SCENERY HILL NURSING AND REHABILITATION LLC

680 Lions Health Camp Road
Indiana, PA 15701

A Licensed Continuing Care Retirement Community Providing
Independent Living
Nursing Care

DISCLOSURE STATEMENT

Scenery Hill Nursing and Rehabilitation LLC
680 Lions Health Camp Road
Indiana, PA 15701

December 31, 2025

EQUAL HOUSING OPPORTUNITY

THE ISSUANCE OF CERTIFICATE OF AUTHORITY BY THE INSURANCE DEPARTMENT OF PENNSYLVANIA DOES NOT CONSTITUTE THAT DEPARTMENT'S APPROVAL, NOR IS IT EVIDENCE OF, NOR DOES IT ATTEST TO, THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT.

TABLE OF CONTENTS

	Item	Page
I.	Information Summary	3-4
II.	Description of Facility	4
III.	Ownership and Management	4-5
IV.	Administration	5
V.	Affiliations	5
VI.	Description of Provider	5
VII.	Services	6-7
VIII.	Fees and Charges	8-10
IX.	Reserve Funding	10
X.	Certified Financial Statement	10
XI.	Right to Rescind	10
XII.	Admissions Agreement	10
XIII	Escalation of Rents	10

Tab B1 – A brief biographical description of the Administrator and the Medical Director

Tab B2 – A copy of Scenery Hill's Independent Living Resident Agreement

Tab B3 – Prior Year Financial Statements

Tab B4 – Pro Forma comparison of current budget to actual results with a budget for the upcoming year

Tab B5 – Notice of Right to Rescind

I. INFORMATION SUMMARY

1.	**Facility**	Scenery Hill Healthcare and Rehabilitation Center	680 Lions Health Camp Road Indiana, PA 15701
2.	**Provider**	Scenery Hill Nursing and Rehabilitation LLC	680 Lions Health Camp Road Indiana, PA 15701

3. **Admissions Contact –** Please call (724) 463-7600 and ask to speak with the Administrator.

4. **Property –** Scenery Hill Nursing and Rehabilitation LLC consists of a Medicare/Medicaid certified 56-bed skilled nursing facility and 1 independent living unit located at a separate house within 14 miles of the main campus. The main campus located at 680 Lions Health Camp Road, Indiana, PA 15701 is situated on approximately 12.635 acres in suburban Indiana County, Pennsylvania. The building is a one-story wood-framed structure with a brick veneer exterior encompassing 17,564 square-feet. Providing a continuum of retirement living services for the elderly, the independent living unit is offered pursuant to a lease agreement with the Housing Authority of Indiana County. The independent living unit is located at 101 Morewood Avenue, Blairsville Pennsylvania, 15717.

5. **Admission Age –** The minimum age for admission to the independent living unit at Scenery Hill is sixty years of age. If a spouse is under the age of sixty, they may be admitted along with the primary resident.

6. **Affiliations** – Scenery Hill is not affiliated with any religious, fraternal, charitable, or other not-for-profit entities.

7. **Resident Population-** Residents by type of accommodations are listed below

.

	Units/Beds	**Residents**
Independent Living	1	0
Skilled Nursing Facility	56	53

8. **Sample of Fees**: 30 days' notice will be provided for any increases in rates and will be distributed to all CCRC residents and will be attached to the back of this Disclosure Statement as Supplement "A."

Please note: An amount equal to 5% of the total established Entrance Fee will be collected as a Reservation Fee prior to the date of occupancy by any resident.

	Entrance Fee	Maintenance Fee
A. One Bedroom Single Occupancy:	$10,000	$585
B. One Bedroom Dual Occupancy:	$10,000	$585

II. DESCRIPTION OF FACILITY

The Provider is Scenery Hill Nursing and Rehabilitation LLC ("Scenery Hill"), which is a for-profit Pennsylvania registered Limited Liability Company. Scenery Hill consists of a Medicare/Medicaid certified 56-bed skilled nursing facility and 1 independent living unit located at a separate house within 14 miles of the main campus. The main campus located at 680 Lions Health Camp Road, Indiana, PA 15701 is situated on approximately 12.635 acres in suburban Indiana County, Pennsylvania. The building is a one-story wood-framed structure with a brick veneer exterior encompassing 17,564 square-feet. Providing a continuum of retirement living services for the elderly, the independent living unit is offered pursuant to a lease agreement with the Housing Authority of Indiana County. The independent living unit is located at 101 Morewood Avenue, Blairsville Pennsylvania, 15717.

III. OWNERSHIP AND MANAGEMENT OF SCENERY HILL

Akiko Ike, (the "Member"). The member owns 100% of the membership interests in the Company.

The Member of Scenery Hill Nursing and Rehabilitation LLC has oversight authority over the business affairs of the Continuing Care Retirement Community. The business address for the member is 680 Lions Health Camp Road, Indiana, PA 15701. A brief biographical description of the member follows:

Akiko Ike is the sole member and 100% owner of Scenery Hill Nursing and Rehabilitation LLC. Ms. Ike attended the Osaka City University Medical School, School of Nursing, where she earned a Technical Degree for Nursing in 1991. She attended the Borough of Manhattan Community College, The City University of New York, where she earned an Associate of Applied Sciences Degree in 2004. Akiko Ike obtained her License as a Registered Nurse in Japan in 1991 and her License as a Registered Professional Nurse in New York State in 2004. She also obtained her Basic Life Support (BLS) Certification. Akiko Ike is Bi-lingual in English and Japanese and has obtained decades of experience in the healthcare industry in multiple countries across the world.

Owen Larkin is the Nursing Home Administrator of the Health Care Center and is responsible for the day-to-day management of the nursing facility and all patient care operations on behalf of Scenery Hill Nursing and Rehabilitation LLC. The facility Medical Director is Eric Heasley. A brief biographical description of the Administrator and the Medical Director is attached at **Tab B1**.

Akiko Ike is the sole member and 100% owner of Scenery Hill Nursing and Rehabilitation LLC. Akiko Ike is responsible for the management and operation of the

Facility.

Unless disclosed herein, no officer, director, manager, or other person having 10% or greater beneficial or equity interest in the Provider, has 10% or greater interest in a professional service, firm, association, trust, partnership, or corporation which has or presently intends to provide goods, leases, or services to the facility of a value of $500 or more, within any year.

None of the individuals listed above, including those listed at **Tab B1**, have been convicted of a felony or pled *nolo contendere* to a felony charge or have been held liable or enjoined in a civil action by final judgement involving fraud, embezzlement, fraudulent conversion, or misappropriation of property. The business address of these individuals is 680 Lions Health Camp Road, Indiana, PA 15701.

IV. ADMINISTRATION

Owen Larkin is the Nursing Home Administrator of the Health Care Center and is responsible for the day-to-day management of the nursing facility and CCRC and all patient/resident care on behalf of Scenery Hill Nursing and Rehabilitation LLC.

V. AFFILIATIONS

Scenery Hill is not affiliated with a religious, charitable, or other nonprofit organization.

VI. DESCRIPTION OF PROVIDER

The Provider is Scenery Hill Nursing and Rehabilitation LLC, which is a Pennsylvania LLC. Scenery Hill is owned by one Member, Akiko Ike (the "Member"), the Member owns 100% of the membership interests in the Company. The property on which the facility is located is owned by OHI Asset (PA), LP, a Maryland limited partnership. OHI Asset (PA), LP leases the real estate to Scenery Hill. Scenery Hill Nursing and Rehabilitation LLC has no affiliation or relation with OHI Asset (PA), LP.

The Provider leases the real estate on which the independent living unit is located from the Housing Authority of Indiana County. The independent living unit is known as Scenery Hill Manor. The name of the property on which Scenery Hill Manor is situated is Morewood Towers and is located at 101 Morewood Avenue, Blairsville, PA 15717. Morewood Towers is located within 14 miles from Scenery Hill Nursing and Rehabilitation LLC. Scenery Hill Nursing and Rehabilitation LLC has no affiliation or relation with the Housing Authority of Indiana County.

Accordingly, Scenery Hill Nursing and Rehabilitation LLC has not entered into any long-term indebtedness related to any property.

VII. SERVICES

Scenery Hill is a senior community incorporating skilled nursing care (56-beds) and an independent living unit (1-unit). The facility is located at 680 Lions Health Camp Road, Indiana, PA 15701. The skilled nursing facility is a one-story wood-framed structure with brick veneer exterior encompassing 17,564 square feet. The Independent Living Unit is located at 101 Morewood Avenue, Blairsville, Pennsylvania 15717.

Services are provided to the Continuing Care Resident of the Independent Living Unit in return for the payment of an Entrance Fee and a Monthly Fee.

Leased Premises Appliances Provided:

Refrigerator/Freezer
Stove
Kitchen Sink
Smoke Detector
24-hour emergency call system
Microwave

The following services will be provided at no additional cost as part of the Monthly Fee:

Services Included in Monthly Fee:

Trash and Recycling;
Water and Sewage;
Gas;
Electric;
Lawn Care;
General Landscaping;
Snow Removal;
Maintenance of the unit and common area;
Community Activities (Campus Outings, Chaplain Services, Walking Courses, Evening Activities, etc.);
Real Estate Taxes; and
Insurance on all independent living units (covering property owned by the Corporation, but not resident personal property).

The following products and services are not included under the Residency Agreement but are available to Continuing Care Residents for an additional charge at the MAIN CAMPUS:

Services Available for an Additional Charge:

Physical Therapy	Current Medicare Fee Schedule + 50%
Occupational Therapy	Current Medicare Fee Schedule + 50%
Speech Therapy	Current Medicare Fee Schedule + 50%
Vaccines	Current Medicare Fee Schedule + 50%

CPAP Rental	$4.00 per day
Bi-PAP Rental	$5.00 per day
Incontinence Care	$15.00 per day
Urological	Current Medicare Fee Schedule + 50%
Wound Care	Current Medicare Fee Schedule + 50%
Parenteral/Enteral Nutrition	Current Medicare Fee Schedule + 50%
Tracheostomy Care and Supplies	Current Medicare Fee Schedule + 50%
Other Medical Supplies	Current Medicare Fee Schedule + 50%
Prescription Drugs	Facility Cost
Over the Counter Drugs	Facility Cost
IV Therapy Equipment/Supplies	Facility Cost
Laboratory	Current Medicare Fee Schedule + 50%
X-Ray	Current Medicare Fee Schedule + 50%
Specialty Wheelchair	$10.00 per day
Specialty Mattress	$20.00 per day
Specialty Bed (e.g., bariatric)	$20.00 per day
Air Fluidized Wound Therapy Bed	$82.50 per day
Transportation Van	$35.00 one-way trip + $2.00 per mile $70.00 round trip + $2.00 per mile
Ambulance with or without oxygen	Refer to your individual insurance plan

Beauty / Barber

Men's Cut	$9.00	Set/ Style	$7.00
Ladies" Cut	$10.00	Wash/Set/Style	$12.00
Perm	$40.00	Cut/Wash/Set	$18.00
Color	$18.00	Shampoo	$5.00
Rinse	$5.00	Beard Trim	$3.50
Mustache Trim	$3.00		

Resident Meals
$3.00 / Routine Meal or $6.00 / Holiday Meal

Guest Meals
$3.00 / Routine Meal or $6.00 / Holiday Meal

Scenery Hill independent living leases are not life-care contracts. Residents moving from independent living to skilled nursing are responsible for paying the per-diem rates at the skilled nursing center. While residents who move from independent living to the skilled nursing facility are responsible for the per diem charges at that level of care, they are provided priority admission as part of their independent living resident agreements. *See*, Scenery Hill Nursing and Rehabilitation LLC Independent Living Resident Agreement attached hereto as **Tab B2**.

VIII. FEES AND CHARGES – as of December 31, 2025

30 days' notice will be provided for any increases in rates and will be distributed to all CCRC residents and will be attached to the back of this Disclosure Statement as Supplement "A".

Please note: An amount equal to 5% of the total established Entrance Fee will be collected as a Reservation Fee prior to the date of occupancy by any resident.

Services are provided to Continuing Care Residents of the Independent Living Unit of Scenery Hill in return for payment of an Entrance Fee and Monthly Fee.

Reservation Fee and Entrance Fee

The Entrance Fee is an initial, one-time charge to Continuing Care Residents in the amount of $10,000.00. The Entrance Fee shall not increase in the event of Double Occupancy. The prospective Resident will pay a Reservation Fee equal to 5% of the Entrance Fee at the time of submitting the application for an Independent Living Unit. The balance of the Entrance Fee is owed by the Resident on the Designated Date of Occupancy or upon occupancy, whichever is the earliest to occur. The Reservation Fee is applied as a credit toward the remaining balance of the Entrance Fee.

The Entrance Fee shall be amortized and earned by the Community at the rate of twenty (20%) percent each year after the first year for a period of 5 years after the first year from the date of occupancy. At the conclusion of the 5-year amortization period, the Entrance Fee shall be earned by the Community. 20% of the entrance fee is considered earned by the Community on the first day the resident occupies the unit.

All Entrance Fee payments shall be refunded within sixty (60) days to the Resident if a Resident rescinds the Residency Agreement within seven (7) days of signing the Residency Agreement by signing the attached Notice of Right to Rescind and delivering it to Scenery Hill Nursing and Rehabilitation. In the event of termination of the Residency Agreement due to the Resident's death before the designated occupancy date; or in the event a Resident is precluded from taking occupancy because of illness, injury, or incapacity prior to the designated occupancy date, a full refund of any payments, less any amounts deducted to cover expenses incurred by Scenery Hill for any upgrades or improvements as requested by the Resident, will be made within sixty (60) 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 occupancy date, while not precluded from taking occupancy by illness, injury, incapacity, or death; a full refund of the Entrance Fee payments, less any amounts deducted to cover expenses incurred by Scenery Hill for any upgrades or improvements as requested by the Resident, will be made within sixty (60) days of receipt of Resident's written request, in accordance with the refund provisions of the Residency Agreement. Where two or more individuals have signed the Residency Agreement for multiple occupancy, the death of one Resident shall not constitute termination of the Residency Agreement, and no refund shall be due. Residents should refer to the Residency Agreement for further details on the refund policy before occupancy.

In the event of termination for any reason after occupancy, the Resident will be entitled to a refund of any unamortized portion of the Entrance Fee, less deductions for any amounts necessary to cover costs incurred by Scenery Hill to refurbish, restore, or repair the residential unit in the event of unreasonable wear and tear, and/or costs incurred at the specific request of Resident, and/or any unpaid charges. All refunds shall be paid to Resident or Resident's estate in accordance with the Residency Agreement.

Monthly Fee

The current Monthly Fee for continuing care residents is $585.00. The Monthly Fee shall not increase in the event of Double Occupancy.

Scenery Hill Nursing and Rehabilitation LLC may periodically increase the amount of the Monthly Fee. Residents are provided at least 30-days written notice of any Monthly Fee changes.

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

Charges for Additional Services

Scenery Hill Nursing and Rehabilitation LLC offers products and services not included under the Residency Agreement but available to Continuing Care Residents for an additional charge. Residents are responsible for payment of all additional products and services provided by Scenery Hill that are not included under the Residency Agreement.

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

Additional Charges for Nursing Care Services

Residents have the right to occupy their Independent 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 the Skilled Nursing Facility at Scenery Hill. Admission to Scenery Hill Skilled Nursing Facility is contingent upon the Resident meeting the admission criteria and a physician's certification. Upon admission to the Skilled Nursing Facility, Resident pays the applicable daily rate for the level of care provided and must continue to pay the Monthly Fee for their Independent Living Unit until such time as the Resident is permanently transferred. In cases where Resident is a couple, and one individual is permanently transferred to the Skilled Nursing Facility, the remaining resident will retain the right to occupy the Independent Living Unit so long as the remaining resident continues to pay the applicable Monthly Fee for their living unit.

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

Skilled Nursing Facility Daily Room & Board Rates:

Private Room: $325 per day; Semi-Private Room: $300 per day.

Dollar Increases in Rates Over the Last 5 Years
(Began Operating Under Current Ownership in 2023)

	2023	2024	2025	2026	2027
SNF	0	0	0		
IL	0	335	0		

IX. RESERVE FUNDING

Scenery Hill will maintain such liquid reserves as are required by the Continuing Care Provider Registration and Disclosure Act (hereinafter "Act"). These funds are invested in financial instruments that are easily converted to cash such as Certificates of Deposit insured by insurance financial institutions, money market funds issued by a regulated investment company, other acceptable securities, and commercial paper to assure liquidity. Akiko Ike is responsible for investing these funds, however, the Administrator, Owen Larkin, reviews/evaluates and makes changes as appropriate.

X. CERTIFIED FINANCIAL STATEMENT

The Audited Financial Statements for 2025 are attached hereto at **Tab B3**.

In addition, a spreadsheet comparing the 2025 budget to the actual results for 2025 are attached hereto at **Tab B4**. The spreadsheet includes a narrative statement highlighting the material differences between the 2025 budget to the actual results for 2025. Finally, the spreadsheet contains Scenery Hill's budget for 2026.

XI. RIGHT TO RESCIND

Prospective residents have the right to cancel the resident agreement by following the terms outlined in the notice attached as **Tab B5**.

XII. ADMISSIONS AGREEMENT

A copy of the independent living resident agreement is attached hereto as **Tab B2**.

XIII. ESCALATION OF RENTS

Charges that are paid in one lump sum shall not be increased or changed during the duration of the agreed upon care, except for changes by State or Federal assistance programs.

RECEIPT

The undersigned hereby acknowledges delivery and receipt of Scenery Hill Nursing and Rehabilitation LLC's Disclosure Statement dated _____ and all attachments including a copy of the Independent Living Resident Agreement and the Notice of Right to Rescind.

_____
Signature of Resident

_____
Signature of Co-Resident (if applicable)

_____
Signature of Responsible Party / Family Member (if applicable)

_____
Date

TAB B1

Brief Biographical Descriptions:

Owen T. Larkin, MBA, NHA is the current Executive Director / Nursing Home Administrator for Scenery Hill Nursing and Rehabilitation LLC. Owen graduated from Mount Saint Mary's University in Emmitsburg, Maryland in 1987 with a Bachelor of Science Degree in Business & Finance. Owen also graduated from Saint Francis University in Loretto, Pennsylvania in 2008 with a Master of Business Administration Degree in Finance. In addition, Mr. Larkin earned his Certified Dementia Specialist Certificate in Indiana, Pennsylvania in 2005. Mr. Larkin obtained his Nursing Home Administrator's License from the PA Department of Professional and Occupational Affairs in Harrisburg, PA in 2008. Mr. Larkin has over two decades of experience in the Healthcare Industry, including nineteen years in Administration as an Assistant Administrator, Nursing Home Administrator, and Executive Director. His employment record includes the role of Assistant Administrator at The Commons at Squirrel Hill and Laurel Crest Manor; Nursing Home Administrator roles at Cambia Care Center, Extendicare Greensburg, and HCR ManorCare Donahoe Bedford and Executive Director positions with WRC / Laurelbrook Landing, QLS Apollo, QLS Westmont, and his position with Scenery Hill. Mr. Larkin's professional achievements include being chosen as the 2019 ACHCA Eli Pick Leadership in Healthcare award winner, winning three AHCA Quality Service Awards, four US News and World Reports "Best Nursing Homes in the Country" awards and a Chamber of Commerce "Excellence in Business" Award.

Dr. Eric Heasley is the current Medical Director for Scenery Hill Nursing and Rehabilitation LLC. Dr. Heasley obtained his Medical License from the Commonwealth of Pennsylvania Department of State Bureau of Professional and Occupational Affairs in 1998. He has served as the Medical Director for Scenery Hill for over a decade. Dr. Heasley personally visits the Facility weekly to meet with residents and to attend required committee meetings.

TAB B2

SCENERY HILL NURSING AND REHABILITATION LLC
INDEPENDENT LIVING LEASE AGREEMENT

TABLE OF CONTENTS

DEFINITIONS OF WORDS AND PHRASES……..Section A

SECTION 1: LIVING ACCOMMODATIONS AND FACILITIES

- **1.1 Living Accommodations and Term**
- **1.2 Common Facilities**
- **1.3 Health Care Center**
- **1.4 Designated Occupancy Date**

SECTION 2: SERVICES

- **2.1 Utilities**
- **2.2 Assessments**
- **2.3 Telephone**
- **2.4 Cable Television**
- **2.5 Maintenance and Repair of Equipment**
- **2.6 Maintenance of Grounds**
- **2.7 Insurance**
- **2.8 Administration**
- **2.9 Foods and Meals**
  - **(a) Resident Meals**
  - **(b) Guest Meals**
- **2.10 Housekeeping**
- **2.11 Transportation**
- **2.12 Parking**
- **2.13 Additional Miscellaneous Services**
- **2.14 Changes in Service**

SECTION 3: HEALTH CARE SERVICES

- **3.1 The Health Care Center**
- **3.2 Emergency Health Care Services**
- **3.3 Temporary Nursing or Companion Services in the Living Unit**
- **3.4 Hospitalization**
- **3.5 Accident or illness Away from Community**
- **3.6 Mental Illness and Other Limitations on Care**
- **3.7 Costs in the Health Center**
  - **(a) Exclusions (not covered by Monthly Fee)**
  - **(b) Ancillary Services**
  - **(c) Living Unit Reservation Costs**
    - **(i) Temporary Transfer**
      - **(A) Single Occupancy**
      - **(B) Double Occupancy**
    - **(ii) Permanent Transfer**
      - **(A) Single Occupancy**

(B) Double Occupancy

SECTION 4: FEES

4.1 Entrance Fees
4.2 Use of Entrance Fee
4.3 Fee for Optional/Additional Furnishings or Appliances
4.4 Monthly Fee
(a) Amount
(b) Payment and Due Date
4.5 Other charges
4.6 Co-Resident's Fee Responsibility
4.7 Service Charge for Late Payment
4.8 Disclosure of Financial Information
4.9 Comment RE: 40 P.S. Section 3214(a)(11)

SECTION 5: CIRCUMSTANCES UNDER WHICH RESIDENT WILL BE PERMITTED TO REMAIN IN UNIT IN THE EVENT OF FINANCIAL DIFFICULTIES

5.1 Inability to Pay -- Deductions From Any Unamortized Portion of the Entrance Fee

SECTION 6: MARRIAGE AND/OR ADDITIONAL OCCUPANTS

6.1 Non-Resident
6.2 Other Living Unit resident

SECTION 7: TERMINATION OF AGREEMENT

7.1 Termination by Resident
(a) Rescission Period
(b) Prior to Occupancy
(c) After Occupancy
(d) Inability to Occupy Due to Illness or Death
7.2 Termination by Community
(a) Prior to Occupancy
(b) After Occupancy
7.3 Termination by Death
7.4 Surrender

SECTION 8: LEVEL OF CARE TRANSFERS OR TRANSFERS TO AN OUTSIDE FACILITY

8.1 Conditions of Living Unit Occupancy
8.2 Decision to Transfer
(a) Authority to Transfer
(b) Role of Community's Medical Director
8.3 Transfer Within the Community's Facilities
(a) Transfer to the Health Center

8.4 Transfer to Hospital or Other Outside Facility
8.5 Costs Related to Transfer to an Outside Facility
(a) Single Occupancy
(b) Double Occupancy
8.6 Release of or Return to Living Unit After Transfer
(a) Temporary Transfer
(b) Permanent Transfer

SECTION 9: REFUND OF ENTRANCE FEE

9.1 Termination Before Occupancy
9.2 Termination for Any Reason Other Than Death
9.3 No Accrual of Interest
9.4 Conditions and Due Date for Refund Payments
9.5 Distribution of Refund Upon Death

SECTION 10: LIMITED OPTION TO MOVE TO ANOTHER LIVING UNIT

10.1 Option After Occupancy
10.2 Costs of Election to Move
10.3 Option to Move

SECTION 11: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

11.1 Legal Guardian
11.2 Will and Funeral Arrangements
11.3 Advance Directives
(a) Power of Attorney
(b) Living Will

SECTION 12: RIGHTS AND OBLIGATIONS OF RESIDENT

12.1 Right of Self-Organization
12.2 Right to Receive Disclosure Statements
12.3 Guest Privileges
12.4 Rights to Property/Subordination
12.5 Inspection of Living Unit and Right of entry
12.6 Housekeeping/Housecleaning Responsibilities
12.7 Health Insurance and Third-Party Payments
(a) Required Insurance
(b) Assignment of Required Insurance and Third-Party Payments
12.8 Automobile Insurance
12.9 Reduction of Income or Other
12.10 Medical Examinations
12.11 Responsibility for Property Damage to Community
(a) Responsibility for Condition of Living Unit Upon Termination
(b) Property Damages Caused by resident
12.12 Release Regarding Conduct of Other Residents or Guests
12.13 Responsibility for Resident's Personal property
12.14 Rules, Regulations, Policies and Procedures
12.15 Rights of Resident Are Personal and Non-Transferable

SECTION 13: AVERAGE ANNUAL COST OF PROVIDING SERVICES

SECTION 14: SEVERABILITY

SECTION 15: ACTS IF FORBEARANCE

SECTION 16: ENTIRE AGREEMENT

SECTION 17: INDEMNIFICATION

SECTION 19: SUBROGATION

SECTION 19: NOTICE

SECTION 20: MISCELLANEOUS PROVISIONS

- **20.1 Resident's Continuing Disclosure Obligation**
- **20.2 Receipt of Disclosure Statement and Resident Handbook**
- **20.3 Community's Modification of Agreement and Policies**
- **20.4 Binding Effect**
- **20.5 Governing Law**
- **20.6 Non-Waiver of the Continuing Care Provider Registration and Disclosure Act of 1984**

NOTICE OF RIGHT TO RECIND

DEFINITIONS OF WORDS AND PHRASES

SECTION A

ADDITIONAL OCCUPANT: An individual who, after Resident takes occupancy applies and is accepted for admission to the Community to occupy as a Co-Resident the living unit.

ASSIGNMENT OF INSURANCE: The granting of authority to the Community to apply for and collect insurance benefits from Resident's insurance carrier(s) for services furnished to Resident or on Resident's behalf by Community.

EXECUTIVE DIRECTOR: The individual responsible for the day-to-day operations of the Community.

CONTINUING CARE: The provision by the Community of living accommodations and care for Resident in a living unit and, if available, in the Health Center, until termination of this Agreement.

CO-RESIDENT: One of two individuals who signs as Resident to occupy initially one living unit.

DESIGNATED OCCUPANCY DATE: The date designated by the Community on which Resident must accept occupancy of the living unit.

DOUBLE OCCUPANCY: Two individuals initially residing in a living unit as co-Residents.

DOUBLE OCCUPANCY FEE: The additional fee for a second occupant of the living unit. This charge is included in the Monthly Fee.

ENTRANCE FEE: The charge for admission to the Community. The amount of the Entrance Fee is based on the type of the living unit.

HEALTH CENTER: The licensed skilled nursing care facility of the Community.

LIVING ACCOMMODATION: The living unit or nursing care bed provided for occupancy by Resident.

LIVING UNIT: A room or combination of rooms in the Community provided for occupancy by Resident that does not include the nursing facility.

MEDICAL DIRECTOR: The physician designated by the Community to supervise the medical affairs of the Community and residents.

MONTHLY FEE: The monthly charge for occupancy of a living unit. The amount of the Monthly Fee is based on the number of occupants and the size of the living unit. In situations of double occupancy, it includes the Double Occupancy Fee.

OCCUPANCY: The right to possession and use of the living accommodation.

DAILY ROOM AND BOARD RATE: The daily charge for routine health care services. It does not include charges for ancillary or miscellaneous services. Routine health care services are in semi-private accommodations. There is an additional charge for private accommodations.

RATE SCHEDULE: The Community publication reflecting current charges for services rendered by Community.

REFURBISHMENT FEE: The charge for transferring and moving from the living unit designated under this Agreement to another living unit.

RESERVATION FEE: The fee paid for placement of applicant's name on the Waiting List which assures priority access to the designated living unit over other applicants.

RESIDENT HANDBOOK: The Community publication reflecting the rules, regulations, policies and administrative procedures of the Community. Resident is obligated to comply with the Community's 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.

SINGLE OCCUPANCY: One individual initially residing in the living unit.

SURRENDER: To cease to occupy a living accommodation, to remove all possessions from it, and to return all keys for it.

THE COMMUNITY
INDEPENDENT LIVING
RESIDENT AGREEMENT

THIS RESIDENCY AGREEMENT (called "Agreement"), made this _____, 20__ between Scenery Hill Nursing and Rehabilitation LLC d/b/a Scenery Hill Nursing and Rehabilitation (also called "Community" or "Scenery Hill") and _____ (called "Resident", and when two individuals sign this Agreement for double occupancy, they are called collectively "Resident: where the context permits, and individually "Co-Resident) for admission of Resident to the Community for occupancy.

RECITALS:

The Community consisting of a licensed health care facility and independent living units for residents who do not require nursing facility services; and,

Resident has applied for admission to the Community; and,

The Community has reviewed and accepted Resident's application subject to the execution of this Agreement.

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

SECTION 1: LIVING ACCOMODATIONS AND FACILITIES

1.1 Living Accommodations and Term.

The Community shall provide Resident with the living accommodations, specifically unit number _____ located at 101 Morewood Avenue, Blairsville, Pennsylvania 15717 (hereinafter "Unit"). The main campus and skilled nursing facility, commonly known as Scenery Hill Nursing and Rehabilitation, has a mailing address of 680 Lions Health Camp Road, Indiana, PA 15701. The Community shall provide Resident with access to the Unit and 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 Common Facilities.

Resident may use in common with others the social and recreational facilities, grounds, and other facilities provided by the Community for all residents.

1.3 Health Care Center

The Community shall operate a skilled nursing facility at 680 Lions Health Camp Road, Indiana, PA 15701 commonly known as Scenery Hill Nursing and Rehabilitation for the delivery of healthcare services, which shall be available on a priority access basis to Residents whose care needs meet licensure requirements for this level of care as determined by the Community subject to State and Federal review (hereinafter

"Health Center").

1.4 Designated Occupancy Date.

The Community expects that a placement will be available for Residents occupancy _____ (the "Designated Occupancy Date"). The obligation to pay the Monthly Fee shall begin on the Designated Occupancy Date or upon occupancy, whichever is earlier. The Reservation Fee will be due upon the Community's approval of Resident's application or at such other time as is designated by the Community, however the remainder of the Entrance Fee is not due until the date of occupancy.

SECTION 2: SERVICES

2.1 Utilities.

The Community shall provide trash and recycling, water and sewage, gas, and electric. These services are included in the Monthly Fee.

The Community reserves the right to establish maximum usage levels on utilities, and to charge Resident for any excessive or unreasonable usage.

2.2 Assessments.

The Community may be assessed real estate taxes. Real estate taxes are included in the monthly fee. Monthly fee adjustments will reflect any increase in future assessments. Payment of a pro-rata portion of any real estate tax assessment does not give the Resident any interest in the land, improvements, or real estate of the Community.

2.3 Telephone.

The Community shall provide each Resident with access to basic telephone service. All basic telephone service charges, including connection charges, are not included in the Monthly Fee and shall be paid by Resident.

2.4 Cable Television.

The Community shall provide each Resident with a hookup for basic cable television. All charges for basic cable television services are included in the Monthly Fee and shall be paid by the Community.

2.5 Maintenance and Repair of Equipment.

The Community shall provide necessary repairs, maintenance and replacement of the Community's property, equipment, and appliances. Repairs, maintenance, and replacement of resident's property and furnishings shall be the responsibility of Resident and are not included in the Monthly Fee. Redecoration will be at the discretion of the Community and will be implemented as part of the Community's preventive maintenance program and is included in the Monthly Fee.

2.6 Maintenance of Grounds.

The Community shall provide grounds keeping, lawn care, snow removal and grounds lighting. These services are included in the Monthly Fee.

2.7 Insurance.

The Community shall provide insurance on the Community's property only. Resident is responsible to insure personal property and for the cost of such insurance.

2.8 Administration.

The Community shall provide administrative support services to implement the provisions of this Agreement. Administrative services are included in the Monthly Fee.

2.9 Food and Meals.

(a) Resident Meals. Three daily meals per resident will be available at the main campus and will be available at an additional charge. *See* Disclosure Statement.

(b) Guest Meals. Guest meals will be available at the main campus as an additional charge at rates determined by the Community. *See* Disclosure Statement.

2.10 Housekeeping.

The Community shall make available a limited housekeeping service, which will be available at an additional charge to the Monthly Fee.

2.11 Transportation.

The Community shall make available local transportation service in accordance with the schedule established by the Community for an additional fee. *See* Disclosure Statement.

2.12 Parking.

The Community shall provide one parking space for each living unit. Authorization for parking is contingent upon Resident registering the automobile with the Community.

2.13 Additional Miscellaneous Services.

Other miscellaneous services are available at the main campus at an additional charge and are not included in the Monthly Fee. *See* Disclosure Statement.

2.14 Changes in Service.

The Community reserves the right to alter services and will provide thirty (30) days advance notice of any changes in services.

SECTION 3: HEALTH CARE SERVICES

3.1 The Health Center

The Community shall operate the Health Center and shall make available on a priority access basis and at an additional charge routine health care for temporary or permanent illnesses. Resident shall sign an Admission Agreement upon transfer to the health facility. There is no guarantee that space will be available in the Community's Health Center at such time as the resident may require nursing care services. In the event of a permanent transfer of the resident to the Health Center, any unamortized portion of the Entrance Fee shall be promptly refunded to the resident, less any amounts

deducted to cover costs incurred by the Community to refurbish, restore or repair the living unit in the event of unreasonable wear and tear, or to cover costs incurred at the specific request of Resident, or to satisfy unpaid charges.

3.2 Emergency Nursing Services.

Emergency nursing intervention or initial nursing assessment by the Community in the event of an accident/emergency is available and will be provided at no additional cost.

3.3 Temporary Nursing or Companion Services in the Living Unit.

The use of private duty nurses, companions or individuals providing personal services must be approved in writing by the Community. All private duty nurses or companions must provide the Community with an appropriate Release and Indemnification Agreement, as well as proof of liability insurance as a condition of the Community's approval. Resident must make all arrangements and is responsible to pay the cost for such services. To the extent required by law, Resident may be required to provide worker's compensation insurance. The Community reserves the right to approve/disapprove all nurses and companions and to prohibit the use of such services.

3.4 Hospitalization.

The Community does not provide hospital or acute care. The Community will arrange for the prompt transfer of Resident to a hospital on order of a physician. The costs of ambulance or emergency transportation for transfer to a hospital or other acute care provider and the costs of such hospitalization and acute care are not included in this Agreement and shall be the responsibility of resident.

3.5 Accident or Illness Away from the Community.

In the event Resident suffers an accident or illness while away from the Community, and resident relies on health care and support services available in the area where the accident or illness occurred, Resident's health insurance or other personal resources available to Resident must be used for payment for such services.

3.6 Mental Illness and Other Limitation on Care.

The Health Center is not designed to care for persons who are afflicted with serious mental illness or who require specialized psychiatric care or services not authorized or permitted under the Health Center licensure regulations. If the Community determines that Resident's mental or physical condition is such that resident's, or in the case of double occupancy, one Co- Resident's continued presence in the Community is either dangerous or detrimental to the life, health, safety of resident, or in the care of double occupancy, a Co-Resident, or other residents or the peaceful enjoyment of the Community by other residents, the Community may transfer Resident or in the case of double occupancy a Co-Resident, to an appropriate outside care facility. The Community's determination shall be made in writing and signed by the Medical Director and the Executive Director or designee of the Community. If the transfer is for a temporary period, then the Resident shall continue to pay the applicable Monthly Fee and also shall be responsible to pay for the cost of Resident's or in the case of double occupancy, Co-Resident's care in such other facility. If the transfer is to be permanent, then the termination provisions of this Agreement shall apply, except that only such

notice of termination as is reasonable under the circumstances shall be given in any situation where the resident is a danger to self or others, or to the health, safety, or peace of the Community.

3.7 Costs in the Health Center.

(a) Exclusions (not covered by the Monthly Fee). There will be an additional charge for all personal, medical, health and nursing care services. The cost of nursing care services are not included in the Monthly Fee, and Resident shall be responsible to pay the charges and costs for all health and related services, including, but not limited to routine nursing care services in the Health Center, therapist, or rehabilitation services, physician services, diagnostic services, dental services, drugs and medications, private duty nurses or companions, care for psychiatric conditions, podiatry, refractions, eyeglasses, hearing aids, orthopedic appliances, incontinence supplies, specialized treatment or any other health or medical service not provided under this Agreement. Resident shall pay the Daily Room and Board Rate for Health Center services as that charge is reflected in the Description of Current Charges and Fees in the Community's Disclosure Statement. The Community, not Resident, shall be liable to another health care provider (including an employee or subcontractor of the Community) for health care services that the Community agrees to furnish under this Agreement in consideration of Resident's payments of the Entrance Fee and other periodic fees.

(b) Ancillary Services. All miscellaneous charges and fees for ancillary services not covered or included in the Daily Room and Board Rate are an additional charge and shall be paid by resident. A description of the routine healthcare services covered by and included in the Daily Room and Board Rate and ancillary services not covered by or included in the Daily Room and Board Rates are contained in the Community's current Disclosure Statement.

(c) Living Unit Reservation Costs. Resident shall pay the then current Daily Room and Board rate for services at the Health Center as reflected in the Disclosure Statement and the charges for reserving the living unit as set forth below.

(i) Temporary Transfer.

(A) Single Occupancy. During any period of temporary transfer, resident shall be charged and shall pay the Daily Room and Board Rate for routine care at the health center and any other additional charges for ancillary or miscellaneous services in the Health Center, and shall continue to pay the then current applicable Monthly Fee for reservation of the living unit. There will be no reduction in the Monthly Fee upon temporary transfer to the Health Center. The Community reserves the right to declare the transfer permanent at any time in accordance with Section 8.2 of this Agreement.

(B) Double Occupancy. During the period of temporary transfer, the Co-resident in the Health Center shall be charged and shall pay the then current Daily Room and Board Rate for routine nursing care, and any other additional charges for ancillary or miscellaneous services. The Co-Resident remaining in the living unit shall be charged and shall pay the Monthly Fee for Single Occupancy. In the event

both Co-residents are temporarily transferred, each Co-resident shall be charged and shall pay the Daily Room and Board Rate for nursing care services and any additional charges for ancillary or miscellaneous services in the Health Center, and collectively shall be charged and shall pay the then current Monthly Fee for Single Occupancy. Each Co-resident remains jointly and severally liable for each other's charges. The Community reserves the right to declare any transfer permanent at any time in accordance with Section 8.2 of this Agreement.

(ii) Permanent Transfer.

(A) Single Occupancy. Upon the permanent transfer of Resident to the Health Center, and subsequent surrender of the Living Unit, the obligation to pay the Monthly Fee shall cease, and the Resident shall pay only the Daily Room and Board Rate for nursing care services. Any unamortized portion of the entry fee shall be promptly refunded to the resident in the case of permanent transfer.

(B) Double Occupancy. At the time one Co-Resident is permanently transferred to the Health Center, the Monthly Fee for the living unit shall be reduced to the Monthly Fee for Single Occupancy. The Co-resident in the Health Center shall be charged and shall pay the applicable Daily Room and Board Rate for routine nursing care and any additional charges for ancillary or miscellaneous services, and the Co- Resident remaining in the living unit shall be charged and shall pay the Monthly Fee for Single Occupancy. In the event both Co-Residents are permanently transferred to the Health Center, each Co-Resident shall be charged and shall pay the Daily Room and Board Rate for nursing care services and any other additional charges for ancillary or miscellaneous services. Each obligation to pay the Monthly Fee shall cease upon permanent transfer of both Co-residents and surrender of the living unit. When both Co-Residents are permanently transferred to the Health Center, any unamortized portion of the entrance fee shall be promptly refunded.

SECTION 4: FEES

4.1 Reservation and Entrance Fees.

a) Reservation Fee. Resident shall pay the sum of five (5%) percent of the Entrance Fee to the Community, as a Reservation Fee upon the Community's approval of Resident's application or at such other time as is designated by the Community. If Resident accepts occupancy of the living unit on or before the Designated Occupancy Date, _____ the Reservation Fee payment will be credited towards the initial Entrance Fee payment. Failure to accept occupancy on or before the Designated Occupancy Date may result in the termination of this Agreement and the loss of all rights to occupancy. However, a full refund will be issued if Resident terminates this agreement within seven days of executing it, as per the terms of the attached Notice of Right of Rescission, and under no circumstances will Resident be required to occupy a unit earlier than seven days after executing this Agreement as per the terms of 40 P.S. § 3214(b). In addition, in the event Resident dies before the occupancy date, or through illness, injury, or incapacity is precluded from becoming a resident under the terms of this Agreement, this agreement is automatically rescinded, and a full refund shall issue to Resident, Resident's legal representative, or

Resident's estate as the case may be as per the terms of 40 P.S. § 3214(c).

b) Entrance Fee. Resident shall pay to the Community the sum of $ _____ as an Entrance Fee. The Entrance Fee or any portion of the Entrance Fee in excess of 5% of the Entrance Fee will not be accepted prior to the date of occupancy by the resident even though this Agreement may have been executed in advance of that date. The Entrance Fee shall not increase in the event of Double Occupancy. In the event of termination for any reason after occupancy, the Resident will be entitled to a refund of any unamortized portion of the Entrance Fee, less deductions for any amounts necessary to cover costs incurred by Scenery Hill to refurbish, restore, or repair the residential unit in the event of unreasonable wear and tear, and/or costs incurred at the specific request of Resident, and/or any unpaid charges.

4.2 Use of Entrance Fee.

The entire Entrance Fee after payment shall be used by the Community for any corporate purpose and in any manner deemed appropriate by the Community in its sole and absolute discretion consistent with law. No portion of the Entrance Fee shall be held in Trust for Resident and the Community assumes no fiduciary obligations to resident with respect to any amounts paid for admission to or continued occupancy in the Community. However, any unamortized portion of the Entrance Fee shall be refundable to the resident should the resident elect to cancel this Agreement or if the resident moves to a higher level of care or if this Agreement is otherwise properly cancelled pursuant to its terms.

The Entrance Fee shall be amortized and earned by the Community at the rate of twenty (20%) percent each year after the first year for a period of 5 years after the first year from the date of occupancy. At the conclusion of the 5-year amortization period, the Entrance Fee shall be earned by the Community. 20% of the entrance fee is considered earned by the Community on the first day the resident occupies the unit.

4.3 Fee for Optional/Additional Furnishings or Appliances. If applicable, the fee of $_____ for any optional or additional furnishings or appliances, must be paid on or before the Designated Occupancy Date or prior to occupancy, whichever is earlier.

4.4 Monthly Fee.

(a) Amount. Resident shall pay to THE COMMUNITY a Monthly Fee of $ _____ in advance each month for **SINGLE** occupancy of the living unit. The amount of the Monthly Fee shall not increase in the event of Double Occupancy. 30 days prior written notice shall be provided prior to an increase in the Monthly Fee.

(b) Payment and Due Date. Payment of the first Monthly Fee is due on the date Resident accepts occupancy or the Designated Occupancy Date, whichever is earlier. The Monthly Fee shall be pro-rated if Resident assumes occupancy after the first of the month. Resident shall receive a monthly invoice on or about the third day of each subsequent month. All subsequent Monthly Fee payments are due on the seventh day of each month thereafter. If subsequent Monthly Fee or other charges for care or for

miscellaneous or ancillary services are not paid within thirty (30) days of the due date, then, subject to Section 5 of this Agreement or as it may be periodically revised, the Community may elect to exercise its available rights and remedies under this Agreement, including termination.

4.5 Other Charges.

The monthly invoice shall reflect all other charges for routine nursing care and for miscellaneous, ancillary, or other services in addition to the Monthly Fee. Payment for all other charges also is due on or before the seventh day of the month of the receipt of the invoice.

4.6 Co-Resident's Fee Responsibility.

In situations of Double Occupancy, each Co-Resident, shall be jointly and severally liable for all payments due under this Agreement. If one Co-Resident dies or leaves the facility, the remaining Co-Resident shall be responsible for payment of the applicable Monthly Fee and any other charges.

4.7 Service Charge For Late Payment.

A service charge of one and one-quarter (1 ¼%) percent per month will be added to amounts past due in excess of thirty (30) days. Resident is obligated to pay all actual attorney's fees and costs relative to the collection of any amounts past due in excess of ninety (90) days.

4.8 Disclosure of Financial Information.

THE COMMUNITY reserves the right to require Resident upon request to update the financial information disclosed in the application for admission.

4.9 Comment RE: 40 P.S. Section 3214(a)(11)

Pursuant to 40 P.S. Section 3214(a)(11), to the extent this Agreement contains charges for care paid in one lump sum, they 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 addition, the Community shall not seek to enter into any addendum to this Agreement which will seek to alter any lump sum payment for care made or which seeks to charge a lump sum payment for care.

SECTION 5: Circumstances Under Which Resident Will be Permitted to Remain in Unit in the Event of Financial Difficulties

5.1 Inability to Pay -- Deductions from any Unamortized Portion of the Entrance Fee.

If Resident's income and assets are no longer sufficient to pay the Monthly Fee and any other financial obligations under this Agreement, then the Community shall deduct from any funds otherwise due Resident as a refund, amounts necessary to fulfill all of Resident's financial obligations under this Agreement. Resident hereby authorizes such deductions from any unamortized portions of the Entrance Fee. The Community shall make such deductions from any refunds otherwise due under this Agreement at such

time as any amounts due the Community under this Agreement have been unpaid for more than thirty (30) days from the payment due date. The Community 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 resident until all funds otherwise due Resident as a refund have been exhausted and paid to the Community. The Community offers no other financial assistance to the resident and reserves the right to terminate this Agreement should the resident exhaust all financial resources.

SECTION 6: MARRIAGE AND/OR ADDITIONAL OCCUPANTS.

6.1 Non-Resident.

In the event that a single resident wishes to marry or have another person not admitted to the Community under a Residency Agreement share Resident's living unit as a Co-Resident, the proposed Additional Occupant must file an application for admission and meet all age, medical and other requirements for admission applicable to Residents of the living unit. Admittance of an Additional Occupant shall be at the sole discretion of the Community. If the proposed Additional Occupant receives approval to occupy the living unit, this Agreement will be amended, and the Additional Occupant shall pay one-half of the Entrance Fee in effect at the time Additional Occupant moves into the living unit. The Entrance Fee paid by the Additional Occupant shall be amortized at the rate of twenty (20%) percent per year from the date of occupancy. After the lapse of five (5) years or upon the death of Additional Occupant the Entrance Fee shall be earned in full by the Community. In the event that the Additional Occupant dies or otherwise terminates Additional Occupant's agreement with the Community during the five (5) year amortization period, any applicable refund shall be paid to the Additional Occupant or his/her estate. In the event that the proposed Additional Occupant does not meet the requirements for admission, then the proposed Additional Occupant may request admission under such other terms and conditions as may be acceptable to the Community. If an agreement cannot be reached regarding the admission of the proposed Additional Occupant, Resident may exercise the option to terminate this Agreement in accordance with its termination provisions.

6.2 Other Resident.

In the event that Resident desires to marry another resident admitted under a separate Residency Agreement, and, thereafter, occupy a single living unit, resident first must select and designate in writing at least sixty (60) days in advance of the proposed move, which one of the living units occupied by each resident, shall be thereafter occupied jointly. The living unit not designated for joint occupancy must be surrendered on or before the date of the proposed move to the designated living unit. Upon transfer, the Monthly Fee for Double Occupancy of the designated or alternative living unit shall be paid. The Residency Agreements shall be amended to reflect the change in the living unit, the change in the Monthly Fee, and any other matters reasonably necessary for the transfer of the resident to the designated or alternative living unit. Upon transfer to the designated or alternative living unit, any unamortized portion of the Entrance Fee paid by the resident shall continue to be amortized and shall be subject to refund only in accordance with the refund provisions of this Agreement relating to Co-Residents.

SECTION 7: TERMINATION OF AGREEMENT

7.1 Termination by Resident

(a) Rescission Period. Resident may terminate this Agreement within seven (7) days of execution by signing the attached Notice of Right to Rescind and delivering it to the Community. In addition, in the event Resident dies before the Designated Occupancy Date, or through illness, injury, or incapacity is precluded from becoming a resident under the terms of this Agreement, this agreement is automatically rescinded and a full refund shall issue to Resident, Resident's legal representative, or Resident's estate as the case may be as per the terms of 40 P.S. § 3214(c).

(b) Prior to Occupancy. After the lapse of the seven (7) day rescission period, but prior to the Designated Occupancy Date, Resident may terminate this Agreement by delivering written notice to the Community prior to occupancy. In such event, this agreement is automatically rescinded and a full refund shall issue to Resident, Resident's legal representative, or Resident's estate as the case may be as per the terms of 40 P.S. § 3214(c).

(c) After Occupancy. After occupancy, Resident may terminate this Agreement by delivery of written notice to the Community at least thirty (30) days prior to termination, and by the surrender of the living accommodation. Termination shall be effective after the lapse of the thirty (30) day notice period and surrender of the living accommodation. Any unamortized portion of the Entrance Fee, as described in Section 4, above, shall be refunded to the Resident.

(d) Inability to Occupy Due to Illness or Death. This Agreement will be automatically rescinded if the Resident dies before occupancy date, or through illness, injury or incapacity is precluded from becoming a resident under the terms of this Agreement and the Resident or his legal representative shall receive a full refund of all moneys paid to the facility, except those costs specifically incurred by the facility at the request of the resident.

7.2 Termination by Community

(a) Prior to Occupancy. The Community may terminate this Agreement at any time prior to occupancy by providing written notice to Resident prior to the Designated Occupancy Date if for whatever reason the Community elects to discontinue operations. All payments, including the Reservation Fee, shall be refunded to Resident.

(b) After Occupancy. The Community may terminate this Agreement upon a determination of just cause and delivery of thirty (30) days written notice or such written notice as is reasonable under the circumstances to Resident or Resident's representative, subject to any additional laws or regulations then in effect. Just cause shall include, but not be limited to, a default in payment subject to Section 5 of the Agreement, the submission of any materially false information in the application

documents, the failure of Resident to abide by the Community's 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 the medical director and the administrator of the facility that continued occupancy in the living accommodation by Resident creates a serious threat or danger to the life, health, safety or peaceful enjoyment of Resident or other residents or persons in the Community as per the terms of 40 P.S. § 3214(d). The refund provisions of this agreement shall apply to terminations for just cause in the same manner as such provisions would apply to any other termination. Nothing in this subsection shall limit the Resident's rights of continued occupancy under the separate admission agreement for the Health Center and the laws and regulations limiting cause for transfer or discharge of Health Center residents.

7.3 Termination by Death.

Following the death of Resident this Agreement shall terminate when the living accommodation has been surrendered to the Community. In the event there is any remaining unamortized portion of the entrance fee left as described in Section 4, above, it will be promptly refunded to the resident.

7.4 Surrender.

The obligation to pay the Monthly Fee shall continue until the living unit has been surrendered by Resident, or in the case of death, by the estate or family of Resident. Surrender of the living accommodation shall be complete when Resident has ceased to occupy it, has removed all possessions from it, and has turned over to the Community the keys for it.

SECTION 8: LEVEL OF CARE TRANSFERS OR TRANSFER TO AN OUTSIDE FACILITY

8.1 Conditions of Living Unit Occupancy.

Resident shall have the right to occupy the living unit for so long as Resident satisfies the health and other conditions of occupancy. Continued occupancy of the living unit shall, in general, be controlled by the Resident's physical and mental condition. The Community may require Resident to obtain at Resident's expense at least one annual medical examination, or letter from Resident's attending physician confirming that Resident does not need health center services and can otherwise satisfy the Community's conditions for living unit occupancy.

8.2 Decision to Transfer.

(a) Authority to Transfer. The Community may transfer Resident from and between the living unit and the Health Center or any other appropriate care facility if it determines that such a move or increase in care should be made because of the health of the Resident, for the proper operation of the Community, to comply with regulations of the Pennsylvania Department of Human Services, the Pennsylvania Department of Health, the Pennsylvania Insurance Department, local regulations of the Fire Department, or any other duly constituted authorities or agencies, or otherwise to meet the requirements of law. The decision as to whether a transfer or provide increased care from within the living unit shall be deemed temporary or permanent shall

be made by the Community in its sole discretion, except where limited by law or regulation then in effect. The Community shall consider the opinion of Resident and the advice of a family representative, if available, and, if requested and at the Resident's expense, a private physician. The opinion of Resident and the advice of family and Resident's physician is advisory only and shall not be binding on the Community. The Community's decision regarding the temporary or permanent nature of any transfer or provision of increased care from within the living unit may be made prior to sixty (60) days from the date of transfer or at any other time deemed appropriate by the Community.

(b) Role of the Community's Medical Director. The Community has a medical doctor licensed to practice medicine in the Commonwealth of Pennsylvania as the Community's Medical Director. Upon certification by the Community's Medical Director that Resident is no longer capable of satisfying the conditions for occupancy of the living unit and is in need of health center or related care, Resident or Resident's next of kin, legal representative or agent acting on Resident's behalf, will be notified by the Community that arrangements will be made for Resident's immediate transfer to the Health Center or other appropriate care facility. The Community shall not be liable for acting in accordance with the certification of the Medical Director or attending physician.

8.3 Transfers Within the Community's Facilities.

(a) Transfer to Health Center. If Resident becomes ill or incapacitated, and in the opinion of the Community's CEO or designee, with the advice of the Medical Director, the Resident requires nursing care, such care will be available on a priority access basis in the Health Center either on a temporary or permanent basis. If the Community's CEO or designee determines that the health of the Resident is such the occupancy in the Health Center will be permanent, Resident's living unit will be released (if not occupied by a Co-Resident) and made available for occupancy by another. In the event that the Community decides that the transfer is permanent, Resident shall surrender the living unit and cause his/her personal possessions to be removed with thirty (30) days of notice of the Community's decision. This paragraph is subject to the provisions of Section 7, above.

8.4 Transfer to Hospital or Other Outside Facility.

In the event that hospitalization or outside care of the Resident becomes necessary as determined by the Community's Medical Director, Resident will be transferred to a hospital or other acute or outside health care provider. In the event Resident's mental, emotional or physical condition deteriorates to a degree that in the professional opinion of the Medical Director, Resident's presence in the Community is deemed detrimental to the health, safety or peace of other residents, the Community may transfer Resident to an appropriate outside care facility. The Community's CEO or designee with the advice of the Medical Director may declare Resident's living unit vacant (unless occupied by a Co-resident) if Resident has been transferred to an outside health care or other special service facility or hospital for health conditions which, in the opinion of the Medical Director or Resident's physician, require permanent or prolonged residence in the outside facilities (i.e. generally sixty (60) days or more). Resident shall surrender the living unit and cause Resident's personal possessions to be removed from the living unit within thirty (30) days after notice of Community's

determination that the transfer will be permanent. This paragraph is subject to the provisions of Section 7, above.

8.5 Cost Related to Transfer to an Outside Facility.

(a) Single Occupancy. During any temporary transfer to a hospital or outside facility, Resident shall continue to pay the Monthly Fee and additionally all costs and charges related to the transfer to and occupancy of the outside facility or hospital. Upon permanent transfer to an outside facility, and after surrender of the living unit, the obligation to pay the Monthly Fee shall end and this Agreement shall terminate. Any refund due shall be paid in accordance with the refund provisions of this Agreement. Resident is obligated to pay the charges for transfer to and occupancy of any outside facilities including the charges for care in an outside personal or nursing care facility resulting from a transfer because of insufficient space in the Community's Health Center.

(b) Double Occupancy. During any temporary transfer of one Co-Resident to a hospital or any outside facility, the Monthly Fee for double occupancy shall continue to be due and payable. Upon the permanent transfer of one Co-Resident to an outside facility, the Monthly Fee shall be reduced to the Monthly Fee for single occupancy of the applicable living unit. In the event both Co-Residents are temporarily transferred to an outside facility, the Monthly Fee for double occupancy shall continue to be due and payable. In the event both Co-Residents are permanently transferred to an outside facility, then, after the surrender of the living unit, the obligation to pay the Monthly Fee shall end and this Agreement shall terminate. Any refund due shall be paid in accordance with the refund provisions of this Agreement. Resident is obligated to pay all costs and charges related to the transfer to and occupancy of the outside facility or hospital, including care in an outside personal or nursing care facility resulting from a transfer because of insufficient space in the Community's Health Center.

8.6 Release of or Return To Living Unit After Transfer.

(a) Temporary Transfer. If Resident is admitted temporarily to one of the Community's Health Center or a hospital or other outside facility, with a medical prognosis of recovery and return to health consistent with the conditions of living unit occupancy on an independent basis, then Resident shall retain possession of the living unit for the purpose of resuming residence. During any period of temporary transfer to the Community's Health Center, Resident shall pay the costs for retaining the living unit set forth in Section 3.7 of this Agreement. During any period of temporary transfer to a hospital or other outside facility, Resident shall pay the costs for retaining the living unit set forth in Section 8.5 above. Resident may return to the living unit at such time as the Community determines that Resident can satisfy the conditions of occupancy.

(b) Permanent Transfer. If transfer to one of the Community's Health Center or a hospital or other appropriate outside facility exceeds sixty (60) days, or if at an earlier time the Community determines that Resident will not be able to satisfy the conditions of occupancy so as to resume residence in the living unit, the Community shall have the right to declare the living unit vacant (unless occupied by a Co-resident) and release the living unit to another. Resident shall surrender and vacate the living unit within thirty (30) days of written notice of the Community's decision to permanently transfer Resident and release the living unit. If, in the Community's opinion, Resident

subsequently recovers sufficiently to satisfy the conditions of occupancy of a living unit, the Community in the exercise of its discretion shall make available as soon as reasonably practicable a living unit with a floor plan comparable to the one relinquished. Resident shall be obligated to pay a refurbishment fee prior to re-occupancy which fee is subject to change from time to time. This paragraph is subject to the provisions of Section 7, above.

SECTION 9: REFUND OF ENTRANCE FEE

Upon termination of this Agreement, Community shall refund the Entrance Fee in accordance with the following provisions:

9.1 Termination Before Occupancy.

Because no entrance fees are taken until the actual date of occupancy, the resident may terminate this agreement at any time before occupancy without penalty. If the termination occurs any time up to seven (7) days after execution of this Agreement, the contract may easily be terminated by mailing the Notice of Right to Rescind attached to the bottom of the Agreement. If the resident wishes to terminate this Agreement for any period longer than seven (7) days after execution of this agreement but before occupancy, the resident can cancel by providing written notice at the address indicated in the "Notices" Section of this Agreement, and, again, this termination will be without penalty of any kind.

9.2 Termination for Any Reason Other than Death

Any unamortized portion of the Entrance Fee, except as provided in Section 9.5 relating to termination by death of Resident, shall be refunded to Resident, less any amounts deducted to cover costs incurred by the Community to refurbish, restore or repair the living unit in the event of unreasonable wear and tear, or to cover costs incurred at the specific request of Resident, or to satisfy unpaid charges, and shall be refunded to Resident in accordance with Section 9.4 below.

9.3 No Accrual of Interest.

No interest will accrue to the benefit of Resident on any amounts required to be refunded under this Agreement, and no interest will be paid on termination.

9.4 Conditions and Due Date for Refund Payments.

Prior to occupancy, all applicable refunds will be made after termination and within sixty days of Resident's request. After occupancy, all applicable refunds will be made only after the Resident's, or in situations of double occupancy, both Co-Residents', vacated living unit has been reoccupied by another resident, and the Entrance Fee for the reoccupied living unit has been paid in full, and this Agreement has been terminated. In the event Resident's vacated living unit is reoccupied by a then current resident of the Community through an internal living unit transfer, then only at such time as the Community receives an Entrance Fee in full for the living unit vacated by the existing resident transferring to Resident's living unit under this Agreement, shall a refund be due. As long as Resident, or in the case of Double Occupancy, a Co-Resident, continues to occupy any living accommodation within the Community, including accommodations in the Health Center, no refund shall be due and no refund shall be paid until the death, permanent transfer outside of the Community, discharge or voluntary

departure outside the Community by Resident, or in situations of double occupancy, both Co-Residents, and/or the termination of this Agreement. The amount of any refund due will be calculated by reference to the date of surrender of the living unit. Where a living unit is occupied by Co-Residents, there will be no refund, partial or otherwise, upon the death, permanent transfer within or outside Community, discharge or voluntary departure from the Community of only one of the Co-Residents.

9.5 Distribution of Refund Upon Death.

In the case of single occupancy, refunds to Resident's estate shall be paid to the duly appointed representative of the estate after proof of such appointment is provided to the Community in the form of a certified copy of the testamentary letters confirming such appointment. In situations of double occupancy, any applicable refund shall be paid by the Community to the estate of the last surviving Co-Resident unless otherwise agreed in writing.

SECTION 10: LIMITED OPTION TO MOVE TO ANOTHER LIVING UNIT

10.1 Option After Occupancy.

After occupancy, Resident may request to exercise a limited option to move to another living unit, if and when another living unit becomes available (including any new living units that may have been added to the Community), in accordance with the terms and conditions set forth in this section. A request to move must be based on health, financial conditions, death of a Co-Resident, marriage, or other grounds deemed reasonably necessary by the Community. Resident may elect to move to a smaller living unit, or a larger living but not to a living of substantially equivalent size in a different location. The Community reserves the right to disapprove Resident's request to move. In the event Resident desires to exercise the option to move to another living unit, Resident must notify the Community in writing of the living unit desired.

10.2 Costs of Elections to Move.

If Resident elects a smaller living unit, Resident shall pay a Refurbishment Fee in an amount determined from time to time by the Community. There will be no Entrance Fee credit or refund even if the Entrance Fee for the surrendered living unit is greater than the fee Resident would have paid for the smaller living unit designated under this Agreement. Resident shall pay, prior to moving to the selected living unit, an additional amount equal to the three quarters (75%) of the difference between the initial Entrance Fee paid and any higher Entrance Fee in effect at the time of the move. The additional Entrance Fee shall be immediately amortized and be earned in full by the Community. Any unamortized portion of the remaining entrance fee shall be promptly refunded.

10.3 Option to Move.

In the event Resident receives approval from the Community to move to another living unit, Additional Occupant shall sign a new Independent Living Lease Agreement but will not be responsible to pay any entrance fee and will only pay the additional monthly maintenance fee for additional occupants as published in the Community's annual disclosure statement filed with the Department of Insurance which are made available to all residents pursuant to paragraph 12.2 of this Agreement.

SECTION 11: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

11.1 Legal Guardian

If Resident becomes incompetent or unable to properly care for self or property, and no representative has been lawfully designated to act on behalf of Resident or no lawfully designated representative has been lawfully designated to act on behalf of Resident, then the Community shall have the option to institute legal proceedings to adjudge Resident incompetent and have a guardian appointed for Resident's estate. All costs of such legal proceedings, including actual legal fees, shall be paid by Resident or the legally appointed guardian of Resident's estate.

11.2 Will and Funeral Arrangements.

The name of the executor/executrix designated in Resident's will, and the name of the funeral director selected by Resident shall be provided in writing to the Community. In the event that Resident changes the name of the executor/executrix designated in Resident's will or selects another funeral director, Resident shall notify the Community of the changes in writing. The name and address of the designated executor/executrix is _____.

11.3 Advance Directives.

(a) Power Of Attorney. Residents shall furnish THE COMMUNITY, no later than the date of occupancy, a durable power of attorney executed by Resident which shall be maintained in the files of the Community. The name and address of the designated power of attorney is: _____

(b) Living Will. If Resident has executed an advance directive in the form of a living will relating to the provision of health care services in the event of terminal or other illnesses/conditions, Resident shall provide the original of the living will to Community, and the original of any revisions or changes made to the document during Resident's term of occupancy. In the event of transfer to the Health Center, The Community shall comply with the instructions/requests as consistent with law and the Community's policy, as such policy may change from time to time. If the Community cannot comply with Resident's advance directive as reflected in Resident's living will, then the Community shall assist in arranging for the transfer of Resident to another health care provider, if reasonably available, which will comply with Resident's advance directive. The transfer and cost of care in another health care facility shall be an additional cost, and Resident shall be responsible to pay such costs.

SECTION 12: RIGHTS AND OBLIGATIONS OF RESIDENT

12.1 Right of Self-Organization.

Residents of the Community shall have the right to self-organization. A representative designated by the Community shall hold quarterly meetings with the organization representing the residents known as the "Resident's Council". At least seven (7) days notice of each quarterly meeting shall be given. The purpose of the quarterly meetings shall be to discuss such subjects as the Community's income,

expenditures, financial trends and issues, and proposed changes in policies, programs, and services.

12.2 Right to Receive Disclosure Statements.

The Community shall make available to Resident at the time of the execution of this Agreement, and at least annually thereafter, a copy of its disclosure statement required by the Continuing Care Provider Registration and Disclosure Act, Act No. 82 of 1984, as amended (40 P.S. §§ 3201 *et seq.*).

12.3 Guest Privileges.

Resident shall be authorized to entertain and accommodate guests in accordance with the Community's guest policy as reflected in the Resident Handbook. The Community's policy is subject to change from time to time.

12.4 Rights to Property/Subordination.

The rights and privileges granted to Resident do not include any right, title or interest in any part of the personal property, land, buildings and improvements owned or administered by the Community. Resident's 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 the Community and Resident. Any rights, privileges, or benefits under this Agreement shall be subordinate to any existing or subsequent mortgages or deeds of trust or any other comparable interests. Upon request Resident shall execute and deliver any document which is required by the Community, or by the holder of any such mortgages or deeds of trust or similar interests, to affect such subordination or evidence the same.

12.5 Inspection of Living Unit and Right of Entry.

Resident shall permit the Community, or its agents, or any representative of any holder of a mortgage or similar interest on the property, or, when authorized by the Community, the employees of any contractor, utility company, municipal agency or others, to enter the living unit for the purpose of making reasonable inspections and repairs and replacements. Such entry will be made only with reasonable advance notice, except in emergency situations. The Community shall have the right to enter the living unit to perform scheduled housekeeping, and to perform routine maintenance and for other reasonably necessary purposes having due regard for Resident's privacy.

12.6 Housekeeping/Housecleaning Responsibilities.

Resident shall maintain the living unit in a clean, sanitary, and orderly condition. If Resident does not maintain the living unit in a reasonable manner, the Community, after notice to Resident, shall have the right to maintain the living unit, and the cost of such additional cleaning or maintenance shall be charged to Resident.

12.7 Health Insurance and Third-Party Payments.

(a) Required Insurance. The Community expects that some of the cost of medicines, medical or nursing services or equipment provided for Resident 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 under the federal government social security health insurance

program known as "Medicare A and B", or an equivalent policy and at least one supplemental co-pay health insurance policy with Medicare co-insurance coverage for skilled nursing facility care, (commonly known as "medigap" insurance), such as Blue Cross-Blue Shield Security 65 plans C and H, or an equivalent policy as approved by the Community. For a Resident under age 65, a substitute basic insurance coverage policy is required. If proceeds from Medicare and co-pay health insurance policies are allowable for nursing or related care provided by the Community, those proceeds shall be paid to the Community directly. Proof of such insurance must be provided at the time of application and prior to admission. In the event Resident fails to maintain in force, because of failure to make premium payments, such health care insurance after occupancy, the Community reserves and is hereby granted the right to make such payments for purposes of maintaining such insurance in force for Resident's benefit. Resident shall be obligated to reimburse the Community for such payments made on behalf of Resident and the cost of such premiums shall be in addition to and not included in the Monthly Fee.

(b) Assignment of Required Insurance and Third-Party Payments.

If Resident becomes eligible to receive payments form any third party for services provided under this Agreement by the Community, Resident shall at all times cooperate fully with the Community and each third-party payor so that the Community may make claim for and receive any applicable third-party payments. The Community has the right to any applicable benefits payable to Community under the insurance coverages required by this Agreement.

12.8 Automobile Insurance.

Residents who drive motor vehicles shall maintain their own automobile liability insurance to cover liability and medical expenses arising from injury to themselves and others.

12.9 Reduction of Income or Other Resources.

Resident shall make every reasonable effort to meet his/her financial obligations to THE COMMUNITY. Resident shall not transfer control of assets or property or make any gifts subsequent to the date of application for admission and shall not make any transfers or gifts after occupancy, which would substantially impair Resident's ability or the ability of Resident's estate to satisfy Resident's financial obligations to the Community.

12.10 Medical Examinations.

Resident must be examined by a qualified physician of Resident's own choosing prior to occupancy and must make the results of the examination available to the Community in writing. If the pre-occupancy medical examination reveals that resident's health is not consistent with the conditions of occupancy in the living unit, the Community may terminate this Agreement. The Community reserves the right to require Resident, upon request by the Community, to obtain annual medical examinations at Resident's expense and submit the results of the examinations to the Community.

12.11 Responsibility for Property Damage to Community.

(a) Responsibility for Condition of Living Unit Upon Termination.

Upon termination of this Agreement, Resident shall vacate and surrender the living unit and leave it in as good condition as the date of occupancy except for reasonable wear and tear. If the living unit is damaged beyond ordinary wear and tear, the costs of repair shall be the obligation of Resident and such costs shall be billed directly to Resident or Resident's estate, or alternatively, deducted from any refund that may be due.

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

12.12 Release Regarding Conduct of Other Residents or Guests.

The Community assumes no liability for the conduct of Resident or any other residents or guests, and Resident hereby releases and discharges the Community from any claims for personal injury to Resident or damages to Resident's personal property caused by the conduct of other residents or guests.

12.13 Responsibility For Resident's Personal Property.

(a) Responsibility for Loss or Damage. The Community shall not be responsible for the loss or damage due to fire, theft, or other causes of any property belonging to Resident or Resident's estate or Resident's guests, including motor vehicles, unless the care and control of such property is specifically accepted in writing by the Community, and then only for willful or gross negligence in failing to safeguard and account for it. Resident shall have the responsibility to provide such insurance as Resident deems necessary to protect against such losses. No Personal property insurance is provided Resident by the Community, and Resident bears the risk of any damage or loss to personal property held in storage by the Community.

(b) Obligations Upon Termination. (i) If Resident has become unable to comply with the conditions of occupancy of the living accommodation, or this Agreement has been terminated for any reason other than the death of Resident, Resident or the duly authorized representative of Resident's estate must remove all personal property from the living accommodation, including property held in storage. If Resident's personal property is not removed by Resident or Resident's representative within thirty (30) days of Resident's permanent transfer from the living accommodation or termination of this Agreement, The Community shall dispose of Resident's property in any manner it deems appropriate, and shall not be liable or responsible for any damages to it. Resident or Resident's estate shall be obligated to pay all costs for the removal, storage or disposal of Resident's property. If Resident's property is moved to and stored in a commercial warehouse, the Community shall have no liability or responsibility for Resident's property. If Resident's property is moved to and stored in a commercial warehouse, the Community shall have no liability or responsibility for Resident's property during the transfer of the property or the storage of it. (ii) Within 24 hours of Resident's death, the Community shall contact or make a good faith effort to contact the personal representative or guardian of Resident to arrange for an inventory of Resident's personal property, after which the legal representative(s) of Resident Estate or family may remove Resident personal property or the Community may place the personal

property into storage. If Resident's personal property is not thereafter claimed by Resident's Estate or family within thirty (30) days, the Community shall send a notice by certified mail to Resident's executor/executrix named in this Agreement or, if the Community has received prior written notice of a different legal representative for Resident's Estate, to that legal representative, stating that the Community will dispose of the property if not claimed within fourteen (14) days from the date such notice was postmarked; and, if the property is not claimed thereafter, such property shall be disposed of by the Community and all costs of, less any proceeds from, such disposal shall be charged to and payable by Resident's Estate.

12.14 Rules, Regulations, Policies and Procedures.

The rights and privileges of Resident under this Agreement are personal to Resident and cannot be transferred or assigned. No person other than resident may occupy or use the living accommodations covered by this Agreement unless approval is obtained in writing from the Community.

SECTION 13: AVERAGE ANNUAL COST OF PROVIDING SERVICES

The average annual cost of providing care and services during the most recent twelve month period for which a report is available for a resident is:
$_____

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 THE COMMUNITY shall be construed as a waiver of any of the rights granted to Community.

SECTION 16: ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between THE COMMUNITY and Resident. The Community shall not be responsible or liable for any statements, representations or promises made by any person representing or purporting to represent the Community, unless such statements, representations or promises are set forth in the Agreement. Any brochures or advertisements describing the Community are for the purpose of inviting inquiries only and are not to be relied upon as legally or contractually binding. Resident may not amend this Agreement except by a subsequent written Agreement approved by the Community's Chief Executive Officer and executed by the parties.

SECTION 17: INDEMNIFICATION

THE COMMUNITY shall not be responsible or liable for , and Resident shall indemnify, defend and hold the Community harmless from any and all claims,

losses, damages, fines, penalties, expenses, judgments, reasonable settlements, or lawsuits, including actual attorneys' fees and all costs incurred in defending against any such claims, arising from or based upon any injury or death to persons or any damages to property caused by, or arising from, or based on, or in any way attributable to or connected with the negligent, reckless, intentional or other acts, conduct or omissions of Resident. Resident's indemnification obligation is payable on demand by the Community.

SECTION 18: SUBROGATION

In the event Resident is physically injured by an individual or entity not a party to this Agreement, Resident grants to the Community a right of subrogation, and authorizes the Community to bring such demands, claims or legal proceedings in the name of or on behalf of Resident for purposes of recovering from any third party or third party's insurer responsible for Resident's injury, the dollar value of all care provided by the Community to Resident as a result of any such injury. Resident shall cooperate and sign any documents necessary to facilitate the Community's ability to exercise its subrogation right.

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 The Community:

Scenery Hill Nursing and Rehabilitation
680 Lions Health Camp Road
Indiana, PA 15701
Attention: Executive Director

To Resident (Before Occupancy):

After occupancy, notice will be provided to Resident at the living accommodation specified in this Agreement.

SECTION 20: MISCELLANEOUS PROVISIONS

20.1 Resident's Continuing Disclosure Obligation. The information regarding Resident's age, health and financial affairs submitted by Resident in the forms and related application documents constitutes a material part of this Agreement, and said information is incorporated as a part of this Agreement. Resident acknowledges that the submission of false information shall constitute grounds for the termination of this Agreement. Resident must disclose any material changes in Resident's physical, financial or mental condition. The failure to make such disclosure shall constitute grounds to terminate this Agreement.

20.2 Receipt of Disclosure Statement and Resident Handbook. Resident acknowledges receiving a copy of THE COMMUNITY's annual Disclosure Statement and Resident Handbook prior to signing this Agreement.

20.3 Community's Modification of Agreement and Policies THE COMMUNITY reserves the right to modify unilaterally this Agreement to conform to changes in law or regulation, and to make modifications in its rules, regulations, policies and procedures as permitted by the Continuing Care Provider Registration and Disclosure Act of 1984.

20.4 Binding Effect. This Agreement shall bind and serve to benefit the legal representatives, successors and assigns of the Community, and the heirs, executors, administrators and assigns of Resident.

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

20.6 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 provisions of the Continuing Care Provider Registration and Disclosure Act of 1984 which is intended for the benefit or protection of you or the individual purchasing care for you.

NOTICE OF RIGHT OF RESCISSION

DATE RESCISSION PERIOD BEGINS: _____.

YOU MAY RESCIND AND TERMINATE YOUR RESIDENT'S AGREEMENT, WITHOUT PENALTY OR FORFEITURE, WITHIN 7 DAYS OF THE ABOVE DATE. YOU ARE NOT REQUIRED TO MOVE INTO THE CONTINUING CARE FACILITY BEFORE THE EXPIRATION OF THIS 7 DAY PERIOD. NO OTHER AGREEMENT OR STATEMENT YOU SIGN SHALL CONSTITUTE A WAIVER OF YOUR RIGHT TO RESCIND YOUR AGREEMENT WITHIN THE SEVEN (7) DAY PERIOD. TO RESCIND YOUR RESIDENT'S 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: SCENERY HILL NURSING AND REHABILITATION, 680 LIONS HEALTH CAMP ROAD, INDIANA, PA 15701.

NOT LATER THAN MIDNIGHT OF _____(LAST DAY FOR RECISSION).

PURSUANT TO THIS NOTICE, I HEREBY CANCEL MY RESIDENT'S AGREEMENT.

DATED: _____

_____
Signature of Prospective Resident

_____
Print Name of Prospective Resident

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

IN WITNESS WHEREOF, THE COMMUNITY has caused this Agreement to be signed by its authorized representative, and Resident has hereunto affixed his/her/their signature(s), the day and year first above written.

Attest:

THE COMMUNITY

_____

BY:_____ _____

Chief Executive Officer Date

Witness:

_____ _____ _____

Resident SEAL Date

_____ _____ _____

Resident SEAL Date

MISCELLANEOUS SERVICES OR GOODS OFFERED BY SCENERY HILL AT AN ADDITIONAL FEE NOT PART OF THE MONTHLY MAINTENANCE FEE OR ENTRANCE FEE

The types of goods and services offered by Scenery Hill at an additional fee are described in detail in an attachment to Scenery Hills Annual Disclosure Statement provided to all residents prior to admission to Scenery Hill and provided annually to all current CCRC residents. They may be purchased here at the time of executing this Agreement and may be purchased additionally at any time during residency.

Type of Goods or Services	**Units**	**Cost Per Unit**	**Total**

Attest: THE COMMUNITY

_____ BY:_____ _____
Chief Executive Officer Date

Witness:

_____ _____ _____
Resident SEAL Date

_____ _____ _____
Resident SEAL Date

TAB B3

SCENERY HILL NURSING AND REHABILITATION LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2025

CONTENTS

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	Page
INDEPENDENT AUDITOR'S REPORT	1
BALANCE SHEET	2
STATEMENT OF OPERATIONS AND MEMBERS' EQUITY	3
STATEMENT OF CASH FLOWS	4
NOTES TO FINANCIAL STATEMENTS	5-8

David M. Fistel, CPA
605 Caffrey Ave
Far Rockaway, New York 11691

Telephone: (516) 659-7724
E-mail: davidfistelcpa@gmail.com

INDEPENDENT AUDITOR'S REPORT

To the Members
Scenery Hill Nursing and Rehabilitation LLC

I have audited the accompanying financial statements of **Scenery Hill Nursing and Rehabilitation LLC**, which comprise the balance sheet as of December 31, 2025 and the related statements of operations and members' equity and cash flows for year then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Scenery Hill Nursing and Rehabilitation LLC** as of December 31, 2025, and the results of its operations, changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Far Rockaway, New York
June 16, 2026

SCENERY HILL NURSING AND REHABILITATION LLC

Balance Sheet

December 31, 2025

ASSETS		
Current assets:		
Cash & Equivalents	$	2,540
Statutory liquid reserve		-
Resident accounts receivable, net		1,716,458
Prepaid expenses and other current assets		27,996
Total current assets		1,746,994
Noncurrent assets:		
Property and equipment, net		55,133
Total noncurrent assets		55,133
Total Assets	**$**	**1,802,127**
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Due to related parties	$	975,987
Accounts payable and accrued expenses		2,689,411
Total current liabilities		3,665,398
Members' Equity		(1,863,271)
Total Liabilities and Members' Equity	**$**	**1,802,127**

SCENERY HILL NURSING AND REHABILITATION LLC

Statement of Operations and Members' Equity

For the Year Ended December 31, 2025

Revenue	
Net resident service revenue	$ 5,283,241
Total Revenue	5,283,241
Operating Expenses	
Nursing services	2,507,197
Activities and social services	172,863
Therapy services	251,323
Ancillary services	79,860
Dietary services	433,901
Housekeeping and laundry services	227,450
Plant and operations maintenance	183,452
Utilities	110,383
Insurance	137,851
Administration and Management	657,000
Provision for bad debt	164,144
Employee Benefits	393,076
Bed tax assessment	170,286
Rent	161,322
Real estate tax	29,772
Depreciation and Amortization	4,284
Total Operating Expenses	5,684,164
Net Income from Operations	(400,923)
Other Income (Expenses)	
Interest expense	(17,470)
Other Income (Expenses), Net	(17,470)
Net Income	(418,393)
Members' Equity - Beginning	(1,444,878)
Members' Equity - Ending	$ (1,863,271)

SCENERY HILL NURSING AND REHABILITATION LLC
Statement of Cash Flows
For the Year Ended December 31, 2025

Cash Flows from Operating Activities	
Net Income	$ (418,393)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Depreciation and Amortization	4,284
Changes in operating assets and liabilities:	
Resident accounts receivable, net	(228,763)
Prepaid expenses and other current assets	43,537
Accounts payable and accrued expenses	981,352
Net Cash Provided by Operating Activities	382,017
Cash Flows from Investing Activities	
Purchase of property and equipment	-
Net Cash Used in Investing Activities	-
Cash Flows from Financing Activities	
Increase (decrease) in due to related parties	(380,400)
Net Cash Used in Financing Activities	(380,400)
Net Change in Cash	1,617
Cash - Beginning	923
Cash - Ending	$ 2,540
Supplemental disclosure of cash flow information:	
Cash Paid During the Year for Interest	$ 17,470

1. Summary of Significant Accounting Policies:

Organization

Scenery Hill Nursing and Rehabilitation LLC ("the Company") is licensed by the Pennsylvania Department of Health to run and operate a 56-bed skilled nursing facility and 1 independent living unit located at a separate house within 14 miles of the main campus. The main campus located at 680 Lions Health Camp Road, Indiana, PA 15701 is situated on approximately 12.635 acres in suburban Indiana County, Pennsylvania. The building is a one-story wood-framed structure with a brick veneer exterior encompassing 17,564 square-feet. Providing a continuum of retirement living services for the elderly, the independent living unit is offered pursuant to a lease agreement with the Housing Authority of Indiana County. The independent living unit is located at 101 Morewood Avenue, Blairsville Pennsylvania, 15717.

The Company operates as a Continuing Care Retirement Community ("CCRC"), pursuant to a Certificate of Authority by the Pennsylvania Insurance Department.

Going Concern

FASB issued ASU No. 2014-15, Presentation of Financial Statements – Going Concern, which requires management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. ASU 2014-15 requires an evaluation every reporting period and certain disclosures when substantial doubt is alleviated or not alleviated. Substantial doubt about an entity's ability to continue as a going concern is defined as when conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that its financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable). Based on management's assessment, there is no indication that there is substantial doubt about the Company's ability to continue as a going concern as of December 31, 2025.

Basis of Presentation

The accompanying financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Under the accrual basis, revenue is recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, including estimated uncollectible accounts receivable for services to residents, and liabilities, including estimated net settlements with third-party reimbursement agencies and professional liabilities, and disclosure of contingent assets and contingent liabilities at the date of the financial statements. Estimates also affect the amounts of revenues and expenses reported during the period. There is at least a reasonable possibility that certain estimates could change by material amounts in the near term. Actual results could differ from those estimates.

Cash

The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts or instruments. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Resident Accounts Receivable and Allowance for Doubtful Accounts

Resident accounts receivable result from the various health care services provided by the Company. Resident accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of resident accounts receivable, the Company analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts. For receivables associated with services provided to residents with third-party coverage, the Company analyzes contractually due amounts and provides an allowance, if necessary. For receivables associated with self-pay residents, including residents with insurance and a deductible or copayment, the Company records a provision for bad debts in the period of service on the basis of past experience of residents unable or unwilling to pay the service fee they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

1. Summary of Significant Accounting Policies (cont.):

Resident Funds

Resident funds are accounted for as trust funds and are maintained separate from the Company's operating funds. The Company maintains a liability on its balance sheet equal to the amount of resident funds.

Goodwill

Goodwill is recognized as a result of a business combination when the price paid for the acquired business exceeds the fair value of the identified equity. Identifiable intangible assets are recognized at their fair value when acquired. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually. Intangible assets with definite useful lives are amortized over their respective estimated useful lives to their estimated residual values and reviewed for impairment. There were no impairment losses in 2025.

Impairment of Long-Lived Assets

If there is an event or a change in circumstances adversely impacting the recoverability of long-lived assets, the Company's policy is to assess any impairment in value by making a comparison of the current and projected operating cash flows of the asset over its remaining useful life, on an undiscounted basis, to the carrying amount of the asset. Such carrying amounts would be adjusted, if necessary, to reflect an impairment in the value of the assets. If the operation is determined to be unable to recover the carrying amount of its assets, the long-lived assets are written down to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. There were no impairment losses in 2025.

Net Resident Service Revenue

Net resident service revenue is reported at estimated net realizable amounts from residents, most of whom are insured by third-party payors, and others for services rendered. The Company records resident service revenue on an accrual basis based on the Company's expected realizable rates in the period the related services are rendered.

The Company receives reimbursement under the federal Medicare and state Medicaid programs. Revenue from these programs is subject to audit by Medicare and Medicaid and to retroactive adjustment. Differences between the estimated amounts accrued and interim and final settlements are reported in the consolidated statement of operations in the year of settlement.

Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the Company. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs. The Company believes that it is in compliance with all applicable laws and regulations.

The Company evaluates the resident's ability to pay at the time services are rendered. Therefore, the Company presents the provision for bad debt as an operating expense rather than as a reduction of net resident service revenue.

Income Taxes

The Company has elected to have its income taxed under the provisions of the Internal Revenue Code as a limited liability company, which provides that, in lieu of corporate Federal income taxes, the members are personally taxed on their proportionate share of the Company's taxable income. Accordingly, no provision for Federal or state income taxes is reflected in the accompanying financial statements.

Management has concluded that the Company is a pass-through entity for income tax purposes and there are no uncertain tax positions that would require recognition in the financial statements. If the Company were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income tax expense.

Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analysis of tax laws, regulations and interpretations thereof as well as other factors.

Management has evaluated all significant tax positions as required by accounting principles generally accepted in the United States of America and believes the Company has not taken any material tax positions that would require the recording of any tax liability by the Company.

1. Summary of Significant Accounting Policies (cont.):

Advertising

The Organization's policy is to expense advertising costs as incurred. There were no significant advertising costs for the year ended December 31, 2025.

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is provided using the straight-line method over periods prescribed by the Internal Revenue Code, which approximate the estimated useful lives of the assets.

Subsequent Events

The Company evaluates the impact of subsequent events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date or for disclosure in the notes to the financial statements. The Company evaluated events occurring subsequent to December 31, 2025 through June 16, 2026, the date on which the accompanying financial statements were available to be issued. During this period there were no subsequent events that required disclosure or recognition in the financial statements.

All references made to the period or year ended December 31, 2025, are for the period of January 1, 2025 to December 31, 2025.

2. Net Resident Service Revenue:

The following summarizes all payers and their percentage of revenue for the year ended December 31, 2025:

Room and Board Revenue, Net of Contractual Allowances		
Medicaid	$ 4,182,988	79.1%
Medicare	164,155	3.1%
HMO/Insurance	411,277	7.8%
Private and Other	347,345	6.6%
	5,105,765	96.6%
Ancillary Revenue	177,476	3.4%
	$ 5,283,241	100.0%

Revenue from the Medicare and Medicaid programs account for a significant portion of the Company's net resident service revenue. Laws and regulations governing those programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

3. Property and Equipment:

Property and equipment consisted of the following as of December 31, 2025:

Leasehold Improvements	$ 51,220
Furniture and Equipment	17,163
	68,383
Less Accumulated Depreciation	(13,250)
	$ 55,133

Depreciation expense for the year ended December 31, 2025 was $4,284.

4. Operating Lease:

The Operating Company leases the nursing home facility from the Landlord under a lease agreement.

Future minimum commitments under the noncancellable lease at December 31, 2025 cannot be determined due to the inconsistent nature of the lease.

Rent expense relating to operating lease was $161,322 for the year ended December 31, 2025.

Note 5 - Pennsylvania Department of Insurance Required Disclosures:

As a continuing care provider, the Home is required to maintain a minimum liquid reserve to be in compliance with the Continuing Care Provider Registration and Disclosure Act. The minimum reserve is equal to the greater of total interest and principal payments on long-term debt due within the next twelve months or 10% of projected annual operating expenses related to continuing care contracts. The minimum reserve for the period ended December 31, 2025 is calculated as follows:

Principal and interest payments due within the next twelve months	$ -
Percent of residents subject to residence and care arrangement	0.00%
	$ -
Projected annual operating expenses	5,684,164
Less depreciation and amortization expense	4,284
Operating expenses pertaining to statutory liquid reserve	5,679,880
Percent of residents subject to residence and care arrangement	0.00%
	$ -
Statutory liquid reserve factor	10%
10% of projected annual operating expenses	**$ -**
Statutory liquid reserve (greater of above)	**$ -**

TAB B4

SCENERY HILL NURSING AND REHABILITATION LLC

	2025 Budget	2025 Actual	Narrative Statement of Material Differences Between 2025 Budget and 2025 Actual	2026 Budget
Revenue				
Medicaid	3,450,000.00	4,182,988.00	increase in census	4,200,000.00
Private & Semi Private and Other including resident services)	425,000.00	347,345.00	decrease in census	400,000.00
Medicare Part A	300,000.00	164,155.00	decrease in census	250,000.00
Insurance/Managed Care	625,000.00	411,277.00	decrease in census	550,000.00
Ancillary and Other Income	200,000.00	177,476.00	decrease in Medicare	225,000.00
Total Revenue	5,000,000.00	5,283,241.00		5,625,000.00
Operating Expenses				
See Narrative describing material differences between forecasted revenues and expenses and actual revenues and expenses.				
Nursing services	2,250,000.00	2,507,197.00	increase in agency	2,450,000.00
Activities and Social Services	150,000.00	172,863.00		175,000.00
Therapy services	275,000.00	251,323.00	decrease in Medicare	250,000.00
Ancillary services	90,000.00	79,860.00	decrease in Medicare	80,000.00
Dietary services	400,000.00	433,901.00		440,000.00
Housekeeping and laundry services	200,000.00	227,450.00		225,000.00
Plant and operations maintenance	200,000.00	183,452.00		200,000.00
Utilities	70,000.00	110,383.00		110,000.00
Insurance	125,000.00	137,851.00		137,500.00
Administration and Management	430,000.00	657,000.00	Underbudgeted	600,000.00
Provision for bad debt	75,000.00	164,144.00	Underbudgeted	165,000.00
Employee Benefits	350,000.00	393,076.00		400,000.00
Bed tax assessment	150,000.00	170,286.00		170,000.00
Rent	165,000.00	161,322.00		165,000.00
Real estate tax	30,000.00	29,772.00		30,000.00
Depreciation and Amortization	5,000.00	4,284.00		5,000.00
Interest expense	30,000.00	17,470.00		17,500.00
Total Operating Expenses	4,995,000.00	5,701,634.00		5,620,000.00
NET INCOME/(LOSS)	5,000.00	(418,393.00)		5,000.00

TAB B5

NOTICE OF RIGHT OF RESCISSION

DATE RESCISSION PERIOD BEGINS: _____.

YOU MAY RESCIND AND TERMINATE YOUR RESIDENT'S AGREEMENT, WITHOUT PENALTY OR FORFEITURE, WITHIN 7 DAYS OF THE ABOVE DATE. YOU ARE NOT REQUIRED TO MOVE INTO THE CONTINUING CARE FACILITY BEFORE THE EXPIRATION OF THIS 7 DAY PERIOD. NO OTHER AGREEMENT OR STATEMENT YOU SIGN SHALL CONSTITUTE A WAIVER OF YOUR RIGHT TO RESCIND YOUR AGREEMENT WITHIN THE SEVEN (7) DAY PERIOD. TO RESCIND YOUR RESIDENT'S 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: SCENERY HILL NURSING AND REHABILITATION, 680 LIONS HEALTH CAMP ROAD, INDIANA, PA 15701.

NOT LATER THAN MIDNIGHT OF _____(LAST DAY FOR RECISSION).

PURSUANT TO THIS NOTICE, I HEREBY CANCEL MY RESIDENT'S AGREEMENT.

DATED: _____

_____
Signature of Prospective Resident

_____
Print Name of Prospective Resident