DISCLOSURE STATEMENT

Tel Hai
Redefining Retirement™

Tel Hai Retirement Community

1200 Tel Hai Circle
P.O. Box 190
Honey Brook, PA 19344-0190

A Continuing Care Retirement Community

June 30, 2025

This Disclosure Statement has been filed with the Commonwealth of Pennsylvania, Insurance Department, pursuant to the Continuing Care Provider Registration and Disclosure Act. The filing of this Disclosure Statement and the issuance of a Certificate of Authority by the Insurance Department does not constitute approval, recommendation or endorsement of the facility by the Insurance Department, nor is it evidence of, nor does it attest to, the accuracy or completeness of the information set out in this Disclosure Statement.

This Disclosure Statement was prepared September 2025
An index is included on page 1

Re: 2025 Disclosure Statement

Regulations require that Disclosure Statements be submitted to the Insurance Department annually within four months following the end of the fiscal year. Tel Hai must also provide the Disclosure Statement to all prospective and current residents. You will see an index on page 1 that lists the contents of the Statement.

TEL HAI RETIREMENT COMMUNITY, INC.
DISCLOSURE STATEMENT

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SUMMARY OF DISCLOSURE STATEMENT

The following is a summary of the information presented in this Disclosure Statement:

1. **THE FACILITY**: Tel Hai Retirement Community, 1200 Tel Hai Circle, P.O. Box 190, Honey Brook, PA 19344

2. **THE PROVIDER**: Tel Hai Retirement Community, 1200 Tel Hai Circle. P.O. Box 190, Honey Brook, PA 19344

3. **ADMISSIONS CONTACT**: Sales Counselor, Tel Hai Retirement Community, 1200 Tel Hai Circle, P.O. Box 190, Honey Brook, PA 19344

4. **DESCRIPTION OF FACILITY**: The facility is located on 148 acres in rural Honey Brook Township, Chester County, Pennsylvania. There are 195 clustered one-story cottages and townhomes. There are 55 units (Hillcrest Apartments) in a five-story brick building. There are 37 units in the Tel Haven apartment building. There are 151 units in the StoneCroft Apartment buildings. A two-story building (Hertzler Building) is currently being used for resident apartments and activities; the upper story contains five (5) apartments and the lower story houses activities such as woodworking and the Resale Shop. The Facility has several health facilities located on the campus. The health facilities include a skilled healthcare center, a personal care and a memory support facility. There is also a child daycare center.

5. **REQUIREMENTS:** An individual seeking to become a Residential Living resident must be at least 62 years of age upon admission date. The second individual within the household must be at least 60 years of age upon admission date.

6. **AFFILIATIONS**: Tel Hai Retirement Community is a controlled affiliate of Tel Hai Services, Inc. Tel Hai Services, Inc. is the corporate "parent" and is the sole member of Tel Hai Retirement Community, Tel Hai Development, Inc., and Tel Hai Apartments, Inc. Tel Hai Retirement Community is a member of Mennonite Health Services, Anabaptist Provider Group, LeadingAge PA and LeadingAge National. Tel Hai was founded by members of two local Mennonite Church congregations and the denominational identity continues.

CURRENT RESIDENT POPULATION: As of June 30, 2025, there were a total of 560 Residential Living (Cottages & Apartments), 84 Meadows Nursing Center, 81 Lakeview Personal Care, and 37 Tel Haven Apartments (Subsidized Housing)

TEL HAI SERVICES, INC
DISCLOSURE STATEMENT

INTRODUCTION

Tel Hai is a Continuing Care Retirement Community located at 1200 Tel Hai Circle, off of Beaver Dam Road, Honey Brook, Pennsylvania. The mailing address is P.O. Box 190, Honey Brook, PA 19344. Tel Hai Retirement Community is the corporate entity responsible for the ownership and operation of the residential living facilities, the health care facility, and the personal care facility. Tel Hai Apartments, Inc. is responsible for a Rural Development Services rental assistance apartment complex (Tel Haven). Tel Hai Development is responsible for fundraising for Tel Hai Services and its subsidiary companies. Tel Hai Services, Inc. is the parent organization. All organizations are Pennsylvania non-profit corporations with their principal offices at the above address. Tel Hai Services and Tel Hai Development are part of an Obligated Group that is responsible for the debt of Tel Hai Retirement Community.

Tel Hai was founded by two Mennonite Congregations who converted a Honey Brook Township farmhouse into the original Tel Hai Rest Home. Today, Tel Hai has the support of various churches in Chester, Lancaster, and Berks Counties. The churches are not, however, responsible for the debts or obligations of the Tel Hai Retirement Community.

Tel Hai Retirement Community is exempt from the payment of Federal Income Tax under Internal Revenue Code Section 501(c) (3). A copy of the determination letter from the Internal Revenue Service is attached as Exhibit A.

The Board of Directors of Tel Hai Services, Inc. has the authority to manage the affairs of the Facility. The Directors serve voluntarily and receive no remuneration for their activities related to the Facility. Each member of the Tel Hai Services, Inc. Board of Directors is attached as Exhibit B.

The President/Chief Executive Officer of Tel Hai Retirement Community has full time, on-site operational and management responsibilities. A description of the background and experience of J. David Shenk, President/Chief Executive Officer, is attached as Exhibit C.

RELATED PARTY TRANSACTIONS

One current member of the Board of Directors of Tel Hai Services, Inc. has a greater than ten (10) percent interest in a firm that provides more than $500 worth of services to the Facility. No officer, director, trustee, or any other person has a ten (10) percent or greater equity or beneficial interest in or of the provider nor has been convicted of a felony or pleaded *nolo contendere* to a felony charge.

DESCRIPTION

Tel Hai's campus occupies approximately 148 acres of land in rural Honey Brook Township, Chester County, Pennsylvania. There are currently three types of residential living units –195 cottages, and townhomes, and 248 apartments: Skilled Nursing Facility, Personal Care, and Child Day Care.

One hundred eleven cottages are known as Maple Knoll; 74 cottage units are known as Woods Edge; 10 are known as Maple Knoll townhomes. Tel Hai has plans to build 44 additional cottages in Woods Edge to be occupied beginning in the Fall of 2025 – March 2026.

The apartments at Tel Hai consist of Hillcrest Apartments providing 55 units, including studio, one-bedroom, 2 bedroom and 2 bedrooms with den. All units, except those on the 5th floor, have a patio or balcony. The building has secured entrances and direct access to the Romaine K. Garrett Community Center. Covered parking is available for an additional fee. Five apartments are located on the second floor of the Hertzler Building. The first floor has a Woodshop and Resale shop. StoneCroft Apartments consist of Bluestone, Greystone and Brownstone. Bluestone is a 5-story building with 36 units. Greystone consists of 6 stories and 67 units. Brownstone consists of 5 stories and 45 units. The Commons has 3 apartments. Underground

parking is available for a fee in Bluestone, Greystone and Brownstone buildings. The final apartment building provides rent-subsidized housing in 37 units under Rural Development Services guidelines in a building connecting to the Romaine K. Garrett Community Center.

Meadows at Tel Hai is a health care center that consists of a 119-bed licensed skilled nursing care unit located in a multi-winged two-story building. This building also contains activity and recreation areas, dining facilities, a beauty shop, laundry facilities, an administrative area, a therapy gym and a chapel/auditorium.

Lakeview at Tel Hai is a personal care facility, licensed for 100 beds, it opened in 1988 it includes Memory Support with 25 additional units. Shared large studios and private studios are available in Memory Support. Personal care studios, suites and one-bedroom apartments are available in Lakeview Personal Care. Services include three meals per day, nursing support, activities, social services and wellness programming. The facility operates on a fee-for-service basis. Assistance with bathing, medications and other activities of daily living is available.

Child Day Care is located in the southwest portion of the community. It is operated by Little Mates Child Development Center and provides care to the children of employees as well as the community.

SERVICES

Cottage, townhome and Hertzler residents are responsible for their own heating, cooling, electricity, telephone, and internet. The monthly services fee paid by residential living residents entitles them to fire, storm and liability insurance on the unit, basic cable television, maintenance for provided appliances, garbage pick-up, water and sewer service, lawn and shrubbery care, snow removal, building maintenance, flexible spending for dining choice, Community Center use, security services, street light illumination, Chaplaincy Services, Social Services. Please see the *Cottage Residence and Care Agreement*, attached as *Exhibit D.1*, for a complete description of the services provided. Hillcrest and StoneCroft residents pay a monthly service fee that covers resident services including flexible dining plans that can be used in the dining venues, heat, air

conditioning, electric, basic cable television, water and sewer, trash, maintenance of grounds and appliances, parking, Community Center use, security services, street light illumination, Chaplaincy Services, and Social Services. Residents are responsible for their own telephone, and internet. Please see the *Apartment Residence and Care Agreement*, attached as *Exhibit D.2*.

Access to a variety of services is offered to apartment and cottage residents on a fee-for-service basis, including the following: home care services that include transportation, caregiver service, housekeeping, Health Services, covered parking, meal plan options, home delivery of meals, regularly scheduled shopping trips, nursing personnel response to emergency calls, and physical, occupational, and speech therapy. Residential living residents who require increased levels of care are given priority admission for that care in the healthcare center and personal care facilities. They pay the then current daily rate which includes room, board, housekeeping, nursing care, activities and laundry costs.

Activities such as painting and other art forms, day trips, choirs, shopping trips, concerts (indoor and outdoor), ceramics and pottery, luncheons, cultural programs, life enrichment (intellectual programs), Bible studies, fitness and aquatic programs, destination trips, and recreational activities are offered.

In keeping with the emphasis of a Christian tradition, church services are held weekly with regular guest participants from various denominations, under the direction of Pastoral Care.

FEES

A fee of $250 is paid to the community at the time of submitting the application for admission. The application fee is applied to the cost of processing the application and is non-refundable. A deposit of 25% of the entrance fee is made to reserve a Residential Living cottage, townhome, or apartment when selected and approved for admission. The remaining 75% is payable at a designated settlement date. A table showing the current entrance payment requirements and the monthly fees for cottages is attached as *Exhibit E.1 Fee Schedule for Cottages & Refund Options.* Tel Hai offers a Ready-Set-Go Program for priority access to available accommodations, additional support and benefits. This program requires an additional $1,000 deposit which will

be applied toward the entrance fee. The deposit is fully refundable upon withdrawal from the program.

Exhibit E.2 Fee Schedule for Hertzler, Hillcrest and StoneCroft Apartments & Refund Options contains the entrance payment requirements and monthly fees for the Hertzler Apartments, Hillcrest Apartments and StoneCroft Apartments.

If a resident withdraws from a residential living unit, permanently transfers or expires, a refund or credit of a portion of the unit's entrance fee may be made depending on the entrance fee refund option chosen. Attached as *Exhibit E (1-3) Refund Options* is a description of entrance fee options. (Additional details regarding refunds or credit of the entrance payment are contained in Sections 9 and 10 of the *Residence and Care Agreement* which you are encouraged to review in detail).

RESERVE FUNDS

The reserve fund for current units is maintained by the Comprehensive Companies, located in East Petersburg, PA.

ENTRANCE FEES AND ESCROW ACCOUNT

An Entrance Fee Escrow Account has been established as required by the Pennsylvania Continuing Care Provider Registration and Disclosure Act (Act 82). Any and all deposits made prior to the occupancy date by the resident toward the total entrance fee for a Residential Living unit will be deposited into an escrow account subject to release in accordance with the guidelines established by the Pennsylvania Department of Insurance. The Escrow Agent is M&T Bank, 109 West Market Street, York, PA 17401.

FINANCIAL STATEMENTS

The Audited Financial Statement for the most recent fiscal year for Tel Hai Services, Inc. is attached as *Exhibit G*. If you have any questions regarding the Financial Statement, please contact your own financial advisor, or you may contact David Shenk, President and Chief Executive Officer, or Sharon Canull, Chief Financial Officer, both at Tel Hai Retirement Community, 1200 Tel Hai Circle, P.O. Box 190, Honey Brook, Pennsylvania, 19344, (610) 273-9333.

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EXHIBIT A

DETERMINATION LETTER

FROM INTERNAL REVENUE SERVICE

Internal Revenue Service
District Director

Department of the Treasury

Date: DEC 30 1980

Employer Identification Number:
23-2039189
Accounting Period Ending:
September
Form 990 Required: [X] Yes [ ] No

Tel Hai Retirement Community Inc.
PO Box 190 RD 2 Beaver Dam Rd.
Honeybrook, PA 19344

Person to Contact:
Mrs. S. Pratt
Contact Telephone Number:
(215) 597-4168

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in section 509(a)(2).

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. Also, you should inform us of all changes in your name or address.

Generally, you are not liable for social security (FICA) taxes unless you file a waiver of exemption certificate as provided in the Federal Insurance Contributions Act. If you have paid FICA taxes without filing the waiver, you should contact us. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes. If you have any questions about excise, employment, or other Federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

The box checked in the heading of this letter shows whether you must file Form 990, Return of Organization Exempt from Income tax. If Yes is checked, you are required to file Form 990 only if your gross receipts each year are normally more than $10,000. If a return is required, it must be filed by the 15th day of of the fifth month after the end of your annual accounting period. The law imposes a penalty of $10 a day, up to a maximum of $5,000, when a return is filed late, unless there is reasonable cause for the delay.

(over)

EO Determination Section, P.O. Box [illegible] 12821, Phila., PA 19106

Letter 947(DO) (5-77)

meg

EXHIBIT B

BOARD OF DIRECTORS

TEL HAI SERVICES, INC.
BOARD OF DIRECTORS

James Barnett* - Retired Accountant
[redacted]

Eva Bering* - Retired Chief Operating Officer, CCRC; Owner Bering Consultant, LLC.
[redacted]

Jeff Boland – CPA RKL Advisors, Partner/Senior Living Services Consulting Group
[redacted]

Sally Bredeman – Consultant North Group
Secretary
[redacted]

Andrew Brubaker* – EG Stoltzfus Construction
Vice President of Commercial Construction
Vice Chair
[redacted]

Christopher Churchill – Partner, Sr. Living Group, Chair, Barley Snyder
[redacted]

Eric R. Ebert* – STV, Inc. Sr. Associate, Transportation & Infrastructure Division, Systems & Security
[redacted]

John (Jack) Lear – Retired Materials Management District Manager, AT&T
[redacted]

Wendel L. King* – Comprehensive Companies Investment Advisor & Partner
Chair
[redacted]

Sheldon N. Martin* – CPA, Controller, Resource Partners
Treasurer
[redacted]

J. David Shenk – President & CEO Tel Hai Retirement Community
[redacted]

***** Denotes Members of the Tel Hai Retirement Community, Inc. Sub-Board

EXHIBIT C

SUMMARY OF BACKGROUND AND EXPERIENCE

J. DAVID SHENK

EXHIBIT C

J. DAVID SHENK, PRESIDENT AND CHIEF OPERATING OFFICER

Mr. Shenk became the President and Chief Executive Officer of Tel Hai Retirement Community in November 2016. Mr. Shenk has over 30 years of experience in senior living including serving as the Executive Director at Souderton Mennonite Homes and Dock Meadows, two campuses of Living Branches; Living Branches is located in southeastern Pennsylvania. Mr. Shenk has additionally served as Vice President of Human Resources at Mennonite Home Communities and Vice President of Resident Services at Landis Homes.

Mr. Shenk holds a master's degree in public administration from Pennsylvania State University and a bachelor's degree in Sociology from Eastern Mennonite University.

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EXHIBIT D 1

COTTAGE AND TOWNHOME RESIDENCE CARE AGREEMENT

COTTAGE RESIDENCE
AND
CARE AGREEMENT



October 2023

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DEFINITIONS OF WORDS AND PHRASES

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

CONDITIONS OF OCCUPANCY: The health, safety and daily living requirements for continued Occupancy of the Cottage.

CONTINUING CARE: The provision by Community of Living Accommodations and care for Resident in a Cottage and, if available, in Lakeview Personal Care or The Meadows Health Care Center, until the termination of this Agreement.

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

CREDIT: A single resident shall receive a credit of the unamortized portion of the entrance fee when a permanent move to another level of living is made. In the case of double occupancy, any unamortized portion of the entrance fee shall be credited to the last Co-resident when the last Co-Resident permanently moves to another level of living.

DAILY RATE: The daily charge for routine personal care services or health care services in semi-private accommodations. It does not include charges for ancillary or miscellaneous services.

DESIGNATED OCCUPANCY DATE: The date designated by the Community on which Resident must accept Occupancy of the Cottage. The Resident must pay the initial Monthly Fee and the final payment of the Entrance Fee on the Designated Occupancy Date or upon Occupancy, whichever is earlier.

DOUBLE OCCUPANCY: Two individuals initially residing in a Cottage as Co-Residents.

DOUBLE OCCUPANCY FEE: The additional fee for a second occupant of the Cottage. 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 Residence selected.

FINANCIAL ASSISTANCE POLICY: The Community's policy regarding the possibility of providing financial assistance or subsidy to Resident in accordance with this Agreement.

LAKEVIEW @ TEL HAI: The licensed personal care facility which provides personal care services. This level of living is referred to as personal care throughout this Agreement.

LIVING ACCOMMODATION: The Cottage, or Apartment, or Personal Care room or Health Care Center bed (semi-private accommodations) provided for Occupancy by Resident.

MEADOWS @ TEL HAI: The licensed nursing care facility which provides health care services. This level of living is referred to as health care throughout this agreement.

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 Cottage. The amount of the Monthly Fee is based on the number of occupants of the Cottage. In situations of Double Occupancy, it includes the Double Occupancy Fee.

OCCUPANCY: The right to the use of the Cottage.

PRESIDENT: The individual ultimately responsible for the day-to-day operations of Community.

RATE SHEET: A Community publication reflecting current charges for services rendered by Community.

RESIDENT CARE REVIEW COMMITTEE: The committee appointed by the President consisting of administrative and health care professionals who have the responsibility for implementing the policies and procedures relating to resident level of living transfers.

RESIDENT HANDBOOK: A Community publication reflecting the rules and administrative procedures of the Community. Resident is obligated to comply with the Community's rules 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 occupying the Cottage.

SURRENDER: To cease to occupy a Living Accommodation (i.e. a Cottage or Apartment), to remove all possessions from it, and to return all keys to it.

TRANSFER FEE: The charge for transferring and moving from the Cottage designated under this Agreement to another Residential Unit or upon termination of this agreement by Resident after occupancy.

RESIDENCE AND CARE AGREEMENT

This RESIDENCE AND CARE AGREEMENT (called "Agreement"), made this_____ day of _____, between TEL HAI RETIREMENT COMMUNITY, a Pennsylvania non-profit corporation, (called "Community") 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 of _____.

RECITALS:

The Community operates a continuing care retirement community consisting of residential living units in association with Meadows, a licensed health care center, and Lakeview, a licensed personal care facility.

Resident has applied for admission to a Cottage; and,

The Community has reviewed and accepted Resident's application subject to the continuing approval of Community and the ability of Resident to meet the criteria for admittance to Community prior to Occupancy and 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 ACCOMMODATIONS AND FACILITIES

1.1 Living Accommodations and Term.

The Community shall provide Resident with the Cottage, common facilities and services specified in this Agreement, beginning on the Designated Occupancy Date or the actual Occupancy date, whichever is earlier, and continuing until the termination of this Agreement.

1.2 Furnishings.

The Community shall provide a Cottage with a range, refrigerator, dishwasher, garbage disposal, microwave oven, washer, dryer and heating and air conditioning subject to the provisions of this Agreement regarding transfer to other accommodations.

1.3 Optional/Upgrades of Furnishings/Appliances.

The Community shall provide, at additional cost, limited opportunity for optional appliances, furnishings, or services requested by Resident, subject to approval by the Community. Optional furnishings, appliances or services, which are requested by Resident and not provided previously in the Cottage, are not included in the Entrance or Monthly Fee. The cost of any optional/upgrade furnishings/appliances shall be paid upon approval of upgrades. When optional/upgrade furnishings/appliances or services are requested by Resident after Occupancy, the cost of same shall be paid by Resident upon receipt of invoice from Community. Upon installation, all additional/upgrade furnishings and appliances immediately become the property of the Community and shall remain in the Cottage after the termination of this Agreement. An addendum to this Agreement reflecting all optional or upgraded items and their cost shall be signed by Resident.

1.4 Structural Changes and Redecoration.

Any structural or physical change of any kind or redecoration within the Cottage may be made only after obtaining written approval from the Community. The cost of any redecoration or structural change requested by Resident, and restoration to original condition, shall be paid by Resident unless the redecoration is necessary due to malfunction of equipment, accident or other unusual event beyond the reasonable control of Resident. The selection of a contractor for structural changes shall be made by the Community. Resident shall be responsible for routine maintenance of any approved structural changes or redecoration.

1.5 Common Facilities.

Resident may use in common with others all facilities provided by the Community for use by all residents, subject to rules and regulations as provided in the Resident's Handbook.

1.6 Personal Care.

Lakeview @ Tel Hai is licensed to provide personal care services, which shall be available on a priority access basis.

1.7 Health Care Center.

Meadows @ Tel Hai is licensed to provide nursing care services, which shall be available on a priority access basis.

1.8 Designated Occupancy Date.

The Cottage will be available for Occupancy on _____ ("the Designated Occupancy Date"). Resident shall take possession of the Cottage on that date. In the event that Resident fails to take possession on the Designated Occupancy Date and the Cottage is available for Occupancy, then Community in its sole and absolute discretion may elect to terminate this Agreement in accordance with the termination and refund provisions. If the Cottage is available for Occupancy before the Designated Occupancy Date, Resident may take possession on the first available date. The obligation to pay the Monthly Fee shall begin on the Designated Occupancy Date or upon Occupancy, whichever is earlier, and the Entrance Fee and optional upgrades must be paid in full prior to or at the time of Occupancy.

SECTION 2: SERVICES

2.1 Utilities.

Community shall provide water, sewer and refuse collection as part of the Monthly Fee. All other utilities, including electricity, heating and cooling, are not included in the Monthly Fee, and shall be paid by the Resident.

2.2 Assessments.

A portion of the Monthly Fee is allocated to the cost of payments in lieu of taxes. Monthly Fees may be impacted by changes in the payments in lieu of taxes or real estate taxes.

2.3 Telephone.

The Community shall provide each Cottage with access to telephone service. All 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 Cottage with access to cable television connection(s). The cost for digital starter cable television service is included in the Monthly Fee. Additional channels and services are available through the provider for an additional fee.

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.

2.6 Maintenance of Grounds.

The Community shall provide groundskeeping, 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 required to purchase and maintain a Home Owner's/Renter's Insurance policy to insure personal property. Documentation verifying coverage will be included in the Resident's file at the time of move-in and confirmed annually thereafter.

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.

Resident may use the dining services provided by the Community. Dining Service benefits are outlined in the Resident Handbook and are subjected to change with a 30 day notice. Additional dining services may be purchased in accordance with the Community's policy reflected in the Resident Handbook. Charges for additional services are reflected in the menus, ancillary rate sheets and in accordance with the Community's policy. The Resident Handbook provides rules and regulation for usage of dining options, and is subject to change from time to time.

2.10 Housekeeping.

The Community shall make available housekeeping services for an additional fee.

2.11 Transportation.

Local transportation is available through Chester County Paratransit. Other transportation services shall be made available by Community in accordance with

Community's policy. Shuttle service on and off campus is also available in accordance with the Communities policy and procedures.

2.12 Security.

Community shall provide limited security features which include an emergency call system for use solely in emergency situations, smoke detectors and fire extinguishers. Community disclaims any and all responsibility or liability for responding to security concerns.

2.13 Additional Miscellaneous Services.

Other miscellaneous services are available at an additional charge and are not included in the Monthly Fee.

2.14 Changes in Services.

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 AND PERSONAL CARE SERVICES

3.1 Meadows @ Tel Hai and Lakeview @ Tel Hai.

Community is part of Tel Hai Retirement Community, which operates the Meadows @ Tel Hai and Lakeview @ Tel Hai fully a fully approved nursing and personal care facilities licensed by the Commonwealth of Pennsylvania which provide, at an additional charge, routine nursing care or personal care services in semi-private or private accommodations for temporary or permanent illnesses. The Resident shall be afforded priority access to Health Care and Personal Care over applicants from outside the Community. Although there is no guarantee that space will be immediately available in Personal Care or Health Care at such time as Resident initially may require personal or nursing care services, Community shall endeavor to provide space for residents admitted under Residence and Care Agreements and other agreements for Continuing Care. Should space not be immediately available, Resident shall receive the next available accommodation consistent with Resident's level of care. Resident shall sign an admission Agreement upon transfer to Health Care or Personal Care, which Agreement(s) will supplement the terms of this Agreement. Resident shall present current financial information to Health Care or Personal Care as the request for transfer is made.

3.2 Emergency Nursing Services.

Community will provide a response system whereby Resident can contact nursing personnel for legitimate and significant medical needs of Resident. Community does not provide Emergency Medical Services ('EMS') or Emergency Medical Technicians ('EMT'). In the event of a medical emergency, Resident shall contact 911 to obtain medical assistance. Community disclaims any and all responsibility or liability for providing emergency medical care or responding to security concerns. If Resident utilizes the response system in such an emergency, Community will call 911 on Resident's behalf. Community reserves the right to charge Resident for each response performed. Repeated need for response services may indicate the need for a level of living transfer.

3.3 Nursing or Companion Services in the Cottage.

Subject to the approval of Community, Resident may utilize the services of private duty nurses, companions or individuals providing personal or nursing care services in the Cottage so long as Resident is able to satisfy the Conditions of Occupancy. Such services must be approved in advance and in writing by Community. Resident, with Social Service assistance, is responsible to make all arrangements and shall pay the cost for such services. The utilization of such services shall not impair the Resident's financial obligations to Community. Community reserves the right to review the credentials of all private duty nurses or care givers, to approve or prohibit the use of or to require the discontinuation of such services. As a condition of Community's approval, all private duty nurses or companions must provide Community with an appropriate release and indemnification agreement, proof of liability insurance and workers' compensation insurance coverage, as well as proof that such private duty nurses or care givers are free of tuberculosis and/or any other contagious or communicable disease, and are subject to a criminal background check. To the extent required, Resident shall confirm that any approved private duty nurse, care giver or attending individual has workers' compensation insurance coverage. In the absence of such coverage, Resident is required to provide workers' compensation insurance to the extent required by law. Services of private duty nurses or care givers may be used so long as Resident is able to satisfy the Conditions of Occupancy. In exchange for Community's consent to Resident's request for the services of a private duty nurse or care giver, Resident shall execute, if requested by Community, an Aging-in-Place Addendum, which shall be attached to this Agreement and incorporated by reference. Community reserves the right to terminate Resident's authorization to utilize the services of private duty nurses or care givers in the event that Resident does not comply with the requirements of this Section or, if applicable, the Aging-in-Place Addendum, or Resident requires transfer to a higher level of care. If transfer to a higher level of care is required as determined in the discretion of Community or as required by the Pennsylvania Department of Human Services, the Pennsylvania Department of Health or any other duly constituted authorities or agencies, then Community reserves the right to transfer Resident to a higher level of care within Community or to such other external care facility as Community deems appropriate.

3.4 Hospitalization.

Community does not provide hospital or acute care. 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 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 Limitations on Care.

(a) Meadows @ Tel Hai & Lakeview @ Tel Hai offer services under the regulations of nursing care and personal care licensure. They are not designed to care for persons who have serious mental illness requiring specialized psychiatric care or persons who are a danger to themselves or others. Services which require a level of care outside the Meadow's and Lakeview's regulations, or services for which the staff are not able to maintain required training to provide safe care such as a ventilator would limit our ability to care for persons with these needs. Medications or procedures/treatments which require specific observations related to resident safety, but not always readily available to Health Care and Lakeview, would also limit services available.

(b) Residential Living - If 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 case of Double Occupancy, a Co-Resident, or other residents or the peaceful enjoyment of the Community by other residents, Community may transfer Resident or in the case of Double Occupancy, a Co-Resident, to an appropriate outside care facility. The decision as to whether a transfer is necessary and whether the transfer shall be deemed temporary or permanent shall be made by Community in its sole discretion. Community shall give consideration to the advice of a family representative, if available, and if requested and at Resident's expense, a private physician. The advice of family and Resident's physician is advisory only and shall not be binding on Community. The cost of such services shall be the responsibility of the Resident. Community's determination shall be made in writing and signed by the Medical Director and the President 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 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 Health Care or Personal Care.

(a) Exclusions (Items and Services not covered by the Monthly Fee). There will be an additional charge for all personal, medical, health and nursing care services. The cost of personal and 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 personal or nursing care services in Personal Care or Health Care, 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 aides, orthopedic appliances, incontinence supplies, personal care supplies, specialized treatment or any other health or medical service provided under this Agreement. Resident shall pay the Daily Rate for personal or nursing care services as that charge is reflected on Community's current Rate Sheet.

(b) Ancillary Services. All miscellaneous charges and fees for ancillary services not covered or included in the Daily Rate are an additional charge and shall be paid by Resident. A description of the routine personal and nursing care services covered by and included in the Daily Rate and ancillary services not covered by or included in the Daily Rate is contained in Community's Rate Sheet.

(c) Cottage Reservation Costs. Resident shall pay the then current Daily Rate for routine personal or nursing care services as reflected on the Rate Sheet.

(i) Temporary Transfer.

(A) Single Occupancy. During any period of temporary transfer, Resident shall be charged and shall pay the Daily Rate for routine personal or nursing care and any other additional charges for ancillary or miscellaneous services in Personal Care or Health Care and shall continue to pay the then current applicable Cottage Monthly Fee for reservation of the Cottage. There will be no reduction in the Cottage Monthly Fee upon temporary transfer to Personal Care or the Health Care. 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 any period of temporary transfer, the Co-Resident in Personal Care or Health Care shall be charged and shall pay the then current Daily Rate for routine personal or nursing care, and any other additional charges for ancillary or miscellaneous services. The Cottage Monthly Fee for Double Occupancy shall continue to be due and payable. In situations where one Co-Resident temporarily transfers to Health Care, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medicare or Medical Assistance benefits. In the event both Co-Residents are temporarily transferred, each Co-Resident shall be charged and shall pay the Daily Rate for personal or nursing care services and any additional charges for ancillary or miscellaneous services in the Personal Care or Health Care and collectively shall be charged and shall pay the then current Cottage Monthly Fee for Double Occupancy. Each Co-Resident remains jointly and severally liable for each other's charges. 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 Personal Care or Health Care and Surrender of the Cottage, the obligation to pay the Cottage Monthly Fee shall cease, and Resident shall pay only the Daily Rate for personal or nursing care services and the other additional charges for ancillary or miscellaneous services.

(B) Double Occupancy. At the time one Co-Resident is permanently transferred to Personal Care or Health Care the Monthly Fee for the Cottage shall be reduced to the Cottage Monthly Fee for Single Occupancy. The Co-Resident in Personal Care or Health Care shall be charged and shall pay the applicable Daily Rate for routine personal or nursing care and any additional charges for ancillary or miscellaneous services, and the Co-Resident remaining in the Cottage shall be charged and shall pay the Cottage Monthly Fee for Single Occupancy. In situations where one Co-Resident permanently transfers to Health Care, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medicare or Medical Assistance benefits. In the event both Co-Residents are permanently transferred to Personal Care or Health Care each Co-Resident shall be charged and shall pay the Daily Rate for personal or nursing care services and any other additional charges for ancillary or miscellaneous services. Each Co-Resident remains jointly and severally liable for each other's respective charges. The obligation to pay the Cottage Monthly Fee shall cease upon permanent transfer of both Co-Residents and Surrender of the Cottage.

3.8 Health Care Services and Liability for Health Care Costs. Subject to Section 3.9 below, Resident remains responsible for Resident's own nursing care, personal care and health care services while residing in the Cottage. All nursing care, personal care, and health care services of any kind provided to Resident under this Agreement are at an additional charge.

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

SECTION 4: FEES

4.1 Entrance Fee.

(a) Entrance Fee. The amount of the Entrance Fee is based on the type of Cottage selected. Resident shall pay to the Community the sum of _____($_____) as an Entrance Fee. The payment schedule for the Entrance Fee shall be as follows:

(i) Initial Payment. Upon the execution of this Agreement, Resident shall pay the sum of _____($_____) to Community, which represents twenty-five percent (25%) of the Entrance Fee.

(ii) Optional Upgrades Payment. Upon approval of all Optional Upgrades Resident shall pay the full amount of all approved Optional Upgrades to the Community.

(iii) Final Payment. Upon the Designated Occupancy Date or Occupancy, whichever is earlier, Resident shall pay the sum of _____($_____) as the Final Payment, reflecting the remaining balance of seventy-five percent (75%) of the Entrance Fee. Failure to pay the Entrance Fee in full upon the Designated Occupancy Date or upon Occupancy, whichever is earlier, for reasons other than death, illness, injury or incapacity, will result in termination of this Agreement and forfeiture of two percent (2%) of the Entrance Fee plus the cost of upgrades or extras incurred by Community at specific written request of Resident. Any remaining balance of the Entrance Fee payments shall be refunded to Resident in accordance with the refund provisions of this Agreement.

4.2 Amortization of Entrance Fee.

The Entrance Fee shall be amortized by the Community in an amount equivalent to two percent (2%) each month pro-rated monthly for a period of fifty (50) months from the date of the Designated Occupancy Date or the date of Occupancy, whichever is earlier. At the conclusion of the fifty (50) month amortization period, the Entrance Fee shall be amortized in full by the Community. In the event this Agreement is terminated or Resident is permanently transferred to Health Care or Personal Care prior to the expiration of the fifty (50) month amortization period, all unamortized amounts, less any deductions for financial assistance provided Resident by Community in accordance with Community's Financial Assistance Policy, and less any amounts deducted to cover costs incurred by the Community to refurbish, restore or repair the Cottage in the event of unreasonable wear and tear, or to cover costs incurred at the specific request of Resident, or to satisfy unpaid charges, shall be credited to Resident's invoice in accordance with Section 9.4. The remaining funds shall then be credited in order to be applied to the resident's care provided in other levels of living. Resident or their Estate shall receive a refund only upon Resident leaving the Community or upon the Resident's death.

4.3 Limitations on Increases in the Entrance Fee.

After the execution of this Agreement and payment of the initial payment, there will be no increases in the Entrance Fee. Charges for care paid in one lump sum in the form of an Entrance Fee shall not be increased or changed during the duration of the agreed upon care, except for changes required by state or federal assistance programs, or except in instances where transfer to a larger or smaller cottage is elected by Resident. In accordance with Section 3.9 of this Agreement, the Entrance Fee and Monthly Fee do not include future health care services.

4.4 Use of Entrance Fee.

The entire Entrance Fee shall be used by the Community for any corporate purpose and in any manner which is 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. Community assumes no fiduciary obligations to Resident with respect to any amounts paid for admission to or continued Occupancy in the Community.

4.5 Monthly Fee.

(a) Amount. Resident shall pay to the Community a Monthly Fee of $_____ in advance each month for _____ Occupancy of the Cottage. The amount of the Monthly Fee is based on the number of occupants of the Cottage. In situations of Double Occupancy, the Monthly Fee includes the Double Occupancy Fee.

(b) Payment and Due Date. The Monthly Fee shall be pro-rated if Resident or Co-Resident, in case of Double Occupancy, assumes Occupancy after the first of the month. Resident shall receive a monthly invoice the 1st week of each subsequent month. All subsequent Monthly Fee payments are due on the fifteenth day of each month thereafter. If any 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 the Community's Financial Assistance Policy as it may be periodically revised, the Community may elect to exercise its available rights and remedies under this Agreement, including termination.

(c) Adjustments in Monthly Fee. The Monthly Fee may be adjusted from time to time. The Community will provide at least thirty (30) days advance written notice of any changes in the Monthly Fee, except for changes required by State or Federal assistance programs.

4.6 Other Charges.

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

4.7 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 Community, the remaining Co-Resident shall be responsible for payment of the applicable Monthly Fee and any other charges. In the event one Co-Resident transfers to Health Care, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medicare or Medicaid benefits.

4.8 Service Charge for Late Payment and Costs of Collection.

A service charge of one and one- half percent (1 ½%) per month will be added to amounts past due in excess of thirty (30) days. Resident is obligated to pay all actual attorneys fees and costs incurred relative to the collection of any amounts past due in excess of ninety (90) days. In the event Community initiates mediation and/or arbitration, if applicable, to collect payments past due in excess of ninety (90) days and the parties, through mediation, mutually agree in favor of Community, or if unable to mutually agree, Community, through arbitration, is deemed to be the prevailing party, Resident shall be responsible to pay all attorneys' fees and costs incurred by Community in pursuing the enforcement of Resident's financial obligations under this Agreement. If

the parties mutually agree in favor of Resident or Resident is the prevailing party in a collection action, Resident shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

4.9 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. Disclosure allows the Community to monitor and project financial assistance needs. Updated financial statements and a copy of the most recent tax return shall be required upon a level of care change.

SECTION 5: FINANCIAL ASSISTANCE POLICY

5.1 Inability to Pay.

It is Community's policy that Resident shall not be dismissed solely because of the financial inability to pay the Monthly Fee or other charges, if (a) Resident presents to Community facts which, in Community's opinion, justify financial assistance, and (b) any necessary financial assistance can be granted or continued without impairing the ability of Community to attain its objectives while operating on a sound financial basis. The ability of Community to provide financial assistance is contingent upon a number of factors, including the availability of charitable gifts and the financial condition of Community. Since Community's Financial Assistance Policy is subject to many variables, it may be changed or amended from time to time. The possibility of providing financial assistance should not be construed as an assurance or guarantee of life care by Community. If financial assistance is initially granted, there is no guarantee that such assistance can or will continue indefinitely, or for any specific period of time. The provision of financial assistance, however, is not contingent upon the annual revenue of Community exceeding its expenses.

Community may discontinue or reduce any financial assistance if there is a change in Resident's financial circumstances permitting Resident to bear all or an increased portion of the Monthly Fee or other charges, or if any factual representation by Resident made in the original application for admission and related documents or in support of a request for financial assistance is determined to have been materially false or inaccurate, or if the continuation of such financial assistance will, in Community's opinion, impair the ability of Community to attain its objectives while operating on a sound financial basis. Community shall take into consideration future economic conditions and the ability of Resident's estate to satisfy financial obligations when making a determination regarding Resident's request for financial assistance under this Agreement. The following provisions are related to the foregoing statement of policy.

5.2 Conditions of Eligibility.

It shall be a condition of eligibility for consideration for financial assistance that Resident shall not have transferred gifted or depleted resources in contemplation of the execution of this Agreement, or subsequently, which were represented as being available or which would impair Resident's ability to satisfy Resident's financial obligations under this Agreement. Additionally, the financial information provided by Resident in the application documents for admission, and documents subsequently requested by Community, or in support of Resident's request for financial assistance must not contain any material misrepresentations or omissions. Discontinuance of Long Term Care Insurance which was condition of admittance, shall be treated as divestiture. In the event that Resident's income is or becomes insufficient to pay the monthly expenses incurred, Resident shall immediately take all necessary steps to sell and liquidate capital assets and other resources in order to fulfill Resident's financial obligations to Community. Resident has an affirmative obligation to make Resident's financial needs and resources known to Community at least sixty (60) days in advance of the need for financial assistance. Prior to requesting consideration for financial assistance, it is expected that Resident will seek other available sources of financial assistance, such as family, church or social welfare agencies which may be in a position to render financial assistance. If other resources are available to provide financial assistance to Resident, that fact will be taken into consideration in determining whether any financial assistance should be granted by Community, and if so, in what amount.

5.3 Resident Obligations.

Resident is required to apply for and to take the steps necessary to obtain, if qualified, financial assistance from any appropriate governmental agency, including but not limited to the Pennsylvania Department of Human Services, which administers the Medical Assistance Program to cover the cost of care in Health Care. It is contemplated by Community that an individual who becomes eligible for consideration for financial assistance, shall qualify for medical assistance in the event of transfer to or Occupancy in Health Care.

Community shall exercise its best efforts to maintain Resident, if qualified for financial assistance, on a subsidized basis within the system of care operated by Community. The amount of any subsidy, if provided and available, shall be determined by Community in accordance with financial assistance guidelines periodically established by Community.

5.4 Other Resources and Recovery of Community Subsidy.

If Resident's Monthly Fee or other charges are subsidized wholly or partially by Community, Resident shall not sell or otherwise transfer property without the written consent of Community. If Resident owns any property not disclosed on the application documents or acquires property subsequently and does not disclose its acquisition, Community shall be entitled to so much of such property, up to its whole value, as is equal in value to the total amount of subsidy or financial assistance provided by Community. If Resident's Monthly Fee or other charges have been subsidized wholly or partially by Community, then Resident or Resident's estate shall be liable to Community for amounts equivalent to the amount of any financial assistance provided by Community to Resident under this Agreement. Community, in its sole discretion, may deduct, from funds otherwise due to the Resident as a refund under this Agreement, amounts equivalent to the amount of any financial assistance provided by Community up to the whole value of the refund. Such deductions shall be made at the time that any refund or credit becomes due and payable to Resident under the Agreement.

5.5 Disclosure of Financial Resources.

Residents who are receiving financial assistance from Community shall provide annual financial statements and copies of their tax returns to Community. Resident shall comply with such requests made by Community.

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 Residence and Care Agreement share Resident's Cottage, the proposed Additional Occupant must file an application for admission and meet all age, medical and other requirements for admission applicable to all applicants of the residential facility. Admittance of an Additional Occupant shall be at the sole discretion of the Community and shall be based on the current admission policy of the Community which is subject to change from time to time. 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 the termination and refund provisions. If the proposed Additional Occupant receives approval to occupy the Cottage, this Agreement will be amended and the Additional Occupant shall pay an additional fee in an amount equivalent to one-half (1/2) the Entrance Fee in effect at the time Additional Occupant moves into the Cottage. The Monthly Fee shall be increased to be equivalent to the Monthly Fee for

Double Occupancy of the Cottage. The additional fee shall be allocated to the Additional Occupant and shall be amortized in an amount equivalent to two percent (2%) of the additional fee prorated monthly for a period of fifty (50) months. As long as the Additional Occupant or the Resident initially admitted under this Agreement continues to occupy the Cottage, no refund or credit shall be due and no refund or credit shall be paid until the death, permanent transfer, discharge or voluntary departure outside the Community of both the Resident and the Additional Occupant. In the event Additional Occupant becomes entitled for a refund or credit because of termination of this Agreement or permanent transfer of the Additional Occupant to Health Care or Personal Care during the amortization period, all unamortized amounts of the additional fee, less any deductions for financial assistance provided to the Additional Occupant by Community in accordance with Community's Financial Assistance Policy, and less any amounts deducted to cover costs incurred by the Community to refurbish, restore or repair the Cottage in the event of unreasonable wear and tear, or to cover costs incurred at the specific request of the Additional Occupant, or to satisfy unpaid charges, shall be refunded or credited to Additional Occupant. The amount of any refund or credit will be calculated by reference to the date on which Additional Occupant surrenders the Cottage, or in the event that the Additional Occupant permanently transfers to Health Care or Personal Care, by reference to the date the Community determines that the transfer is permanent.

6.2 Other Resident.

In the event that Resident desires to marry another resident admitted under a separate Residence and Care Agreement, and thereafter occupy a single Cottage or have another resident admitted under a separate Residence and Care Agreement share a single Cottage as Co-Residents, Resident shall select and designate in writing at least sixty (60) days in advance of the proposed move, which one of the two Cottages occupied by each Resident or an alternative unit as provided in Section 10 shall be thereafter occupied jointly. The Cottage not designated for joint Occupancy must be surrendered on or before the date of the proposed move to the designated Cottage. Upon transfer**,** the Monthly Fee for Double Occupancy of the designated or alternative Cottage shall be paid. The Residence and Care Agreements shall be amended to reflect the change in the Cottage, the change in the Monthly Fee, and any other matters reasonably necessary for the transfer of the Resident to the designated or alternative Cottage. Upon transfer to the designated or alternative Cottage, any unamortized portion of the Entrance Fee paid by Resident shall continue to be amortized and shall be subject to refund or credit only in accordance with the refund or credit provisions of this Agreement relating to Co-Residents.

6.3 Additional Occupant Addendum.

If the proposed Additional Occupant's application for admission is approved, this Agreement shall be amended, and Resident and the proposed Additional Occupant shall sign an addendum.

6.4 Divorce/Separation.

In the event that Co-Residents, who were married to each other at the time of the execution of this Agreement, subsequently divorce or separate and a dispute arises between the two Co-Residents over rights to any applicable refund, such refund shall be held by Community until a legally binding property settlement is available or until the court with jurisdiction over the divorce proceeding shall issue an order to release such funds. The refund will not be paid at the time one Co-Resident permanently vacates the Cottage and the other Co-Resident remains in the Cottage. The Co-Resident that remains at Community must retain sufficient assets/resources to provide for his/her future care. Consultation with Community will be necessary to determine the amount of resources needed for future care. The departing Co-Resident shall remain jointly and severally liable for the remaining Co-Resident's financial obligations under this Agreement.

SECTION 7: TERMINATION OF AGREEMENT

7.1 Termination by Resident.

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

(b) Prior to Occupancy. After the lapse of the seven (7) day rescission period, Resident may terminate this Agreement by delivering written notice to the Community prior to the Designated Occupancy Date. In the event of Resident's death, illness, injury or incapacity prior to the Designated Occupancy Date, then this Agreement shall automatically terminate. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. In situations of Double Occupancy where one Co-Resident is precluded from taking Occupancy due to death, illness, injury or incapacity, the other Co-Resident may elect to terminate this Agreement. If such Co-Resident elects to take Occupancy of the Living Accommodation, then the Monthly Fee shall be reduced to the Monthly Fee for Single Occupancy.

(c) After Occupancy. After Occupancy, Resident may terminate this Agreement by delivery of advance written notice to the Community at least sixty (60) days prior to the effective date of termination. Resident must surrender the Living Accommodation on or before the effective date of termination.

7.2 Termination by Community.

(a) Prior to Occupancy. Community may terminate this Agreement at any time prior to Occupancy by providing written notice to Resident prior to the Designated

Occupancy Date or actual date of Occupancy, whichever is earlier. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

(b) After Occupancy. The Community may terminate this Agreement upon a determination of Just Cause and delivery of forty-five (45) days written notice or such written notice as is reasonable under the circumstances to Resident or Resident's representative. In situations where continued Occupancy threatens the life, health, safety or peaceful enjoyment of the Resident or other residents, or other persons, only such notice as is reasonably practicable under the circumstances will be provided Resident or Resident's representative, and termination may be effective immediately. 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. Just Cause shall include, but not be limited to, the following:

(i) a default in payment; or

(ii) the submission of any materially false information in the application documents; or

(iii) the failure of Resident to maintain health care insurance as described in Section 12.7(a); or

(iv) the failure of Resident to abide by the Community's rules, regulations, policies and procedures; or

(v) the breach of any of the other terms of this Agreement including a change in the liquidity of Resident’s assets, such as the purchase of an annuity that impairs Resident’s ability to fulfill timely his/her current financial obligations to Community as explained further below, or a transfer of assets to an irrevocable trust or any other transfer whereby assets disclosed in the application for admission or Confidential Financial Statement form are no longer available in whole or in part to pay for Resident’s care and services; or

(vi) a good faith determination in writing signed by the Community’s Medical Director and Administrator that continued Occupancy in the Cottage 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.

If Resident substantially impairs his/her ability to fulfill timely Resident's financial obligations to Community due to a change in the liquidity of Resident's assets or a transfer of assets to an irrevocable trust or any other transfer, then Community may terminate this Agreement following an opportunity to cure. If Resident fails to cure or correct the non-compliance within a time period as determined by Community and to Community's satisfaction, then Community may terminate this Agreement for just cause upon forty-five (45) days written notice to Resident or Resident's representative.

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 situations of Double Occupancy, the death of one Co-Resident shall not terminate this Agreement. Upon the death of one Co-Resident, the Monthly Fee for Occupancy of the Living Accommodation shall be reduced to the Monthly Fee for Single Occupancy, and all other provisions of this Agreement shall remain in force.

7.4 Surrender.

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

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

8.1 Conditions of Cottage Occupancy.

Resident shall have the right to occupy the Cottage for so long as Resident satisfies the health and other Conditions of Occupancy. Continued Occupancy of the Cottage shall, in general, be controlled by Resident's physical and mental condition.

8.2 Decision To Transfer.

(a) Authority to Transfer. The Community may transfer Resident from and between the Cottage and Health Care or Personal Care, or any other appropriate care facility if it determines that such a move should be made because of the health of the Resident, for the proper operation of the Community, or to comply with regulations of the Pennsylvania Department of Human Services, the Pennsylvania Department of Health, local regulations of the Fire Department, or any other duly constituted authorities or agencies, or otherwise to meet the requirements of law. If Resident is transferred permanently to Health Care or Personal Care, or to any other appropriate facility

authorized under this Agreement, the Community may declare Resident's Cottage vacant and reassign the Cottage to another resident. The Community's decision regarding the temporary or permanent nature of any transfer may be made at any time deemed appropriate by the Community. The decision as to whether a transfer shall be deemed temporary or permanent shall be made by the Community in its sole discretion. The Community shall give consideration to the opinion of Resident**,** their Power of Attorney, if any, the advice of a family representative, if available, and, if requested and at the Resident's expense, a private physician. The opinion of the Resident and the advice of their Power of Attorney**,** family and Resident's physician is advisory only and shall not be binding on the Community.

(b) Role of Community's Resident Care Review Committee. The Community shall appoint a Resident Care Review Committee. Upon certification by the Community's Resident Care Review Committee that Resident is no longer capable of satisfying the Conditions of Occupancy of the Cottage and is in need of personal, nursing 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 Personal Care or Health Care or other appropriate care facility.

8.3 Transfer to Lakeview @ Tel Hai.

If Resident becomes ill or incapacitated, and in the opinion of the Community, with the advice of the Community's Medical Director, the Resident requires Personal Care, such care will be available on a priority access basis in Personal Care either on a temporary or permanent basis. If the Community determines that the health of the Resident is such that Occupancy in Personal Care will be permanent, Resident's Cottage 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 Cottage and cause all personal possessions to be removed within forty-five (45) days of notice of the Community's decision.

8.4 Transfer to Meadows @ Tel Hai.

If Resident becomes ill or incapacitated, and in the opinion of the Community, with the advice of the Community's Medical Director, the Resident requires nursing care, such care will be available on a priority access basis in Health Care either on a temporary or permanent basis. If the Community determines that the health of the Resident is such that Occupancy in Health Care will be permanent, Resident's Cottage 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 Cottage and cause all personal possessions to be removed within forty-five (45) days of notice of the Community's decision.

8.5 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 the 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 or other persons, the Community may transfer Resident to an appropriate outside care facility. The Community with the advice of the Medical Director may declare Resident's Cottage 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. Resident shall Surrender the Cottage and cause Resident's personal possessions to be removed from the Cottage within forty-five (45) days after notice of Community's determination that the transfer will be permanent.

8.6 Costs 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 Cottage, 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 care or nursing care facility resulting from a transfer because of insufficient space in the Community's Personal Care or Health Care.

(b) Double Occupancy. During any temporary transfer of one Co-Resident to a hospital or an 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 Cottage. 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 Cottage, the obligation to pay the Cottage 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 care or nursing care facility resulting from a transfer because of insufficient space in the Community's Personal Care or Health Care.

8.7 Release of or Return to Cottage after Transfer.

(a) Temporary Transfer. If Resident is admitted temporarily to Personal Care or Health Care, or a hospital or other outside facility, with a medical prognosis of recovery and return to health consistent with the Conditions of Occupancy of the Cottage, then Resident shall retain possession of the Cottage for the purpose of resuming residency. During any period of temporary transfer to Personal Care or Health Care, Resident shall pay the costs for retaining the Cottage as 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 Cottage set forth in Section 8.6 above. resident may return to the Cottage at such time as the Community determines that Resident can satisfy the Conditions of Occupancy.

(b) Permanent Transfer. If, following transfer to Personal Care or the Health Care or a hospital or other appropriate outside facility, the Community's Resident Care Review Committee deems that Resident will not be able to satisfy the Conditions of Occupancy so as to resume residency in the Cottage, the Community shall have the right to declare the Cottage vacant (unless occupied by a Co-resident) and release the Cottage to another. Resident shall surrender and vacate the Cottage within forty-five (45) days of written notice of the Community's decision to permanently transfer Resident and release the Cottage. any unamortized portion of the Entrance Fee (if single occupant) shall be credited if resident transfers within the Tel Hai continuum. Any unamortized portion of the Entrance Fee shall be refunded, in situations of single occupancy, if Resident permanently leaves Community. No credit or refund shall be given in the case of double occupancy, if a Co-Resident remains in Cottage.

If, in the Community's opinion, Resident subsequently recovers sufficiently to satisfy the Conditions of Occupancy of a unit, Resident shall receive the next available Cottage with a floor plan comparable to the one relinquished. Prior to resuming occupancy, Resident shall replenish the unamortized entrance fee amount, if any, previously credited upon transfer. The terms of this Agreement shall be revived upon re-occupancy, and Resident shall sign an addendum acknowledging the revival of this Agreement, and any other reasonably necessary terms. Any unexpired amortization period shall begin to run again from the date of Re-Occupancy. Resident is not required to make any additional Entrance Fee payments, but shall be obligated to pay the Monthly Fee then in effect as of the date of Occupancy.

SECTION 9: LIMITED REFUND OF ENTRANCE FEE

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

9.1 Termination Before Occupancy.

The Entrance Fee will be refunded in full if the Resident rescinds this Agreement within seven (7) days in accordance with the Notice of Right to Rescind. If Community terminates this Agreement prior to the Designated Occupancy Date, then Community shall make a full refund of all Entrance Fee payments. In the event of termination of this Agreement by death of Resident before the Designated Occupancy Date, or in the event Resident, prior to the Designated Occupancy Date, is precluded from becoming a resident because of illness, injury or incapacity, then the Community shall make a full refund of all Entrance Fee payments less deductions for costs incurred by Community at the specific written request of Resident. If Resident does not terminate this Agreement within the seven (7) day rescission period, but does terminate prior to making the Final Payment of the Entrance Fee upon the Designated Occupancy Date or Occupancy, whichever is earlier, while not precluded from taking Occupancy by illness, injury, incapacity or death, then the Community shall retain two percent (2%) of the Entrance Fee. The balance of the Entrance Fee shall be refunded to Resident, less the costs incurred by Community at the specific written request of Resident, in accordance with the refund provisions of this Agreement.

9.2 Termination After Occupancy.

The Entrance Fee shall be amortized by the Community in an amount equivalent to two percent (2%) of the Entrance Fee per month for a period of fifty (50) months from the Designated Occupancy Date or date of Occupancy, whichever is earlier. After the lapse of fifty (50) months, the Entrance Fee shall be amortized in full by Community, and no part of it will be refunded. In the event of termination of this Agreement or permanent transfer of Resident to Health Care or Personal Care during the fifty (50) month amortization period, any unamortized amounts prorated on a monthly basis, less any amounts deducted to cover costs incurred by the Community to refurbish, restore or repair the Cottage 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 less any deductions for financial assistance provided Resident by Community in accordance with Community's Financial Assistance Policy, shall be refunded or credited to Resident, in accordance with Section 9.4.

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 or Credit Payments.

Prior to Occupancy, all applicable refunds or credits will be made after termination and within sixty (60) days of Resident's request. After Occupancy, all applicable refunds or credits will be made only after the Agreement has terminated and the Resident's vacated Cottage has been reoccupied by another Resident and the entrance fee for the reoccupied Cottage has been paid in full. In the event Resident's vacated Cottage is reoccupied by a then current residential living resident of the Community through an internal transfer, then only at such time as the Community receives an entrance fee in full for the Residential Unit vacated by the existing resident transferring to Resident's Cottage under this Agreement, shall a refund or credit be made. In the event, residents vacated Cottage is reoccupied by a then current resident of the community from a higher level of care through an internal transfer, than only at such time as the Community receives the final signed move in document, shall a refund or credit be made. The amount of any refund or credit due will be calculated by reference to the date of the Surrender of the Cottage or upon permanent transfer to another level of living. In the event that Resident permanently transfers to Health Care or Personal Care, the amount of any credit due will be calculated by reference to the date Community declares the transfer to be permanent. As long as Resident or in the case of Double Occupancy, a Co-Resident, continues to occupy any residential unit (i.e. a Cottage or Apartment residence) within the Community, no refund or credit shall be due under this Agreement and no refund or credit shall be paid until the death, permanent transfer, discharge or voluntary departure of Resident, or in situations of Double Occupancy, both Co-Residents.

A credit or refund shall only be made when the last Co-Resident moves out of the Cottage. Any unamortized portion of the entrance fee or estate preservation shall be credited to the last Co-resident when the last Co-Resident moves to another level of living. A refund shall be made to the last Co-Resident’s estate, if a portion of the entrance fee remains unamortized and when the last Co-Resident expires.

9.5 Distribution of Refund Upon Death.

Refunds to Resident's estate shall be made 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 upon in writing.

SECTION 10: LIMITED OPTION TO MOVE TO ANOTHER RESIDENTIAL UNIT

10.1 Option After Occupancy.

After Occupancy, Resident may request to exercise a limited option to move to another Residential Unit (i.e. another Cottage or Apartment residence), if and when another Residential Unit becomes available, 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 Residential Unit, or a larger Residential Unit. The Community reserves the right to disapprove Resident's request to move and normally will not approve a move to a Residential Unit of substantially equivalent size in a different location. In the event Resident desires to exercise the option to move to another Residential Unit, Resident must notify the Community in writing of the Residential Unit desired. The Resident shall pay the prevailing Transfer Fee for such a move.

10.2 Costs of Election to Move.

If Resident elects a smaller Residential Unit (i.e. another Cottage or Apartment residence), Resident shall pay the prevailing Transfer Fee in an amount determined by the Community. There will be no Entrance Fee credit or refund**,** even if the Entrance Fee for the Surrendered Residential Unit is greater than the Entrance Fee for the selected residential Unit. If Resident elects to move to a Residential Unit which has an Entrance Fee greater than Resident paid for Occupancy of the Residential Unit initially designated under this Agreement, then Resident shall pay, prior to moving to the selected Residential Unit, an additional amount equal to the difference between the initial Entrance Fee paid and the higher Entrance Fee in effect at the time of the move in addition to a Transfer Fee. The additional Entrance Fee shall be amortized on a separate amortization schedule in the same manner as described in Section 4.2.

10.3 Option to Move Addendum.

In the event Resident receives approval from the Community to move to another Residential Unit (i.e. another Cottage or Apartment residence), Resident shall sign an addendum to the original Agreement reflecting the amortization of the original fee. The Resident shall also sign a current Agreement reflecting all costs and charges related to exercising the option to move, including the Monthly Fee for the selected Residential Unit and the amortization schedule for the selected Residential Unit.

SECTION 11: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

11.1 Legal Guardian.

If, in the opinion of Community, 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 the lawfully designated representative is unavailable or unable to act on behalf of Resident, then 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. Resident shall furnish the Community, no later than the date of Occupancy, a durable, financial and medical 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 a copy of the living will to Community, and a copy of any revisions or changes made to the document during Resident's term of Occupancy. In the event of transfer to the Health Care, Community shall comply with the instructions or requests of Resident as reflected in Resident's living will, if Resident's advance instructions/requests are 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 of self-organization. A representative designated by the Community's Board of Directors shall hold quarterly or more frequent meetings with the residents of the Community for the purpose of free discussion of various topics as they apply to the Community. At least seven (7) days notice of each quarterly meeting shall be given.

12.2 Right to Receive Disclosure Statements.

The Community shall deliver to Resident at the time of the execution of this Agreement, and make available upon request to Resident 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.

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 or any of its affiliates or subsidiaries. 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 or its affiliates or subsidiaries and Resident. Any rights, privileges, or benefits under this Agreement shall be subordinate to any existing or subsequent mortgages or deeds of trust on any of the premises or to any other interest in the real estate property of the Community or its affiliates or subsidiaries and to all amendments, modifications, replacements, or refinancing of 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 effect such subordination or to evidence the same.

12.5 Inspection of Cottage 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 Cottage 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 Cottage to perform scheduled housekeeping**,** if requested by Resident**,** as provided in Section 2.10, 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 Cottage in a clean, sanitary, and orderly condition. If Resident does not maintain the Cottage in a reasonable manner, the Community, after notice to Resident, shall have the right to maintain the Cottage, 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 through Social Security programs (commonly known as "Medicare A, B and D"). Resident is encouraged to carry medical and surgical insurance for protection from medical risks and is required to obtain**,** prior to Occupancy, and maintain in force at Resident's expense, maximum coverage available under the federal government social security health insurance program known as "Medicare A, B and D", 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). For a Resident under age 65, a substitute basic insurance coverage policy is required. If proceeds from Medicare and the 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, if billed directly by the Community. 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 the right to make such payments for purposes of maintaining such insurance in force for Resident's benefit. The payment by Community of Resident's insurance premium shall not be construed as a waiver of Community's right to terminate this Agreement if Resident refuses or fails to maintain the required insurance. Resident is obligated to reimburse the Community for such payments made on behalf of Resident and the cost of such premium shall be added to and included in the Monthly Fee.

(b) Assignment of Required Insurance and Third Party Payments. If Resident becomes eligible to receive payments from 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 for less than fair market value or make any gifts subsequent to the date of application for admission, and shall not make any such transfer or gifts after Occupancy, including a transfer of assets to an irrevocable trust, or change the liquidity of Resident's assets in any manner, including the purchase of an annuity, which would substantially impair Resident's ability or the ability of Resident's estate to satisfy Resident's financial obligations to the Community. In the event Resident substantially impairs his/her ability to fulfill timely his/her financial obligations to Community, Community may terminate this Agreement for just cause following an opportunity to cure. If Resident fails to cure or correct the non-compliance within a time period as determined by Community and to Community's satisfaction, then Community may terminate this Agreement for just cause upon forty-five (45) days written notice to Resident or Resident's representative. If Resident fails to cure within the afforded time and Community decides not to terminate this Agreement, then Resident shall not have access to or the ability to transfer to another level of care within the Community, and Resident shall not be eligible for financial assistance. Community's decision not to terminate this Agreement shall not be construed as a waiver of Community's right to terminate at a later date.

12.10 Medical Examinations.

Resident may be examined by a qualified physician of Resident's own choosing prior to Occupancy, and may make the results of the examination available to the Community in writing.

12.11 Responsibility for Property Damage to Community.

(a) Responsibility for Condition of Cottage Upon Termination. Upon termination of this Agreement, Resident shall vacate and Surrender the Cottage and leave it in as good condition as the date of Occupancy except for reasonable wear and tear. If the Cottage 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 estate 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 to 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 any 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. If Resident has become unable to comply with the Conditions of Occupancy of the Cottage, or this Agreement has been terminated for any reason, Resident or the duly authorized representative of Resident's estate must remove all personal property from the Cottage, including property held in storage. If Resident's personal property, or any other property not owned by the Community, is not removed by Resident or Resident's representative within forty-five (45) days of Resident's permanent transfer from the Cottage or termination of this Agreement, the Community shall dispose of Resident's property or any other property in the Cottage not owned by the Community 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 the afore-mentioned property. If the aforementioned 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.

12.14 Rules, Regulations, Policies and Procedures.

Resident shall cooperate fully with the Community to maintain the Cottage and common facilities in a neat and orderly manner, and shall comply with all rules, regulations, policies and procedures established by the Community. The Community's rules, regulations, policies and procedures are set forth in the Resident Handbook, and other publications or documents of the Community, and are subject to change from time to time.

12.15 Rights of Resident are Personal and Non-Transferable.

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 Cottage 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 (12) month period for which a report is available upon request.

SECTION 14: CASUALTY LOSS

In the event the residential unit occupied by Resident or the building in which the residential unit is located is destroyed or so damaged by fire or other casualty so as to render the residential unit or the building generally unfit for Occupancy, the Community will endeavor in good faith to rebuild and replace the residential unit and/or building with substantially similar accommodations unless doing so would threaten the financial viability of the Community. In the event the Resident is unable to occupy the residential unit for any period of time during any reasonably necessary period of restoration of the residential unit, the Monthly Fee shall be reduced proportionately, unless a vacant residential unit is available for temporary Occupancy by Resident. In the event that Community determines that rebuilding threatens the financial viability of Community so as to preclude replacement of the residential unit or building, then the Community will strive to develop an alternative restoration plan in which it will exercise its best efforts to locate, identify or provide, if financially feasible as determined by Community, reasonable alternative accommodations for any Resident affected by such a catastrophic loss.

The Community shall not be liable for any damage, compensation or claim because of inconvenience or annoyance arising from the necessity of repairing any portion of the Cottage or building, or the interruption in use of the Cottage.

SECTION 15: 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 16: 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 17: ENTIRE AGREEMENT

This Agreement and any applicable addendum(s) constitute 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 this 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 executed by the parties.

SECTION 18: 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 19: 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 20: NOTICE

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

To Community:

Tel Hai Retirement Community
1200 Tel Hai Circle**,** P.O. Box 190
Honey Brook, PA 19344

To Resident (Before Occupancy):

_____
_____
_____

After Occupancy, notice will be provided to Resident at the Cottage specified in this Agreement.

SECTION 21: VOLUNTARY MEDIATION AND BINDING ARBITRATION

21.1 Voluntary Mediation. Mediation is a form of alternative dispute resolution whereby an impartial person facilitates communication between the parties. The goal of mediation is to resolve the dispute promptly, amicably, and without incurring significant time and expense. Mediations are non-binding in nature. This Agreement provides for voluntary mediation whereby the parties may, upon mutual agreement, engage in mediation before resorting to arbitration. If the parties mutually agree to mediate any dispute that may arise between them, then the mediation will be conducted at Community or at a site within a reasonable distance of Community,

subject to the mutual agreement of the parties. If the parties are unable to resolve their dispute through mediation, then the dispute shall be resolved by arbitration as provided in this Agreement. If the parties do not mutually agree to mediate any dispute that may arise between them, then they shall proceed directly to arbitration. The costs of the mediation shall be borne equally by each party, and each party shall be responsible for their own legal fees, except in collection actions where the parties mutually agree in favor of Community or, if unable to resolve the dispute through mediation, where the Community, through arbitration, is deemed to be the prevailing party, then in that event, Community shall be entitled to recover attorneys' fees and costs incurred in pursuing the enforcement of Resident's financial obligations. If the parties mutually agree in favor of Resident or Resident is the prevailing party, Resident shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

21.2 Voluntary Binding Arbitration. Arbitration is a specific process of dispute resolution utilized instead of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party ("Arbitrator(s)") chosen by the parties to this Agreement renders the decision, which is binding on both parties. Generally, an Arbitrator's decision is final and not open to appeal. The Arbitrator will hear both sides of the story and render a decision based on fairness, law, common sense and the rules established by the Arbitration Association selected by the parties. Arbitration has been selected with the goal of reducing the time, formalities and cost of utilizing the court system.

(a) Contractual and/or Property Damage Disputes. Unless resolved or settled by mediation, any controversy, dispute, disagreement or claim of any kind or nature, arising from, or relating to this Agreement, or concerning any rights arising from or relating to an alleged breach of this Agreement, with the exception of (1) guardianship proceedings resulting from the alleged incapacity of the Resident; and (2) disputes involving amounts in controversy of less than Twelve Thousand Dollars ($12,000), shall be resolved exclusively by arbitration. **This means that the Resident will not be able to file a lawsuit in any court to resolve any disputes or claims that the Resident may have against Community. It also means that the Resident is relinquishing or giving up all rights that the Resident may have to a jury trial to resolve any disputes or claims against Community.** It also means that Community is giving up any rights it may have to a jury trial or to bring claims in a court against the Resident. Subject to Section 21.2(f) of this Agreement, the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. **Resident acknowledges and understands that there will be no jury trial on any claim or dispute submitted to arbitration, and Resident relinquishes and gives up Resident's right to a jury trial on any matter submitted to arbitration under this Agreement.**

(b) Personal Injury or Medical Malpractice. Unless resolved or settled by mediation, any claim that the Resident may have against Community for any personal injuries sustained by the Resident arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in Community, shall be resolved exclusively by arbitration. **This means that the Resident will not be able to file a lawsuit in any court to bring any claims that the Resident may have against Community for personal injuries incurred while residing in Community. It also means that the Resident is relinquishing or giving up all rights that the Resident may have to a jury trial to litigate any claims for damages or losses allegedly incurred as a result of personal injuries sustained while residing in Community.** Subject to Section 21.2(f) of this Agreement, the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. **Resident acknowledges and understands that there will be no jury trial on any claim or dispute submitted to arbitration, and Resident relinquishes and gives up the Resident's right to a jury trial on any claims for damages arising from personal injuries to the Resident which are submitted to arbitration under this Agreement.**

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

(d) Right to Legal Counsel. Resident has the right to be represented by legal counsel, at his/her own cost, in any proceedings initiated under this arbitration provision. **Because this arbitration provision addresses important legal rights, Community encourages and recommends that Resident obtain the advice and assistance of legal counsel to review the legal significance of this arbitration provision prior to signing the Agreement.**

(e) Location of Arbitration. S ubject to the mutual agreement of the parties, the arbitration shall be conducted at Community, or at a site within a reasonable distance of Community.

(f) Time Limitation for Arbitration. Any request for arbitration of a dispute must be requested and submitted to ADR Options, Inc., with notice to the other party, prior to the lapse of two (2) years from the date on which the event giving rise to the dispute occurred, or before the expiration of the applicable statute of limitations for the dispute, whichever is earlier. Determination of the lapse of two (2) years from the

date on which the event giving rise to the dispute occurred and determination of the applicable statute of limitations shall be made by the arbitrator as part of the arbitration process. ADR Options, Inc., is the designated arbitration agency that shall hear disputes specified in Sections 21.2 (a)-(b) of this Agreement. ADR Options, Inc., is an impartial alternative dispute resolution organization that provides a panel of neutral third party arbitrators from which Resident and Community, upon mutual agreement, shall select an arbitrator to facilitate dispute resolution. In the event ADR Options, Inc., is unable or unwilling to serve, then the request for Arbitration must be submitted to Community within thirty (30) days of receipt of notice or other determination of ADR Options, Inc.'s, unwillingness or inability to serve as a neutral arbitrator. Community shall select an alternative neutral arbitration service within thirty (30) days thereafter and the selected Arbitration Agency's procedural rules shall apply to the arbitration proceeding. The failure to submit a request for Arbitration to ADR Options, Inc., or an alternate neutral arbitration service selected by Community, within the designated time (i.e., two (2) years or the applicable statute of limitations, whichever is earlier) shall operate as a bar to any subsequent request for Arbitration, or for any claim for relief or a remedy, or to any action or legal proceeding of any kind or nature, and the parties will be forever barred from arbitrating or litigating a resolution to any such dispute. Contact information for ADR Options, Inc., is as follows:

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

(g) Allocation of Costs for Arbitration. The costs of the arbitration shall be borne equally by each party, and each party shall be responsible for their own legal fees, except in collection actions where Community is the prevailing party, then in that event, Community shall be entitled to recover attorneys' fees and costs incurred in pursuing the enforcement of Resident's financial obligations. If Resident is the prevailing party in a collection action, then Resident shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

(h) Limited Resident Right to Rescind this Arbitration Provision (Section 21.2(a-m) of this Agreement). Resident or, in the event of Resident's incapacity, Resident's authorized representative have the right to rescind this arbitration provision by notifying Community in writing within thirty (30) calendar days of the execution of this Agreement. Such notice must be sent via certified mail to the attention of the Administrator of Community, and the notice must be post-marked within thirty (30) calendar days of the execution of this Agreement. The notice may also be hand-delivered to the Administrator within the same thirty (30)

calendar day period. The filing of a claim in a court of law within the thirty (30) calendar days provided for above will automatically rescind this Agreement without any further action by Resident or Resident's authorized representative.

(i) Not a Condition of Admission or a Requirement for Continued Care. Resident acknowledges that this arbitration provision is not required as a condition of admission to, or as a requirement to continue to receive care at, Community.

(j) Confidentiality. Resident agrees that, at all times, Resident will keep any information regarding the arbitration proceeding, including rulings, decisions and awards by the arbitrator, confidential and will not disclose voluntarily to any third party, except to the extent required by law. Resident is permitted to disclose that the matter has been resolved, without disclosing the results of the arbitration proceeding.

(k) Acknowledgment. Resident acknowledges that he/she has read and understands the terms of this arbitration provision, that the terms have been explained to Resident by a representative of Community, and that Resident has had an opportunity to ask questions about the arbitration provision. **[_____*initials*]**

(l) Severability of Arbitration Provision (Section 21.2(a-m)). If any provision of this arbitration provision 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 the arbitration provision shall remain in full force and effect.

(m) Law Governing Arbitration Provision. This arbitration provision shall be governed by and interpreted under the Federal Arbitration Act, 9 U.S.C. Sections 1-16.

CHECK (√) AND INITIAL APPLICABLE OPTION:

_____ [_____*initials*] RESIDENT AGREES TO BE SUBJECT TO THE TERMS AND CONDITIONS OF SECTIONS 21.1 AND 21.2(a-m) OF THIS AGREEMENT.

_____ [_____*initials*] RESIDENT DOES NOT AGREE TO BE SUBJECT TO THE TERMS AND CONDITIONS OF SECTIONS 21.1 AND 21.2(a-m) OF THIS AGREEMENT.

SECTION 22: MISCELLANEOUS PROVISIONS

22.1 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 that information is incorporated as a part of this Agreement. Resident acknowledges that the submission of false information or omissions shall constitute grounds for the termination of this Agreement.

22.2 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.

22.3 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.

22.4 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.

22.5 Governing Law.

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

22.6 Non-Waiver.

No act, agreement or statement of any Resident, or of an individual purchasing care for a Resident under any agreement to furnish care to the Resident, shall constitute a valid waiver of any provision of the Continuing-Care Provider Registration and Disclosure Act which is intended for the benefit or protection of the Resident or the individual purchasing care for the Resident.

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

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

TEL HAI RETIREMENT COMMUNITY

By:_____

Title:_____

_____
Resident

_____
Resident

NOTICE OF RIGHT TO RESCIND

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

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

Tel Hai Retirement Community
1200 Tel Hai Circle**,** P.O. Box 190
Honey Brook, PA 19344

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

Pursuant to this notice, I hereby cancel my Residence and Care Agreement.

Date: _____

PROSPECTIVE RESIDENT'S SIGNATURE

_____

_____

INTENTIONALLY LEFT BLANK

EXHIBIT D 2

APARTMENT RESIDENCE CARE AGREEMENT

APARTMENT RESIDENCE AND CARE AGREEMENT



October 2023

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DEFINITIONS OF WORDS AND PHRASES

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

CONDITIONS OF OCCUPANCY The health, safety and daily living requirements for continued Occupancy of the Apartment.

CONTINUING CARE: The provision by Community of Living Accommodations and care for Resident in an Apartment and, if available, in Lakeview Personal Care or The Meadows Health Care Center, until the termination of this Agreement.

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

CREDIT: A single resident shall receive a credit of the unamortized portion of the entrance fee when a permanent move to another level of living is made. In the case of double occupancy, any unamortized portion of the entrance fee shall be credited to the last Co-resident when the last Co-Resident permanently moves to another level of living.

DAILY RATE: The daily charge for routine personal care services or health care services in semi-private accommodations. It does not include charges for ancillary or miscellaneous services.

DESIGNATED OCCUPANCY DATE: The date designated by the Community on which Resident must accept Occupancy of the Apartment. The Resident must pay the initial Monthly Fee and the final payment of the Entrance Fee on the Designated Occupancy Date or upon Occupancy, whichever is earlier.

DOUBLE OCCUPANCY: Two individuals initially residing in an Apartment as Co-Residents.

DOUBLE OCCUPANCY FEE: The additional fee for a second occupant of the Apartment. 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 Apartment selected.

FINANCIAL ASSISTANCE POLICY: The Community's policy regarding the possibility of providing financial assistance or subsidy to Resident in accordance with this Agreement.

FOOD COST PORTION: The part of the total cost of a meal provided by Community which is allocable to the cost of food alone. It excludes, for example, the cost of staff and facility overhead and all other "fixed cost" portions of the meal cost.

LAKEVIEW @ TEL HAI: The licensed personal care facility which provides personal care services. This level of living is referred to as Personal Care throughout this Agreement.

LIVING ACCOMMODATION: The Apartment or Cottage, or Personal Care room or Health Care Center bed (semi-private accommodations) provided for Occupancy by Resident.

MEADOWS @ TEL HAI: The licensed nursing care facility which provides health care services. This level of living is referred to as Health Care throughout this Agreement.

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 an Apartment. The amount of the Monthly Fee is based on the number of occupants of the Apartment. In situations of Double Occupancy, it includes the Double Occupancy Fee.

OCCUPANCY: The right to the use of the Apartment.

PRESIDENT: The individual ultimately responsible for the day-to-day operations of Community.

RATE SHEET: A Community publication reflecting current charges for services rendered by Community.

RESIDENT CARE REVIEW COMMITTEE: The committee appointed by the President consisting of administrative and health care professionals who have the responsibility for implementing the policies and procedures relating to resident level of living transfers.

RESIDENT HANDBOOK: A Community publication reflecting the rules and administrative procedures of the Community. Resident is obligated to comply with the Community's rules 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 occupying the Apartment.

SURRENDER: To cease to occupy a Living Accommodation (i.e. an Apartment or Cottage), to remove all possessions from it, and to return all keys to it.

TRANSFER FEE: The charge for transferring and moving from the Apartment designated under this Agreement to another Residential Unit or upon termination of this agreement by Resident after occupancy.

RESIDENCE AND CARE AGREEMENT

This RESIDENCE AND CARE AGREEMENT (called "Agreement"), made this _____ day of _____, 20___, between TEL HAI RETIREMENT COMMUNITY, a Pennsylvania non-profit corporation (called "Community") 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 of _____.

RECITALS:

The Community operates a continuing care retirement community consisting of residential living units in association with Meadows, a licensed health care center, and Lakeview, a licensed personal care facility.

Resident has applied for admission to an Apartment; and,

The Community has reviewed and accepted Resident's application subject to the continuing approval of Community and the ability of Resident to meet the criteria for admittance to Community prior to Occupancy and 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 ACCOMMODATIONS AND FACILITIES

1.1 Living Accommodations and Term.

The Community shall provide Resident with the Apartment, common facilities and services specified in this Agreement, beginning on the Designated Occupancy Date or the actual Occupancy date, whichever is earlier, and continuing until the termination of this Agreement.

1.2 Furnishings.

The Community shall provide an Apartment with a range, refrigerator, dishwasher, garbage disposal, microwave oven, washer and dryer, heating and air conditioning subject to the provisions of this Agreement regarding transfer to other accommodations.

1.3 Optional/Upgrade Furnishings/Appliances.

The Community shall provide, at additional cost, limited opportunity for optional appliances, furnishings, or services requested by Resident, subject to approval by the Community. Optional furnishings, appliances or services are not included in the Entrance or Monthly Fee. The cost of any optional/upgrade furnishings/appliances shall be paid along with optional/upgrade approvals. When optional/upgrade furnishings/appliances or services are requested by Resident after Occupancy, the cost of same shall be paid by Resident upon receipt of invoice from Community. Upon installation, all optional/upgrade furnishings and appliances immediately become the property of the Community and shall remain in the Apartment after the termination of this Agreement with no reimbursement. An addendum to this Agreement reflecting all optional or upgraded items and their cost shall be signed by Resident.

1.4 Structural Changes and Redecoration.

Any structural or physical change of any kind or redecoration within the Apartment may be made only after obtaining written approval from the Community. The cost of any redecoration or structural change requested by Resident, and possible necessary restoration to original condition, shall be paid by Resident unless the redecoration is necessary due to malfunction of equipment, accident or other unusual event beyond the reasonable control of Resident. The selection of a contractor for structural changes shall be made by the Community. Resident shall be responsible for routine maintenance of any approved structural changes or redecoration.

1.5 Common Facilities.

Resident may use, in common with others, all facilities provided by the Community for use by all residents, subject to rules and regulations as provided in the Resident's Handbook.

1.6 Storage Facilities.

Storage facilities (the size of which shall be determined solely by the Community) shall be available to Resident in a designated location. The use of the storage facilities shall be subject to the direction and supervision of the Community.

1.7 Personal Care.

Lakeview @ Tel Hai is licensed to provide personal care services, which shall be available on a priority access basis.

1.8 Health Care Center.

Meadows @ Tel Hai is licensed to provide nursing care services, which shall be available on a priority access basis.

1.9 Designated Occupancy Date.

The Apartment will be available for Occupancy on _____("the Designated Occupancy Date"). Resident shall take possession of the Apartment on that date. In the event that Resident fails to take possession on the Designated Occupancy Date and the Apartment is available for Occupancy, then Community in its sole and absolute discretion may elect to terminate this Agreement in accordance with the termination and refund provisions. If the Apartment is available for Occupancy before the Designated Occupancy Date, Resident may take possession on the first available date. The obligation to pay the Monthly Fee shall begin on the Designated Occupancy Date or upon Occupancy, whichever is earlier, and the Entrance Fee and optional upgrades must be paid in full prior to or at the time of Occupancy.

SECTION 2: SERVICES

2.1 Utilities.

Community shall provide water, electricity, heat, air conditioning, sewer and refuse collection as part of 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.

A portion of the Monthly Fee is allocated to the cost of payments in lieu of taxes. Monthly fees may be impacted by changes in payments in lieu of taxes or real estate taxes.

2.3 Telephone.

The Community shall provide each Apartment with access to telephone service. All 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 Apartment with access to cable television connection(s). The cost for digital starter cable television service is included in the Monthly

Fee. Additional channels and services are available through the provider for an additional fee.

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.

2.6 Maintenance of Grounds.

The Community shall provide groundskeeping, 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 required to purchase and maintain a Home Owner's/Renter's Insurance policy to insure personal property. Documentation verifying coverage will be included in the Resident's file at time of move-in and confirmed annually thereafter.

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.

Dining options are provided within the monthly fees. These options can be used to purchase meals and other dining services for residents. The Resident Handbook provides rules and regulation for the usage of dining options, and is subject to change from time to time. Additional dining services may be purchased in accordance with the Community's policy reflected in the Resident Handbook. Charges for services are reflected in the menus, ancillary rate sheets and in accordance with the Community's policy reflected in the Resident Handbook, which is subject to change from time to time.

2.10 Housekeeping.

The Community shall make available housekeeping services for an additional fee.

2.11 Transportation.

Local transportation is available through Chester County Paratransit. Other transportation services shall be made available by Community in accordance with Community's policy. Shuttle service on and off campus is also available in accordance with the Communities policy and procedures.

2.12 Security.

Community shall provide limited security features which include an emergency call system for use solely in emergency situations, smoke detectors, fire alarm system, fire extinguisher and building entry system. Community disclaims any and all responsibility or liability for responding to security concerns.

2.13 Parking.

The Community shall provide one parking space for each Apartment. Authorization for parking is contingent upon Resident registering the automobile with the Community. Additional parking is available in designated areas.

2.14 Additional Miscellaneous Services.

Other miscellaneous services are available at an additional charge and are not included in the Monthly Fee.

2.15 Changes in Services.

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 AND PERSONAL CARE SERVICES

3.1 Meadows @ Tel Hai and Lakeview @ Tel Hai.

Community is part of Tel Hai Retirement Community, which operates the Meadows @ Tel Hai and Lakeview @ Tel Hai, a fully approved nursing and personal care facilities licensed by the Commonwealth of Pennsylvania which provide, at an additional charge, routine nursing care or personal care services in semi-private or private accommodations for temporary or permanent illnesses. The Resident shall be afforded priority access to Health Care and Personal Care over applicants from outside the Community. Although there is no guarantee that space will be immediately available in Personal Care or Health Care, at such time as Resident initially may require personal or nursing care services, Community shall endeavor to provide space for residents admitted under Residence and Care Agreements and other agreements for Continuing Care. Should

space not be immediately available, Resident shall receive the next available accommodation consistent with Resident's level of care. Resident shall sign an admission Agreement upon transfer to Health Care or Personal Care, which Agreement(s) will supplement the terms of this Agreement. Resident shall present current financial information to Health Care or to Personal Care as the request for transfer is made.

3.2 Emergency Nursing Services.

Community will provide a response system whereby Resident can contact nursing personnel for legitimate and significant medical needs of Resident. Community does not provide Emergency Medical Services (EMS) or Emergency Medical Technicians (EMT's). In the event of a medical emergency, Resident shall contact 911 to obtain medical assistance. Community disclaims any and all responsibility or liability for providing emergency medical care or responding to security concerns. If Resident utilizes the response system in such an emergency, Community will call 911 on Resident's behalf. Community reserves the right to charge Resident for each response performed. Repeated need for response services may indicate the need for evaluation of a level of living transfer.

3.3 Nursing or Care Giver Services in the Apartment.

Subject to the approval of Community, Resident may utilize the services of private duty nurses, care givers or individuals providing personal or nursing care services in the Apartment so long as Resident is able to satisfy the Conditions of Occupancy. Such services must be approved in advance and in writing by Community. Resident, with Social Service assistance, is responsible to make all arrangements and shall pay the cost for such services. The utilization of such services shall not impair the Resident's financial obligations to Community. Community reserves the right to review the credentials of all private duty nurses or care givers, to approve or prohibit the use of or to require the discontinuation of such services. As a condition of Community's approval, all private duty nurses or care givers must provide Community with an appropriate release and indemnification agreement, proof of liability insurance and workers' compensation insurance coverage, as well as proof that such private duty nurses or care givers are free of tuberculosis and/or any other contagious or communicable disease, and are subject to a criminal background check. To the extent required, Resident shall confirm that any approved private duty nurse, care giver or attending individual has workers' compensation insurance coverage. In the absence of such coverage, Resident is required to provide workers' compensation insurance to the extent required by law. Services of private duty nurses or care givers may be used so long as Resident is able to satisfy the Conditions of Occupancy. In exchange for Community's consent to Resident's request for the services of a private duty nurse or care giver, Resident shall execute, if requested by Community, an Aging-in-Place Addendum, which shall be attached to this Agreement and incorporated by reference. Community reserves the right to terminate Resident's authorization to utilize the services of private duty nurses or care givers in the event that

Resident does not comply with the requirements of this Section or, if applicable, the Aging-in-Place Addendum, or Resident requires transfer to a higher level of care. If transfer to a higher level of care is required as determined in the discretion of Community or as required by the Pennsylvania Department of Human Services, the Pennsylvania Department of Health or any other duly constituted authorities or agencies, then Community reserves the right to transfer Resident to a higher level of care within Community or to such other external care facility as Community deems appropriate.

3.4 Hospitalization.

Community does not provide hospital or acute care. 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 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 Limitations on Care.

Health Care and Personal Care are 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 nursing care or personal care licensure regulations. If 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 case of Double Occupancy, a Co-Resident, or other residents or the peaceful enjoyment of the Community by other residents, Community may transfer Resident or in the case of Double Occupancy, a Co-Resident, to an appropriate outside care facility. The decision as to whether a transfer is necessary and whether the transfer shall be deemed temporary or permanent shall be made by Community in its sole discretion. Community shall give consideration to the advice of a family representative, if available, and if requested and at Resident's expense, a private physician. The advice of family and Resident's physician is advisory only and shall not be binding on Community. The cost of such services shall be the responsibility of the Resident. Community's determination shall be made in writing and signed by the Medical Director and the President or designee of the Community. If the transfer is for a temporary period, then the Resident shall continue to pay the applicable Monthly Fee, less a Food Cost Portion meal credit, 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 Health Care or Personal Care.

(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 personal and 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 personal or nursing care services in Personal Care or Health Care, 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 aides, orthopedic appliances, incontinence supplies, personal care supplies, specialized treatment or any other health or medical service provided under this Agreement. Resident shall pay the Daily Rate for personal or nursing care services as that charge is reflected on Community's current Rate Sheet.

(b) Ancillary Services. All miscellaneous charges and fees for ancillary services not covered or included in the Daily Rate are an additional charge and shall be paid by Resident. A description of the routine personal and nursing care services covered by and included in the Daily Rate and ancillary services not covered by or included in the Daily Rate is contained in Community's Rate Sheet.

(c) Apartment Reservation Costs. Resident shall pay the then current Daily Rate for routine personal or nursing care services as reflected on the Rate Sheet.

(i) Temporary Transfer.

(A) Single Occupancy. During any period of temporary transfer, Resident shall be charged and shall pay the Daily Rate for routine personal or nursing care and any other additional charges for ancillary or miscellaneous services in Personal Care or Health Care, and shall continue to pay the then current applicable Monthly Fee, less any applicable Food Cost Portion meal credit, for reservation of the Apartment. There will be no reduction in the Monthly Fee, except for any applicable Food Cost Portion meal credit, upon temporary transfer to Personal Care or Health Care. 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 any period of temporary transfer, the Co-Resident in Personal Care or Health Care shall be charged and shall pay the then current Daily Rate for routine personal or nursing care, and any other additional charges for ancillary or miscellaneous services. The Apartment Monthly Fee for Double Occupancy shall continue to be due and payable. In situations where one Co-Resident temporarily transfers to Health Care, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medicare or Medical Assistance benefits. In the event both Co-Residents are temporarily transferred, each Co-Resident shall be charged and shall pay the Daily Rate for personal or nursing care services and any additional charges for ancillary or miscellaneous services in Personal Care or Health Care, and collectively shall be charged and shall pay the then current Monthly Fee for Double Occupancy, less any applicable Food Cost Portion meal credit. Each Co-Resident remains jointly and severally liable for each other's charges. 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 Personal Care or Health Care and Surrender of the Apartment, the obligation to pay the Monthly Fee shall cease, and Resident shall pay only the Daily Rate for personal or nursing care services and the other additional charges for ancillary or miscellaneous services.

(B) Double Occupancy. At the time one Co-Resident is permanently transferred to Personal Care or Health Care, the Monthly Fee for the Apartment shall be reduced to the Monthly Fee for Single Occupancy. The Co-Resident in Personal Care or Health Care shall be charged and shall pay the applicable Daily Rate for routine personal or nursing care and any additional charges for ancillary or miscellaneous services, and the Co-Resident remaining in the Apartment shall be charged and shall pay the Monthly Fee for Single Occupancy. In situations where one Co-Resident permanently transfers to Health Care, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medicare or Medical Assistance benefits. In the event both Co-Residents are permanently transferred to Personal Care or Health Care, each Co-Resident shall be charged and shall pay the Daily Rate for personal or nursing care services and any other additional charges for ancillary or miscellaneous services. Each Co-Resident remains jointly and severally liable for each other's respective charges. The obligation to

pay the Monthly Fee shall cease upon permanent transfer of both Co-Residents and Surrender of the Apartment.

3.8 Health Care Services and Liability for Health Care Costs. Subject to Section 3.9 below, Resident remains responsible for Resident's own nursing care, personal care and health care services while residing in the Apartment. All nursing care, personal care, and health care services of any kind provided to Resident under this Agreement are at an additional charge.

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

SECTION 4: FEES

4.1 Entrance Fee.

(a) Entrance Fee. The amount of the Entrance Fee is based on the type of Apartment selected. Resident shall pay to the Community the sum of _____ ($_____) as an Entrance Fee. The payment schedule for the Entrance Fee shall be as follows:

(i) Initial Payment. Upon the execution of this Agreement, Resident shall pay the sum of _____ ($_____) to Community, which represents twenty-five percent (25%) of the Entrance Fee.

(ii) Optional Upgrades Payment. Upon approval of all Optional Upgrades Resident shall pay the full amount of all approved Optional Upgrades to the Community.

(iii) Final Payment. Upon the Designated Occupancy Date or Occupancy, whichever is earlier, Resident shall pay the sum of _____ ($_____) as the Final Payment**,** reflecting the remaining balance of seventy-five percent (75%) of the Entrance Fee. Failure to pay the Entrance Fee in full upon the Designated Occupancy Date or upon Occupancy, whichever is earlier, for reasons other than death, illness, injury or incapacity, will result in termination of this Agreement and forfeiture of two percent (2%) of the Entrance Fee plus the cost of upgrades or extras incurred by Community at specific written request of Resident. Any remaining balance of the Entrance Fee payments shall be

refunded to Resident in accordance with the refund provisions of this Agreement.

4.2 Amortization of Entrance Fee.

The Entrance Fee shall be amortized by the Community in an amount equivalent to two percent (2%) each month pro-rated monthly for a period of fifty (50) months from the date of the Designated Occupancy Date or date of Occupancy, whichever is earlier. At the conclusion of the fifty (50) month amortization period, the Entrance Fee shall be amortized in full by the Community. In the event this Agreement is terminated or Resident is permanently transferred to Health Care or Personal Care prior to the expiration of the fifty (50) month amortization period, all unamortized amounts, less any deductions for financial assistance provided Resident by Community in accordance with Community's Financial Assistance Policy, and less any amounts deducted to cover costs incurred by the Community to refurbish, restore or repair the Apartment in the event of unreasonable wear and tear, or to cover costs incurred at the specific request of Resident, or to satisfy unpaid charges, shall be credited to Resident's invoice in accordance with Section 9.4. The remaining funds shall then be credited in order to be applied to the resident's care provided in other levels of living. Resident or their Estate shall receive a refund only upon Resident leaving the Community or upon the Resident's death.

4.3 Limitations on Increases in the Entrance Fee.

After the execution of this Agreement and payment of the initial payment, there will be no increases in the Entrance Fee. Charges for care paid in one lump sum in the form of an Entrance Fee shall not be increased or changed during the duration of the agreed upon care, except for changes required by state or federal assistance programs, or except in instances where transfer to a larger or smaller apartment is elected by Resident. In accordance with Section 3.9 of this Agreement, the Entrance Fee and Monthly Fee do not include future health care services.

4.4 Use of Entrance Fee.

The entire Entrance Fee 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. Community assumes no fiduciary obligations to Resident with respect to any amounts paid for admission to or continued Occupancy in the Community.

4.5 Monthly Fee.

(a) Amount. Resident shall pay to the Community a Monthly Fee of $_____, in advance each month for _____ Occupancy of the Apartment. The amount of the Monthly Fee is based on the number of occupants of the Apartment. In situations of Double Occupancy, the Monthly Fee includes the Double Occupancy Fee.

(b) Payment and Due Date. The Monthly Fee shall be pro-rated if Resident or Co-Resident, in case of Double Occupancy, assumes Occupancy after the first of the month. Resident shall receive a monthly invoice the first week of each subsequent month. All subsequent Monthly Fee payments are due on the fifteenth day of each month thereafter. If any 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 the Community's Financial Assistance Policy as it may be periodically revised, the Community may elect to exercise its available rights and remedies under this Agreement, including termination.

(c) Adjustments in Monthly Fee. The Monthly Fee may be adjusted from time to time. The Community will provide at least thirty (30) days advance written notice of any changes in the Monthly Fee, except for changes required by State or Federal assistance programs.

4.6 Other Charges.

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

4.7 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 Community, the remaining Co-Resident shall be responsible for payment of the applicable Monthly Fee and any other charges. In the event one Co-Resident transfers to Health Care, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medicare or Medicaid benefits.

4.8 Service Charge for Late Payment and Costs of Collection.

A service charge of one and one-half (1 1/2%) percent per month will be added to amounts past due in excess of thirty (30) days. Resident is obligated to pay all actual attorneys fees and costs incurred relative to the collection of any amounts past due in

excess of ninety (90) days. In the event Community initiates mediation and/or arbitration, if applicable, to collect payments past due in excess of ninety (90) days and the parties, through mediation, mutually agree in favor of Community, or if unable to mutually agree, Community, through arbitration, is deemed to be the prevailing party, Resident shall be responsible to pay all attorneys' fees and costs incurred by Community in pursuing the enforcement of Resident's financial obligations under this Agreement. If the parties mutually agree in favor of Resident or Resident is the prevailing party in a collection action, Resident shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

4.9 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. Disclosure allows the Community to monitor and project financial assistance needs. Updated financial statements and a copy of the most recent tax return shall be required upon a level of care change.

SECTION 5: FINANCIAL ASSISTANCE POLICY

5.1 Inability to Pay.

It is Community's policy that Resident shall not be dismissed solely because of the financial inability to pay the Monthly Fee or other charges, if (a) Resident presents to Community facts which, in Community's opinion, justify financial assistance, and (b) any necessary financial assistance can be granted or continued without impairing the ability of Community to attain its objectives while operating on a sound financial basis. The ability of Community to provide financial assistance is contingent upon a number of factors, including the availability of charitable gifts and the financial condition of Community. Since Community's Financial Assistance Policy is subject to many variables, it may be changed or amended from time to time. The possibility of providing financial assistance should not be construed as an assurance or guarantee of life care by Community. If financial assistance is initially granted, there is no guarantee that such assistance can or will continue indefinitely, or for any specific period of time. The provision of financial assistance, however, is not contingent upon the annual revenue of Community exceeding its expenses.

Community may discontinue or reduce any financial assistance if there is a change in Resident's financial circumstances permitting Resident to bear all or an increased portion of the Monthly Fee or other charges, or if any factual representation by Resident made in the original application for admission and related documents or in support of a request for financial assistance is determined to have been materially false or inaccurate, or if the continuation of such financial assistance will, in Community's opinion, impair the ability

of Community to attain its objectives while operating on a sound financial basis. Community shall take into consideration future economic conditions and the ability of Resident's estate to satisfy financial obligations when making a determination regarding Resident's request for financial assistance under this Agreement. The following provisions are related to the foregoing statement of policy.

5.2 Conditions of Eligibility.

It shall be a condition of eligibility for consideration for financial assistance that Resident shall not have transferred, gifted or depleted resources in contemplation of the execution of this Agreement, or subsequently, which were represented as being available or which would impair Resident's ability to satisfy Resident's financial obligations under this Agreement. Additionally, the financial information provided by Resident in the application documents for admission, and documents subsequently requested by Community, or in support of Resident's request for financial assistance must not contain any material misrepresentations or omissions. Discontinuance of Long Term Care Insurance, which was a condition of admittance, shall be treated as divestiture. In the event that Resident's income is or becomes insufficient to pay the monthly expenses incurred, Resident shall immediately take all necessary steps to sell and liquidate capital assets and other resources in order to fulfill Resident's financial obligations to Community. Resident has an affirmative obligation to make Resident's financial needs and resources known to Community at least sixty (60) days in advance of the need for financial assistance. Prior to requesting consideration for financial assistance, it is expected that Resident will seek other available sources of financial assistance, including family, church or social welfare agencies which may be in a position to render financial assistance. If other resources are available to provide financial assistance to Resident, that fact will be taken into consideration in determining whether any financial assistance should be granted by Community, and if so, in what amount.

5.3 Resident Obligations.

Resident is required to apply for and to take the steps necessary to obtain, if qualified, financial assistance from any appropriate governmental agency, including but not limited to the Pennsylvania Department of Human Services, which administers the Medical Assistance Program to cover the cost of care in Health Care. It is contemplated by Community that an individual who becomes eligible for consideration for financial assistance, shall qualify for medical assistance in the event of transfer to or Occupancy in Health Care.

Community shall exercise its best efforts to maintain Resident, if qualified for financial assistance, on a subsidized basis within the system of care operated by Community. The amount of any subsidy, if provided and available, shall be determined by Community in accordance with financial assistance guidelines periodically established by Community.

5.4 Other Resources and Recovery of Community Subsidy.

If Resident's Monthly Fee or other charges are subsidized wholly or partially by Community, Resident shall not sell or otherwise transfer property without the written consent of Community. If Resident owns any property not disclosed on the application documents or acquires property subsequently and does not disclose its acquisition, Community shall be entitled to so much of such property, up to its whole value, as is equal in value to the total amount of subsidy or financial assistance provided by Community. If Resident's Monthly Fee or other charges have been subsidized wholly or partially by Community, then Resident or Resident's estate shall be liable to Community for amounts equivalent to the amount of any financial assistance provided by Community to Resident under this Agreement. Community, in its sole discretion, may deduct, from funds otherwise due to the Resident as a refund under this Agreement, amounts equivalent to the amount of any financial assistance provided by Community up to the whole value of the refund. Such deductions shall be made at the time that any refund or credit becomes due and payable to Resident under the Agreement.

5.5 Disclosure of Financial Resources.

Residents who are receiving financial assistance from Community shall provide their annual financial statements and copies of their tax returns to Community. Resident shall comply with such requests made by Community.

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 Residence and Care Agreement share Resident's Apartment, the proposed Additional Occupant must file an application for admission and meet all age, medical and other requirements for admission applicable to all applicants of the residential facility. Admittance of an Additional Occupant shall be at the sole discretion of the Community and shall be based on the current admission policy of the Community which is subject to change from time to time. 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 the termination and refund provisions. If the proposed Additional Occupant receives approval to occupy the Apartment, this Agreement will be amended and the Additional Occupant shall pay an additional fee in an amount equivalent to one-half (1/2) the Entrance Fee in effect at the time Additional Occupant moves into the Apartment. The Monthly Fee shall be increased to be equivalent to the Monthly Fee for Double Occupancy of the Apartment. The additional fee shall be allocated to the Additional

Occupant and shall be amortized in an amount equivalent to two percent (2%) of the additional fee prorated monthly for a period of fifty (50) months. As long as the Additional Occupant or the Resident initially admitted under this Agreement continues to occupy the Apartment, no refund or credit shall be due and no refund or credit shall be paid until the death, permanent transfer, discharge or voluntary departure outside the Community of both the Resident and the Additional Occupant. In the event Additional Occupant becomes entitled for a refund or credit because of termination of this Agreement or permanent transfer of the Additional Occupant to Health Care or Personal Care during the amortization period, all unamortized amounts of the additional fee, less any deductions for financial assistance provided to the Additional Occupant by Community in accordance with Community's Financial Assistance Policy, and less any amounts deducted to cover costs incurred by the Community to refurbish, restore or repair the Apartment in the event of unreasonable wear and tear, or to cover costs incurred at the specific request of the Additional Occupant, or to satisfy unpaid charges, shall be refunded or credited to Additional Occupant. The amount of any refund or credit will be calculated by reference to the date on which Additional Occupant surrenders the Apartment, or in the event that the Additional Occupant permanently transfers to Health Care or Personal Care, by reference to the date the Community determines that the transfer is permanent.

6.2 Other Resident.

In the event that Resident desires to marry another resident admitted under a separate Residence and Care Agreement, and thereafter occupy a single Apartment or have another resident admitted under a separate Residence and Care Agreement share a single Apartment as Co-Residents, Resident shall select and designate in writing at least sixty (60) days in advance of the proposed move, which one of the two Apartments occupied by each Resident or an alternative unit as provided in Section 10 shall be thereafter occupied jointly. The Apartment not designated for joint Occupancy must be surrendered on or before the date of the proposed move to the designated Apartment. Upon transfer, the Monthly Fee for Double Occupancy of the designated or alternative Apartment shall be paid. The Residence and Care Agreements shall be amended to reflect the change in the Apartment, the change in the Monthly Fee, and any other matters reasonably necessary for the transfer of the Resident to the designated or alternative Apartment. Upon transfer to the designated or alternative Apartment, any unamortized portion of the Entrance Fee paid by Resident shall continue to be amortized and shall be subject to refund or credit only in accordance with the refund or credit provisions of this Agreement relating to Co-Residents.

6.3 Additional Occupant Addendum.

If the proposed Additional Occupant's application for admission is approved, this Agreement shall be amended, and Resident and the proposed Additional Occupant shall sign an addendum.

6.4 Divorce/Separation.

In the event that Co-Residents, who were married to each other at the time of the execution of this Agreement, subsequently divorce or separate and a dispute arises between the two Co-Residents over rights to any applicable refund, such refund shall be held by Community until a legally binding property settlement is available or until the court with jurisdiction over the divorce proceeding shall issue an order to release such funds. The refund will not be paid at the time one Co-Resident permanently vacates the Apartment and the other Co-Resident remains in the Apartment. The Co-Resident that remains at Community must retain sufficient assets/resources to provide for his/her future care. Consultation with Community will be necessary to determine the amount of resources needed for future care. The departing Co-Resident shall remain jointly and severally liable for the remaining Co-Resident's financial obligations under this Agreement.

SECTION 7: TERMINATION OF AGREEMENT

7.1 Termination by Resident.

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

(b) Prior to Occupancy. After the lapse of the seven (7) day rescission period, Resident may terminate this Agreement by delivering written notice to the Community prior to the Designated Occupancy Date. In the event of Resident's death, illness, injury or incapacity prior to the Designated Occupancy Date, then this Agreement shall automatically terminate. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. In situations of Double Occupancy where one Co-Resident is precluded from taking Occupancy due to death, illness, injury or incapacity, the other Co-Resident may elect to terminate this Agreement. If such Co-Resident elects to take Occupancy of the Living Accommodation, then the Monthly Fee shall be reduced to the Monthly Fee for Single Occupancy.

(c) After Occupancy. After Occupancy, Resident may terminate this Agreement by delivery of advance written notice to the Community at least sixty (60) days prior to the effective date of termination. Resident must Surrender the Apartment on or before the effective date of termination.

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 or actual date of Occupancy, whichever is earlier. Any

applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

(b) After Occupancy. The Community may terminate this Agreement upon a determination of Just Cause and delivery of forty-five (45) days written notice or such written notice as is reasonable under the circumstances to Resident or Resident's representative. In situations where continued Occupancy threatens the life, health, safety or peaceful enjoyment of the Resident or other residents, or other persons, only such notice as is reasonably practicable under the circumstances will be provided Resident or Resident's representative, and termination may be effective immediately. 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. Just Cause shall include, but not be limited to the following:

(i) a default in payment; or

(ii) the submission of any materially false information in the application documents; or

(iii) the failure of Resident to maintain health care insurance as described in Section 12.7(a); or

(iv) the failure of Resident to abide by the Community's rules, regulations, policies and procedures; or

(v) the breach of any of the other terms of this Agreement including a change in the liquidity of Resident's assets, such as the purchase of an annuity that impairs Resident's ability to fulfill timely his/her current financial obligations to Community as explained further below, or a transfer of assets to an irrevocable trust or any other transfer whereby assets disclosed in the application for admission or Confidential Financial Statement form are no longer available in whole or in part to pay for Resident's care and services; or

(vi) a good faith determination in writing signed by the Community's Medical Director and Administrator that continued Occupancy in the Apartment 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.

If Resident substantially impairs his/her ability to fulfill timely Resident's financial obligations to Community due to a change in the liquidity of Resident's assets or a transfer of assets to an irrevocable trust or any other transfer, then Community may terminate this Agreement following an opportunity to cure. If Resident fails to cure or correct the non-compliance within a time period as determined by Community and to Community's satisfaction, then Community may terminate this Agreement for just cause upon forty-five (45) days written notice to Resident or Resident's representative.

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 situations of Double Occupancy, the death of one Co-Resident shall not terminate this Agreement. Upon the death of one Co-Resident, the Monthly Fee for Occupancy of the Living Accommodation shall be reduced to the Monthly Fee for Single Occupancy, and all other provisions of this Agreement shall remain in force.

7.4 Surrender.

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

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

8.1 Conditions of Apartment Occupancy.

Resident shall have the right to occupy the Apartment for so long as Resident satisfies the health and other Conditions of Occupancy. Continued Occupancy of the Apartment shall, in general, be controlled by Resident's physical and mental condition.

8.2 Decision To Transfer.

(a) Authority to Transfer. The Community may transfer Resident from and between the Apartment and Health Care or Personal Care, or any other appropriate care facility if it determines that such a move should be made because of the health of the Resident, for the proper operation of the Community, or to comply with regulations of the Pennsylvania Department of Human Services, the Pennsylvania Department of Health, local regulations of the Fire Department, or any other duly constituted authorities or agencies, or otherwise to meet the requirements of law. If Resident is transferred permanently to Health Care or Personal Care, or to any other appropriate facility

authorized under this Agreement, the Community may declare Resident's Apartment vacant and reassign the Apartment to another resident. The Community's decision regarding the temporary or permanent nature of any transfer may be made at any time deemed appropriate by the Community. The decision as to whether a transfer shall be deemed temporary or permanent shall be made by the Community in its sole discretion. The Community shall give consideration to the opinion of the Resident, their Power of Attorney, if any, 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 their Power of Attorney, family and Resident's physician is advisory only and shall not be binding on the Community.

(b) Role of Community's Resident Care Review Committee. The Community shall appoint a Resident Care Review Committee. Upon certification by the Community's Resident Care Review Committee that Resident is no longer capable of satisfying the Conditions of Occupancy of the Apartment and is in need of personal, nursing 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 Personal Care or Health Care or other appropriate care facility.

8.3 Transfer to Lakeview @ Tel Hai

If Resident becomes ill or incapacitated, and in the opinion of the Community, with the advice of the Community's Medical Director, the Resident requires Personal Care, such care will be available on a priority access basis in Personal Care either on a temporary or permanent basis. If the Community determines that the health of the Resident is such that Occupancy in Personal Care will be permanent, Resident's Apartment 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 Apartment and cause all personal possessions to be removed within forty-five (45) days of notice of the Community's decision.

8.4 Transfer to Meadows @ Tel Hai.

If Resident becomes ill or incapacitated, and in the opinion of the Community, with the advice of the Community's Medical Director, the Resident requires nursing care, such care will be available on a priority access basis in Health Care either on a temporary or permanent basis. If the Community determines that the health of the Resident is such that Occupancy in Health Care will be permanent, Resident's Apartment 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 Apartment and cause all personal possessions to be removed within forty-five (45) days of notice of the Community's decision.

8.5 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 the 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 or other persons, the Community may transfer Resident to an appropriate outside care facility. The Community with the advice of the Medical Director may declare Resident's Apartment 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. Resident shall Surrender the Apartment and cause Resident's personal possessions to be removed from the Apartment within forty-five (45) days after notice of Community's determination that the transfer will be permanent.

8.6 Costs 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, less any applicable Food Cost Portion meal credit, 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 Apartment, 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 care or nursing care facility resulting from a transfer because of insufficient space in the Community's Personal Care or Health Care.

(b) Double Occupancy. During any temporary transfer of one Co-Resident to a hospital or an outside facility, the Monthly Fee for Double Occupancy, less any applicable Food Cost Portion meal credit, 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 Apartment. In the event both Co-Residents are temporarily transferred to an outside facility, the Monthly Fee for Double Occupancy, less any applicable Food Cost Portion meal credit, 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 Apartment, 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 care or nursing care facility resulting from a transfer because of insufficient space in the Community's Personal Care or Health Care.

8.7 Release of or Return to Apartment after Transfer.

(a) Temporary Transfer. If Resident is admitted temporarily to Personal Care or Health Care, or a hospital or other outside facility, with a medical prognosis of recovery and return to health consistent with the Conditions of Occupancy of the Apartment, then Resident shall retain possession of the Apartment for the purpose of resuming residency. During any period of temporary transfer to Personal Care or Health Care, Resident shall pay the costs for retaining the Apartment as 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 Apartment set forth in Section 8.6 above. Resident may return to the Apartment at such time as the Community determines that Resident can satisfy the Conditions of Occupancy.

(b) Permanent Transfer. If, following transfer to Personal Care or Health Care or a hospital or other appropriate outside facility, the Community's Resident Care Review Committee deems that Resident will not be able to satisfy the Conditions of Occupancy so as to resume residency in the Apartment, the Community shall have the right to declare the Apartment vacant (unless occupied by a Co-resident) and release the Apartment to another. Resident shall surrender and vacate the Apartment within forty-five (45) days of written notice of the Community's decision to permanently transfer Resident and release the Apartment. Any unamortized portion of the Entrance Fee (if single occupant) shall be credited if resident transfers within the Tel Hai continuum. Any unamortized portion of the Entrance Fee shall be refunded, in situations of single occupancy, if Resident permanently leaves Community. No credit or refund shall be given in the case of double occupancy, if a Co-Resident remains in Apartment.

If, in the Community's opinion, Resident subsequently recovers sufficiently to satisfy the Conditions of Occupancy of a unit, Resident shall receive the next available Apartment with a floor plan comparable to the one relinquished. Prior to resuming occupancy, Resident shall replenish the unamortized entrance fee amount, if any, previously credited upon transfer. The terms of this Agreement shall be revived upon re-occupancy, and Resident shall sign an addendum acknowledging the revival of this Agreement, and any other reasonably necessary terms. Any unexpired amortization period shall begin to run again from the date of Re-Occupancy. Resident is not required to make any additional Entrance Fee payments, but shall be obligated to pay the Monthly Fee then in effect as of the date of Occupancy.

SECTION 9: LIMITED REFUND OR CREDIT OF ENTRANCE FEE

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

9.1 Termination Before Occupancy.

The Entrance Fee will be refunded in full if the Resident rescinds this Agreement within seven (7) days in accordance with the Notice of Right to Rescind. If Community terminates this Agreement prior to the Designated Occupancy Date, then Community shall make a full refund of all Entrance Fee payments. In the event of termination of this Agreement by death of Resident before the Designated Occupancy Date, or in the event Resident, prior to the Designated Occupancy Date, is precluded from becoming a resident because of illness, injury or incapacity, then the Community shall make a full refund of all Entrance Fee payments less deductions for costs incurred by Community at the specific written request of Resident. If Resident does not terminate this Agreement within the seven (7) day rescission period but does terminate prior to the Designated Occupancy Date; or Resident fails to make Final Payment of the Entrance Fee upon the Designated Occupancy Date or Occupancy, whichever is earlier, while not precluded from taking Occupancy by illness, injury, incapacity or death, then the Community shall retain two percent (2%) of the Entrance Fee and the balance of the Entrance Fee shall be refunded to Resident less the costs incurred by Community at the specific written request of Resident, in accordance with the refund provisions of this Agreement.

9.2 Termination After Occupancy.

The Entrance Fee shall be amortized by the Community in an amount equivalent to two percent (2%) of the Entrance Fee per month for a period of fifty (50) months from the Designated Occupancy Date or date of Occupancy, whichever is earlier. After the lapse of fifty (50) months, the Entrance Fee shall be amortized in full by Community, and no part of it will be refunded. In the event of termination of this Agreement or permanent transfer of Resident to Health Care or Personal Care during the fifty (50) month amortization period, any unamortized amounts prorated on a monthly basis, less any amounts deducted to cover costs incurred by the Community to refurbish, restore or repair the Apartment 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 less any deductions for financial assistance provided Resident by Community in accordance with Community's Financial Assistance Policy, shall be refunded or credited to Resident in accordance with Section 9.4.

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 or Credit Payments.

Prior to Occupancy, all applicable refunds or credits will be made after termination and within sixty (60) days of Resident's request. After Occupancy, all applicable refunds or credits will be made only after the Agreement has terminated and the Resident's vacated Apartment has been reoccupied by another Resident and the entrance fee for the reoccupied Apartment has been paid in full. In the event Resident's vacated Apartment is reoccupied by a then current residential living resident of the Community through an internal transfer, then only at such time as the Community receives an entrance fee in full for the Residential Unit vacated by the existing resident transferring to Resident's Apartment under this Agreement, shall a refund or credit be made. In the event, residents vacated apartment is reoccupied by a then current resident of the community from a higher level of care through an internal transfer, than only at such time as the Community receives the final signed move in document, shall a refund or credit be made. The amount of any refund or credit due will be calculated by reference to the date of the Surrender of the Apartment or upon permanent transfer to another level of living. In the event that Resident permanently transfers to Health Care or Personal Care, the amount of any credit due will be calculated by reference to the date Community declares the transfer to be permanent. As long as Resident or in the case of Double Occupancy, a Co-Resident, continues to occupy any residential unit (i.e. a Cottage or Apartment residence) within the Community, no refund or credit shall be due under this Agreement and no refund or credit shall be paid until the death, permanent transfer, discharge or voluntary departure of Resident, or in situations of Double Occupancy, both Co-Residents.

A credit or refund shall only be made when the last Co-Resident moves out of the Apartment. Any unamortized portion of the entrance fee or estate preservation shall be credited to the last Co-resident when the last Co-Resident moves to another level of living. A refund shall be made to the last Co-Resident’s estate, if a portion of the entrance fee remains unamortized and when the last Co-Resident expires.

9.5 Distribution of Refund Upon Death.

Refunds to Resident's estate shall be made 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 upon in writing.

SECTION 10: LIMITED OPTION TO MOVE TO ANOTHER RESIDENTIAL UNIT

10.1 Option After Occupancy.

After Occupancy, Resident may request to exercise a limited option to move to another Residential Unit, if and when another Residential Unit becomes available, 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 Residential Unit, or a larger Residential Unit. The Community reserves the right to disapprove Resident's request to move and normally will not approve a move to a Residential Unit of substantially equivalent size in a different location. In the event Resident desires to exercise the option to move to another Residential Unit, Resident must notify the Community in writing of the Residential Unit desired. The Resident shall pay the prevailing Transfer Fee for such a move.

10.2 Costs of Election to Move.

If Resident elects a smaller Residential Unit (i.e. another Apartment or Cottage), Resident shall pay the prevailing Transfer Fee in an amount determined by the Community. There will be no Entrance Fee credit or refund even if the Entrance Fee for the Surrendered Apartment is greater than the Entrance Fee for the selected Residential Unit. If Resident elects to move to a Residential Unit which has an Entrance Fee greater than Resident paid for Occupancy of the Apartment initially designated under this Agreement, then Resident shall pay, prior to moving to the selected Residential Unit, an additional amount equal to the difference between the initial Entrance Fee paid and the higher Entrance Fee in effect at the time of the move in addition to a Transfer Fee. The additional Entrance Fee shall be amortized on a separate amortization schedule in the same manner as described in Section 4.2.

10.3 Option to Move Addendum.

In the event Resident receives approval from the Community to move to another Residential Unit, Resident shall sign an addendum to the original Agreement reflecting the amortization of the original fee. The Resident shall also sign a current Agreement reflecting all costs and charges related to exercising the option to move, including the Monthly Fee for the selected Residential Unit and the amortization schedule for the selected Residential Unit.

SECTION 11: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

11.1 Legal Guardian.

If, in the opinion of Community, 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 the lawfully designated representative is unavailable or unable to act on behalf of Resident, then 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. Resident shall furnish the Community, no later than the date of Occupancy, a durable, financial and medical 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 a copy of the living will to Community, and a copy of any revisions or changes made to the document during Resident's term of Occupancy. In the event of transfer to Health Care, Community shall comply with the instructions or requests of Resident as reflected in Resident's living will, if Resident's advance instructions/requests are 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 of self-organization. A representative designated by the Community's Board of Directors shall hold quarterly or more frequent meetings with the residents of the Community for the purpose of free discussion of various topics as they apply to the Community. At least seven (7) days notice of each quarterly meeting shall be given.

12.2 Right to Receive Disclosure Statements.

The Community shall deliver to Resident at the time of the execution of this Agreement, and make available upon request to Resident 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.

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 or any of its affiliates or subsidiaries. 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 or its affiliates or subsidiaries and Resident. Any rights, privileges, or benefits under this Agreement shall be subordinate to any existing or subsequent mortgages or deeds of trust on any of the premises or to any other interest in the real estate property of the Community or its affiliates or subsidiaries and to all amendments, modifications, replacements, or refinancing of 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 effect such subordination or to evidence the same.

12.5 Inspection of Apartment 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 Apartment 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 Apartment to perform scheduled housekeeping, if requested by Resident, as provided in Section 2.10, 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 Apartment in a clean, sanitary, and orderly condition. If Resident does not maintain the Apartment in a reasonable manner, the Community, after notice to Resident, shall have the right to maintain the Apartment, 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 through Social Security programs (commonly known as "Medicare A, B and D"). Resident is encouraged to carry medical and surgical insurance for protection from medical risks and is required to obtain, prior to Occupancy, and maintain in force at Resident's expense, maximum coverage available under the federal government social security health insurance program known as "Medicare A, B and D", 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). For a Resident under age 65, a substitute basic insurance coverage policy is required. If proceeds from Medicare and the 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, if billed directly by the Community. 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 the right to make such payments for purposes of maintaining such insurance in force for Resident's benefit. The payment by Community of Resident's insurance premium shall not be construed as a waiver of Community's right to terminate this Agreement if Resident refuses or fails to maintain the required insurance. Resident is obligated to reimburse the Community for such payments made on behalf of Resident and the cost of such premium shall be added to and included in the Monthly Fee.

(b) Assignment of Required Insurance and Third Party Payments. If Resident becomes eligible to receive payments from 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 for less than fair market value or make any gifts subsequent to the date of application for admission, and shall not make any such transfer or gifts after Occupancy, including a transfer of assets to an irrevocable trust, or change the liquidity of Resident's assets in any manner, including the purchase of an annuity, which would substantially impair Resident's ability or the ability of Resident's estate to satisfy Resident's financial obligations to the Community. In the event Resident substantially impairs his/her ability to fulfill timely his/her financial obligations to Community, Community may terminate this Agreement for just cause following an opportunity to cure. If Resident fails to cure or correct the non-compliance within a time period as determined by Community and to Community's satisfaction, then Community may terminate this Agreement for just cause upon forty-five (45) days written notice to Resident or Resident's representative. If Resident fails to cure within the afforded time and Community decides not to terminate this Agreement, then Resident shall not have access to or the ability to transfer to another level of care within the Community, and Resident shall not be eligible for financial assistance. Community's decision not to terminate this Agreement shall not be construed as a waiver of Community's right to terminate at a later date.

12.10 Medical Examinations.

Resident may be examined by a qualified physician of Resident's own choosing prior to Occupancy, and may make the results of the examination available to the Community in writing.

12.11 Responsibility for Property Damage to Community.

(a) Responsibility for Condition of Apartment Upon Termination. Upon termination of this Agreement, Resident shall vacate and Surrender the Apartment and leave it in as good condition as the date of Occupancy except for reasonable wear and tear. If the Apartment 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 estate 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 to 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 any 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. If Resident has become unable to comply with the Conditions of Occupancy of the Apartment, or this Agreement has been terminated for any reason, Resident or the duly authorized representative of Resident's estate must remove all personal property from the Apartment, including property held in storage. If Resident's personal property, or any other property not owned by the Community, is not removed by Resident or Resident's representative within forty-five (45) days of Resident's permanent transfer from the Apartment or termination of this Agreement, the Community shall dispose of Resident's property or any other property in the Apartment not owned by the Community 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 the afore-mentioned property. If the aforementioned 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.

12.14 Rules, Regulations, Policies and Procedures.

Resident shall cooperate fully with the Community to maintain the Apartment and common facilities in a neat and orderly manner, and shall comply with all rules, regulations, policies and procedures established by the Community. The Community's rules, regulations, policies and procedures are set forth in the Resident Handbook, and other publications or documents of the Community, and are subject to change from time to time.

12.15 Rights of Resident are Personal and Non-Transferable.

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 Apartment 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 (12) month period for which a report is available upon request.

SECTION 14: CASUALTY LOSS

In the event the residential unit occupied by Resident or the building in which the residential unit is located is destroyed or so damaged by fire or other casualty so as to render the residential unit or the building generally unfit for Occupancy, the Community will endeavor in good faith to rebuild and replace the residential unit and/or building with substantially similar accommodations unless doing so would threaten the financial viability of the Community. In the event the Resident is unable to occupy the residential unit for any period of time during any reasonably necessary period of restoration of the residential unit, the Monthly Fee shall be reduced proportionately, unless a vacant residential unit is available for temporary Occupancy by Resident. In the event that Community determines that rebuilding threatens the financial viability of Community so as to preclude replacement of the residential unit or building, then the Community will strive to develop an alternative restoration plan in which it will exercise its best efforts to locate, identify or provide, if financially feasible as determined by

Community, reasonable alternative accommodations for any Resident affected by such a catastrophic loss. The Community shall not be liable for any damage, compensation or claim because of inconvenience or annoyance arising from the necessity of repairing any portion of the Apartment or building, or the interruption in use of the Apartment.

SECTION 15: 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 16: 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 17: ENTIRE AGREEMENT

This Agreement and any applicable addendum(s) constitute 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 this 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 executed by the parties.

SECTION 18: 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 19: 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 20: NOTICE

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

To Community:

Tel Hai Retirement Community
1200 Tel Hai Circle, P.O. Box 190
Honey Brook, PA 19344

To Resident (Before Occupancy):

_____

_____

_____

After Occupancy, notice will be provided to Resident at the Apartment specified in this Agreement.

SECTION 21: VOLUNTARY MEDIATION AND BINDING ARBITRATION

21.1 Voluntary Mediation. Mediation is a form of alternative dispute resolution whereby an impartial person facilitates communication between the parties. The goal of mediation is to resolve the dispute promptly, amicably, and without incurring significant time and expense. Mediations are non-binding in nature. This

Agreement provides for voluntary mediation whereby the parties may, upon mutual agreement, engage in mediation before resorting to arbitration. If the parties mutually agree to mediate any dispute that may arise between them, then the mediation will be conducted at Community or at a site within a reasonable distance of Community, subject to the mutual agreement of the parties. If the parties are unable to resolve their dispute through mediation, then the dispute shall be resolved by arbitration as provided in this Agreement. If the parties do not mutually agree to mediate any dispute that may arise between them, then they shall proceed directly to arbitration. The costs of the mediation shall be borne equally by each party, and each party shall be responsible for their own legal fees, except in collection actions where the parties mutually agree in favor of Community or, if unable to resolve the dispute through mediation, where the Community, through arbitration, is deemed to be the prevailing party, then in that event, Community shall be entitled to recover attorneys' fees and costs incurred in pursuing the enforcement of Resident's financial obligations. If the parties mutually agree in favor of Resident or Resident is the prevailing party, Resident shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

21.2 Voluntary Binding Arbitration. Arbitration is a specific process of dispute resolution utilized instead of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party ("Arbitrator(s)") chosen by the parties to this Agreement renders the decision, which is binding on both parties. Generally, an Arbitrator's decision is final and not open to appeal. The Arbitrator will hear both sides of the story and render a decision based on fairness, law, common sense and the rules established by the Arbitration Association selected by the parties. Arbitration has been selected with the goal of reducing the time, formalities and cost of utilizing the court system.

(a) Contractual and/or Property Damage Disputes. Unless resolved or settled by mediation, any controversy, dispute, disagreement or claim of any kind or nature, arising from, or relating to this Agreement, or concerning any rights arising from or relating to an alleged breach of this Agreement, with the exception of (1) guardianship proceedings resulting from the alleged incapacity of the Resident; and (2) disputes involving amounts in controversy of less than Twelve Thousand Dollars ($12,000), shall be resolved exclusively by arbitration. **This means that the Resident will not be able to file a lawsuit in any court to resolve any disputes or claims that the Resident may have against Community. It also means that the Resident is relinquishing or giving up all rights that the Resident may have to a jury trial to resolve any disputes or claims against Community.** It also means that Community is giving up any rights it may have to a jury trial or to bring claims in a court against the Resident. Subject to Section 21.2(f) of this Agreement, the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. **Resident acknowledges and understands**

that there will be no jury trial on any claim or dispute submitted to arbitration, and Resident relinquishes and gives up Resident's right to a jury trial on any matter submitted to arbitration under this Agreement.

(b) Personal Injury or Medical Malpractice. Unless resolved or settled by mediation, any claim that the Resident may have against Community for any personal injuries sustained by the Resident arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in Community, shall be resolved exclusively by arbitration. **This means that the Resident will not be able to file a lawsuit in any court to bring any claims that the Resident may have against Community for personal injuries incurred while residing in Community. It also means that the Resident is relinquishing or giving up all rights that the Resident may have to a jury trial to litigate any claims for damages or losses allegedly incurred as a result of personal injuries sustained while residing in Community.** Subject to Section 21.2(f) of this Agreement, the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. **Resident acknowledges and understands that there will be no jury trial on any claim or dispute submitted to arbitration, and Resident relinquishes and gives up the Resident's right to a jury trial on any claims for damages arising from personal injuries to the Resident which are submitted to arbitration under this Agreement.**

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

(d) Right to Legal Counsel. Resident has the right to be represented by legal counsel, at his/her own cost, in any proceedings initiated under this arbitration provision. **Because this arbitration provision addresses important legal rights, Community encourages and recommends that Resident obtain the advice and assistance of legal counsel to review the legal significance of this arbitration provision prior to signing the Agreement.**

(e) Location of Arbitration. Subject to the mutual agreement of the parties, the arbitration shall be conducted at Community, or at a site within a reasonable distance of Community.

(f) Time Limitation for Arbitration. Any request for arbitration of a dispute must be requested and submitted to ADR Options, Inc., with notice to the other party, prior to the lapse of two (2) years from the date on which the event giving rise to the dispute occurred, or before the expiration of the applicable statute of limitations for the dispute, whichever is earlier. Determination of the lapse of two (2) years from the date on which the event giving rise to the dispute occurred and determination of the applicable statute of limitations shall be made by the arbitrator as part of the arbitration process. ADR Options, Inc., is the designated arbitration agency that shall hear disputes specified in Sections 21.2 (a)-(b) of this Agreement. ADR Options, Inc., is an impartial alternative dispute resolution organization that provides a panel of neutral third party arbitrators from which Resident and Community, upon mutual agreement, shall select an arbitrator to facilitate dispute resolution. In the event ADR Options, Inc., is unable or unwilling to serve, then the request for Arbitration must be submitted to Community within thirty (30) days of receipt of notice or other determination of ADR Options, Inc.'s, unwillingness or inability to serve as a neutral arbitrator. Community shall select an alternative neutral arbitration service within thirty (30) days thereafter and the selected Arbitration Agency's procedural rules shall apply to the arbitration proceeding. The failure to submit a request for Arbitration to ADR Options, Inc., or an alternate neutral arbitration service selected by Community, within the designated time (i.e., two (2) years or the applicable statute of limitations, whichever is earlier) shall operate as a bar to any subsequent request for Arbitration, or for any claim for relief or a remedy, or to any action or legal proceeding of any kind or nature, and the parties will be forever barred from arbitrating or litigating a resolution to any such dispute. Contact information for ADR Options, Inc., is as follows:

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

(g) Allocation of Costs for Arbitration. The costs of the arbitration shall be borne equally by each party, and each party shall be responsible for their own legal fees, except in collection actions where Community is the prevailing party, then in that event, Community shall be entitled to recover attorneys' fees and costs incurred in pursuing the enforcement of Resident's financial obligations. If Resident is the prevailing party in a collection action, then Resident shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

(h) Limited Resident Right to Rescind this Arbitration Provision (Section 21.2(a-m) of this Agreement). Resident or, in the event of Resident's incapacity, Resident's authorized representative have the right to rescind this

arbitration provision by notifying Community in writing within thirty (30) calendar days of the execution of this Agreement. Such notice must be sent via certified mail to the attention of the Administrator of Community, and the notice must be post-marked within thirty (30) calendar days of the execution of this Agreement. The notice may also be hand-delivered to the Administrator within the same thirty (30) calendar day period. The filing of a claim in a court of law within the thirty (30) calendar days provided for above will automatically rescind this Agreement without any further action by Resident or Resident's authorized representative.

(i) Not a Condition of Admission or a Requirement for Continued Care. Resident acknowledges that this arbitration provision is not required as a condition of admission to, or as a requirement to continue to receive care at, Community.

(j) Confidentiality. Resident agrees that, at all times, Resident will keep any information regarding the arbitration proceeding, including rulings, decisions and awards by the arbitrator, confidential and will not disclose voluntarily to any third party, except to the extent required by law. Resident is permitted to disclose that the matter has been resolved, without disclosing the results of the arbitration proceeding.

(k) Acknowledgment. Resident acknowledges that he/she has read and understands the terms of this arbitration provision, that the terms have been explained to Resident by a representative of Community, and that Resident has had an opportunity to ask questions about the arbitration provision. **[_____ *initials*]**

(l) Severability of Arbitration Provision (Section 21.2(a-m)). If any provision of this arbitration provision 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 the arbitration provision shall remain in full force and effect.

(m) Law Governing Arbitration Provision. This arbitration provision shall be governed by and interpreted under the Federal Arbitration Act, 9 U.S.C. Sections 1-16.

CHECK (√) AND INITIAL APPLICABLE OPTION:

_____ [_____*initials*] RESIDENT AGREES TO BE SUBJECT TO THE TERMS AND CONDITIONS OF SECTIONS 21.1 AND 21.2(a-m) OF THIS AGREEMENT.

_____ [_____*initials*] RESIDENT DOES NOT AGREE TO BE SUBJECT TO THE TERMS AND CONDITIONS OF SECTIONS 21.1 AND 21.2(a-m) OF THIS AGREEMENT.

SECTION 22: MISCELLANEOUS PROVISIONS

22.1 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 that information is incorporated as a part of this Agreement. Resident acknowledges that the submission of false information or omissions shall constitute grounds for the termination of this Agreement.

22.2 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.

22.3 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.

22.4 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.

22.5 Governing Law.

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

22.6 Non-Waiver.

No act, agreement or statement of any Resident, or of an individual purchasing care for a Resident under any agreement to furnish care to the Resident, shall constitute a valid waiver of any provision of the Continuing-Care Provider Registration and Disclosure Act which is intended for the benefit or protection of the Resident or the individual purchasing care for the Resident.

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

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

TEL HAI RETIREMENT COMMUNITY

By:_____

Title: _____

_____
Resident

_____
Resident

NOTICE OF RIGHT TO RESCIND

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

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

Tel Hai Retirement Community
1200 Tel Hai Circle, P.O. Box 190
Honey Brook, PA 19344

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

Pursuant to this notice, I hereby cancel my Residence and Care Agreement.

Date: _____

PROSPECTIVE RESIDENT'S SIGNATURE

_____

_____

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EXHIBIT D 3

NOTICE OF RIGHT TO RESCIND

NOTICE OF RIGHT TO RESCIND

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

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

Tel Hai Retirement Community
1200 Tel Hai Circle**,** P.O. Box 190
Honey Brook, PA 19344

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

Pursuant to this notice, I hereby cancel my Residence and Care Agreement.

Date:

PROSPECTIVE RESIDENT'S SIGNATURE

_____

_____

EXHIBIT D 4 & 5

AGING IN PLACE ADDENDUMS

SINGLE & DOUBLE OCCUPANCY

TEL HAI RETIREMENT COMMUNITY

AGING-IN-PLACE ADDENDUM

(Single Occupancy)

THIS ADDENDUM, made this _____ day of _____, 20____, amends the Residence and Care Agreement ("Agreement") entered into on ____ day of _____, 20____, and any preceding addenda or amendments to the Agreement by and between **TEL HAI RETIREMENT COMMUNITY**, a Pennsylvania non-profit corporation (called "Community"), and _____ (called "Resident").

RECITALS

Community is of the opinion that Resident no longer meets the Conditions of Occupancy of the apartment or cottage (hereinafter "Residence") and requires a transfer to a higher level of care;

Despite Community's opinion that Resident no longer meets the Conditions of Occupancy of the Residence and requires a transfer to a higher level of care, Resident desires to continue to reside in the Residence and to assume the risk of injury to himself/herself as a result of residing in the Residence while in the opinion of Community requiring a transfer to a higher level of care;

Resident has requested a reasonable accommodation to remain in the Residence and Community has determined that such reasonable accommodation does not pose an undue financial burden on Community or require a fundamental alteration in the nature of Community's programs and operations;

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

1. Community shall allow Resident to continue to reside in the Residence provided that Resident shall make arrangements with a third party provider for the provision of home care and/or home health care services to ensure to the satisfaction of Community that his/her care needs are met in the Residence.

2. Resident shall pay directly to the third party provider all costs and charges related to the provision of home care and/or home health care services while residing in the Residence.

3. Resident authorizes the third-party provider and any successor caregiver for the provision of home care and/or home health care services to provide reports to

Community whenever requested by Community for the purpose of confirming whether the health and personal care needs of Resident are being met by the third party provider. Resident also authorizes and directs the third party provider, and any successive caregiver, to notify Community in the event the services of the third party provider are terminated by either Resident or the third party provider. Resident's authorization for the release of such information is hereby made irrevocable. Resident authorizes Community to disclose this Addendum to the third party provider to substantiate such authorization. Resident shall be required to provide Community with **[**a care plan on a weekly basis**]**, and upon a change in condition which care plan must establish to the satisfaction of the Medical Director and the **[**Resident Care Review Committee**]** that Resident, with additional support services, can reside safely in and continue to occupy the Residence and that Resident does not pose a direct threat to the health or safety of himself/herself or others.

4. If Community, in its sole discretion, determines that Resident is unable to reside safely in the Residence despite a reasonable accommodation, or if Resident fails to comply with Paragraphs 1 through 3 of this Addendum, then Community reserves the right to transfer Resident from the Residence to an outside care facility or to Community's personal care or nursing care facility if it determines that such a move should be made because of the inability of Resident to reside safely in the Residence, or for the health and safety of Resident, the health, safety and peaceful enjoyment of other residents, for the proper operation of Community, to comply with regulations of the Pennsylvania Department of Human Services, the Pennsylvania Department of Health, local regulations of the Fire Department, or any other duly constituted authorities or agencies, or to otherwise meet the requirements of law.

5. Resident understands and acknowledges that the Residence is not designed to care for individuals who require nursing care or personal care services. Resident is willing to assume the risk of injury to himself/herself as a result of residing in the Residence while requiring a higher level of care. Resident is willing to accept all responsibility for any damages or harm which may result from any injury, including permanent disability and death, arising from his/her actions, inaction, or negligence, or the actions, omissions or negligence of any third party caregiver, because of Resident's decision not to transfer to a higher level of care, but rather to reside in the Residence while utilizing the services of a third party provider for the provision of home care and/or home health care services.

6. Resident hereby releases, waives, and discharges Community, its officers, administrators, directors, employees, agents, affiliates, successors, predecessors and its respective employees and representatives of and from any and all claims, actions, causes of action, complaints, demands, suits, debts, torts, losses, costs, expenses, fees, interest, rights, liabilities, damages, and injuries, whether direct, indirect or consequential, related to any personal injury or harm to Resident, including permanent

disability or death, which is related to or arises from or is attributable to Resident residing in the Residence while, in the opinion of Community, requiring a higher level of care.

7. This Addendum shall bind and serve to benefit the successors and assigns of Community, and the heirs, executors, administrators and assigns of Resident.

8. All of the other terms and conditions of the Agreement, to the extent not inconsistent with this Addendum, shall remain in full force and effect, and shall govern the terms and conditions of the relationship between Community and Resident. This Addendum is incorporated into and shall become part of the Agreement effective the date of this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum the day and year first above written.

_____ _____

Resident Date

TEL HAI RETIREMENT COMMUNITY

By: _____ _____

Date

_____

Title

TEL HAI RETIREMENT COMMUNITY

AGING-IN-PLACE ADDENDUM

(Double Occupancy)

THIS ADDENDUM, made this _____ day of _____, 20____, amends the Residence and Care Agreement ("Agreement") entered into on ____ day of _____, 20____, and any preceding addenda or amendments to the Agreement by and between **TEL HAI RETIREMENT COMMUNITY**, a Pennsylvania non-profit corporation (called "Community"), and _____ (called "Resident" and where two individuals sign the Agreement for Double Occupancy, they are called collectively "Resident" and individually "Co-Resident").

RECITALS

Community is of the opinion that Co-Resident, _____ (hereinafter "Co-Resident A"), no longer meets the Conditions of Occupancy of the apartment or cottage (hereinafter "Residence") and requires a transfer to a higher level of care;

Despite Community's opinion that Co-Resident A no longer meets the Conditions of Occupancy of the Residence and requires a transfer to a higher level of care, Co-Resident A desires to continue to reside in the Residence and to assume the risk of injury to himself/herself as a result of residing in the Residence while in the opinion of Community requiring a transfer to a higher level of care;

Co-Resident A has requested a reasonable accommodation to remain in the Residence and Community has determined that such reasonable accommodation does not pose an undue financial burden on Community or require a fundamental alteration in the nature of Community's programs and operations;

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

1. Community shall allow Co-Resident A to continue to reside in the Residence provided that Co-Resident A shall make arrangements with a third party provider for the provision of home care and/or home health care services to ensure to the satisfaction of Community that his/her care needs are met in the Residence.

2. Co-Resident A shall pay directly to the third party provider all costs and charges related to the provision of home care and/or home health care services while residing in the Residence.

3. Co-Resident A authorizes the third party provider and any successor caregiver for the provision of home care and/or home health care services to provide reports to Community whenever requested by Community for the purpose of confirming whether the health and personal care needs of Co-Resident A are being met by the third party provider. Co-Resident A also authorizes and directs the third party provider, and any successive caregiver, to notify Community in the event the services of the third party provider are terminated by either Co-Resident A or the third party provider. Co-Resident A's authorization for the release of such information is hereby made irrevocable. Co-Resident A authorizes Community to disclose this Addendum to the third party provider to substantiate such authorization. Co-Resident A shall be required to provide Community with **[**a care plan on a weekly basis**]**, and upon a change in condition which care plan must establish to the satisfaction of the Medical Director and the **[**Resident Care Review Committee**]** that Co-Resident A, with additional support services, can reside safely in and continue to occupy the Residence and that Co-Resident A does not pose a direct threat to the health or safety of himself/herself or others.

4. If Community, in its sole discretion, determines that Co-Resident A is unable to reside safely in the Residence despite a reasonable accommodation, or if Co-Resident A fails to comply with Paragraphs 1 through 3 of this Addendum, then Community reserves the right to transfer Co-Resident A from the Residence to an outside care facility or to Community's personal care or nursing care facility if it determines that such a move should be made because of the inability of Co-Resident A to reside safely in the Residence, or for the health and safety of Co-Resident A, the health, safety and peaceful enjoyment of other residents, for the proper operation of Community, to comply with regulations of the Pennsylvania Department of Human Services, the Pennsylvania Department of Health, local regulations of the Fire Department, or any other duly constituted authorities or agencies, or to otherwise meet the requirements of law.

5. Co-Resident A understands and acknowledges that the Residence is not designed to care for individuals who require nursing care or personal care services. Co-Resident A is willing to assume the risk of injury to himself/herself as a result of residing in the Residence while requiring a higher level of care. Co-Resident A is willing to accept all responsibility for any damages or harm which may result from any injury, including permanent disability and death, arising from his/her actions, inaction, or negligence, or the actions, omissions or negligence of any third party caregiver, because of Co-Resident A's decision not to transfer to a higher level of care, but rather to reside in the Residence while utilizing the services of a third party provider for the provision of home care and/or home health care services.

6. Resident hereby releases, waives, and discharges Community, its officers, administrators, directors, employees, agents, affiliates, successors, predecessors and its

respective employees and representatives of and from any and all claims, actions, causes of action, complaints, demands, suits, debts, torts, losses, costs, expenses, fees, interest, rights, liabilities, damages, and injuries, whether direct, indirect or consequential, related to any personal injury or harm to Co-Resident A, including permanent disability or death, which is related to or arises from or is attributable to Co-Resident A residing in the Residence while, in the opinion of Community, requiring a higher level of care.

7. This Addendum shall bind and serve to benefit the successors and assigns of Community, and the heirs, executors, administrators and assigns of Resident.

8. All of the other terms and conditions of the Agreement, to the extent not inconsistent with this Addendum, shall remain in full force and effect, and shall govern the terms and conditions of the relationship between Community and Resident. This Addendum is incorporated into and shall become part of the Agreement effective the date of this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum the day and year first above written.

_____ _____
Resident Date

_____ _____
Resident Date

TEL HAI RETIREMENT COMMUNITY

By: _____ _____
Date

_____
Title

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EXHIBIT E 1

FEE SCHEDULE FOR COTTAGES & TOWNHOMES

Cottage & Townhome Living

Comfortable and stylish maintenance-free homes

Enjoy all the advantages of home without the repairs, upkeep and financial burden. Coupled with the assurance of priority access to health services, cottage and townhome living at Tel Hai combines the best of both worlds. We offer unparalleled craftsmanship in a beautiful, secure and affordable home. Encompassing three distinctly unique neighborhoods, our expansive array of floor plans all feature first-floor primary living with stylish and modern features—many with signature touches like propane fireplaces and custom millwork. Different from apartment living, cottages and townhomes bring an architectural advantage for those desiring extra storage space, a one/two-car oversized garage, and a loft or basement.

Accommodation Features

- Open, spacious floor plans
- Fully equipped kitchen and laundry
- Personal emergency monitoring and response system
- Customization and design options
- Spacious closets with lighting
- One-car or two-car oversized garage
- Deck or patio

*Possible Upgrades/ Select Features**

- Four season room
- Two story floor plans
- Basement
- Vaulted, cathedral or tray ceilings
- Crown molding
- Skytubes
- Propane fireplace
- Screened porch

Services & Amenities Included

- Flexible spending in multiple dining venues
- Building maintenance
- Water and sewer
- Cable television service
- Trash removal
- Snow removal
- Lawn and shrubbery care
- Support services and referral resources
- Enriching educational, spiritual, recreational and wellness programming
- Building and casualty insurance (except on personal property)
- PILOT (payment in lieu of taxes)
- Complimentary campus shuttle
- Use of all common spaces and amenities

Additional Fee

- Electric, heating, cooling and propane
- High-speed internet access
- Telephone service
- Personalized transportation services
- Housekeeping services
- Health Services including personal care, respite care, memory support, home care services, home health services, health care, short-term rehab and outpatient therapy services

** Select units. Not available for all accommodations.*

Tel Hai

Redefining Retirement™

1200 Tel Hai Circle
P.O. Box 190
Honey Brook, PA 19344
(484) 796-4262
www.telhai.org

LeadingAge PA

Anabaptist Providers Group

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Maple Knoll
COTTAGES AT TEL HAI

TYPE OF HOME	APPROXIMATE SIZE (SQ. FT.)*	STANDARD ENTRANCE FEE	MONTHLY FEE **
Standard	936 – 1,199	$229,320 – $293,755	$1,492
Large	1,200 – 1,399	$294,000 – $342,755	$1,593
Deluxe	1,400 – 1,700	$345,800 – $419,900	$1,808

Woods Edge
COTTAGES AT TEL HAI

TYPE OF HOME	APPROXIMATE SIZE (SQ. FT.)*	STANDARD ENTRANCE FEE	MONTHLY FEE **
Delaware	1,408	$383,680	$1,875
Berkshire	1,582	$427,140	$1,875
Lancaster	1,733	$467,910	$2,113
Chester	1,920	$507,938	$2,382

Maple Knoll
TOWNHOMES AT TEL HAI

TYPE OF HOME	APPROXIMATE SIZE (SQ. FT.)*	STANDARD ENTRANCE FEE	MONTHLY FEE **
Montgomery	1,745	$458,935	$2,147
Montgomery w/ Loft	2,409	$580,569	$2,398
Yorkshire w/ Loft	1,998	$491,508	$2,164

* *Square footage is approximate and does not include garage. Exact layouts of select homes may differ from initial architectural drawings. Floor plans are available online at www.telhai.org. Not all accommodation features are available in all floor plans.*

** *Second-person monthly fee is $173.*

Effective July 1, 2025

Tel Hai

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EXHIBIT E 2

FEE SCHEDULE FOR APARTMENTS

Hertzler Apartment Rates

Unit	SQ FT*	Entrance Fee	Monthly Fee**^
#301 – 2 bedrooms	952	$77,112.00	$1,141
#303 – Studio	264	$21,384.00	$ 783
#305 – 2 bedrooms	886	$71,766.00	$1,141
#307 – 2 bedrooms	886	$71,766.00	$1,141
#309 – 1 bedroom	662	$53,622.00	$ 936

**Square footage is approximate.*

***Second person monthly fee is $173 ^Includes Comcast Digital Starter Cable*
Dining Dollars - $60 per quarter/per person

Effective July 1, 2025

Hillcrest
APARTMENTS AT TEL HAI

TYPE OF HOME	APPROXIMATE SIZE (SQ. FT.)*	STANDARD ENTRANCE FEE	MONTHLY FEE **
Studio	548	$101,380	$1,923
One Bedroom	707 – 994	$147,763 – $207,746	$1,995 – $2,149
Two Bedroom	949 – 1,058	$200,239 – $252,862	$2,211 – $2,235
Large Two Bedroom	1,111 – 1,276	$265,529 – $304,964	$2,312
Deluxe Two Bedroom & Two Bedroom w/ Den	1,366 – 1,508	$326,474 – $360,412	$2,463 – $2,537

StoneCroft
APARTMENTS AT TEL HAI

TYPE OF HOME	APPROXIMATE SIZE (SQ. FT.)*	STANDARD ENTRANCE FEE	MONTHLY FEE **
One Bedroom	790 – 1,046	$200,660 – $290,788	$2,043 – $2,281
One Bedroom w/ Den	1,062 – 1,248	$289,926 – $333,216	$2,321 – $2,504
Two Bedroom	1,206 – 1,532	$347,328 – $444,280	$2,455 – $2,610
Two Bedroom w/ Den	1,604 – 2,337	$463,556 – $619,305	$2,726 – $4,149

* *Square footage is approximate, and exact layouts of select apartment units may differ from initial architectural drawings. All floor plans are available online at www.telhai.org*

** *Second-person monthly fee is $628.*

Effective July 1, 2025

Tel Hai

Redefining Retirement™

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Apartment Living

Distinctively unique and conveniently connected

With apartment living at Tel Hai, your options are endless. Encompassing two neighborhoods, our expansive collection of floor plans range from an intimate studio or one-bedroom residence to a spacious two-bedroom and den retreat. All apartments are centrally located with direct access to dining venues, fitness areas, pools, resident gathering spaces and additional amenities. All under one roof… apartment living is the essence of convenience.

Accommodation Features

- Open, spacious floor plans
- Fully equipped kitchen and laundry
- Patio or balcony*
- Personal emergency monitoring and response system
- Customization and design options
- Individually controlled heating and air conditioning
- Storage
- Vaulted ceilings*
- Spacious closets with lighting*

Services & Amenities Included

- Flexible spending in multiple dining venues
- Building maintenance
- Electric, heating and cooling
- Water and sewer
- Cable television service
- Trash removal
- Snow removal
- Lawn and shrubbery care
- Support services and referral resources
- Enriching educational, spiritual, recreational and wellness programming
- Building and casualty insurance (except on personal property)
- PILOT (payment in lieu of taxes)
- Complimentary campus shuttle
- Use of all common spaces and amenities

Additional Fee

- High-speed internet access
- Telephone service
- Under-building parking or covered parking
- Personalized transportation services
- Housekeeping services
- Health Services including personal care, respite care, memory support, home care services, home health services, health care, short-term rehab and outpatient therapy services

** Select units. Not available for all accommodations.*

Tel Hai
Redefining Retirement™

1200 Tel Hai Circle
P.O. Box 190
Honey Brook, PA 19344
(484) 796-4262
www.telhai.org

LeadingAge PA
Anabaptist Providers Group
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EXHIBIT E 3

REFUND OPTIONS

Estate Preservation

Tel Hai provides three amortized choices — including two estate preservation refund options — adding value and flexibility. All options are available for all accommodations, and you choose which option is right for you. The information listed summarizes the advantages of each option. Within the example chart below, you can view the various options applied to your living option standard entrance fee. (See enclosed entrance fees.)

Standard Option

The chart reflects a 2% amortization per month of the entrance fee. After 50 months, the entire entrance fee is fully amortized.

STANDARD ENTRANCE FEE	RETURN AFTER 12 MONTHS	RETURN AFTER 24 MONTHS	RETURN AFTER 36 MONTHS	REMAINDER AFTER 50 OR MORE MONTHS
$ _____	$ _____	$ _____	$ _____	$ _____
% RETURNED	76%	52%	28%	0%

Estate Preservation 40% Option

This option offers the advantage of securing your future living arrangements while preserving 40% of your entrance fee. The chart reflects paying 45% more of the standard entrance fee. Each month, 1.2% will remain with Tel Hai. After 50 months, a credit of 40% may follow you to another level of care on our campus. If not used for care, your estate will receive the remainder.

STANDARD ENTRANCE FEE + 45% MORE	RETURN AFTER 12 MONTHS	RETURN AFTER 24 MONTHS	RETURN AFTER 36 MONTHS	REMAINDER AFTER 50 OR MORE MONTHS
$ _____	$ _____	$ _____	$ _____	$ _____
% RETURNED	85.6%	71.2%	56.8%	40%

Estate Preservation 75% Option

This option offers the advantage of securing your future living arrangements while preserving 75% of your entrance fee. The chart reflects paying 110% more of the standard entrance fee. Each month, 0.50% will remain with Tel Hai. After 50 months, a credit of 75% may follow you to another level of care on our campus. If not used for care, your estate will receive the remainder.

STANDARD ENTRANCE FEE + 110% MORE	RETURN AFTER 12 MONTHS	RETURN AFTER 24 MONTHS	RETURN AFTER 36 MONTHS	REMAINDER AFTER 50 OR MORE MONTHS
$ _____	$ _____	$ _____	$ _____	$ _____
% RETURNED	94%	88%	82%	75%

Effective July 1, 2025

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EXHIBIT F

OPERATING BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2026

TEL HAI SERVICES
Operating Budget for the Fiscal Year Ending June 30, 2026

Revenues		
Resident Revenue-Meadows Health Care Center	$	14,026,196
Resident Revenue-Lakeview Personal Care		7,524,647
Resident Revenue-Residential Living		20,626,136
Other Operating Income		1,914,550
Total Revenues		44,091,529
Expenses		
General and Administrative		811,471
Marketing and Advertising		208,920
Depreciation and Amortization		7,713,684
Interest Mortgage and Short Term		2,064,880
Payroll and Benefits		23,553,764
Utilities and Facilities		2,761,116
Operating and Maintenance Expenses		5,358,013
Taxes and Insurance		1,388,900
Total Expenses		43,860,748
Operating Income (Loss)		230,781
Other Income		
Interest & Dividends		810,097
Contributions from Development		195,088
Net Increase in Assets	$	1,235,966

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EXHIBIT G

AUDITED STATEMENT FOR FISCAL YEAR ENDING JUNE 30, 2025

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Tel Hai Services, Inc. and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

June 30, 2025 and 2024

Tel Hai Services, Inc. and Subsidiaries

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June 30, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors of
Tel Hai Services, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Tel Hai Services, Inc. and Subsidiaries (the Organization), which comprise the consolidated balance sheets as of June 30, 2025 and 2024, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2025 and 2024, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 25 through 28 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and changes in net assets of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

New Castle, Pennsylvania
September 23, 2025

Tel Hai Services, Inc. and Subsidiaries

Consolidated Balance Sheets
June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 3,200,377	$ 3,300,955
Current portion of assets whose use is limited	2,127,385	2,091,735
Accounts receivable, net	1,416,355	1,373,028
Inventories	219,534	223,206
Other current assets	430,156	330,496
Total current assets	7,393,807	7,319,420
Assets Whose Use is Limited		
Statutory minimum liquid reserve	2,979,242	2,734,636
Resident deposits in escrow	6,851,415	4,609,569
Trustee held	5,293,227	6,461,704
Other	272,852	242,566
Assets whose use is limited, net	15,396,736	14,048,475
Investments	23,531,835	21,748,779
Property and Equipment, Net	89,143,156	87,498,851
Total assets	$ 135,465,534	$ 130,615,525
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	$ 2,029,781	$ 1,964,566
Accounts payable, trade	2,133,105	1,533,821
Accrued salaries and wages	1,368,890	1,277,010
Other accrued expenses	282,722	102,845
Total current liabilities	5,814,498	4,878,242
Long-Term Debt, Net	41,065,880	43,041,234
Interest Rate Swap Agreements	270,360	192,150
Refundable Entrance Fees and Deposits	29,536,407	29,048,817
Deferred Revenue From Entrance Fees	46,379,494	43,567,006
Total liabilities	123,066,639	120,727,449
Net Assets		
Without donor restrictions	9,173,573	6,495,203
With donor restrictions	3,225,322	3,392,873
Total net assets	12,398,895	9,888,076
Total liabilities and net assets	$ 135,465,534	$ 130,615,525

See notes to consolidated financial statements

Tel Hai Services, Inc. and Subsidiaries

Consolidated Statements of Operations
Years Ended June 30, 2025 and 2024

	2025	2024
Revenues Without Donor Restrictions		
Net resident service revenue	$ 40,619,903	$ 39,340,230
Rental revenue	283,339	261,087
Other revenue	1,631,895	1,443,850
Net assets released from restrictions	413,284	378,170
Total revenues without donor restrictions	42,948,421	41,423,337
Expenses		
Nursing and nursing support	10,923,312	10,567,064
Personal care	1,865,123	1,844,589
Residential living	293,268	241,556
Dining services	6,536,974	5,972,522
Housekeeping and laundry	1,523,325	1,371,199
Activities, social services and wellness	1,712,071	1,819,259
Maintenance and security	4,417,932	3,798,848
Depreciation	7,174,213	7,430,729
Interest and financing fees	1,185,695	1,530,459
Real estate taxes	616,210	603,076
Administration	6,442,671	6,091,713
Total expenses	42,690,794	41,271,014
Operating gain	257,627	152,323
Nonoperating Gains (Losses)		
Dividends and interest	1,051,989	881,780
Realized gains on investments	1,769,055	109,155
Unrealized (losses) gains on investments	(858,553)	1,511,295
Contributions and bequests	536,428	470,231
Actuarial adjustment of split-interest agreements	34	1,200
Change in value of interest rate swap agreements	(78,210)	146,752
Revenues in excess of expenses and change in net assets without donor restrictions	$ 2,678,370	$ 3,272,736

See notes to consolidated financial statements

Tel Hai Services, Inc. and Subsidiaries

Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2025 and 2024

	2025	2024
Net Assets Without Donor Restrictions		
Change in net assets without donor restrictions	$ 2,678,370	$ 3,272,736
Net Assets With Donor Restrictions		
Dividends and interest	57,490	48,167
Realized (losses) gains on investments	(15,859)	9,182
Unrealized gains on investments	58,509	103,253
Contributions and bequests	139,244	40,436
Change in value of perpetual trust	6,349	6,705
Net assets released from restrictions	(413,284)	(378,170)
Change in net assets with donor restrictions	(167,551)	(170,427)
Change in net assets	2,510,819	3,102,309
Net Assets, Beginning	9,888,076	6,785,767
Net Assets, Ending	$ 12,398,895	$ 9,888,076

See notes to consolidated financial statements

Tel Hai Services, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	$ 2,510,819	$ 3,102,309
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Impairment for credit losses	24,855	(42,497)
Depreciation	7,174,213	7,430,729
Amortization of debt issuance costs	58,042	58,042
Amortization of entrance fees	(7,251,038)	(6,506,269)
Change in value of interest rate swap agreements	78,210	(146,752)
Unrealized and realized gains, investments	(953,152)	(1,732,885)
Proceeds from entrance fees, existing units	10,641,912	9,695,913
Change in assets and liabilities:		
Accounts receivable	(68,182)	(326,739)
Inventories	3,672	(5,857)
Other current assets	(99,660)	26,328
Accounts payable, trade	599,284	359,949
Accrued salaries and wages	91,880	137,838
Other accrued expenses	179,877	4,895
Net cash provided by operating activities	12,990,732	12,055,004
Cash Flows From Investing Activities		
Net purchases of investments and assets whose use is limited	(1,116,205)	(875,213)
Purchases of property and equipment	(8,818,518)	(5,351,075)
Net cash used in investing activities	(9,934,723)	(6,226,288)
Cash Flows From Financing Activities		
Principal payments on long-term debt	(1,968,181)	(2,043,164)
Proceeds from refundable entrance fees, new units	2,415,117	2,733,008
Refunds of entrance fees	(2,505,913)	(2,213,316)
Net cash used in financing activities	(2,058,977)	(1,523,472)
Net change in cash, cash equivalents and restricted cash and cash equivalents	997,032	4,305,244
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	14,486,588	10,181,344
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 15,483,620	$ 14,486,588
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 3,200,377	$ 3,300,955
Assets whose use is limited:		
Trustee held funds	5,293,227	6,461,704
Resident deposits in escrow	6,851,415	4,609,569
Other restricted cash	138,601	114,360
Total cash, cash equivalents and restricted cash and cash equivalents	$ 15,483,620	$ 14,486,588
Supplementary Cash Flow Information		
Interest paid	$ 1,159,445	$ 1,506,275

See notes to consolidated financial statements

1. Purpose of Organizations, Principles of Consolidation and Summary of Significant Accounting Policies

Purpose of Organizations

Tel Hai Services, Inc.

The Board of Directors of Tel Hai Services, Inc., in their role as members of Tel Hai Development, Inc., Tel Hai Retirement Community and Tel Hai Apartments, Inc. elect the members of the respective Board of Directors. Tel Hai Services, Inc. oversees, coordinates and advises these Boards of Directors in order that all of the organizations are acting in an appropriate manner within the mission of the Tel Hai Community.

Tel Hai Retirement Community

Tel Hai Healthcare Center

The healthcare center is primarily engaged in rendering services to retired individuals through supervised medical care. The healthcare center grants credit to residents, substantially all of whom are located at the facility at Honey Brook, Pennsylvania.

Tel Hai Personal Care

The personal care facility is primarily engaged in providing services to individuals through supervised living arrangements. The personal care facility grants credit to residents, substantially all of whom are located at the facility at Honey Brook, Pennsylvania.

Tel Hai Residential Living

Residential living is primarily engaged in rendering services to retired individuals in independent living units. Residential living grants credit to residents, substantially all of whom are located at the facility at Honey Brook, Pennsylvania.

Tel Hai Apartments, Inc.

Tel Hai Apartments, Inc. is a not-for-profit corporation primarily engaged in providing subsidized housing to retired individuals. A basic monthly rent is periodically determined by the Rural Development Service based on Tel Hai Apartments, Inc.'s projected costs. Rents charged to individuals are based on a percentage of their adjusted income. The basic monthly rent is compared to the rents charged to individuals and any shortages are reimbursed to Tel Hai Apartments, Inc. by Rural Development Service. Any overages are remitted to Rural Development Service by Tel Hai Apartments, Inc. Rural Development Service has provided financing for the project as described in Note 7.

Tel Hai Development, Inc.

Tel Hai Development, Inc. is a not-for-profit corporation primarily engaged in soliciting contributions and other revenues and distributing these monies to Tel Hai Retirement Community, Tel Hai Apartments, Inc. and Tel Hai Services, Inc., for their respective charitable activities. Tel Hai Development, Inc. also maintains a scholarship fund which benefits employees of the Tel Hai entities noted above.

Principles of Consolidation

The consolidated financial statements include the accounts of Tel Hai Retirement Community, Tel Hai Apartments, Inc., Tel Hai Development, Inc. and Tel Hai Services, Inc. (together, the Organization) after elimination of all significant interrelated balances and transactions.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents and Restricted Cash and Cash Equivalents

For purposes of the consolidated balance sheets and consolidated statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents includes investments in highly liquid debt instruments purchased with an original maturity of three months or less.

Accounts Receivable

The Organization assesses collectability on all resident accounts prior to providing services. An allowance for credit losses is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management based on factors such as aging of the accounts receivable and anticipated collection of the consideration. Accounts are written off through impairment expense when the Organization has exhausted all collection efforts and accounts are deemed impaired. The allowance for credit losses totaled $82,249 and $57,394 at June 30, 2025 and 2024, respectively.

Investments, Investment Risk and Assets Whose Use is Limited

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. The fair value of substantially all securities is determined by quoted market prices. Investment income (including realized and unrealized gains (losses) on investments, interest and dividends) is included in revenues in excess of expenses unless the income is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

Assets Whose Use is Limited

Assets whose use is limited include assets designated by the Board of Directors for operational and capital needs over which the board retains control and may, at its discretion, subsequently use for other purposes; assets held by a trustee under a trust indenture; assets designated to meet the statutory minimum liquid reserve requirements of Section 9 of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (Act 82); and assets restricted under agreements executed with Rural Housing Development Service (RHDS). Amounts available to meet current liabilities are classified as current assets in the consolidated balance sheets.

The Organization's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the consolidated balance sheets are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the consolidated balance sheets could change materially in the near term.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair market value at the date of receipt. Depreciation is provided on the straight-line method over the assets' estimated useful lives. The Organization reviews all disbursements greater than $1,000 for capitalization as property and equipment. Maintenance and repairs are charged to expense as incurred; major renewals or betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized in the consolidated statements of operations.

Residential Living Unit Entrance Fees

Entrance fees are paid by residents entering the residential living area of Tel Hai Retirement Community under terms of fee-for-service residency and care agreements. Tel Hai Retirement Community offers several types of contracts to its residents. Residents may choose a nonrefundable contract which amortizes over 50 months or a guaranteed refundable contract (40%, 75% or 90%) with the nonrefundable portion amortizing over 50 months. Refunds are paid upon the reoccupancy of the unit vacated.

The nonrefundable fees are recorded as deferred revenue and amortized to income over future periods based on the estimated remaining life of the resident(s) or contract term, if longer. The period of amortization is adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual resident or pair of residents occupying the same cottage or apartment. Revenue from nonrefundable entrance fees received are recognized through amortization of the nonrefundable entrance fee using the straight-line method over annually adjusted estimated remaining life expectancies of the residents which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as deferred revenues from entrance fees in the consolidated balance sheets. Amortization of nonrefundable entrance fees was $7,251,038 in 2025 and $6,506,269 in 2024.

The guaranteed refund component of entrance fees is not amortized to income and is classified as refundable entrance fees and deposits in the accompanying consolidated balance sheets.

As of June 30, 2025, entrance fees of approximately $41,508,000 were refundable to residents (excluding deposits on unoccupied units) under the terms of the contracts.

Debt Issuance Costs

Financing costs were incurred in connection with the issuance of long-term debt. These costs are reported on the accompanying consolidated balance sheets as a direct reduction from the carrying value of the debt and amortized on a straight-line basis, which approximates the effective interest method.

Derivative Financial Instruments

The Organization entered into interest rate swap agreements, which are considered derivative financial instruments, to manage its interest rate risk on its long-term debt. The interest rate swap agreements are reported at fair value in the consolidated balance sheets and related changes in fair value are reported in the consolidated statements of operations as change in fair value of interest rate swap agreements.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Net Resident Service Revenue

Net resident service revenue is reported at the amount that reflects the consideration the Organization expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Net resident service revenue are recognized as performance obligations are satisfied.

Net resident service revenue are primarily comprised of skilled nursing, personal care and independent living revenue streams, which are primarily derived from providing housing, skilled nursing, personal care, independent living, adult day and other residential services to residents at a stated daily or monthly fee, net of any explicit concessions. The Organization has determined that the services included in the stated daily or monthly fee for each level of care represents a series of distinct services that have the same timing and pattern of transfer. Therefore, the Organization considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, skilled nursing, personal care, independent living, adult day and other residential services are recognized on a daily or month-to-month basis as services are rendered.

The Organization receives revenue for services under third-party payor programs, including Medicare, Medicaid and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Organization estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends and retroactive adjustments are recognized in future periods as final settlements are determined.

Contributed Services

Contributed services are reflected in the accompanying consolidated financial statements at their estimated fair value at the date of receipt to the extent they create or enhance nonfinancial assets or require specialized skills which, if not provided by donation, would have to be purchased by the Organization. No amounts have been included in the accompanying consolidated financial statements as amounts are not material.

Benevolent Care

As part of the Organization's charitable mission, benevolence is extended as needed and when appropriate to residents at all levels of care. The estimated costs of providing benevolent care are based upon the direct and indirect costs identified with the specific benevolent care provided. The cost of benevolent care provided to residents amounted to approximately $686,000 in 2025 and $715,000 in 2024.

Additionally, the Organization provides care to residents at costs in excess of reimbursement under the Medical Assistance program. The estimated costs in excess of reimbursement for care provided to residents amounted to approximately $2,300,000 in 2025 and $2,600,000 in 2024.

Income Tax

The Organizations are all not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes on their exempt income under Section 509(a) of the IRC.

Measure of Operations

The Organization's operating gain includes all operating revenues and expenses that are an integral part of its program and supporting activities. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be more unusual and nonrecurring in nature.

Performance Indicator

The consolidated statements of operations includes the determination of revenues in excess of expenses. Changes in net assets without donor restrictions that are excluded from the determination of revenues in excess of expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

Subsequent Events

The Organization has evaluated subsequent events through September 23, 2025, which is the date the consolidated financial statements were issued.

2. Net Resident Service Revenue

The Organization disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors.

Net resident service revenues consist of the following for the years ended June 30:

	2025				
	Skilled Nursing	Personal Care	Independent Living	Other Resident Services	Total
Self-pay	$ 8,483,517	$ 7,575,375	$ 10,672,188	$ 774,849	$ 27,505,929
Medicare	2,126,385	-	-	-	2,126,385
Medical assistance	2,739,270	-	-	-	2,739,270
Commercial insurance	997,281	-	-	-	997,281
Amortization of nonrefundable entrance fees	-	-	7,251,038	-	7,251,038
Total	$ 14,346,453	$ 7,575,375	$ 17,923,226	$ 774,849	$ 40,619,903

	2024				
	Skilled Nursing	Personal Care	Independent Living	Other Resident Services	Total
Self-pay	$ 8,046,439	$ 7,410,895	$ 10,121,664	$ 1,048,790	$ 26,627,788
Medicare	2,340,207	-	-	-	2,340,207
Medical assistance	2,957,448	-	-	-	2,957,448
Commercial insurance	908,518	-	-	-	908,518
Amortization of nonrefundable entrance fees	-	-	6,506,269	-	6,506,269
Total	$ 14,252,612	$ 7,410,895	$ 16,627,933	$ 1,048,790	$ 39,340,230

The Organization has agreements with third-party payors that provide for payments at amounts different from established rates. A summary of the payment arrangements with major third-party payors follows:

Medical Assistance - The Pennsylvania Department of Human Services has a mandatory Medical Assistance managed care program, Community HealthChoices (CHC). The primary goals of CHC are to better coordinate health care coverage and improve access to medical care. The services for which Medical Assistance program beneficiaries are eligible did not change under CHC.

Skilled nursing services provided to Medical Assistance beneficiaries are paid prospectively determined rates per day or at rates negotiated with Medical Assistance Managed Care organizations. These rates vary according to a resident classification system that is based on clinical diagnosis and other factors, and the reimbursement methodology is subject to various clinical diagnosis and other factors, and the reimbursement methodology is subject to various limitations and adjustments. The Organization's concentration of skilled nursing in Pennsylvania exposes it to the risk of changes in the state's Medicaid reimbursement system. Rates are calculated by Pennsylvania's Department of Human Services (DHS) on a quarterly basis. They are published in the Pennsylvania Bulletin prior to being finalized.

Medicare - Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

As described above, Medicare rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on the Organization's clinical assessment of its residents. The Organization is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medicare programs.

The Organization also has entered into payment agreements with certain commercial insurance carriers and others. The basis for payment to the Organization under these agreements includes prospectively determined rates per day or discounts from established charges.

Payment terms and conditions for the Organization's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service fee revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service fee revenues for ancillary services are generally billed monthly in arrears. Additionally, nonrefundable entrance fees are generally billed and collected in advance of move-in. Revenues collected from residents in advance are recognized as deferred revenue from entrance fees until the performance obligations are satisfied and are included in deferred revenues from entrance fees in the accompanying consolidated balance sheets.

The Organization recognized approximately $6,654,000 and $6,154,000 of revenue in 2025 and 2024, respectively, that was included in the deferred revenue from entrance fees balance as of July 1, 2023 and 2022, respectively. The Organization applies the practical expedient in ASC 606 and therefore does not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

3. Contract Balances

Contract assets represent the Organization's right to consideration in exchange for goods or services that the Organization has transferred to a resident when that right is conditioned on something other than the passage of time (for example, the Organization's future performance), there were no contract assets as of June 30, 2023.

Contract liabilities represent the Organization's obligation to transfer goods or services to a resident for which the Organization has received consideration (or the amount is due) from the resident. The Organization's beginning and ending contract liabilities are presented on the consolidated balance sheets as of June 30, 2025 and 2024. Contracts liabilities as of June 30, 2023 are as follows:

Deferred revenues from entrance fees	$ 42,007,726

4. Liquidity and Availability of Resources

The following table reflects the Organization's financial assets available for general expenditure within one year at June 30. Unavailable financial assets consist of assets whose use is limited.

	2025	2024
Financial assets:		
Cash and cash equivalents	$ 3,200,377	$ 3,300,955
Accounts receivable, net	1,416,355	1,373,028
Investments	23,531,835	21,748,779
Less net assets with donor restrictions	(3,225,322)	(3,392,873)
Total	$ 24,923,245	$ 23,029,889

The Organization designated a portion of its investments "reserved" to comply with the requirements of Act 82. Although the Organization does not intend to utilize the reserves for general expenditures as part of its annual budget and approval process, amounts designated as the reserves could be made available as necessary. The Statutory Minimum Liquid Reserves in Note 5 do not have third-party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investments.

5. Fair Value Measurements, Investments and Assets Whose Use is Limited and Other Financial Instruments

For financial instruments required to be measured at fair value on a recurring basis, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Organization for identical instruments.

Level 2 - Significant inputs, other than Level 1 inputs that are observable either directly or indirectly for substantially the full term of the instruments through corroboration with observable market data.

Level 3 - Significant unobservable inputs.

The following tables present financial instruments reported at fair value by caption on the consolidated balance sheets at June 30:

	2025			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Investments and assets whose use is limited:				
Common stock	$ 169,663	$ 169,663	$ -	$ -
Government debt securities	1,841,617	-	1,841,617	-
Mutual funds:			-	-
Equity income	7,602,962	7,602,962	-	-
International	-	-	-	-
Fixed income	782,560	782,560	-	-
Exchange traded funds	13,792,286	13,792,286	-	-
Perpetual trusts	134,251	-	-	134,251
Total	$ 24,323,339	$ 22,347,471	$ 1,841,617	$ 134,251
Liability:				
Interest rate swap agreements	$ 270,360	$ -	$ 270,360	$ -

	2024			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Investments and assets whose use is limited:				
Common stock	$ 169,663	$ 169,663	$ -	$ -
Mutual funds:			-	-
Equity income	7,188,079	7,188,079	-	-
International	2,333,058	2,333,058	-	-
Fixed income	6,126,731	6,126,731	-	-
Exchange traded funds	8,891,764	8,891,764	-	-
Perpetual trusts	127,902	-	-	127,902
Total	$ 24,837,197	$ 24,709,295	$ -	$ 127,902
Liability:				
Interest rate swap agreements	$ 192,150	$ -	$ 192,150	$ -

The following table reconciles the investments and assets whose use is limited to the consolidated balance sheets:

	2025	**2024**
Investments and assets whose use is limited reported at fair values in the tables above	$ 24,323,339	$ 24,837,197
Cash and cash equivalents included in investments and assets whose use is limited	15,382,029	11,731,204
Alternative investment measured at net asset value	1,350,588	1,320,588
Total investments and assets whose use limited	$ 41,055,956	$ 37,888,989

Investments and assets whose use is limited is presented together in the tables above as there are various investment and cash accounts that are allocated between the investment and assets whose use is limited lines on the consolidated balance sheets. Investments and assets whose use is limited are presented in the consolidated balance sheets as follows:

	2025	**2024**
Investments	$ 23,531,835	$ 21,748,779
Assets whose use is limited:		
Statutory minimum liquid reserves	$ 2,979,242	$ 2,734,636
Resident deposits in escrow	6,851,415	4,609,569
Debt service	2,105,062	2,071,637
Construction funds	5,293,227	6,461,704
Other	295,175	262,664
	17,524,121	16,140,210
Less assets whose use is limited, current portion	(2,127,385)	(2,091,735)
	$ 15,396,736	$ 14,048,475

Total unrealized gains on perpetual trusts are reported in the consolidated statements of changes in net assets as a separate line item and are included in changes in net assets with donor restrictions for the years ended June 30, 2025 and 2024.

Valuation Methodologies

Investments and assets whose use is limited are valued at fair value based on quoted market prices in active markets for common stocks, exchange traded funds and mutual funds; government debt securities are valued based on quoted market prices or model driven valuations using significant inputs derived from or corroborated by observable market data.

The fair value of the perpetual trusts is based on the Organization's interest in the fair values of the investments in the trusts, which approximates the present value of the future distributions expected to be received.

The Organization measures its interest rate swap agreements at fair value using information provided by the counterparty to the agreements. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instruments. The method used to determine the fair value calculates the estimated future payments required by the derivative financial instruments and discounts these payments using an appropriate discount rate. The value represents the estimated exit price the Organization would pay to terminate the agreements.

The Organization's alternative investment is comprised solely of the Private Opportunity Fund (the Fund). The Fund is invested in a diversified portfolio real assets and other alternative investments, among other types of securities. The Fund is measured using the net asset value per share as a practical expedient. The Fund has a short-term frequency and allows investment redemptions on the last day of the calendar month after a five-business-day notification. There were unfunded commitments of $260,000 and $415,000 as of June 30, 2025 and 2024, respectively. The fair value of the Fund, which includes crossfund investment funds and third-party investment funds, has been estimated using the net asset value per share of the underlying investments.

Statutory Minimum Liquid Reserves

In compliance with Section 9 of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (Act 82), the Board of Directors designated a portion of investments and assets whose use is limited "reserved" to meet the requirements of Act 82. The designated funds amounted to $2,979,242 at June 30, 2025. At June 30, 2025, the reserve was calculated as follows for Tel Hai Retirement Community:

Budgeted operating expenses for the year ended June 30, 2026	$ 43,434,152	
Less budgeted depreciation and amortization expenses	(7,680,585)	
Expenses subject to minimum liquid reserve requirement	35,753,567	
Percentage of independent living residents to total residents	73.79	%
Subtotal	26,382,557	
Statutory requirement	10	%
Statutory minimum liquid reserve requirement	$ 2,638,256	(a)

Debt service requirements for the year ended June 30, 2026:		
Principal payments due	$	1,980,062
Budgeted interest payment on long-term debt		2,057,380
Statutory minimum liquid reserve requirement		4,037,460
Percentage of independent living residents to total residents		73.29 %
Subtotal		2,979,242 (b)
Greater of (a) or (b) above	$	2,979,242

6. Property and Equipment

Major classifications of property and equipment and their respective depreciable lives consist of the following as of June 30:

	2025	2024	Depreciable Lives
Land	$ 1,266,514	$ 1,266,514	
Land improvements	17,733,068	17,539,731	5 - 50 years
Building and building improvements	98,608,477	90,605,065	10 - 50 years
Fixed equipment	37,914,624	37,820,969	10 - 25 years
Furniture and equipment	16,486,440	16,015,189	4 - 20 years
Vehicles	919,993	845,088	3 - 5 years
Construction-in-progress	11,982,413	12,000,455	
Total	184,911,529	176,093,011	
Less accumulated depreciation	(95,768,373)	(88,594,160)	
Property and equipment, net	$ 89,143,156	$ 87,498,851	

Construction-in-progress at June 30, 2025 and 2024 includes expenditures related to various ongoing capital projects which include renovations to various areas of the community.

7. Line of Credit and Long-Term Debt

Tel Hai Services, Inc. had a $3,000,000 line of credit agreement with Manufacturers and Traders Trust Company (M&T Bank) with variable interest (7.74% as of June 30, 2025). As of June 30, 2025 and 2024, there were no borrowings on the line of credit.

Long-term debt consists of the following as of June 30:

	2025	2024
Mortgages payable to RHDS in monthly installments of $11,131 (less rent subsidy of $7,789), including principal and interest. The interest rate on the main mortgage is set at 11.50% plus rent overages and matures November 2033. Interest rates on the remaining mortgages are 6.75% to 7.13%, plus rent overages and mature May 2049. The mortgages are collateralized by land and buildings.	$ 822,465	$ 866,931
Chester County Health and Education Facilities Authority (CCHEFA) Mortgage Revenue Bonds Series of 2009 (the Series 2009 Bonds) payable in semi-annual installments to satisfy average annual debt service payments to June 1, 2032. Interest is adjusted weekly (2.02% and 2.00% as of June 30, 2025 and 2024, respectively).	6,845,000	7,695,000
Lebanon County Health Facilities Authority (LCHFA) Revenue Note Series 2016 (the Series 2016 Note) payable in monthly installments of interest only through May 1, 2034, and monthly installments of principal and interest beginning June 1, 2034 with a final installment of all outstanding principal and accrued interest due maturing January 1, 2044. Interest is fixed at 2.33%.	10,000,000	10,000,000
LCHFA Revenue Note Series 2017 (the Series 2017 Note) payable in monthly installments of principal and interest with a final installment of all outstanding principal and accrued interest due June 1, 2034. Interest is fixed at 2.82%.	5,914,153	6,453,655
LCHFA Revenue Note Series 2016A (the Series 2016A Note) payable in monthly installments of principal and interest with a final installment of all outstanding principal and accrued interest due June 1, 2036. Interest is fixed at 2.20%.	4,748,889	5,133,102
CCHEFA Variable Rate Revenue Bonds Series of 2020 (the Series 2020 Bonds) payable in monthly installments of principal and interest with a final installment of all outstanding principal and accrued interest due July 1, 2045. Interest is adjusted weekly (2.02% and 2.00% as of June 30, 2025 and 2024, respectively).	15,550,000	15,700,000
Total	43,880,507	45,848,688
Less:		
Current maturities	(2,029,781)	(1,964,566)
Debt issuance costs	(784,846)	(842,888)
Long-term debt, net	$ 41,065,880	$ 43,041,234

The Tel Hai Obligated Group (Obligated Group) is comprised of Tel Hai Services, Inc., Tel Hai Retirement Community and Tel Hai Development, Inc. Except for the mortgage payable to Rural Development Service, all other debt is the obligation of the Obligated Group.

During June 2020, CCHEFA issued its Series 2020 Bonds in the amount of $16,000,000 on behalf of the Obligated Group. The proceeds of the Series 2020 Bonds were used to refinance M&T Bank Construction Line of Credit, pay costs of issuance and establish a construction fund for future capital projects.

The Series 2009 Bonds are backed by a letter of credit and subject to a remarketing agreement. In the event that any or all of the Bonds are tendered by the bondholder and are unable to be remarketed, the letter of credit would be drawn upon to repay the tendered bonds. Any drawings under the letter of credit are repayable on or before the first to occur of the following: the date on which the Bonds purchased with the proceeds from a draw on the letter of credit are successfully remarketed by the remarketing agent, the date on which the Bonds purchased with the proceeds from a draw on the letter of credit are redeemed or otherwise paid in full, the occurrence of an event of default, or the date the letter of credit expires. The letter of credit for the Series 2009 Bonds will expire December 15, 2028. Bond provisions require the maintenance of the letter of credit.

The Series 2009 and 2020 Bonds and the Series 2016, Series 2016A and Series 2017 Notes are secured by a mortgage on the Organization's property and other pledged assets and revenues. The Organization is subject to certain financial covenants in connection with its outstanding debt.

Long-term debt maturing in the next five years and thereafter is as follows:

Years ending June 30:	
2026	$ 2,029,781
2027	2,097,016
2028	2,173,583
2029	2,243,497
2030	2,321,426
Thereafter	33,015,204
Total	$ 43,880,507

8. Interest Rate Swap Agreements

In December 2007, the Organization entered into an interest rate swap agreement with Wells Fargo Bank, N.A. (Wells Fargo). The agreement expires on June 1, 2032 and is based on an original notional amount of $16,550,000 ($6,520,000 at June 30, 2025) and is amortized in annual installments through June 2032. Wells Fargo exchanged a rate equal to 65% of the one month SOFR rate plus 0.355% which is reset weekly for a rate equal to the Municipal Swap Index.

In addition, in December 2007, the Organization entered into a second interest rate swap agreement with Wells Fargo. The agreement expires on June 1, 2032 and is based on an original notional amount of $16,550,000 ($6,520,000 at June 30, 2025) which is amortized in annual installments through June 2032. Wells Fargo is exchanging a rate equal to 70% of the one month SOFR rate which is reset weekly for a fixed rate of 3.492%.

The fair value of the swap agreements is estimated to be the amount the Organization would pay to terminate the swap agreements at June 30, 2025 and 2024. The Organization estimates that it would have paid $270,360 and $192,150 on June 30, 2025 and 2024, respectively, to terminate the swap agreements.

Changes in the fair value of the swap agreements are included in revenues in excess of expenses since the agreements are not designated as hedging instruments. The change in the fair value of the swap agreements is classified as change in value of interest rate swap agreements in the consolidated statements of operations and was $(78,210) in 2025 and $146,752 in 2024.

The net cash paid or received under the swap agreements are recognized as an adjustment to interest expense. Interest expense was decreased by approximately $22,901 in 2025 and $53,571 in 2024 as a result of the payments made by the Organization.

9. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

	2025	2024
Purpose restricted and subject to appropriation endowment:		
Care Assurance Fund	$ 1,725,375	$ 1,969,403
Sarah Wright Fund Endowment	292,477	222,349
Total purpose restricted funds	2,017,852	2,191,752
Held in perpetuity, the investment income which is expendable to support:		
Perpetual trust held by a third party, Distributions to be expended for the Organization's operations	134,251	127,902
Scholarship Fund Endowment	1,073,219	1,073,219
Total investments held in perpetuity	1,207,470	1,201,121
Net assets with donor restrictions	$ 3,225,322	$ 3,392,873

10. Endowment Funds

The Organizations endowments were established by donors for specific purposes. The donor restricted endowments include the following:

Board Designated: Includes unrestricted funds designated for use by the board to support benevolent care and scholarships. Annual distributions of no more than 5% of the December 31 fund market value of the upcoming year.

Donor Restricted: The Edwin M. & Sarah E. Wright Fund is used to provide scholarships. Distributions will be made from the Edwin M. & Sarah E. Wright Fund based on the terms of the endowment.

Interpretation of Relevant Law

The Organization interprets the Commonwealth of Pennsylvania Act 141 (PA Act 141) as requiring preservation of the fair value of the original value as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. Further, it is also the Organization's interpretation that PA ACT 141 allows for the use of 5% of the fair value of the gift to the extent that the investment return was not sufficient to fund the purpose of the gift during the year. As a result of this interpretation, the Organization hold in perpetuity (a) the original value of the gifts donated to the donor-restricted endowment funds, and (b) the original value of the subsequent gifts to the donor-restricted endowment funds. The remaining portion of the donor-restricted endowment funds not classified as held in perpetuity are subject to appropriation by the Organization in a manner consistent with the standard of prudence prescribed by PA Act 141.

Endowment Fund Activity

The changes in endowed net assets are comprised of the following for the years ending June 30:

	2025		
	Board Designated	Donor Restricted	Total
Beginning of year	$ 7,495,823	$ 1,295,568	$ 8,791,391
Investment return, net	306,360	41,631	347,991
Unrealized gains	452,457	77,274	529,731
Contributions	536,428	-	536,428
Appropriation of assets	(139,245)	(48,777)	(188,022)
Endowments end of year	$ 8,651,823	$ 1,365,696	$ 10,017,519

	2024		
	Board Designated	Donor Restricted	Total
Beginning of year	$ 6,171,581	$ 1,164,995	$ 7,336,576
Investment return, net	460,967	61,554	522,521
Unrealized gains	588,038	99,048	687,086
Contributions	460,967	650	461,617
Appropriation of assets	(185,730)	(30,679)	(216,409)
Endowments end of year	$ 7,495,823	$ 1,295,568	$ 8,791,391

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding of programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to achieve a total return equal to or greater than the spending rate plus the rate of inflation over the long term. Actual returns in any given year may vary from this amount.

Spending Policy

Monthly and quarterly payments are made to gift annuity contract holders and an annual distribution of 5% of market value of the endowment is made to the fund.

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or state law requires the Organization to retain as a fund of perpetual duration. These deficiencies can result from market conditions that affect the fair value of endowed funds held at year end and invested in securities. There were no deficiencies reported in endowed funds as of June 30, 2025 or 2024.

Strategies Employed for Achieving Objectives

To satisfy their long-term rate of return rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that is set by the Board of Directors. The Organization's investment policy stipulates that at least 80% of the portfolio be liquid assets while no more than 20% of the portfolio to be semi-liquid/ illiquid. The investment assets are invested according to the following asset allocation guidelines:

Domestic equity	10 to 50 %
Large cap	0 to 25
Mid cap	0 to 20
Small cap	0 to 35
Fixed income	15 to 55
Alternative investments	
Real assets	0 to 15
Diversifying strategies	0 to 20
Cash and cash equivalents	0 to 10

11. Retirement Plan

The Organization sponsors a 401(k) retirement plan (the Plan) for its employees. The Plan is funded by both employee and employer contributions. The employer may also make an additional discretionary contribution to the Plan. The Organization's total expense associated with the Plan for the years ended June 30, 2025 and 2024 was approximately $387,000 and $347,000, respectively.

12. Expenses by Function and Nature

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Costs of these categories were allocated on estimates of time and effort.

The Organization's expenses for resident services (including health care, dining services, plant operations, housekeeping and laundry and social services and activities) and general and administrative (including marketing and advertising) are as follows for the years ending June 30:

	2025			
	Program Service	General and Administrative	Fundraising	Total
Salaries and wages	$ 14,185,621	$ 3,295,599	$ 109,784	$ 17,591,004
Employee benefits and payroll taxes	3,872,647	508,537	12,401	4,393,585
Supplies	1,368,339	584,007	58,327	2,010,673
Food services	2,982,567	27,028	15,701	3,025,296
Repairs and maintenance	278,649	7,250	-	285,899
Utilities	1,833,015	65,114	18,423	1,916,552
Professional services	2,434,173	205,608	-	2,639,781
Advertising and marketing	-	493,902	-	493,902
Insurance	-	412,175	-	412,175
Nursing home assessment	240,652	-	-	240,652
Real estate taxes	616,210	-	-	616,210
Other operating expenses	26,656	604,325	21,533	652,514
Impairment for credit losses	78,990	653	-	79,643
Depreciation	7,147,213	-	-	7,147,213
Interest and financing fees	1,183,391	-	2,304	1,185,695
Total	$ 36,248,123	$ 6,204,198	$ 238,473	$ 42,690,794

	2024			
	Program Service	General and Administrative	Fundraising	Total
Salaries and wages	$ 13,650,244	$ 3,253,597	$ 91,054	$ 16,994,895
Employee benefits and payroll taxes	3,292,658	439,673	22,269	3,754,600
Supplies	1,205,512	519,795	96,224	1,821,531
Food services	2,960,001	26,069	13,841	2,999,911
Repairs and maintenance	245,827	-	-	245,827
Utilities	1,589,645	63,236	12,128	1,665,009
Professional services	2,198,427	240,197	-	2,438,624
Advertising and marketing	-	414,092	-	414,092
Insurance	-	412,807	-	412,807
Nursing home assessment	267,381	-	-	267,381
Real estate taxes	603,076	-	-	603,076
Other operating expenses	2,672	659,184	29,461	691,317
Impairment for credit losses	751	5	-	756
Depreciation	7,430,729	-	-	7,430,729
Interest and financing fees	1,528,287	-	2,172	1,530,459
Total	$ 34,975,210	$ 6,028,655	$ 267,149	$ 41,271,014

13. Commitments and Contingencies

Senior Living Industry

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future effects of this matter on the Organization, if any, are not determinable.

Captive Insurance

The Organization participates in a Captive Retirement Community Program administered by Murray Securus for Workers' Compensation, General and Professional Liability and Auto Liability/Physical Damage insurance coverage. As of June 30, 2025, 14 members, all not-for-profit retirement communities and related entities located in central Pennsylvania, were included in this program.

Insurance for the program is provided by Hartford and reinsured through CARE, Ltd., an incorporated Bermuda domiciled reinsurance company. CARE, Ltd. is a reinsurance company which is owned by the member insured retirement communities and related entities. Hartford cedes reinsurance premiums, administrative expenses and claims expenses to CARE, Ltd. CARE, Ltd.'s exposure is limited to an aggregate amount equal to 92.20% of the annual program premium. In addition, a specific stop-loss limit of $500,000 is in place for any workers' compensation, liability or automobile occurrence.

The Organization has a $437,315 letter of credit with M&T Bank which expires in October 2025 for the benefit of CARE, Ltd.

14. Risk

Financial instruments which subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, investments and assets whose use is limited.

The Organization typically maintains cash and cash equivalents in local banks. At times, the Organization's cash balances may have exceeded the federally insured limits. Fixed income securities, exchange traded funds, mutual funds and common stocks are uninsured.

The Organization's investments are subject to fluctuations in the fair value of those investments.

Tel Hai Services, Inc. and Subsidiaries

Consolidating Schedule, Balance Sheet Information
June 30, 2025

	Obligated Group							
	Tel Hai Retirement Community	Tel Hai Development, Inc.	Tel Hai Services, Inc.	Eliminations	Total Obligated Group	Tel Hai Apartments, Inc.	Eliminations	Total
Assets								
Current Assets								
Cash and cash equivalents	$ 2,344,943	$ 601,216	$ -	$ -	$ 2,946,159	$ 254,218	$ -	$ 3,200,377
Current portion of assets whose use is limited	2,117,111	-	-	-	2,117,111	10,274	-	2,127,385
Accounts receivable, net	1,410,895	-	-	-	1,410,895	5,460	-	1,416,355
Inventories	211,151	400	7,983	-	219,534	-	-	219,534
Other current assets	280,122	-	146,928	-	427,050	3,106	-	430,156
Total current assets	6,364,222	601,616	154,911	-	7,120,749	273,058	-	7,393,807
Assets Whose Use is Limited								
Statutory minimum liquid reserve	2,979,242	-	-	-	2,979,242	-	-	2,979,242
Resident deposits in escrow	6,851,415	-	-	-	6,851,415	-	-	6,851,415
Trustee held	5,293,227	-	-	-	5,293,227	-	-	5,293,227
Other	134,251	-	114,527	-	248,778	24,074	-	272,852
Assets whose use is limited, net	15,258,135	-	114,527	-	15,372,662	24,074	-	15,396,736
Investments	11,599,434	11,789,401	143,000	-	23,531,835	-	-	23,531,835
Property and Equipment, Net	88,692,209	-	95,228	-	88,787,437	355,719	-	89,143,156
Due From Related Parties	1,158,672	454,611	-	(853,901)	759,382	-	(759,382)	-
Total assets	$ 123,072,672	$ 12,845,628	$ 507,666	$ (853,901)	$ 135,572,065	$ 652,851	$ (759,382)	$ 135,465,534

Tel Hai Services, Inc. and Subsidiaries

Consolidating Schedule, Balance Sheet Information
June 30, 2025

	Obligated Group							
	Tel Hai Retirement Community	Tel Hai Development, Inc.	Tel Hai Services, Inc.	Eliminations	Total Obligated Group	Tel Hai Apartments, Inc.	Eliminations	Total
Liabilities and Net Assets (Deficit)								
Current Liabilities								
Current portion of long-term debt	$ 1,980,062	$ -	$ -	$ -	$ 1,980,062	$ 49,719	$ -	$ 2,029,781
Accounts payable, trade	2,054,192	756	45,163	-	2,100,111	32,994	-	2,133,105
Accrued salaries and wages	1,179,580	5,192	176,141	-	1,360,913	7,977	-	1,368,890
Other accrued expenses	68,462	-	208,260	-	276,722	6,000	-	282,722
Total current liabilities	5,282,296	5,948	429,564	-	5,717,808	96,690	-	5,814,498
Long-Term Debt, Net	40,293,134	-	-	-	40,293,134	772,746	-	41,065,880
Interest Rate Swap Agreements	270,360	-	-	-	270,360	-	-	270,360
Refundable Entrance Fees and Deposits	29,536,407	-	-	-	29,536,407	-	-	29,536,407
Deferred Revenue From Entrance Fees	46,379,494	-	-	-	46,379,494	-	-	46,379,494
Due to Related Parties	-	-	853,901	(853,901)	-	759,382	(759,382)	-
Total liabilities	121,761,691	5,948	1,283,465	(853,901)	122,197,203	1,628,818	(759,382)	123,066,639
Net Assets (Deficit)								
Without donor restrictions	1,176,730	9,748,609	(775,799)	-	10,149,540	(975,967)	-	9,173,573
With donor restrictions	134,251	3,091,071	-	-	3,225,322	-	-	3,225,322
Total net assets (deficit)	1,310,981	12,839,680	(775,799)	-	13,374,862	(975,967)	-	12,398,895
Total liabilities and net assets (deficit)	$ 123,072,672	$ 12,845,628	$ 507,666	$ (853,901)	$ 135,572,065	$ 652,851	$ (759,382)	$ 135,465,534

Tel Hai Services, Inc. and Subsidiaries

Consolidating Schedule, Statement of Operations Information
Year Ended June 30, 2025

	Obligated Group							
	Tel Hai Retirement Community	Tel Hai Development, Inc.	Tel Hai Services, Inc.	Eliminations	Total	Tel Hai Apartments, Inc.	Eliminations	Total
Revenues Without Donor Restrictions								
Net resident service revenue	$ 40,500,157	$ -	$ 119,746	$ -	$ 40,619,903	$ -	$ -	$ 40,619,903
Residential rental	-	-	-	-	-	283,339	-	283,339
Other revenue	1,436,810	6,624	4,141,951	(3,988,517)	1,596,868	35,027	-	1,631,895
Grant revenue	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	413,284	-	-	413,284	-	-	413,284
Total revenues without donor restrictions	41,936,967	419,908	4,261,697	(3,988,517)	42,630,055	318,366	-	42,948,421
Expenses								
Nursing and nursing support	10,923,312	-	-	-	10,923,312	-	-	10,923,312
Personal care	1,865,123	-	-	-	1,865,123	-	-	1,865,123
Residential living	293,268	-	-	-	293,268	-	-	293,268
Dining services	6,536,974	-	-	-	6,536,974	-	-	6,536,974
Housekeeping and laundry	1,521,870	-	-	-	1,521,870	1,455	-	1,523,325
Activities, social services and wellness	1,712,071	-	-	-	1,712,071	-	-	1,712,071
Maintenance and security	4,329,743	-	-	-	4,329,743	88,189	-	4,417,932
Depreciation	7,147,043	-	-	-	7,147,043	27,170	-	7,174,213
Interest and financing fees	1,182,085	2,304	-	-	1,184,389	1,306	-	1,185,695
Real estate taxes	616,210	-	-	-	616,210	-	-	616,210
Administration	5,804,709	236,170	4,261,697	(3,988,517)	6,314,059	128,612	-	6,442,671
Total expenses	41,932,408	238,474	4,261,697	(3,988,517)	42,444,062	246,732	-	42,690,794
Operating income	4,559	181,434	-	-	185,993	71,634	-	257,627
Nonoperating Gains (Losses)								
Dividends and interest	667,545	384,407	-	-	1,051,952	37	-	1,051,989
Realized gains on investments	919,377	849,678	-	-	1,769,055	-	-	1,769,055
Unrealized (losses) on investments	(380,426)	(478,127)	-	-	(858,553)	-	-	(858,553)
Contributions and bequests	440,777	95,651	-	-	536,428	-	-	536,428
Actuarial adjustment of split-interest agreements	-	34	-	-	34	-	-	34
Change in value of interest rate swap agreements	(78,210)	-	-	-	(78,210)	-	-	(78,210)
Revenues in excess of expenses	$ 1,573,622	$ 1,033,077	$ -	$ -	$ 2,606,699	$ 71,671	$ -	$ 2,678,370

Tel Hai Services, Inc. and Subsidiaries

Consolidating Schedule, Statement of Changes in Net Assets (Deficit) Information
Year Ended June 30, 2025

	Obligated Group							
	Tel Hai Retirement Community	Tel Hai Development, Inc.	Tel Hai Services, Inc.	Eliminations	Total Obligated Group	Tel Hai Apartments, Inc.	Eliminations	Total
Net Assets (Deficit) Without Donor Restrictions								
Change in net assets without donor restrictions	$ 1,573,622	$ 1,033,077	$ -	$ -	$ 2,606,699	$ 71,671	$ -	$ 2,678,370
Net Assets With Donor Restrictions								
Dividends and interest	-	57,490	-	-	57,490	-	-	57,490
Contributions and bequests	-	139,244	-	-	139,244	-	-	139,244
Realized (losses) on investments	-	(15,859)	-	-	(15,859)	-	-	(15,859)
Unrealized gains on investments	-	58,509	-	-	58,509	-	-	58,509
Change in value of perpetual trust	6,349	-	-	-	6,349	-	-	6,349
Net assets released from restrictions	-	(413,284)	-	-	(413,284)	-	-	(413,284)
Change in net assets with donor restrictions	6,349	(173,900)	-	-	(167,551)	-	-	(167,551)
Change in net assets (deficit)	1,579,971	859,177	-	-	2,439,148	71,671	-	2,510,819
Net Assets (Deficit), Beginning	(268,990)	11,980,503	(775,799)	-	10,935,714	(1,047,638)	-	9,888,076
Net Assets (Deficit), Ending	$ 1,310,981	$ 12,839,680	$ (775,799)	$ -	$ 13,374,862	$ (975,967)	$ -	$ 12,398,895

EXHIBIT H

NARRATIVE COMPARISON OF CURRENT ACTUAL COST TO BUDGET

JUNE 30, 2025

NARRATIVE COMPARISON OF

CURRENT ACTUAL COST TO PRO FORMA FILED

For Year Ending June 30, 2025

1. Revenues for Meadows Health Care Center, Lakeview Personal Care and Residential Living, other revenue and net assets released from restrictions were reported at $42,948,421 for the year. Operating Expenses were $42,690,794 and under budget for the year. Tel Hai shows a net gain of $257,627 in operations. When contributions and investment gains are added, Tel Hai reflects a net gain of $2,678,370 for the organization

2. Contributions are difficult to estimate for budgeting purposes. Actual contributions exceeded the budgeted amount. Total contributions for the fiscal year were $734,584.

3. The change in the value of the interest swap is not budgeted as it is a non-cash change determined by financial market conditions.

4. Both realized and unrealized gains (losses) on investments are not budgeted.

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