conduct of Other Residents or Guests.** We assume no liability for your conduct or any other residents or guests, or for the use, ownership, possession, or control of electric carts or similar mechanized mobile medical or other equipment of other residents or guests. You release and discharge us from any claims for personal injury to you or damages to your personal property caused by the conduct of other residents or guests, or by the use, ownership, possession, or control of electric carts or similar mechanized mobile equipment by other residents or guests. You may bring any claims for personal injury sustained by you from the actions or omissions of other residents directly against the residents and/or guests that are responsible for your injury.

12.11 **Responsibility For Your Personal Property.**

(a) **Responsibility for Loss or Damage.** We shall not be responsible for the loss or damage due to fire, theft, or other causes of any property belonging to you, or your estate, or your guests.

(b) **Removal of Personal Property.** Your personal property shall be removed from the Residence within thirty (30) days following your move or your death. If removal

of property is not accomplished within such time, then we shall have the right to remove such property and store the same at the expense and risk of you or your estate. Articles of personal property remaining in storage sixty (60) days following Surrender shall become our property.

12.12 Rules, Regulations, Policies, and Procedures. You shall cooperate, and comply with all rules, regulations, policies, and procedures established by the Community. Rules, regulations, policies, and procedures are set forth in the Resident Handbook, and other publications or documents of the Community, and are subject to change from time to time.

12.13 Your Rights are Personal and Non-transferable. Your rights and privileges under this Agreement are personal to you and can not be transferred or assigned. No person other than you may occupy or use the Residence covered by this Agreement unless approved in writing by us.

12.14 Right of Self-Organization. You along with other residents of Community shall have the right of self-organization. A representative designated by us shall hold quarterly meetings during the calendar year with residents of Community. At least seven (7) days notice of each quarterly meeting shall be given to you.

SECTION 13: CASUALTY LOSS

In the event the Residence occupied by you or the building in which the Residence is located, is destroyed or is damaged by fire or other casualty so as to render the Residence generally unfit for Occupancy, we will endeavor in good faith to rebuild and replace the Residence and/or building with substantially similar accommodations unless doing so would threaten our financial viability. In the unlikely event that we determine that rebuilding threatens our financial viability so as to preclude replacement of the Residence or building, then we will strive to develop an alternative restoration plan in which we will exercise our best efforts to locate, identify or provide, if financially feasible as determined by us, reasonable alternative accommodations for any resident affected by such a catastrophic loss. We will provide notice to the Insurance Department of such a catastrophic loss prior to a decision to terminate any agreements, and subject to the rights of the Insurance Commissioner to intervene on your behalf. If we elect to terminate this Agreement, written notice of termination shall be given to you as soon as is reasonably possible from the date of the damage to the Residence. Any applicable refund due to you in accordance with Section 10 shall be paid to you in full upon any such termination. If notice of termination is not given, or if the damage does not render the Residence unfit for Occupancy, we shall be obligated to rebuild or repair the damage to the Residence as soon as reasonably possible for Occupancy by you, and this Agreement shall remain effective unless the parties may otherwise mutually agree. In the event you are unable to occupy the Residence for any period of time during any reasonably necessary period of restoration of the Residence, the Monthly Maintenance Fee shall be reduced proportionately, unless a

vacant Residence is available for temporary Occupancy by you. We shall not be liable for any damage, compensation, or claim by reason of inconvenience or annoyance arising from the necessity of repairing any portion of the Residence, or the interruption in use of the Residence, or the termination of this Agreement by reason of the destruction of the Residence or building.

SECTION 14: SEVERABILITY

If any provision of this Agreement is determined by a judicial or administrative tribunal of proper jurisdiction to be invalid or unenforceable, such provision shall be severed and the balance of this Agreement shall remain in full force and effect.

SECTION 15: ACTS OF FORBEARANCE

No act of forbearance or failure to insist upon prompt performance of any of the terms of this Agreement by us shall be construed as a waiver of any of the rights granted to us.

SECTION 16: ENTIRE AGREEMENT

This Agreement along with applicable addendum(s), constitute the entire agreement between you and us. We shall not be responsible or liable for any statements, representations, or promises made by any person representing or purporting to represent us, unless such statements, representations, or promises are set forth in this Agreement. Any brochures or advertisements describing us are for the purpose of inviting inquiries only and are not to be relied upon as legally or contractually binding. This Agreement may not be amended except by a subsequent written addendum approved by us and executed by the parties.

SECTION 17: INDEMNIFICATION

You shall indemnify and hold us harmless from and against, and are responsible to pay for, any damages, including our attorneys' fees and reasonable costs, including those incident to establishing the right to indemnification, arising from any injury to or death of any person or other resident, or arising from any damage to or loss of the property of any person or resident caused by your acts or omissions, to the fullest extent permitted by law.

SECTION 18: GRIEVANCE PROCEDURE

18.1 Reporting Complaints. If you believe that you are being mistreated in any way or your rights have been or are being violated by staff or another resident, you shall make your complaint known to us. You must first notify us of any such complaints, and provide

us with sixty (60) days to resolve the complaint satisfactorily to you before you may pursue mediation and/or arbitration.

18.2 Voluntary Mediation. Mediation is a form of alternative dispute resolution whereby an impartial person facilitates communication between the parties. The goal of mediation is to resolve the dispute promptly, amicably, and without incurring significant time and expense. Mediations are non-binding in nature. This Agreement provides for voluntary mediation whereby the parties may, upon mutual agreement, engage in mediation before resorting to arbitration. If the parties mutually agree to mediate any dispute that may arise between them, then the mediation will be conducted at a site selected by us, which shall be at the Community or at a site within a reasonable distance of Community. The costs of the mediation shall be borne equally by each party, and each party shall be responsible for their own legal fees. If the parties are unable to resolve their dispute through mediation, then the dispute may only be resolved by arbitration as provided in this Agreement. If the parties do not mutually agree to mediate any dispute that may arise between them, then they may proceed directly to arbitration.

18.3 Mandatory, Binding Arbitration. Arbitration is a specific process of dispute resolution utilized instead of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party ("Arbitrator(s)") chosen by the parties to this Agreement renders the decision, which is binding on both parties. Generally an Arbitrator's decision is final and not open to appeal. The Arbitrator will hear both sides of the story and render a decision based on fairness, law, common sense and the rules established by the Arbitration Association selected by the parties. When Arbitration is mandatory, as it is under this Agreement, it is the only legal process available to the parties. Mandatory Arbitration has been selected with the goal of reducing the time, formalities and cost of utilizing the court system. You or, in the event of your incapacity, your authorized representative have the right to rescind this arbitration clause in accordance with the terms and conditions specified in Section 18.3(h) of this Agreement.

(a) Contractual and/or Property Damage Disputes. Unless resolved or settled by mediation, any controversy, dispute, disagreement or claim of any kind or nature, arising from, or relating to this Agreement, or concerning any rights arising from or relating to an alleged breach of this Agreement, with the exception of (1) guardianship proceedings resulting from your alleged incapacity; and (2) disputes involving amounts in controversy of less than Twelve Thousand Dollars ($12,000), shall be settled exclusively by arbitration. This means that you will not be able to file a lawsuit in any court to resolve any disputes or claims that you may have against us. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to resolve any disputes or claims against us. It also means that we are giving up any rights we may have to a jury trial or to bring claims in a court against you. Subject to Section 18.3(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of

Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your rights to a jury trial on any matter submitted to arbitration under this Agreement.

(b) **Personal Injury or Medical Malpractice.** Unless resolved or settled by mediation, any claim that you may have against us for any personal injuries sustained by you arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in Community, shall be settled exclusively by arbitration. This means that you will not be able to file a lawsuit in any court to bring any claims that you may have against us for personal injuries incurred while residing in Community. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to litigate any claims for damages or losses allegedly incurred as a result of personal injuries sustained while residing in Community. Subject to Section 18.3(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your right to a jury trial on any claims for damages arising from personal injuries to you which are submitted to arbitration under this Agreement.

(c) **Exclusion From Arbitration.** Those disputes which have been excluded from mandatory arbitration (i.e., guardianship proceedings and disputes involving amounts in controversy of less than $12,000) may be resolved through the use of the judicial system. In situations involving any of the matters excluded from mandatory arbitration, neither you nor we are required to use the arbitration process. Any legal actions related to those matters may be filed and litigated in any court which may have jurisdiction over the dispute.

(d) **Right to Legal Counsel.** You have the right to be represented by legal counsel in any proceedings initiated under this arbitration provision. Because this arbitration provision addresses important legal rights, we encourage and recommend that you obtain the advice and assistance of legal counsel to review the legal significance of this mandatory arbitration provision prior to signing this Agreement.

(e) **Location of Arbitration.** The Arbitration will be conducted at a site selected by us, which may be at the Community or at a site within a reasonable distance of Community.

(f) **Time Limitation for Arbitration.** Any request for arbitration of a dispute must be requested and submitted to ADR Options, Inc., with notice to the other party, prior to the lapse of two (2) years from the date on which the event giving rise to the dispute

occurred. ADR Options, Inc., is the designated arbitration agency that shall hear disputes specified in Sections 18.3(a-b) of this Agreement. ADR Options, Inc., is an impartial alternative dispute resolution organization that provides a panel of neutral third party arbitrators from which you and Community, upon mutual agreement, shall select an arbitrator to facilitate dispute resolution. In the event ADR Options, Inc., is unable or unwilling to serve, then the request for Arbitration must be submitted to us within thirty (30) days of receipt of notice or other determination of ADR Options, Inc.'s, unwillingness or inability to serve as a neutral arbitrator. We shall select an alternative neutral arbitration service within thirty (30) days thereafter and the selected Arbitration Agency's procedural rules shall apply to the arbitration proceeding. The failure to submit a request for Arbitration to ADR Options, Inc., or an alternate neutral arbitration service selected by us, within the designated time (i.e., two (2) years) shall operate as a bar to any subsequent request for Arbitration, or for any claim for relief or a remedy, or to any action or legal proceeding of any kind or nature, and the parties will be forever barred from arbitrating or litigating a resolution to any such dispute. Contact information for ADR Options, Inc., is as follows:

1800 John F. Kennedy Blvd.
Suite 1110
Philadelphia, PA 19103
Phone: (215) 564-1775/ (800) 364-6098
Fax: (215) 564-1822
Website: www.adroptions.com

(g) **Limitation on Damages and Allocation of Costs for Arbitration.** The costs of the arbitration shall be borne equally by each party, and each party shall be responsible for their own legal fees.

(h) **Limited Resident Right to Rescind this Mandatory, Binding Arbitration Clause (Section 18.3(a-h) of this Agreement).** You or, in the event of your incapacity, your authorized representative have the right to rescind this arbitration clause by notifying us in writing within thirty (30) days of the execution of this Agreement. Such notice must be sent via certified mail to the Community, and the notice must be postmarked within thirty (30) days of the execution of this Agreement. The notice may also be hand-delivered to the Community within the same thirty (30) day period. The filing of a claim in a court of law within the thirty (30) days provided for above will automatically rescind the arbitration clause without any further action by you or your authorized representative.

SECTION 19: NOTICE

Notice, when required by the terms of this Agreement, shall be deemed to have been properly given, if and when delivered personally, or if sent by certified mail, return receipt requested, when postmarked, postage prepaid, and addressed as follows:

To Community:

Administrator
Quality Life Services - Chicora
160 Medical Center Road
Chicora, PA 16025

To Resident (Before Occupancy): _____

_____

_____

After Occupancy, notice will be provided to you at the Residence specified in this Agreement.

SECTION 20: AVERAGE ANNUAL COST OF PROVIDING SERVICES

The average annual cost of providing care and services during the most recent twelve (12) month period for which a report is available is reflected in our Disclosure Statement, which is made available to you on an annual basis.

SECTION 21: MISCELLANEOUS PROVISIONS

21.1 Your Continuing Disclosure Obligation. The information regarding your age and financial affairs and your ability to meet the Conditions of Occupancy submitted by you in our admissions forms and related application documents is a material part of this Agreement, and this information is incorporated as a part of this Agreement. You acknowledge that the submission of false information may, in our judgment, constitute grounds for the termination of this Agreement. You must disclose any material changes in your financial situation or your ability to meet the Conditions of Occupancy before and after Occupancy. We may from time to time request verified financial statements and copies of tax returns from you. The failure to make such disclosure may, in our judgment, constitute grounds to terminate this Agreement.

21.2 Receipt of Disclosure Statement and Resident Handbook. You acknowledge receiving a copy of our annual Disclosure Statement and Resident Handbook prior to signing this Agreement. The Resident Handbook is subject to change from time to time and shall not be construed as imposing any contractual obligations on us or granting any contractual rights to you.

21.3 Community's Modification of Agreement and Policies. We reserve the right to modify unilaterally this Agreement to conform to changes in law or regulation, and to make modifications in our rules, regulations, policies, and procedures.

21.4 Binding Effect. Except as otherwise provided herein, this Agreement shall be binding upon you and your heirs, executors, administrators, successors and assigns, and the benefits hereof shall inure to us, our successors and assigns.

21.5 Consent to Assignment. You consent to the collateral or other assignment by us of our right, title and interest in this Agreement.

21.6 Governing Law. This Agreement shall be interpreted according to the laws of the Commonwealth of Pennsylvania.

21.7 Headings. Section headings are included solely to provide ease of reference, and are to be given no effect in the interpretation of this Agreement.

21.8 Non-waiver of the Continuing Care Provider Registration and Disclosure Act of 1984. No act, agreement, or statement of you, or of an individual purchasing care for you under this Agreement or any agreement to furnish care to you, shall constitute a valid waiver of any provision of the Continuing Care Provider Registration and Disclosure Act of 1984 ("Act") which is intended for the benefit or protection of you or the individual purchasing care for you.

21.9 Limitations on Private Cause of Action. You may not file or maintain an action under the Act if you, before filing the action, received an offer, approved by the Insurance Commissioner, to refund all amounts paid by you to us, the facility or person alleged to have violated the Act together with interest from the date of payment, less the reasonable value of care and lodging provided prior to receipt of the offer and you failed to accept the offer within thirty (30) days of its receipt.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURES ON FOLLOWING PAGE]

AGREEMENT AUTHORIZATIONS AND SIGNATURES

You hereby acknowledge reading this Agreement in its entirety, understanding its provisions, and having been provided an opportunity to consult with personal advisors, including legal counsel, regarding its terms.

IN WITNESS WHEREOF, we have caused this Agreement to be signed by our authorized representative, and you have hereunto affixed your signature(s), the day and year first above written.

Attest:

Chicora Medical Center Limited Partnership
d/b/a Quality Life Services - Chicora

_____

By: _____
Authorized Representative

Date: _____

Date: _____

Witness:

_____

_____
Resident/Co-Resident

Date: _____

Date: _____

Witness:

_____

_____
Co-Resident

Date: _____

Date: _____

NOTICE OF RIGHT TO RESCIND

Date rescission period begins _____, 20___. You may rescind and terminate your Residency Agreement without penalty or forfeiture within seven (7) days of the above date. You are not required to move into the continuing care facility before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your Agreement within this seven (7) day period.

To rescind your Residency Agreement, mail or deliver a signed and dated copy of this notice, or any other dated written notice, letter or telegram, stating your desire to rescind to the following address:

Quality Life Services – Chicora
160 Medical Center Road
Chicora, PA 16025

Not later than midnight of _____ (last day for rescission).

Pursuant to this notice, I hereby cancel my Residency Agreement.

Date:_____

PROSPECTIVE RESIDENT'S SIGNATURE

_____

_____

EXHIBIT "A"

The following items will be available as part of the Residence:

- Refrigerator
- Stove/oven
- Clothing washer
- Clothing dryer
- Emergency lighting
- Fire extinguisher
- Fire alarm system
- Response call system
- Window coverings
- Heating/air conditioning
- Floor coverings

EXHIBIT "B"

QUALITY LIFE SERVICES - CHICORA

Personal Care Home and Continuing Care Retirement Units
FEE SCHEDULE

Effective July 1, 2024

PERSONAL CARE

Current Rate	**Room Type:** Private Room - Shared Bath Semi-Private Suite Private Suite Semi Private Room	**Room Rate:** $142.00 / Day $124.00 / Day $172.00 / Day $95.00 / Day	**Level Of Care Charge:** Level 1: $13.69 per day Level 2: $21.26 per day Level 3: $27.84 per day

INDEPENDENT LIVING UNITS

2 Bedrooms/Full Bath	Entrance Fee Monthly Maintenance Fee	$25,000.00 $ 650.00

MEDICAL SUPPLIES

Individual Charges Available Upon Request		Charges are based on current costs and are subject to change.

RESIDENT SPECIFIC MEDICAL EQUIPMENT

Individual Charges Available Upon Request		Charges are based on current costs and are subject to change.

BEAUTY / BARBER SERVICES: Charges are based on current costs and are subject to change.

FOOD SERVICES

Guest Meals		$7.50 / Meal
Meal Options (CCRC only) *Includes delivery service.*	Breakfast, Lunch and Dinner	$7.50 / per Meal

HOUSEKEEPING / LAUNDRY SERVICES

Housekeeping & Laundry	Personal Care: No Charge - Included in daily rate	CCRC/Independent Living: Charges based on current hourly rate.

TRANSPORTATION SERVICE

Individual Charges *Schedule arrangements available upon request.*		Per trip fee varies according to distance and total time of transport.

UTILITIES

Cable Television *(Personal Care and Nursing only)* Telephone Wi-Fi *(Personal Care and Nursing only)*		Complimentary Billed through telephone company Complimentary

MISCELLANEOUS SERVICES

Page Copying Fees Check Return Fee Pets		Per PA and federal regulations $40.00 $25 per pet/per month

I have read, been given an opportunity to review, ask questions and understand this fee schedule.

_____

Signature (Resident or Designee) Date: _____

_____

Community Representative Date: _____

EXHIBIT "C"

CONDITIONS of OCCUPANCY of CONTINUING CARE RESIDENCE

In order to qualify for initial residency as well as continued residency in a residence, an applicant/resident must satisfy the following conditions of occupancy in addition to other requirements of Community as reflected in its rules, regulations, policies, and procedures:

1. Possess the ability to meet one's individual personal care needs (e.g., eating, drinking, personal hygiene) so as to reside safely in the residence.

2. Maintain one's self and the residence in a safe and sanitary manner so as not to pose a threat or danger to one's health or safety or the health or safety of others in the Community.

3. Maintain the ability to reside safely in the residence without becoming disoriented as to person, place and/or time so as to be at risk of elopement or other actions, including socially offensive or aggressive behaviors, which would endanger the resident or threaten the safety or well-being of other residents.

4. Demonstrate that, upon applicant's/resident's request for a reasonable accommodation to remain in the residence, such reasonable accommodation shall be secured with appropriate and qualified assistance, and, if requested by Community, by the execution of and compliance with the Aging-in-Place Addendum, and demonstrate sufficient resources to pay for such reasonable accommodation without impairing one's financial obligations to Community and without prematurely depleting such resources as determined by Community.

5. Demonstrate sufficient financial resources to meet all financial requirements of residency.

Quality Life Services – Chicora
EXHIBIT "E"

Fee Schedule

Personal Care Home and Continuing Care Retirement Units
FEE SCHEDULE

Effective July 1, 2024

PERSONAL CARE

Current Rate	**Room Type:** Private Room – Shared Bath Semi-Private Suite Private Suite Semi Private Room	**Room Rate:** $142.00 / Day $124.00 / Day $172.00 / Day $95.00 / Day	**Level Of Care Charge:** Level 1: $13.69 per day Level 2: $21.26 per day Level 3: $27.84 per day

INDEPENDENT LIVING UNITS

2 Bedrooms/Full Bath	Entrance Fee Monthly Maintenance Fee	$25,000.00 $ 650.00

MEDICAL SUPPLIES

Individual Charges Available Upon Request		Charges are based on current costs and are subject to change.

RESIDENT SPECIFIC MEDICAL EQUIPMENT

Individual Charges Available Upon Request		Charges are based on current costs and are subject to change.

BEAUTY / BARBER SERVICES: Charges are based on current costs and are subject to change.

FOOD SERVICES

Guest Meals		$7.50 / Meal
Meal Options (CCRC only) *Includes delivery service.*	Breakfast, Lunch and Dinner	$7.50 / per Meal

HOUSEKEEPING / LAUNDRY SERVICES

Housekeeping & Laundry	Personal Care: No Charge – Included in daily rate	CCRC/Independent Living: Charges based on current hourly rate.

TRANSPORTATION SERVICE

Individual Charges *Schedule arrangements available upon request.*		Per trip fee varies according to distance and total time of transport.

UTILITIES

Cable Television *(Personal Care and Nursing only)* Telephone Wi-Fi *(Personal Care and Nursing only)*		Complimentary Billed through telephone company Complimentary

MISCELLANEOUS SERVICES

Page Copying Fees Check Return Fee Pets		Per PA and federal regulations $40.00 $25 per pet / per month

I have read, been given an opportunity to review, ask questions and understand this fee schedule.

_____

Signature (Resident or Designee) Date: _____

_____

Home Representative Date: _____

Quality Life Services – Chicora
EXHIBIT "F"

Table Showing Frequency & Average Dollar Amount of Each Increase in Periodic Rates for the Previous 5 Years (Residential Living Entrance Fees, Monthly Fee, Personal Care Rates, and Nursing Care Rates)

	Average Increase Over Past 5 Years	7/1/2024	7/1/2023	7/1/2022	7/1/2021	7/1/2020
Skilled Care						
Semi Private	$12.00	$315.00	$300.00	$267.00	$267.00	$267.00
Private	$15.75	$373.00	$355.00	$310.00	$310.00	$310.00
4 person	N/A	N/A	N/A	N/A	N/A	N/A
Intermediate Care						
Semi Private	N/A	N/A	N/A	N/A	N/A	N/A
Private	N/A	N/A	N/A	N/A	N/A	N/A
4 person	N/A	N/A	N/A	N/A	N/A	N/A
Personal Care						
Private Room – Shared Bath	$3.75	$142.00	$137.00	$127.00	$127.00	$127.00
Semi-private Suite	$3.50	$124.00	$119.00	$110.00	$110.00	$110.00
Private Suite	$4.50	$172.00	$167.00	$154.00	$154.00	$154.00
Semi-Private Room	$3.00	$95.00	$90.00	$83.00	$83.00	$83.00
Residential Living						
Entrance Fee	$0.00	$25,000	$25,000	$25,000	$25,000	$25,000
Monthly Fee	$0.00	$650	$650	$650	$650	$650

Quality Life Services – Chicora
EXHIBIT "G"

Average Cost of Providing Care & Services During the Most Recent 12 Months

EXPENSES:	
Salaries and wages	$39,082
Employee benefits	$3,475
Other expenses	$46,093
Depreciation	$3,038
Interest	$7,784
Total Expenses:*	**$100,157**
Resident Days	730
Average annual cost per resident day:	**$137.20**
Average annual cost per resident:	**$50,078**

*Does not include management and administrative expenses paid to Quality Life Services. Management and Administrative expenses are described under "Related Party Contracts".

Quality Life Services – Chicora
EXHIBIT "H"

Fiscal Year End 2024 Audited Financial Statements

To be supplemented.

Quality Life Services – Chicora
EXHIBIT "I"

Pro Forma

Quality Life Services - Chicora
Statement of Income
Fiscal Year Ending June 30th

	FY 2024	FY 2025	FY 2026	FY 2027
REVENUE				
Skilled Nursing Revenue	$11,408,552.29	$11,802,000.00	$12,156,000.00	$12,277,560.00
Personal Care/Assisted Living Revenue	$564,600.46	$785,000.00	$809,000.00	$809,000.00
Hospice Revenue	$0.00	$0.00	$0.00	$0.00
Home Health Revenue	$0.00	$0.00	$0.00	$0.00
Home Care Revenue	$0.00	$0.00	$0.00	$0.00
Staffing Revenue	$0.00	$0.00	$0.00	$0.00
Pharmacy revenue	$0.00	$0.00	$0.00	$0.00
Rental revenue	$84,280.48	$87,000.00	$90,000.00	$90,000.00
CCRC revenue	$12,000.00	$12,000.00	$12,000.00	$12,000.00
Management fee revenue	$0.00	$0.00	$0.00	$0.00
Services billed, affiliates	$0.00	$0.00	$0.00	$0.00
Discounts Earned	$11,018.67	$18,000.00	$18,000.00	$18,000.00
Consultation Revenue	$0.00	$0.00	$0.00	$0.00
TOTAL REVENUE	**$12,080,451.90**	**$12,704,000.00**	**$13,085,000.00**	**$13,206,560.00**
COST OF REVENUE				
Cost of Goods Sold	$0.00	$0.00	$0.00	$0.00
NET REVENUE	**$12,080,451.90**	**$12,704,000.00**	**$13,085,000.00**	**$13,206,560.00**
LABOR EXPENSES				
Nursing and Medical Care Wages	$2,667,616.46	$2,589,000.00	$2,667,000.00	$2,720,340.00
Other Wages	$1,259,504.71	$1,428,000.00	$1,471,000.00	$1,500,420.00
Payroll Tax - Employer	$358,161.27	$319,000.00	$329,000.00	$335,580.00
Contract Nursing	$2,240,009.47	$1,925,000.00	$1,983,000.00	$1,500,000.00
Benefit Expenses	$661,296.17	$648,000.00	$667,000.00	$680,340.00
Total Salaries, Wages & Benefits	**$7,186,588.08**	**$6,909,000.00**	**$7,117,000.00**	**$6,736,680.00**
OPERATING EXPENSES				
Nursing and Medical Care	$268,836.47	$253,000.00	$258,000.00	$260,000.00
Personal Care Nursing	$90,178.17	$0.00	$0.00	$0.00
Therapy	$15,119.88	$9,000.00	$9,000.00	$9,000.00
Other Ancillary Expenses	$195,342.99	$136,000.00	$139,000.00	$141,000.00
Wage Transfer	$654,797.21	$779,000.00	$795,000.00	$795,000.00
Dietary	$349,725.89	$348,000.00	$355,000.00	$360,000.00
Laundry and Linen	$18,650.01	$20,000.00	$20,000.00	$20,000.00
Housekeeping	$40,979.15	$39,000.00	$40,000.00	$40,000.00
Operation and Maintenance	$320,915.02	$360,000.00	$367,000.00	$367,000.00
Activities	$37,567.67	$28,000.00	$29,000.00	$29,000.00
Social Services	$15,196.96	$6,000.00	$6,000.00	$6,000.00
Administrative and General	$1,457,139.18	$1,437,000.00	$1,466,000.00	$1,466,000.00
Pharmacy	$321,462.83	$366,000.00	$373,000.00	$373,000.00
Information Systems	$0.00	$0.00	$0.00	$0.00
Rent	$0.00	$0.00	$0.00	$0.00
Depreciation	$227,632.15	$249,000.00	$254,000.00	$257,000.00
Amortization	$120,087.31	$5,000.00	$5,000.00	$5,000.00
Interest	$886,842.19	$908,000.00	$926,000.00	$926,000.00
Provision for bad debts	$61,624.36	$93,000.00	$95,000.00	$95,000.00
Total Operating Expenses	**$5,082,097.44**	**$5,036,000.00**	**$5,137,000.00**	**$5,149,000.00**
TOTAL EXPENSES	**$12,268,685.52**	**$11,945,000.00**	**$12,254,000.00**	**$11,885,680.00**
Operating Income (loss)	**($188,233.62)**	**$759,000.00**	**$831,000.00**	**$1,320,880.00**
OTHER INCOME (LOSS)				
Investment Income, affiliates	$0.00	$0.00	$0.00	$0.00
Gain on interest rate swaps	$0.00	$0.00	$0.00	$0.00
Interest Income	$77.54	$0.00	$0.00	$0.00
Gain (loss) on sale of equipment	$0.00	$0.00	$0.00	$0.00
(Loss) on debt refinance	$0.00	$0.00	$0.00	$0.00
Miscellaneous Income	$126,379.13	$0.00	$0.00	$0.00
Total Other Income	**$126,456.67**	**$0.00**	**$0.00**	**$0.00**
NET INCOME	**($61,776.95)**	**$759,000.00**	**$831,000.00**	**$1,320,880.00**
EBITDA	**$1,172,784.70**	**$1,921,000.00**	**$2,016,000.00**	**$2,508,880.00**

Quality Life Services - Chicora
Balance Sheet
As of June 30th

	FY 2024	FY 2025	FY 2026	FY 2027
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 4,228,037.55	$ 4,807,257.63	$ 4,797,257.63	$ 5,820,880.00
CCRC Statutory Liquid Reserve	$ 19,292.91	$ 19,292.91	$ 19,292.91	$ 19,292.91
A/R - less Allowance for Doubtful Accounts	$ 1,108,603.82	$ 1,200,000.00	$ 1,200,000.00	$ 1,200,000.00
A/R - Affiliates	**$ 587,904.20**	**$ 500,000.00**	**$ 500,000.00**	**$ 500,000.00**
A/R - Related Parties	**$ 681.98**	$ -	$ -	$ -
A/R - Other	$ -	$ -	$ -	$ -
Notes Receivable - Affiliates, current portion	$ -	$ -	$ -	$ -
A/R - Mortgage Escrows & Secruity Deposits	$ 306,750.08	$ 200,000.00	$ 200,000.00	$ 200,000.00
Estimated 3rd Party Payor Settlements	$ (133,025.36)	$ (100,000.00)	$ (100,000.00)	$ (100,000.00)
Inventory	$ -	$ -	$ -	
Prepaids and Other Current Assets	$ 144,953.91	$ 200,000.00	$ 200,000.00	$ 200,000.00
TOTAL CURRENT ASSETS	**$ 6,263,199.09**	**$ 6,826,550.54**	**$ 6,816,550.54**	**$ 7,840,172.91**
OTHER ASSETS				
Goodwill	$ -	$ -	$ -	$ -
Cash - Resident Funds	$ 33,698.98	$ 100,000.00	$ 100,000.00	$ 100,000.00
Notes Receivable, affiliates, long-term	$ -	$ -	$ -	$ -
Other Assets	$ 119,825.01	$ 200,000.00	$ 200,000.00	$ 200,000.00
Note Receivable CCH	$ -	$ -	$ -	$ -
Investment in Affiliates	**$ 45,000.00**	$ -	$ -	$ -
TOTAL OTHER ASSETS	**$ 198,523.99**	**$ 300,000.00**	**$ 300,000.00**	**$ 300,000.00**
Property and Equipment	$ 9,698,146.19	$ 9,700,000.00	$ 9,800,000.00	$ 9,900,000.00
Less Accumulated Depreciation	$ (6,832,145.18)	$ (6,900,000.00)	$ (7,000,000.00)	$ (7,200,000.00)
Net Property and Equipment	$ 2,866,001.01	$ 2,800,000.00	$ 2,800,000.00	$ 2,700,000.00
TOTAL ASSETS	**$ 9,327,724.09**	**$ 9,926,550.54**	**$ 9,916,550.54**	**$ 10,840,172.91**
LIABILITIES				
CURRENT LIABILITIES				
Note Payable - Line of Credit	$ -	$ -	$ -	$ -
Current Maturity - Line of Credit	$ -	$ -	$ -	$ -
Current Maturities of Long-term Debt	**$ -**	**$ -**	**$ -**	**$ -**
Accounts Payable - Trade	$ 248,696.76	$ -	$ -	$ -
A/P - Affiliates	**$ 1,322,366.52**	**$ 1,350,000.00**	**$ 1,400,000.00**	**$ 1,400,000.00**
A/P - Related Parties	**$ 330,582.50**	**$ 300,000.00**	**$ 400,000.00**	**$ 400,000.00**
Security Deposits	$ 29.03	$ -	$ -	$ -
Deferred Revenue/Expenses	$ 249.59	$ -	$ -	$ -
Accrued Payroll and Payroll Taxes	$ 177,795.56	$ 200,000.00	$ 200,000.00	$ 200,000.00
Accrued Vacation and other accrued expenses	$ 156,005.24	$ 200,000.00	$ 200,000.00	$ 200,000.00
TOTAL CURRENT LIABILITIES	**$ 2,235,725.20**	**$ 2,050,000.00**	**$ 2,200,000.00**	**$ 2,200,000.00**
Resident Deposits	$ 33,698.98	$ 50,000.00	$ 50,000.00	$ 50,000.00
Accrued Shareholder Distributions	$ -	$ -	$ -	$ -
Long-Term Debt	**$ 9,672,513.98**	**$ 9,500,000.00**	**$ 9,300,000.00**	**$ 9,200,000.00**
TOTAL LIABILITIES	**$ 11,941,938.16**	**$ 11,600,000.00**	**$ 11,550,000.00**	**$ 11,450,000.00**
EQUITY				
Common Stock	$ -	$ -	$ -	$ -
Additional Paid-in Capital	$ -	$ -	$ -	$ -
General Partner	$ 89,971.52	$ 99,275.27	$ 100,000.00	$ 100,000.00
Member/Partner Equity	$ (5,030,361.73)	$ (4,272,724.73)	$ (4,233,449.46)	$ (4,530,707.09)
Retained Earnings	$ 2,326,176.14	$ 2,500,000.00	$ 2,500,000.00	$ 3,820,880.00
TOTAL EQUITY	**$ (2,614,214.07)**	**$ (1,673,449.46)**	**$ (1,633,449.46)**	**$ (609,827.09)**
TOTAL LIABILITIES AND EQUITY	**$ 9,327,724.09**	**$ 9,926,550.54**	**$ 9,916,550.54**	**$ 10,840,172.91**