

DISCLOSURE STATEMENT



May 30, 2024

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In accordance with Chapter 58, Article 64 of the General Statutes of the State of North Carolina:

- This Disclosure Statement may be delivered until revised, but not after **October 27, 2025**;
- Deliver of this Disclosure Statement to a contracting party is required before execution of a continuing care contract;
- This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.

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I. ORGANIZATION

INTRODUCTION

Legacy at Mills River brings, to those who are 55 years of age and over, a way of retirement living known as "continuing care". This concept offers active retirees a lifestyle which is designed to meet their unique needs while allowing them the freedom to pursue their personal interests. Continuing care communities such as Legacy at Mills River encompass these important components: a privately-owned manor home (a "Manor Home"), village home ("Village Home") or a free-standing home ("Estate Home") (each also referred to in this Disclosure Statement as a "Home"), a wide array of personal services, and the security of an on-site licensed health care center.

One of the purposes of this Disclosure Statement is to explain to prospective Members, their families, and their advisors, who and what is involved in the operation of Legacy at Mills River. This Disclosure Statement was prepared on the basis of information available and assumptions which were believed to be realistic. Such information and assumptions are, of course, subject to change and, in particular, could be affected by changes in inflation and interest rates. Because of the possibility of future changes, modifications in the operation of Legacy at Mills River may be necessary.

In addition to the information contained in this Disclosure Statement, if a prospective Member would like additional information or would like to make inquiries regarding facilities or services, the marketing office should be contacted. Further, a prospective Member or prospective Member's legal representative with a general power of attorney has a right to ask for and receive additional information regarding Legacy at Mills River.

Because no technical language has been used in this Disclosure Statement, there may be differences between the text of this booklet and the language of the specific Legacy at Mills River Purchase and Sale Agreement ("Purchase and Sale Agreement") and Legacy at Mills River Membership Agreement ("Membership Agreement") signed by a Member. In the event of any such differences concerning the description of any item, the terms of the applicable executed Purchase and Sale Agreement and Membership Agreement will govern.

Two nonprofit corporations will be involved in Legacy at Mills River. Neither of these nonprofit corporations has been formed as of yet but it is intended that the legal name for one will be Legacy at Mills River Owners Association and that the legal name for the other will be Legacy at Mills River Club. Because Legacy at Mills River will be developed as a condominium, where each Home will be owned as a condominium, one of these nonprofits will be a condominium owners' association that will control and manage (through its board of directors) the common property that is a part of Legacy at Mills River. It is the intent that the other nonprofit will be a social welfare organization that is tax exempt under Section 501(c)(4) of the Internal Revenue Code. This other nonprofit will oversee and manage the membership functions and services which are included in each Membership Agreement. Neither of these nonprofit corporations will be a religious or charitable organization nor will they be affiliated with any religious or charitable organization.

We are pledged to the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, or national origin.

BLUE RIDGE RETIREMENT PARTNERS, LLC

Blue Ridge Retirement Partners, LLC ("Blue Ridge") is a North Carolina limited liability company that owns all of the development of Legacy at Mills River. The controlling member and manager of Blue Ridge is Grant Investment Group, LLC, the entity that will be responsible for developing Legacy at Mills River. The minority members of Blue Ridge are: Triangle Retirement Investment, LLC, and Western North Carolina Retirement II, LLC, neither of which will have any day to day or active role in the management or development of Legacy at Mills River.

GRANT INVESTMENT GROUP, LLC

Grant Investment Group, LLC (the "Company") is a North Carolina limited liability company formed for the purpose of developing and managing a continuing care retirement community. Its current principal business address is 70 Peachtree Road, Suite 210, Asheville, North Carolina, 28803. The Company is developing condominium single-family Estate, Village and Manor residences for sale to individuals 55 and over, who are capable of independent living. In addition to developing luxury Estate, Village and Manor homes, the Company is developing all common areas of the retirement community, including the clubhouse amenities and health care component. For its efforts in developing the continuing care retirement community, the Company receives from Legacy at Mills River Club and Legacy at Mills River Owners Association a payment equal to a percentage of actual revenues of Legacy at Mills River. In addition, Blue Ridge will retain ownership and lease a portion of the constructed spaces to Legacy at Mills River.

Richard A. Grant ("Rick Grant") is the Managing Member of the Company which is located at 70 Peachtree Road, Suite 210, Asheville, North Carolina, 28803.

Rick Grant also owns Beverly Grant, Inc. ("BGI"), a development and construction company, founded in 1955 and located in Asheville, North Carolina. BGI has done a wide array of commercial and residential developments, specializing in health care/assisted living facilities. BGI is the largest general contractor based in western North Carolina and is recognized as one of the most respected. With annual revenues averaging \$38 million, over 80% of their sales come from repeat customers. It is envisioned that BGI will construct a portion or all of Legacy at Mills River's structures.

Rick Grant. Rick Grant has been with BGI for over 39 years and serves as its President. He is responsible for company operations, and for creating an ethical, dedicated and committed team of employees. After receiving a Bachelor of Science degree in Industrial Engineering in 1975 from North Carolina State University, he worked for 10 years with E.I. DuPont in various management positions, including industrial engineering, information systems, and manufacturing. After joining BGI in 1985, where he started in a facilities design position, he is now the President, with overall responsibility for overseeing projects from conception to completion. He is the past Chairman of the Board of Trustees of Eliada Homes, a nonprofit statewide agency for families and children. He has successfully led the following BGI developments:

- Devonshire - an 87-unit subdivision of custom accessible/adaptable homes
- Twenty Town Mountain – a multi-tenant office building in the central business district of Asheville, NC
- Nettlewood Professional Park – a 30-acre office park in southern Asheville, which provides more than 200,000 square feet of office space

- Park Ridge Medical Office Building – a 70,000 square foot, 5-story office complex on the campus of Park Ridge Hospital

Through a management agreement with Legacy at Mills River Club and Legacy at Mills River Owners Association, the Company will have overall management responsibility for Legacy at Mills River (the "Club Management Agreement"). In its role as management agent, its primary duties involve the review and approval of capital expenditures, review and approval of operating budgets, and the monitoring of the Legacy at Mills Rivers' financial condition. Operational policies for Legacy at Mills River and criteria for admissions are subject to approval and periodic review. The management agent also adopts and approves personnel policies for Legacy at Mills Rivers' employees, annually reviews the insurance coverages of the Legacy at Mills Rivers' property and personnel, and contracts for and supervises the provision of legal and accounting services to Legacy at Mills River. It also monitors compliance with the budget and the performance of Legacy at Mills River and its management. These activities are carried out by means of reports, studies, and on-site inspections. The Company may also sub-contract with a firm for assistance in the day to day handling of the responsibilities of management.

LEGACY AT MILLS RIVER CLUB

Legacy at Mills River Club, (the "Club") will be organized as a North Carolina nonprofit corporation. Its principal business address will be 70 Peachtree Road, Suite 210, Asheville, North Carolina, 28803. The Club shall make available the names of the Board of Directors upon request. The Club was created to serve as the membership entity to carry out and perpetuate the Membership Agreement as described in this Disclosure Statement. As a party to the Membership Agreement, the Club will have the general responsibility to provide and manage the services available to Members at the Legacy at Mills River, including those services provided within the clubhouse and health center. Through the Club Management Agreement with the Company, the Club intends to engage the Company to provide such services, on behalf and in the name of the Club. All monthly payments paid by Members, all other operating receipts, and all disbursements go through this nonprofit corporate entity. The Club will file for 501(c)(4) tax-exempt status from the Internal Revenue Service. No Member of the Club nor any other entity has or will have a 10% or greater interest in the Club.

Under the Club Management Agreement, the Club pays the Company an overhead payment equivalent to 10% of total operating revenues, including those of the Association. The Club will pay a lease payment for some of the spaces constructed where ownership has been retained by Blue Ridge.

The Club has not been incorporated and no directors or officers have been named. This Disclosure Statement will be amended at the time the Club is incorporated, directors are named and officers are elected to disclose information regarding such directors and officers as required by North Carolina General Statutes, Chapter 58, Article 64 (the "Continuing Care Act"), specifically N.C.G.S. § 58-64-20(a)(2).

LEGACY AT MILLS RIVER OWNERS' ASSOCIATION

Legacy at Mills River Owners Association (the "Association") will be incorporated when the condominium residences are substantially completed. Its principal business address will be 70 Peachtree Road, Suite 210, Asheville, North Carolina, 28803. The owner(s) of each Estate Home, Manor Home or Village Home at Legacy at Mills River shall be a member of the Association as long as ownership of the home is retained.

There shall be one membership in the Association for each Home owned. If Home ownership is

vested in more than one person, then all of the persons owning a Home shall designate one of the co-owners to act as a member of the Association. An owner's membership in the Association will automatically cancel when ownership of the Home ceases. Upon conveying or transferring the ownership interest in a Home to a new owner, the new Home owner shall simultaneously succeed to the former owner's membership in the Association.

The Homeowners, who constitute the membership of the Association, will own all the common property of Legacy at Mills River, with the Association serving as the governing body for all issues related to the real estate aspects of such common property. On behalf of the membership, the Association provides for the maintenance, repair, replacement, administration, and operation of Legacy at Mills Rivers' common property. All activities undertaken by the Association shall be for the sole benefit of the Home owners, and all funds received by the Association shall be used for the benefit of all Home owners. The Association will not be a party to the Purchase and Sale Agreement or the Membership Agreement, will not be a "provider" as defined in the Continuing Care Act, and will have no responsibility or obligation with respect to the provision of continuing care services to Members of the Club.

The Association will act through its Board of Directors, which will be elected by the Home owners at a regular annual meeting in accordance with the By-Laws of the Association. Upon request, and once the Directors are in place, Legacy at Mills River shall make available the names of the Board of Directors. No member or entity has or will have a 10% or greater interest in the Association, but Blue Ridge, as developer of Legacy of Mills River, will be able to control the Board of Directors of the Association until "turn over" of the Association to the Home owners. In general, "turn over" will occur when a specified number of Homes in Legacy of Mills River are sold.

RETIREMENT LIVING ASSOCIATES, INC.

As overall manager of Legacy at Mills River, the Company, for the benefit of the Club, plans to retain an affiliate of Retirement Living Associates Inc., a North Carolina corporation ("RLA"), to manage the day-to-day operations of the health center and other activities for which the Club will be responsible under the Membership Agreement. RLA is a recognized leader in the development and management of quality retirement communities. Currently RLA manages two senior living facilities located in North Carolina, and three in Florida. There is currently one community in North Carolina in development.

The principal operating officers of RLA are David W. Ammons, President and Chief Executive Officer, Kyle Dilday, Vice President / Secretary, David Coster, Vice President, and Crandall Lea, Director of Finance.

Mr. Ammons is President and Chief Executive Officer of RLA. He is a graduate of Wake Forest University with a Bachelor of Science degree in Business Administration. Mr. Ammons started RLA in 1991 and has administrative experience from serving as Executive Director and Chief Executive Officer of Springmoor Life Care Retirement Community in Raleigh, NC.

Mr. Dilday is Vice President and Secretary of RLA. He holds a Bachelor of Science degree in Public Health from East Carolina University. Mr. Dilday joined RLA in 1991 and has over 32 years' experience as an administrator and executive director in the retirement industry. He also served as Executive Director of Springmoor Retirement Community in Raleigh, NC.

Mr. Coster is Vice President of Development of RLA. He joined the firm in 2014 after serving for several years as Chairman of a development stage continuing care retirement community. Prior to RLA,

Mr. Coster had executive roles with a Real Estate Investment Trust, and a long-term care insurance provider. Additionally, earlier in his career, he served as Special Assistant to the Secretaries of the NC Departments of Health and Human Services and Commerce. He has an undergraduate degree in communications and political science from UNC-Chapel Hill.

Required Criminal Violation Statement

As required by North Carolina General Statute § 58-64-20, no officer, director, manager or member of Blue Ridge, the Company or RLA has been involved in criminal or civil proceedings involving fraud, embezzlement, fraudulent conversion or misappropriation of property; none is subject to a currently effective injunction or restrictive court order or within the past five years had any State or federal license or permit suspended or revoked as a result of matters arising out of the business of retirement living or health care.

Further, the Club will not elect or appoint any director or officer who (i) has been involved in criminal or civil proceedings involving fraud, embezzlement, fraudulent conversion or misappropriation of property; (ii) at the time of such election or appointment is subject to an effective injunction or restrictive court order or within the five years prior to such election or appointment had any State or federal license or permit suspended or revoked as a result of matters arising out of the business of retirement living or health care.

Required Affiliation Statement

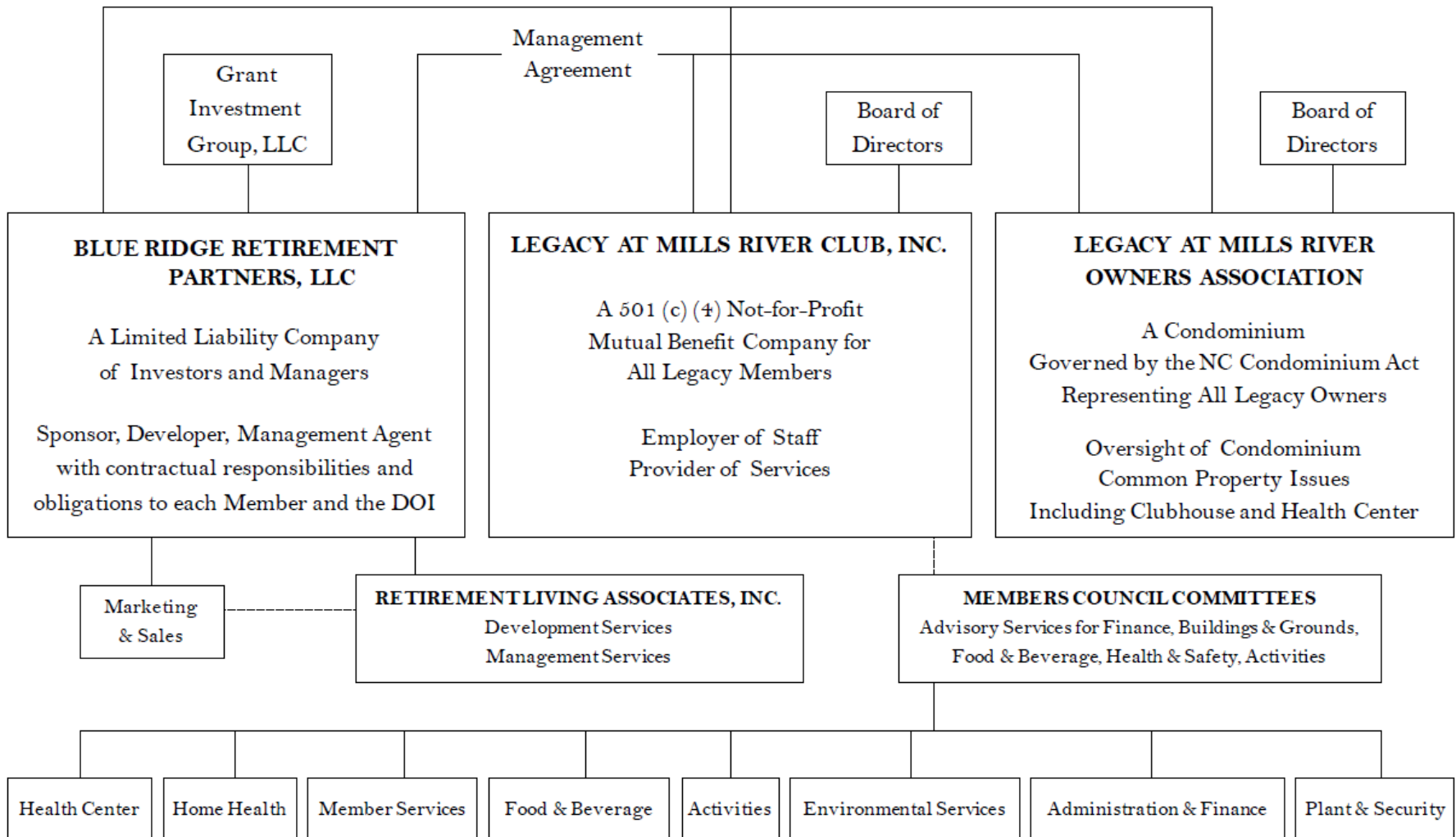
As required by North Carolina General Statute § 58-64-20(a)(4), except as described in this Disclosure Statement with respect to contractual arrangements with the Club, neither Blue Ridge nor the Company is affiliated with a religious, charitable or other nonprofit association. The Company will organize the Club and name its initial Board of Directors. The initial Board of Directors of the Club will elect the initial officers of the Club.

EXECUTIVE DIRECTOR / ADMINISTRATOR

An executive director for Legacy at Mills River has not been hired as the project is still in the development stage. This position will be recruited by RLA with approval by the Club Board of Directors.

LEGACY AT MILLS RIVER
 A Continuing Care Retirement Community
 Licensed by the NC Department of Insurance (DOI)

Entities Comprising the Legacy



II. LEGACY AT MILLS RIVER

THE LOCATION

Legacy at Mills River will be located on approximately 112 acres of land in Mills River, North Carolina near Interstate 26 and off of Highway 280. It will be conveniently located in northern Henderson County just south of Buncombe County. Its location is within a short distance of existing and planned shopping centers, the Asheville airport, convenient to local churches, community attractions and recreational facilities in Hendersonville, Asheville, as well as Brevard, along with medical care in these cities.

THE CAMPUS

Legacy at Mills River is an equity model, condominium, continuing care retirement community designed to accommodate persons 55 years of age or older in an independent and dignified manner. The first phase is under development and includes 65 Manor Homes and 110 Village and Estate Homes. It also includes an Activity Center, and a Dining Center along with many other amenities such as a theatre, fitness rooms, wellness center and pool. The clubhouse serves as the hub for community activities. The clubhouse includes the formal and informal dining rooms, crafts and activities rooms, game room, library, private dining room, beauty and barber shop, fitness room, hobby shop, reading room, classrooms, indoor lounges and an indoor exercise pool and spa. In addition, on-site health care will provide out-patient and short-term or continuing inpatient care. There will be a comprehensive out-patient clinic (the "Clinic"). The Phase I, 18 room skilled/adult care unit (the "Health Center"), will meet the needs of the residents in early years with a larger Health Center planned for the future.

In Legacy at Mills River brochures and other materials, the Members' independent living residences may be labeled as Manor Homes, Village Homes, or Estate Homes. On the Legacy campus, the independent living residences in the multi-story "apartment" style buildings are called "Manor Homes". In other parts of the campus, the free-standing, neighborhood-style homes or cottages are labeled as "Estate Homes". Lastly, in the "Village" area, there are residences that may be clustered and attached like townhomes. These are labeled "Village Homes".

Phase II plans may be modified at a future date, but presently consist of an additional 169 Manor Homes in two buildings and 35 Estate Homes. Expansion of the Health Center up to 80 beds will accommodate the needs of the community for the long term. At its completion Legacy at Mills River will contain 368 independent living units and an 80 bed Health Center.

The Phase I Health Center has both private and semiprivate rooms, a physical therapy room, arts and crafts therapy area, dining room, and lounges. Emphasis in the Health Center is on restorative care and wellness in order to return Members to independent living in their Homes. The Health Center may be expanded if management determines that additional health care beds are needed.

THE PERSONNEL

As approved by the Club, RLA employs the executive director and health care administrator of Legacy at Mills River. RLA will employ all other personnel, although some services, such as landscape maintenance, may be out-sourced. A medical doctor, an occupational therapist, a physical therapist, and a speech and hearing therapist, and other professionals are available onsite, on a consulting basis.

THE SERVICES

The decision to move into a continuing care retirement community demands careful consideration of many factors, including the services to be provided. A detailed description of the services provided by the Club is found below. Individuals who purchase a newly built Home directly from Blue Ridge when Legacy at Mills River first opens (or the individual(s) designated by such purchaser(s) in the Membership Agreement as a resident of the Home (the "Designated Member(s)")) will automatically become a Member of the Club and will be entitled to receive the continuing care services as outlined in the Membership Agreement.

Second generation purchasers and those that follow, i.e., individuals who purchase Homes from anyone other than Blue Ridge (or such purchasers' Designated Member(s)), will become a Club Member upon purchase of a Home, but will not automatically have the right to receive continuing care services. Such purchasers (or their Designated Members) will have the option of receiving continuing care services in exchange for payment of a continuing care fee. Club Members who are not automatically entitled to continuing care services may elect to defer payment of the continuing care fee -- and their consequent right to receive continuing care services -- to a later date. However, payment of the continuing care fee as set forth in the Membership Agreement is required for a Club Member to be entitled to admission into the Health Center for assisted or skilled bed services. Further, at the time a Member elects to receive continuing care services, he or she must be capable of independent living for the foreseeable future and free of communicable diseases. The cost of this continuing care services option of Club membership is discussed further in this Disclosure Statement.

Regardless of the timing of the purchase of a Home, all purchasers and Designated Member(s) will sign a Membership Agreement and all purchasers will automatically become a member of the Association. For a monthly fee, all Members will be entitled to the following services: (1) food service, including the equivalent of one meal for each day in the month; (2) bi-weekly housekeeping; (3) bi-weekly flat laundry; (4) maintenance of the common area portion of Homes, and common areas; (5) grounds care; (6) clubhouse activities; (7) scheduled transportation; (8) security; and (9) certain utilities. Additional service packages may be available so that a Member can reduce the number of meals and the frequency of housekeeping among other options. Additional included or optional services may be added in the future.

A Member who is entitled to receive continuing care services may be admitted directly to the Health Center from his/her Home with proper Physician's orders. Members who are able to do so are encouraged to return to independent living as soon as possible. Members who are unable to return to independent living, however, have the benefit of access to long term care in the Health Center.

Those Members who do not require care in the Health Center, but who need additional personal services to continue independent living, will be eligible for in-home care. In-home care services are provided by nursing staff and other staff members on an as-needed basis under a Home Care License. Services such as bathing, dressing, escort, shopping, personal laundry, additional housekeeping, in-home care and special transportation will be available, generally, at an additional cost.

Legacy at Mills River will determine in the future if it will obtain a Home Health License to enable it to perform a full range of skilled services in individual Homes.

DESCRIPTION OF THE SERVICES

The services available to Members are listed in the Purchase and Sale Agreement and Membership Agreement. The following descriptions have been prepared. The procedures to be followed in furnishing these services may be modified by the Company to allow it to best meet the needs of the Members. Members will be advised of any changes in these services through the Members' Council.

Activities

A full-time activities coordinator will plan and organize a variety of events tailored to the special interests of the Members. The Legacy at Mills River sponsors a wide variety of indoor and outdoor activities including tours, shopping excursions, fitness and art classes, outdoor excursions, dinner dances, card games, craft activities, tournaments, and other activities.

Hair Care/Salon/Spa

Women's and men's haircare services will be provided by licensed professionals at an extra charge. Additional salon and spa services may also be available.

Parking

The Club will provide outdoor lighted parking areas for all Members' personal vehicles (a minimum of one space for each Home). Covered parking is available to Members at an extra charge on a first-come, first-served basis. Members desiring parking in covered parking areas located under buildings or in surface parking lots may reserve a covered parking space (if available) for an extra fee as documented in Legacy at Mills River membership materials. Copies of such materials are available during normal business hours at Legacy at Mills Rivers' marketing office. Included in the purchase price of all Estate Homes is a two-car garage. Manor homes do not include a garage. One Village Home model includes a garage.

Emergency Call System/Health and Safety Monitoring

At a minimum all Homes will have an emergency call system. The purpose of this system is to provide means to obtain help in an emergency. Licensed nursing personnel will respond to calls from the emergency call system and will alert any other appropriate emergency personnel that may be required. Additional health and safety monitoring technology may be installed by homeowner at their expense.

Flat Laundry

Members' flat laundry is washed, dried, folded, and returned. Such service includes sheets and pillowcases.

Food Service

Thirty meal credits per month per Member (or the equivalent of one meal per day per month) are provided as part of the monthly payment. Additional meals are available for an additional charge per meal. Charges for extra meals appear on the monthly statement for the convenience of the Members, but can be paid for individually upon request. Members who prefer fewer meals may receive a credit each month by agreeing to a smaller plan such as twenty meals per month.

Breakfast, lunch and dinner are served in the clubhouse dining rooms and grill each day. Reasonable special diets can be accommodated if requested. The services of a registered dietician are provided to the

Members on a regular basis. Home delivery and take-out meals are available.

Gardening

Gardening areas are available for Members' use and will be under the direction of the ground's manager and activity director on a first-come, first-served basis.

Health Center

If a Club Member who is entitled to continuing care services needs long term care, this care will be provided at Legacy at Mills River Health Center. The Health Center staff will determine the appropriate level of care (as prescribed by a physician) required by the Member upon admission to the Health Center. The nursing staff will provide an appropriate plan of care, the ultimate goal being, if at all possible, to return the Member to independent living, as soon as possible.

A Club Member who is entitled to continuing care services ("continuing care modified" level) may elect to upgrade his or her Membership Agreement to what we call the "Life Care" option. This Life Care option provides ongoing assisted and skilled care at a cost equal to the monthly payment for a Member, plus the additional costs of two meals per day (plus the Life Care monthly fee if an upfront lump sum payment option is not available and selected). The Club will offer an upfront lump sum Life Care Option.

Care in the Health Center includes, but is not limited to, standard nursing care, food service, housekeeping, and flat laundry service. A physician is retained on a consulting basis to act as Medical Director for the Health Center.

Health Center Activities Director

An activities director is responsible for coordinating and directing the arts, crafts, social and recreational activities for the Members admitted to the Health Center. The focus of these activities is restorative care.

Home Care Agency

Legacy at Mills River may determine in the future the need to provide special nursing and non-nursing care in Member's Homes. Should this occur, there will be an additional charge for this type of service.

Housekeeping Services

Housekeeping services are provided to each Member on a bi-weekly basis, the cost of which is included in the Member's monthly payment. These services include kitchen and bathroom cleaning, surface cleaning, dusting, and vacuuming. Periodically, window washing, and exterior surface cleaning will be done. A Member may elect less frequent housekeeping services and reduce his or her monthly cost.

Mail

Mail is distributed by the U.S. Postal Service to the Member's personal mailbox. Once each day the outgoing mail is collected from the mailbox. Upon request, mail can be forwarded during a Member's absence.

Maintenance of the Manor Home, Village Home, Estate Home & Common Areas

Maintenance is provided for the common area, including those portions of each Manor, Village and Estate Home that are part of the common area. If a Member needs maintenance service, the Member may complete a maintenance request form at the concierge's desk. Personal maintenance services are based on staff availability and at an additional charge.

Members' Council

The Members' Council holds regular Member meetings to enable Members to ask questions and to permit Legacy at Mills Rivers' administration and the Members' Council to communicate with the Members. Two semi-annual meetings are required by the North Carolina Department of Insurance.

Monthly Billing Service

All monthly statements are placed in each Member's mailbox or other appropriate place and sent to Member's email on or before the last day of the month. Statements are due, in advance, on the first (1st) day of each month, and are past due after the fifth (5th) day of each month. Payment may be made at the accounting office, by mail or through established online system. Payments made after the fifth (5th) day may be subject to a late fee.

Other Services

Other services may be provided to Members at an additional charge and are added to the monthly statement. Such services include guest meals, additional meals, food and beverages, special transportation, special maintenance and such other reasonable services as requested.

Parking for Members and Guests

Legacy at Mills River has ample surface parking for both the Members and their invited guests.

Private Dining Room

A private dining room is available for use by Members and their guests for special occasions. Special meals and wait staff, are available at an extra cost. Advance reservations with are required.

Scheduled Transportation

Scheduled transportation is available for Legacy at Mills River Members. Scheduled trips include nearby grocery stores, banks, and shopping centers. Special trips may be periodically scheduled at an additional cost to each participant.

Security

Round-the-clock security is provided. For the Members' added safety, all entrance and exit doors can be secured 24 hours a day if determined to be a need. Site access will be electronically monitored and gate houses will be located at each public entrance.

Woodshop

A woodshop will be constructed as part of the Community and will be available to all Members.

HEALTH CENTER

Legacy at Mills River will secure a license from the North Carolina Department of Health & Human Services, Division of Facility Services to have an on-site Health Center. The Health Center will provide nursing care services, up-to and including skilled care, for Legacy at Mills River Members. The Club provides its Members quality health care within the limits of its license. Licensure, for hospital-level care cannot be obtained, and hospital-level services are not provided within the Health Center. Such level of care must be provided by a hospital, and the costs related to hospitalization are the responsibility of the Member.

If the Legacy at Mills River medical director and staff determines, in consultation with the Member's attending physician, the Member's family or personal representative, and the Member to the extent possible, that the Member requires health care in the Health Center, such care will be provided for up to 15 days with no change in the monthly payment. Such monthly payment will cover Health Care at the semiprivate room rate. Residents receive fifteen (15) "eligible days" each year in the Health Center where there is no change in the monthly payment. A resident may accumulate a maximum of thirty (30) eligible days at any one time. Eligible days do not accumulate when a resident becomes a "permanent" resident in the Health Center. An eligible day is equal to a semiprivate room. In addition, the Member will be responsible for the cost of two extra meals per day plus nursing supplies, therapies, pharmacy, special duty nurses, personal laundry, rental of equipment, or other services upon special arrangement while utilizing eligible days. If the Member continues to require health care after he/she utilizes all eligible days of care, then the Member will begin to pay the applicable Member's health care rate, which may increase from time to time by decision of the Board of Directors of the Club. In addition, the Member will continue to be responsible for the monthly payment. Payment of both the monthly payment and the health care rate will be required until such time as it is determined that the Member will not return to independent living and the Member sells his Home. At that time, the Member will pay only the health care rate.

Basic rates are based on a semiprivate room. If a Member desires an available private room, the Member may obtain a private room upon agreement to pay the then-current difference between the market private rate and semiprivate room rates. If the Health Center is fully occupied, the Member will be provided health care services in, and agrees to relocate to, another health care facility. The Club will be responsible for the charges associated with the alternate health care accommodations so long as the Member continues to pay the monthly payment. Upon availability of accommodations at the Health Center, the Member will be relocated to the Health Center. The Membership Agreement (see Exhibit) sets forth in greater detail the extent that health care services are provided and the terms for providing such services.

DEVELOPMENT TIME FRAME

Phase I, consisting of the 36-bed Health Center, 175 independent living Manor, Village and Estate Homes, along with related infrastructure and landscaping, is anticipated to be completed in 2026. Some Estate and Village homes will be constructed prior to the opening of the Manor home building and Health center and will be available for early occupancy.

Phase II, which may include up to an additional 204 independent living homes will be completed as soon as practicable and an expansion of the Health Center up to 80 beds is anticipated to be completed as needed, but not prior to 2027.

III. THE PROPOSAL

THE CONTINUING CARE CONCEPT

Legacy at Mills River continuing care concept ensures an individual ownership of a Home, a wide array of personal services, and long-term assisted and nursing care in the on-site Health Center if a resident can no longer live independently in his Home. This concept of continuing care has grown as the result of the increasing number of men and women reaching retirement age and the concern for providing an alternative to traditional retirement living. A Member will purchase a Home in accordance with the terms of the Purchase and Sale Agreement. When this purchase involves Blue Ridge as the seller, the Member will enter into a Membership Agreement and automatically belong to the Club and receive the continuing care services. Pursuant to the Membership Agreement, the Member will pay a monthly payment for the continuing care and other services the Member receives, which includes a monthly contribution to the Association. At the time that this initial owner/Member sells his or her Home, the buyer will sign the Membership Agreement and automatically become a member in the Association and a Member of the Club. This new purchaser then has a personal decision to make about whether or not to make an additional payment to elect the continuing care services offered. This continuing care election is required for access to assisted living and skilled bed services in the Health Center. Members who are entitled to continuing care services are initially eligible for what Legacy at Mills River refers to as "continuing care modified". Members can upgrade "continuing care modified" to the "Life Care" option for an additional one time and, possibly, an additional monthly fee.

ACCEPTANCE FOR RESIDENCY

Purchase and Sale Agreements and Membership Agreements are subject to acceptance by the Company. At the time of signing a Purchase and Sale Agreement and a Membership Agreement, the Member (or spouse) must be 55 years of age or older, capable of independent living, free of communicable diseases, and able to pay the purchase price, two months of common expenses, their pro rata share of 12 months of hazard insurance premiums, and a reserve deposit. After these payments, the Member must have sufficient financial resources to permit payment of the monthly payment plus other personal expenses which may be reasonably expected, and to meet anticipated increases in the cost of living, including any increases in the monthly payment. If the individual who signs the Purchase and Sale Agreement is not the same person who will be the Member, that is, in the case where there will be a Designated Member, the individual who signs the Purchase and Sale Agreement must have sufficient financial resources to pay the purchase price for the Home as well as the other fees and expenses described above.

Prior to purchase, the Purchase and Sale Agreement may be canceled by Blue Ridge for failure to pay any of the amounts due pursuant to the Purchase and Sale Agreement or Membership Agreement. If all amounts are paid at the closing of the Purchase and Sale Agreement but prior to occupancy of the Home and the Member then becomes unable to occupy the Home, the Member will be allowed to occupy the Health Center without first occupying the Home if the appropriate level of care can be offered. Conversely, if the proposed Member, i.e., either the purchaser or his Designated Member, becomes incapable of occupying the Home prior to closing of the Purchase and Sale Agreement but otherwise meets the residency requirements of Legacy at Mills River, the Purchase and Sale Agreement may be canceled by the purchaser, at purchaser's option, with all Escrowed Deposits refunded. If the Purchase and Sale Agreement is not canceled by the purchaser, and if the Member requires health care, such services will be provided in the Health Center within the limits of the Health Center. If the proposed Member dies before closing, the Purchase and Sale Agreement will be canceled automatically, with all Escrowed Deposits refunded.

BASE SALES PRICES AND MONTHLY FEES
Proposed Project Independent Living Units
Configuration and Fees

Unit Type	Units	Sq. Ft.	Purchase Price ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Monthly Service Fees ⁽⁷⁾⁽⁸⁾
<u>Apartments</u>				
The Ironwood	12	811	\$503,000	\$2,830
The Alderleaf	2	1,266	\$800,600	\$4,033
The Birchpeak	2	1,266	\$800,600	\$4,033
The Cherrybud	3	1,519	\$942,200	\$4,504
The Timberfine	6	1,325	\$821,700	\$4,222
The Walnut	2	1,344	\$850,900	\$3,951
The Hickory	2	1,786	\$1,144,000	\$5,206
The Hawthorne	3	1,586	\$1,016,400	\$5,053
The Chestnut	3	1,583	\$1,007,400	\$5,044
The Cypress	3	1,355	\$847,100	\$4,317
The Olivescape	4	1,290	\$786,000	\$4,110
The Willowgreen	3	1,351	\$854,400	\$4,304
The Elmlace	4	1,592	\$1,006,700	\$5,072
The HeartPine	4	1,593	\$988,000	\$5,076
The Lacegreen	2	1,657	\$1,047,800	\$5,279
The Applemoos	2	1,946	\$1,230,600	\$5,729
The Plumbraid	2	2,195	\$1,414,700	\$5,900
Penthouse Marquet	6	1,171 - 2,330	\$828,700 - 1,477,100	\$7,010 - \$8,541

**Proposed Project Independent Living Units
Configuration and Fees**

Unit Type	Units	Square Footage	Purchase Price ^{(1) (2) (3) (4) (5) (6)}	Monthly Service Fees ^{(7) (8)}
<u>Homes</u>				
The Huntington	17	1,208	\$734,500	\$3,224
The Brantwood	11	1,425	\$866,500	\$3,803
The Springcot	9	1,690	\$1,027,500	\$4,511
The Roycroft	42	1,645	\$1,000,200	\$4,391
The Penlee	16	1,820	\$1,106,700	\$4,858
The Maytham	1	2,075	\$1,261,700	\$5,539
The Bramhall	5	1,962	\$1,193,000	\$5,237
The Blackwell	6	2,429	\$1,477,000	\$6,483
The Standen	2	2,388	\$1,452,000	\$6,374
The Sledmere	1	1,970	\$1,197,800	\$5,258

NON-BINDING PRIORITY AGREEMENT

Prospective future Members of Legacy at Mills River may have the option of executing a non-binding Priority Agreement and paying a "Priority Deposit" of \$1,000 which will be placed in an escrow account meeting North Carolina Department of Insurance requirements. Priority depositors will have the opportunity to place a temporary hold on a particular home or building site at Legacy at Mills River.

RESIDENCE RESERVATION AGREEMENT

Upon deciding to become a Member of Legacy at Mills River, a future resident wishing to reserve a particular Home at Legacy at Mills River, executes a Residence Reservation Agreement and pays a deposit of ten percent (10%) of the Home's gross purchase price ("Reservation Deposit"), which will be placed in an escrow account meeting North Carolina Department of Insurance requirements. A copy of the Residence Reservation Agreement is attached as a part of this Disclosure Statement.

PURCHASE AND SALE AGREEMENT

Not earlier than such time as the number of Homes reserved reaches fifty percent of the total Homes planned for the first phase then each future Member will be asked to execute a Purchase and Sale Agreement and Membership Agreement. At the time of execution of the Purchase and Sale Agreement and Membership Agreement each future Member will be required to pay an additional ten percent (10%) deposit. This second deposit along with the Reservation Deposit will be placed in an escrow account and will become the Earnest Money Deposit as described in the Purchase and Sale Agreement.

The description of the Purchase and Sale Agreement and the terms of residency contained in this Disclosure Statement are qualified by reference to the Purchase and Sale Agreement, which shall prevail in the event of any conflict.

The basic terms and conditions for purchase of a Home under the Purchase and Sale Agreement are summarized as follows:

1. Purchase Price. At the time a purchaser signs a Purchase and Sale Agreement, a second deposit representing ten percent (10%) of the purchase price for the Home being reserved shall be paid. The deposit is placed in the Company's escrow account meeting North Carolina Department of Insurance requirements. At "closing" of the Purchase and Sale Agreement, the purchaser shall pay the balance of the purchase price for the Home selected.

2. Club Membership and Continuing Care Fee. At the time of closing on the selected Home, the purchaser or his Designated Member, i.e., the individual(s) identified as Member(s) in the Membership Agreement will belong to the Club. For second generation purchasers and beyond, an election must be made in regards to the continuing care services offered by Legacy at Mills River. The Member must pay an additional fee if and when continuing care services are elected. The additional fee gives the Member the right to continuing care services at the "continuing care modified" level, which means the Member will begin to pay the monthly health care rate upon admission to the Health Center and after exhaustion of eligible days. Regardless of whether a Member was in the first generation of Members or the second generation and beyond, any Member who has paid for the right to receive continuing care services under the "continuing care modified" fee structure, may also elect the "Life Care" option by paying an additional one-time fee (and possibly making monthly "Life Care" option payments). Under the Life Care option, the

Member's monthly health care rate will be equal to the Member's monthly payment (single), which may be lower than the applicable health care rate.

3. Warranty Deed. The Company conveys good and marketable title to purchaser by delivering a Warranty Deed at the time of closing.

4. Monthly Payment. Upon the closing of the Home, the Member is required to begin paying the monthly payments to the Club. The monthly payment covers the cost of various services provided by the Club and also the monthly contribution to the Association, known as the condominium fee.

5. Common Expenses. At closing, the purchaser shall also be responsible for paying to the Association two months common expenses for the purpose of establishing a Reserve for Replacement/Major Maintenance fund and paying to the Association the purchaser's pro-rata share of 12 months' hazard insurance premiums.

6. Reserve Deposit. North Carolina General Statute § 58-64-33 requires the Club to maintain an operating reserve equal to fifty percent (50%) of the total operating costs of the Club forecasted for the 12-month period following the period covered by the most recent Disclosure Statement filed with the North Carolina Department of Insurance. The operating reserve requirement may be decreased to twenty-five percent (25%) at the time 90% occupancy is achieved, if approved by the Department of Insurance. To fund the operating reserve, the Club will require the purchaser to deposit a reserve fund amount of \$9,000 to remain in the Club's operating reserve account until the earlier of the time it is not needed by the Club to maintain the required reserves or the resale of the Home, at which time the portion not needed to fund the operating reserve shall be refunded to the purchaser or his estate.

7. Taxes. After closing, the purchaser, as owner of the Home, pays real estate taxes.

8. Purchaser's Right to Cancel; Cancellation upon Death; Incapacity. A purchaser may cancel his/her Purchase and Sale Agreement by sending written notice of purchaser's wish to cancel before midnight of the 30th day after signing the Purchase and Sale Agreement. If cancellation of the Purchase and Sale Agreement occurs within seven (7) days following signing, all obligations of the purchaser are terminated and the Purchaser shall receive a refund of all money or property transferred to Blue Ridge or paid into the escrow account. If the purchaser cancels after seven (7) days but within thirty (30) days of signing, all obligations of the purchaser are terminated and the purchaser shall receive a refund of all money or property transferred to Blue Ridge or paid into the escrow account, less (i) nonstandard costs specifically incurred by the Company at the request of the Member as described in any contract amendment signed by the Member or the purchaser of the Home; (ii) any nonrefundable fees or costs specified and described herein; and (iii) a reasonable service charge not to exceed the greater of one thousand dollars (\$1,000.00) or two percent (2%) of the amount of the continuing care fee. The refund will be made within thirty (30) days of Legacy at Mills River receiving the cancellation notice. The Purchase and Sale Agreement shall also automatically be canceled prior to closing in the case of death of a purchaser (where such purchaser will occupy the Home) or the death of the purchaser's Designated Member, if any. If there is more than one purchaser, however, the Purchase and Sale Agreement will continue to be binding on the surviving purchaser, and the designated Member, if any. In the case where the purchaser or the purchaser's Designated Member becomes incapable of meeting Legacy at Mills River residency requirements, the Purchase and Sale Agreement will also automatically cancel; provided, however, if the failure to meet residency requirements arises from an injury, illness or incapacity for which health care is available at the Health Center, the Purchase and Sale Agreement shall not automatically cancel. If the Purchase and Sale

Agreement is automatically canceled, the purchaser's obligations shall cease, the Purchase and Sale Agreement will be terminated, and all money paid returned to the purchaser or his or her estate. If the purchaser, or his Designated Member, due to an incapacity that is treatable at the Health Center, becomes incapable of occupying the Home prior to closing of the Purchase and Sale Agreement, the Purchase and Sale Agreement may be canceled by the purchaser, at the purchaser's option, with all Escrowed Deposits refunded. If the Purchase and Sale Agreement is not canceled by the purchaser, and if the Member requires health care, such services will be provided in the Health Center within the limits of the Health Center.

9. Resale of Home. When the owner of a Home wishes to sell his/her Home, and a bona fide offer has been received from a third party, the owner shall then offer it for sale to the Company for the same price as the highest bona fide offer received. The Company shall have 72 hours from presentation of the bona fide offer to provide written notice of its intent to exercise its option. Moreover, should the Company fail to exercise its right to purchase the Home within 30 days after receiving written notice, the owner may sell the property to the third-party subject to all covenants, restrictions, limitations, affirmative obligations and other agreements referenced and contained in the Purchase and Sale Agreement and Membership Agreement.

THE MEMBERSHIP AGREEMENT

All purchasers of a Manor, Village or Estate Home or their Designated Member(s) automatically receive a nontransferable membership in the Club. Therefore, the purchaser, the Designated Member(s), if any, and the Club will enter into a Membership Agreement (see attached Exhibit) and the purchaser or the Designated Member(s) will become a Member of the Club. Entitlement to continuing care services as provided in the Membership Agreement is automatic for initial or first-generation purchasers (or their Designated Resident(s)), whereas second generation purchasers (or their Designated Resident(s)), must select and pay an additional fee in order to be entitled to receive continuing care services. A Member who is entitled to continuing care services will either be under the "continuing care modified" fee structure or, for those who pay a fee to upgrade, the "Life Care" option fee structure. As outlined in the Membership Agreement, Club membership entitles the Member to the use of the clubhouse facilities, specific services, and if the continuing care services option has been automatically extended (to first generation purchasers or their Designated Member(s)) or elected (by second generation and beyond purchasers or their Designated Member(s)), to be provided with health care in the Health Center when the Member is no longer capable of independent living. The Membership Agreement requires a monthly payment which covers the cost of the various services and features provided at Legacy at Mills River. In addition, the monthly payment includes the monthly contribution to the Association for the Home owned. If the Member is admitted to the Health Center, after exhaustion of eligible days, the Member will be required to pay the health care rate in addition to the monthly payment until such time as it is determined that the Member will not return to independent living and the home is resold, in which case the Member will pay only the health care rate. The health care rate under the "Life Care" option is equal to the monthly payment.

1. Monthly Payment. Pursuant to the Membership Agreement, the Member is required to commence making monthly payments upon the earlier of occupancy or on the date specified for closing. Thereafter, the monthly payment will be payable on the first (1st) day of each month. The monthly payment varies depending upon the type of Home purchased. The amount of the monthly payment for the calendar year in which the Purchase and Sale Agreement is executed will be stated in the Membership Agreement. The total monthly payment, which is higher when a second person shares a Home, will also be stated in the Purchase and Sale Agreement. The monthly payment includes the cost of services provided pursuant to the Membership Agreement, and can be adjusted periodically by the Board of Directors of the Club.

Also included within the monthly payment is the condominium fee. The condominium fee is the purchaser's pro rata share of any common expenses of the Association assessed against the Home purchased. The condominium fee is based on actual costs of operation and on the percentage of ownership in the common elements. The condominium fee is made a part of the monthly payment for convenience so that only one payment is made each month.

The monthly payment includes the condominium fee of the Home owned or occupied by the Member and the cost of services and features provided to Members by the Club as described herein. The monthly payment for the first full year is based upon estimates provided by an experienced continuing care operator. The monthly payment thereafter will be determined by the Board of Directors of the Club after the first full year of operations based on such factors as operating costs, anticipated inflation during the coming year or years, the need to maintain working capital, anticipated capital improvements, the funding of reserves for replacement, and debt service, if any, necessary for repair and expansion of the Club. The Member shall receive thirty (30) days advance notice of any monthly payment adjustment.

Each month the Club will provide an itemized billing which includes the first-person monthly payment, the second person monthly payment, and any additional charges not included in the monthly payment. For a list of services included in the monthly payment, see Section 7 of the Membership Agreement.

The Member will continue to pay the monthly payment until the Home has been sold, transferred, or otherwise conveyed to a new Member who assumes the ownership rights and obligations of the Member with respect to the Home and the monthly payment.

2. Additional Charges. Any optional services requested by a Member that are not included in the monthly payment are available for an additional charge. These additional services include, but are not limited to, additional meals, additional food and beverage, additional housekeeping, special maintenance, special transportation, special activities, hair salon, spa and home-care services in the Member's Home. Additional charges are also assessed for special health services and supplies. These special services include, but are not limited to, therapies, pharmacy, special duty nurses if provided by the Club, and medical treatment by an attending physician or the medical director. The additional charge for optional services is payable on the first (1st) day of each month for the optional services obtained during the preceding month. For a list of services for which there is an additional charge, see the Membership Agreement.

3. Adding a Member After Initial Occupancy. After initial occupancy of a Home by a Member, circumstances can arise in which the Member wishes an additional person to have a right to occupy the Home. For example, the Member may get married and the couple may wish to make the Home their marital home, or the Member may wish to have a close family member move into the Home with him or her. No such additional person may occupy a Home at Legacy at Mills River without the express written approval of the Club. The additional person must go through Legacy at Mills River admission procedures, and the acceptance of any additional person will be in accordance with the current admission policies governing all other admissions. If the additional person is accepted for admission, such person and the other Member shall be required to pay the then-current second person monthly payment each month. If the person does not meet the Legacy at Mills River requirements for residency, he or she will not be permitted to occupy the Home for more than 30 days (except with the express written approval of the Club), and the Membership Agreement may be terminated if occupancy exceeds 30 days.

The additional person will not be entitled to receive continuing care services but will have the option of receiving continuing care services in exchange for payment of a continuing care fee. The additional person may elect to defer payment of the continuing care fee -- and his or her consequent right to receive continuing care services -- to a later date. However, payment of the continuing care fee as set forth in the Membership Agreement is required for a Club Member to be entitled to receive regularly scheduled services in the Clinic at the Health Center and for admission into the Health Center for assisted or skilled bed services. Further, at the time a Member elects to receive continuing care services, he or she must meet be capable of independent living for the foreseeable future and free of communicable diseases.

Two Members living in separate Homes may later desire to live together in one Home. Upon the sale of the Home in which the moving Member resided, the Member who moves into another Member's Home shall be considered a second person in the Home in which both Members reside and shall, along with the other Member, be required to pay the then-current second person monthly payment each month.

4. Where Member is Not the Home Owner. In those circumstances where a purchaser has acquired a Home to be used by someone other than himself, the purchaser must designate the Designated Member(s) who shall use the membership. This designation must take place at least sixty (60) days prior to the time the Home is purchased. The Designated Member(s): (a) must meet the basic eligibility requirements for membership in Legacy at Mills River; (b) must be approved by the Club; and (c) must have complied with the provisions of the Membership Agreement (see Sections 6 and 19(f) of the Membership Agreement) regarding assurances with respect to the monthly payment. In this instance, the membership expires when the Designated Member(s) ceases to use the membership by ceasing to occupy the Home unless residing in the Health Center. Any subsequent users of the Home, excluding the initial purchaser, must acquire a new membership for their use by execution and delivery of the Membership Agreement as a Member prior to occupying such Home. Like second generation purchasers, such subsequent users of the Home will also have the option of paying an additional fee in order to be entitled to receive continuing care services.

The Designated Member(s) shall be and is jointly and severally responsible and liable for the monthly payment of the purchaser of the Home, and the purchaser shall likewise be jointly and severally responsible and liable for the monthly payment and health care rate, if applicable, and all other expenses with the Designated Member(s). In such circumstances the Designated Member(s) and the purchaser will be required, upon request, to execute a guaranty agreement in a form approved by the Club further evidencing this joint and several responsibility and liability. This requirement also applies to individuals who qualify for membership and move into a Home with an existing Member, whether through marriage or other arrangements.

5. Financial Hardship. It is the Club's policy to operate as a nonprofit organization and to avoid termination of the Member's Membership Agreement solely because of the financial inability of the Member to pay the monthly payment and other charges. The Member will be permitted to remain at Legacy at Mills River at a reduced monthly payment based on the Member's ability to pay if (i) the Club determines that the deferral of payment can be granted without impairing the ability of the Club to operate on a sound financial basis, (ii) the Member can justify the deferral of the charges, and (iii) the Member has the ability to secure repayment of the deferred charges. In any event, the Member will be allowed to remain at Legacy at Mills River for 90 days after the date of failure to pay and will pay a reduced monthly payment. The Member will agree to sign a note and mortgage on the Home as repayment of the debt. However, despite these provisions, if the Member's ability to meet his or her financial obligations has been impaired by

making unapproved gifts or transfers or speculative or otherwise inappropriate investments for someone in Member's circumstances, the Member's membership may be terminated.

6. Member's Termination Rights. The Member may terminate a Membership Agreement as set forth in the Membership Agreement. The Member may terminate the Membership Agreement at any time for any reason by giving the Company 30 days' written notice. Notwithstanding termination of the Membership Agreement by the Member, the Member's and the Home owner's (if not the Member) obligations under the Membership Agreement shall continue until the Home is resold or transferred or occupied by a successor who assumes the obligation of the monthly payment.

Transfer of a Home to a person (other than to the decedent's estate) by gift or under the Will of a deceased purchaser or by the laws of intestacy is a conveyance which will require the execution and delivery of a new Membership Agreement in the event the donee, devisee or beneficiary or his Designated Member elects to become a Member of the Club. The donee, devisee or beneficiary or his Designated Member who becomes a new Member will not be eligible for continuing care services unless he elects continuing care services and pays the continuing care fee. In the event of a gift, the purchaser and his Designated Member(s) will retain all membership obligations provided in the Membership Agreement until the donee or his Designated Member(s) becomes a Member. In the event of death, the estate of the purchaser and his Designated Member(s) will retain all membership obligations provided in the Membership Agreement until the purchaser's Home is resold or otherwise transferred and the purchaser/transferee or his Designated Member(s) becomes a Member.

7. The Club's Termination Rights. The Club may terminate a Membership Agreement after it has been accepted only for the reasons set forth in the Membership Agreement. The Club shall not terminate the Membership Agreement without just cause. Just cause includes the following: (i) the Member fails to pay to the Club any charges due under the Membership Agreement, (ii) the Member creates a disturbance within Legacy at Mills River which is detrimental to the health, safety, comfort, or peaceful lodging of himself or other Members, (iii) the Member's condition cannot be cared for in the Club's Health Center within the limits of its license, (iv) the Member refuses medical treatment which is medically required or (v) the Member refuses to consent to relocation or home health services required under the Membership Agreement. Prior to termination of the Membership Agreement, the Club will give the Member notice in writing of the reasons for termination, and the Member will have 30 days thereafter to correct the problem. If the problem is corrected within 30 days, the Membership Agreement shall remain in effect. If the problem is not corrected within the 30 days, the Membership Agreement will be terminated, and the Member must leave Legacy at Mills River. However, if it is determined that the 30-day waiting period is detrimental to the Member, other Members, or the staff of Legacy at Mills River, this waiting period will be waived.

The purchaser will be obligated to promptly sell his Home in the event the Club terminates the Membership Agreement for just cause.

8. Cancellation Rights. The Membership Agreement may be rescinded by the Member by providing notice of rescission within thirty (30) days following the later of the execution of the Membership Agreement or the receipt of a disclosure statement prepared in accordance with North Carolina law, and the Member will not be required to close on the purchase of his or her Home before the expiration of the thirty (30) day period.

If the purchaser or his Designated Member, if any, dies before closing on the purchase of a Home,

or if, on account of illness, injury, or incapacity, the purchaser or his Designated Member(s) would be precluded from occupying a Home under the terms of the Membership Agreement, the purchaser's and Designated Member's obligations shall cease, the Membership Agreement shall be terminated, and all Escrowed Deposits shall be returned to the purchaser or his estate, whichever applies. If there is more than one purchaser who is a Member or if there is more than one Designated Member designated by a surviving purchaser, the Membership Agreement will continue to be binding on such purchaser, and the Designated Member, if any. Furthermore, if a Member sells his Home and does not reside in the Home as a Member, or within Legacy at Mills Rivers' Health Center, the membership is automatically canceled.

Notwithstanding the foregoing, if the purchaser's or Designated Member's illness, injury, or incapacity is such that appropriate care can be provided at the Health Center, and the purchaser or Designated Member otherwise meets residency requirements of Legacy at Mills River, the purchaser and Designated Member's obligations shall cease only if the purchaser or the Designated Member elects to terminate the Membership Agreement and the Purchase and Sale Agreement. In the absence of such election, the purchaser or Designated Member may be admitted directly to the Health Center.

If the Membership Agreement is rescinded for the reasons described in this Section 8, the Member or the Member's legal representative shall receive a refund of all Escrowed Deposits and other money or property transferred to Blue Ridge, less (i) nonstandard costs specifically incurred by the Company at the request of the Member as described in any contract amendment signed by the Member or the purchaser of the Home; (ii) any nonrefundable fees or costs specified and described herein; and (iii) a reasonable service charge not to exceed the greater of one thousand dollars (\$1,000.00) or two percent (2%) of the amount of the continuing care fee. If rescission of the Membership Agreement and Purchase and Sale Agreement occurs within seven (7) days following the later of the execution of the Membership Agreement or the receipt of a disclosure statement prepared in accordance with North Carolina law, the Member or the Member's legal representative shall receive a refund of all Escrowed Deposits and other money or property transferred to Blue Ridge.

LEASE

The Company may lease any Home or other condominium unit owned by it on a short or long-term basis. The owner of a Home may lease his or her Home only to an individual who meets the requirements for residency at Legacy at Mills River as set forth in the Legacy at Mills River Membership Agreement. The leased Home shall be used and occupied for the whole term of the lease and shall not be utilized for timesharing or interval ownership. Anyone who leases a Home must execute a Membership Agreement. The owner and lessor of the Home must execute a guaranty agreement which evidences the joint responsibility of the owner and the person(s) leasing the Home for the monthly payment. The person(s) leasing will be entitled to all rights and privileges of a Member of the Club. The owner of the Home, not the person(s) leasing the Home, will be a member of the Association and have all voting rights as a member of the Association. The Association shall have the right to enforce payment of the monthly payment through a lien on the Home. In the event of default on the monthly payment, the Association may foreclose on the Home and terminate the lease.

IV. REGULATORY MATTERS

CONTINUING CARE RETIREMENT COMMUNITY LICENSURE

Continuing care retirement communities in the State of North Carolina are governed by North

Carolina General Statutes, Chapter 58, Article 64 (the "Continuing Care Act"), which empowers the Commissioner of the Department of Insurance to regulate the Registration, Disclosure, Contract and Financial Monitoring Requirements for continuing care facilities.

Pursuant to the Continuing Care Act, Legacy at Mills River will deliver a Disclosure Statement to each prospective Member upon the earlier of the execution of a Membership Agreement to provide continuing care, or the transfer of any money to Legacy at Mills River. Further, within 150 days following the end of each fiscal year, Legacy at Mills River will file a revised annual Disclosure Statement with the Department of Insurance which will include updated financial information.

CONDOMINIUM ACT

The Legacy at Mills River, as a condominium community, is subject to the North Carolina Condominium Act (the "Condominium Act"). Pursuant to the Condominium Act, the Association conducts the business and affairs of the condominium created by the Declaration which is recorded in the Office of the Register of Deeds for Henderson County. The Declaration is the document by which Legacy at Mills River is governed and is submitted to the provisions of the Condominium Act. A public offering statement for the sale of condominium units will be provided to each prospective purchaser and discloses all issues pertinent to the Association.

HEALTH CENTER LICENSURE

The Company will request a license from the North Carolina Department of Health and Human Services, Division of Facility Services, for 9 skilled nursing rooms and 9 home for the aged/adult care rooms, which will include up to 36 licensed beds.

MEDICARE AND MEDICAID

Certain beds in Legacy at Mills River Health Center may be certified by the Federal government so that the facility may qualify to receive reimbursement from Medicare. The determination to apply for certified beds has not been made at this time.

Legacy at Mills River has chosen not to participate in the Medicaid program. It is Legacy at Mills River's policy not to terminate residency of a Member solely by reason of his or her inability to make the monthly payment or other health center charges pursuant to the Membership Agreement (see attached Exhibit).

ESCROW ACCOUNT

Upon a prospective Member signing a Residence Reservation Agreement or a Purchase and Sale Agreement, such prospective Member will pay a Reservation Deposit under the Residence Reservation Agreement and an Earnest Money Deposit under the Purchase and Sale Agreement. For purposes of this Disclosure Statement all such deposits shall be referred to as "Escrowed Deposits". All Escrowed Deposits will be placed in the Company's escrow account with an escrow agent that meets the requirements of the Continuing Care Act.

RESERVE ACCOUNTS

A Reserve for Replacement/Major Maintenance fund has been created for use by the Association,

funded by each Member's payment of two months of common expenses to the Association upon closing on a Home, budgeted amounts in the Association's annual operating budget, and portions of year-end operating surpluses. This account is used only for purposes related to the properties of Legacy at Mills River, and any interest earned shall remain in the Replacement/Major Maintenance fund.

Further, as described in Section 6 under Purchase and Sale Agreement, each purchaser shall deposit \$9,000 into an operating reserve fund. This deposit shall be returned at the earlier of the time it is not needed by the Club to maintain required reserves or the resale of the Home, at which time the portion not needed to fund the operating reserve shall be refunded to the purchaser or his estate.

All reserve funds will be invested in investment grade instruments, with investment decisions made by the Company or the Club once Legacy at Mills River opens for occupancy.

TAX DEDUCTION

Members of Legacy at Mills River may be allowed a tax benefit. A percentage of the monthly payment may be taken as a medical expense deduction each year. In January of each year, the Club will provide Members with the percentage of the prior year's monthly payment that has been determined to be attributable to the operations of the Health Center. This medical deduction is, of course, subject to limitations imposed by the Internal Revenue Code. It is advisable that the Member seek the advice of tax counsel before taking this deduction.

V. FINANCIAL

FINANCING

The three members of Blue Ridge are Glen Grant, LLC, Triangle Retirement Investment, LLC and Western North Carolina Retirement II, LLC. All three have invested funds to develop Legacy at Mills River. Additionally, in August 2017, Blue Ridge closed on a round of debt financing from ALFIE, an investment group located in Asheville, North Carolina. This debt funding provided the funds projected to cover certain expenses relative to Architect, Accounting, Legal and Marketing. The three members of Blue Ridge will continue to provide funds or add additional investors as necessary to reach the required presales to allow Legacy at Mills River to file for Stage III (Preliminary Certificate) with the North Carolina Department of Insurance.

If fully developed in two phases, the estimated cost of development of Legacy at Mills River will be approximately \$216 million. This figure includes the expansion of the Health Center planned for Phase II and all Homes for independent living. Because the Homes will be staged during construction and the expansion of the Health Center is in a later Phase, the total capital required for development at any one point is not projected to exceed \$202 million. Current projections assume a \$138 million revolving construction loan. The remaining \$30 million will be available via the Company, the portion of the Escrowed Deposits that may be used under North Carolina Department of Insurance regulations and from third party investors.

North Carolina law does not permit the release of Escrowed Deposits to fund development or for any reason until at least 50% of the Homes are pre-sold, Legacy at Mills River has received a commitment for a construction loan and Escrowed Deposits received plus the funds from the committed construction loan equal or exceed 90% of the cost of development plus 90% of any funds necessary to fund any projected start-up losses and to ensure full performance of continuing care services. The pre-sale requirement also helps initial occupancy and moves Legacy at Mills River towards break-even occupancy quickly once construction is completed.

The interest and costs incurred prior to receipt of construction loan proceeds will be borne by the Company and its investors. Legacy at Mills River has not at this time retained a lender for the project but is actively engaged in advanced discussions with a large number of interested parties.

We do not anticipate that there will be any issue arising from vacancies in Homes since the estate of a deceased Member would retain the obligation to make the monthly payment until the Home is sold. As a result, cash flow to the Club remains predictably constant. This factor, together with the Club's low-debt balance sheet, creates financial safety for the years ahead.

As shown in the attached Legacy at Mills River Forecasted Financial Statements, together with the attached narrative assumptions and explanations, the projected sources (net of sales revenues) and uses may be summarized as follows:

Sources and Uses of Funds
(in thousands of dollars)

Sources of Funds:	
Construction Loans ⁽¹⁾	\$ 138,086
Mezzanine Debt ⁽²⁾	30,093
Total New Borrowing	168,179
Deferred interest – Mezzanine Debt ⁽³⁾	6,597
Resident Deposits ⁽⁴⁾	6,677
Equity contribution ⁽⁵⁾	20,073
Total Sources of Funds	\$ 201,526
Uses of Funds:	
<u>Project-Related Costs:</u>	
Construction ⁽⁶⁾	\$ 124,995
Land ⁽⁷⁾	6,888
Site work ⁽⁸⁾	4,318
Architectural and engineering ⁽⁹⁾	4,042
Furniture and equipment ⁽¹⁰⁾	4,196
Marketing costs ⁽¹¹⁾	13,582
Development fees ⁽¹²⁾	2,500
Other project costs ⁽¹³⁾	620
Construction contingency ⁽¹⁴⁾	4,904
Total Project-Related Costs	\$ 166,045
<u>Other Costs:</u>	
Working capital ⁽¹⁵⁾	16,842
Total Other Costs	\$ 16,842
<u>Financing-Related Costs:</u>	
Interest – Notes Payable ⁽¹⁶⁾	368
Deferred interest – Mezzanine Debt 1A and 1B ⁽¹⁷⁾	6,597
Funded interest – Construction Loans 1A and 1B ⁽¹⁸⁾	8,765
Issuance costs ⁽¹⁹⁾	2,909
Total Financing-Related Costs	\$ 18,639
Total Uses of Funds	\$ 201,526

Please refer to the attached financial statements for footnotes and more detailed information.

Exhibit A

Independent Auditor's Report/Interim Financial Statements

BLUE RIDGE RETIREMENT PARTNERS, LLC

FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2023

And Report of Independent Auditor

BLUE RIDGE RETIREMENT PARTNERS, LLC
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Report of Independent Auditor

To the Members
Blue Ridge Retirement Partners, LLC
Raleigh, North Carolina

Opinion

We have audited the accompanying financial statements of Blue Ridge Retirement Partners, LLC (the “Company”), which comprise the balance sheet as of December 31, 2023, and the related statements of operations and changes in members’ deficit and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the Company’s Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 8 to the financial statements, the Company has a members’ deficit of approximately \$6 million and is dependent on member contributions to continue to fund the project. Management’s evaluation of the events and conditions and management’s plans regarding those matters are described in Note 8. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Company 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company 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.

Cherry Bekaert LLP

Raleigh, North Carolina
May 8, 2024

BLUE RIDGE RETIREMENT PARTNERS, LLC
BALANCE SHEET

DECEMBER 31, 2023

ASSETS

Current Assets:

Cash and cash equivalents \$ 20,414

Restricted Cash:

Customer deposits held in escrow 9,292,033

Total Current Assets 9,312,447

Noncurrent Assets:

Land and development costs 10,931,451

Property and equipment, net 8,669

Total Noncurrent Assets 10,940,120

Total Assets \$ 20,252,567

LIABILITIES AND MEMBERS' DEFICIT

Current Liabilities:

Accounts payable \$ 321,203

Customer purchase deposits 9,292,033

Notes payable to affiliates - current 5,149,000

Total Current Liabilities 14,762,236

Noncurrent Liabilities:

Notes Payable:

Promissory notes 700,001

Note payable to private lender 3,448,102

Notes payable to affiliates 1,710,392

Total Notes Payable 5,858,495

Accrued Interest:

Note payable 28,833

Promissory notes 3,595,666

Notes payable to affiliate 2,561,432

Total Accrued Interest 6,185,931

Total Noncurrent Liabilities 12,044,426

Members' Deficit (6,554,095)

Total Liabilities and Members' Deficit \$ 20,252,567

The accompanying notes to the financial statements are an integral part of these statements.

BLUE RIDGE RETIREMENT PARTNERS, LLC
STATEMENT OF OPERATIONS AND CHANGES IN MEMBERS' DEFICIT

YEAR ENDED DECEMBER 31, 2023

Revenues:	<u>\$ -</u>
Operating Expenses:	
Marketing	96,737
Salaries and wages	239,627
General and administrative	90,148
Legal and accounting	55,452
Interest expense	2,647,763
Other operating expenses	5,690
Amortization	41,506
Depreciation	<u>3,467</u>
Operating Loss	<u>(3,180,390)</u>
Other Income:	
Gain on troubled debt restructuring, see Note 7	<u>3,137,570</u>
Net Loss	<u>(42,820)</u>
Members' deficit, beginning of the year	(10,302,544)
Noncash equity contributions, see Note 7	3,791,269
Net loss	<u>(42,820)</u>
Members' deficit, end of the year	<u>\$ (6,554,095)</u>

The accompanying notes to the financial statements are an integral part of these statements.

BLUE RIDGE RETIREMENT PARTNERS, LLC
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities:	
Net income	\$ (42,820)
Adjustments to reconcile net loss to net cash flows from operating activities:	
Depreciation	3,467
Amortization of deferred financing costs	41,506
Equity contributions from troubled debt restructuring	-
Gain on troubled debt restructuring	(3,137,570)
Changes in operating assets and liabilities:	
Accounts payable	(153,862)
Accrued interest	2,301,763
Customer purchase deposits	(2,147,087)
Net cash flows from operating activities	<u>(3,134,603)</u>
Cash flows from investing activities:	
Increase in land and development costs	<u>(146,788)</u>
Net cash flows from investing activities	<u>(146,788)</u>
Cash flows from financing activities:	
Decrease in prepaid interest	
Proceeds from issuance of notes payable	<u>1,150,001</u>
Net cash flows from financing activities	<u>1,150,001</u>
Net change in cash, cash equivalents, and restricted cash	(2,131,390)
Cash, cash equivalents, and restricted cash, beginning of year	<u>11,443,837</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 9,312,447</u>
Supplemental schedule of cashflow activities:	
Cash paid for interest	<u>\$ 345,996</u>
Supplemental schedule of noncash activities:	
Accrued interest satisfied through noncash equity contributions	<u>\$ 3,791,269</u>

The accompanying notes to the financial statements are an integral part of these statements.

BLUE RIDGE RETIREMENT PARTNERS, LLC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 1—Nature of operations and summary of significant accounting policies

Blue Ridge Retirement Partners, LLC (the “Company”) is in the process of developing a continuing care retirement community (“CCRC”) in Mills River, North Carolina that will be known as Legacy at Mills River (the “Project”). As of December 31, 2008, the Company applied with the North Carolina Department of Insurance for developing the CCRC and is marketing the Project.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates – The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of these financial statements, cash and cash equivalents is defined as cash and other known amounts readily convertible into cash in three months or less with no significant change in value. Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less when purchased, excluding amounts whose use is limited by arrangements under trust agreements.

Concentration of Credit Risk – The Company places its cash and cash equivalents on deposit with financial institutions in the United States of America. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Company from time to time may have amounts on deposit in excess of the insured limits.

Land and Development Costs – Land and development costs contain the land costs, capitalized development costs, and a sales office building. These assets are recorded in accordance with U.S. GAAP which requires recording such assets at the lesser of its carrying amount or fair value less cost to sell. Management evaluated these assets and determined to value the assets at their carrying value. Land and development costs are not depreciated.

Property and Equipment, Net – Property and equipment acquisitions are recorded at cost less accumulated depreciation. Expenditures for major additions and improvements are capitalized and repairs and maintenance are charged to expense as incurred. Depreciation is computed over the estimated useful life of each class of depreciable assets. Long-lived assets held and used by the Company are reviewed for impairment whenever changes in circumstances indicate the carrying value of the asset may not be recoverable. There was no impairment noted at December 31, 2023. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Furniture and equipment	5-7 years
Automobiles	7 years
Signage	7 years
Computer equipment	5 years

Short-Term Notes Payable – The Company receives funding from members throughout the year, which is determined to be recorded as an equity contribution or short-term note to be repaid at the time of giving based on agreements with members. Total short-term notes payable at December 31, 2023 was \$2,649,000 and there was no funding received during 2023 considered to be an equity contribution.

BLUE RIDGE RETIREMENT PARTNERS, LLC
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 1—Nature of operations and summary of significant accounting policies (continued)

Long-Term Debt – The deferred financing costs directly related to the construction of the Project are presented as a direct deduction of long-term debt and are amortized using the straight-line method over the term of the related financing. The straight-line method of amortization is materially similar to the effective interest method of amortization for these costs.

Income Taxes – The Company was formed as a limited liability company. The members of a limited liability company are taxed on their proportionate share of the partnership's taxable income. Therefore, no provision or liability for income taxes have been included in these financial statements.

Tax Uncertainty – Management has evaluated the effect of guidance provided by U.S. GAAP on Accounting for Uncertainty in Income Taxes and all tax positions that could have a significant effect on the financial statements and determined the Company had no uncertain income tax positions at December 31, 2023.

Note 2—Land and development costs

Land and development costs at December 31, 2023 were comprised of the following:

Land	\$ 6,888,155
Capitalized development costs	3,628,176
Building (sales office)	<u>415,120</u>
	<u>\$ 10,931,451</u>

Development costs incurred for the year ended December 31, 2023 totaled \$146,788.

Note 3—Property and equipment, net

Property and equipment, net is comprised of the following at December 31, 2023:

Furniture and equipment	\$ 86,110
Automobiles	52,557
Signage	4,616
Computer equipment	<u>500</u>
Total property and equipment	143,783
Less accumulated depreciation	<u>(135,114)</u>
Property and equipment, net	<u>\$ 8,669</u>

Depreciation expense totaled \$3,467 for the year ended December 31, 2023.

BLUE RIDGE RETIREMENT PARTNERS, LLC
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 4—Notes payable and accrued interest

Long-term debt at December 31, 2023 consists of the following:

	<u>Notes Payable</u>	<u>Accrued Interest</u>
Note payable to private lender:		
Facility note payable under a \$3,460,000 loan agreement to a private lender dated August 2, 2017 and amended September 8, 2021, with initial funding of \$1,500,000 and periodic draws during term; monthly interest only payments at 10%; with a balloon payment of remaining principal and interest due January 1, 2024; collateralized by all assets of the Company and guarantees from both the Members of the Company and personal guarantees from three of the individual members of those member LLCs.	\$ 3,460,000	\$ 28,833
Notes payable to affiliates:		
Note payable to a member dated April 10, 2013 with simple interest accruing at 4.25% per annum; with no maturity date, unsecured.	1,275,000	589,591
Note payable to a Company affiliated by common ownership dated April 10, 2013 with simple interest accruing at 4.25% per annum, with no maturity date, secured by the land but subordinated to the note payable to private lender.	1,225,000	566,469
Note payable to an affiliate by common ownership dated July 31, 2017 and accruing simple interest at 7% with no maturity date, but payable before any distributions to members.	849,719	576,639
Note payable to an affiliate by common ownership dated July 31, 2017 and accruing simple interest at 7% with no maturity date, but before any distributions to members.	860,673	642,695
Note payable to an affiliate by common ownership accruing simple interest at 6% with no maturity date, but before any distributions can be made to members.	1,300,000	91,192
Note payable to an affiliate by common ownership accruing simple interest at 6% with no maturity date, but before any distributions can be made to members.	1,349,000	94,846
Total notes payable - affiliates	<u>6,859,392</u>	<u>2,561,432</u>

BLUE RIDGE RETIREMENT PARTNERS, LLC
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 4—Notes payable and accrued interest (continued)

	<u>Notes Payable</u>	<u>Accrued Interest</u>
Promissory notes:		
Nine promissory notes issued between February 2, 2009 and March 23, 2010, aggregating \$700,000, pursuant to a Private Placement Memorandum with interest accruing at 7% per annum and compounding annually on the note's anniversary date; initially due and payable on August 22, 2012 subject to special payment provisions allowing the Company to extend the maturity date until the completion of the development; collateralized by the assets of the Company but subordinate to construction lenders and other prioritized parties.	\$ 700,001	\$ 3,595,666
Total notes payable	11,019,393	<u>\$ 6,185,931</u>
Less unamortized loan cost	(11,898)	
Less current portion	<u>(5,149,000)</u>	
	<u>\$ 5,858,495</u>	

Aggregate annual principal payments of maturities of long-term debt for years subsequent to December 31, 2023 are as follows:

Years Ending December 31,

2024	\$ 5,149,000
2025	3,460,000
2026	-
2027	-
2028	-
Thereafter	<u>2,410,393</u>
	<u>\$ 11,019,393</u>

Note 5—Related party transactions

The Company has several related party transactions and balances included within these financial statements. A summary of those balances and transactions are as follows:

Grant Investment Group, LLC ("GIG") is a member of the Company with a 46% ownership interest at December 31, 2023. As of December 31, 2023, the Company had a note payable to GIG of \$1,275,000 with accrued interest thereon of \$589,591. The Company's operating agreement originally dated November 19, 2010 and amended on January 1, 2020, requires the Company to enter into an agreement with GIG for its supervision of the development of the Project in the amount of \$1,000,000, subject to approval of form and substance by both parties. Additionally, one of the individuals who owns GIG, owns 63.97% of GPS Investments, LLC, which has an 8% ownership interest and a short-term loan balance of \$1,349,000 at December 31, 2023 and accrued interest thereon of \$94,846.

BLUE RIDGE RETIREMENT PARTNERS, LLC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 5—Related party transactions (continued)

PB & DA, LLC (“PB&DA”) is owned by two individuals who have an ownership interest in Triangle Retirement Partners, LLC, a member of the Company with a 28% ownership interest at December 31, 2023. Additionally, one of the individuals owns 100% of Western North Carolina Retirement II, LLC, a member of the Company with a 10% ownership interest at December 31, 2023. The same individual and his family together own 100% of David W Ammons Family Limited Partnership, which has an 8% ownership interest and short-term loan balance of \$750,000 as of December 31, 2023. As of December 31, 2023, the Company had a note payable to PB&DA of \$1,225,000 with accrued interest thereon of \$566,469.

Town Mountain Associates, LLC (“TMA”) is owned by the same individuals that own GIG. As of December 31, 2023, the Company had a note payable to TMA of \$849,719 with accrued interest thereon of \$576,639.

Retirement Living Associates, Inc., (“RLA”) is an entity owned 100% by an individual who has an ownership interest in the Company. The Company is party to Development Consulting Agreement with RLA dated August 1, 2012. As of December 31, 2023, the Company had a note payable to RLA of \$860,673 with accrued interest thereon of \$642,695. The Company paid RLA \$373,493 for expenses incurred on its behalf in 2023, of which \$75,332 was related to advertising. The Company’s accounting policy with regards to advertising costs is to expense them in the period in which such costs are incurred.

Beverly-Grant, Inc., (“B-G”) is an entity with ownership interest by the individuals that also own GIG and TMA. The Company’s operating agreement, dated November 19, 2010, anticipates B-G being the general contractor for the Project and being paid a fee equal to 4% of construction costs. The Company paid B-G \$9,984 for repairs and maintenance performed in 2023.

Note 6—Customer deposits

The Company holds customer deposits for the purchase of units in the Project in bank escrow accounts. Interest earned on the deposits is credited to the customers. The deposits are fully refundable until both parties execute a purchase and sale agreement to purchase a unit in the Project. The non-binding deposits are for \$1,000 and places a customer on a waiting list. The binding deposits are for 10% of the purchase price of a specific unit in the Project. As of December 31, 2023, the Company held deposits as follows:

<u>Deposit Type</u>	<u>Number of Deposits</u>	<u>Amount</u>
Non-binding	7	\$ 8,353
Binding	103	9,283,680
	110	\$ 9,292,033

Note 7—Troubled debt restructuring

On December 19, 2023, the Company entered into refinancing agreements with various holders of promissory notes to amend and restate the terms of their existing promissory notes. The amendments were proposed by management to the debt holders to reduce the interest rate from 21% to 7% effective February 10, 2012 until the note is fully paid and to formally update the maturity date to be in line with Project completion date.

All noteholders, except for one with a \$100,000 outstanding note balance, agreed to the modification during 2023. These amendments resulted in a gain on troubled debt restructuring of \$3,137,570 for non-related party noteholders and a noncash equity contribution of \$3,791,269 for related party noteholders for the year ended December 31, 2023.

BLUE RIDGE RETIREMENT PARTNERS, LLC
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 8—Going concern considerations

The Company carries a members' deficit balance of approximately \$6 million and will likely carry a deficit in members' equity balance until a facility is built and operational revenues can be generated to recover debt incurred to date.

At the beginning of the year, the Company reported 77.14% or 135 of the 175-independent living units reserved with binding agreements to the North Carolina Department of Insurance in accordance with the financing agreement. At year-end, the Company reported 58.86% or 103 of the 175-independent living units reserved with binding agreements. The Company has obtained at least 50% of the 175-independent living units reserved with binding agreements in order to meet the North Carolina Department of Insurance approval to seek permanent financing as of December 31, 2023.

The Company is currently in the process of working with various banks to obtain outside financing on the Project as they have reached the 50% threshold management required prior to attempting to obtain outside financing; however, no assurance can be given regarding the success of management's efforts to obtain financing on reasonable terms. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

Note 9—Subsequent events

The Company has evaluated subsequent events through May 8, 2024, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

On February 5, 2024, the Company executed a debt amendment regarding the note payable to private lenders of \$3,460,000 to extend the maturity date to January 2, 2025, and increase the interest rate to 11.00%.

On March 15, 2024, the Company executed a revised promissory note agreement with the final noteholder that did not modify during 2023 to reduce the interest rate from 21% to 7% effective June 8, 2012 until the note is fully paid and to formally update the maturity date to be in line with Project completion date.

Blue Ridge Retirement Partners, LLC

04/13/24

Balance Sheet

Accrual Basis

As of March 31, 2024

	Mar 31, 24
ASSETS	
Current Assets	
Checking/Savings	
10000 · Park National Bank	31,801.23
Total Checking/Savings	31,801.23
Other Current Assets	
10010 · Customer Deposits in Escrow	9,519,210.45
10300 · Actuary Study	22,525.00
10400 · Software - Marketing	26,692.00
10500 · Horizon - England Entity	608,000.00
10900 · Construction in Progress	
11050 · Engineering	15,070.00
10910 · Capitalized Property Taxes	301,225.46
11000 · Architecture Fees	566,223.65
11100 · Landscape Architectural	69,517.65
11200 · Legacy	
11300 · Capitalized Interest	
11700 · Capitalized Closing Cost - Lega	108,014.58
Total 11300 · Capitalized Interest	108,014.58
11900 · Design Costs	640,847.81
12000 · Development Costs	
12100 · RLA Development Fee	350,000.00
12000 · Development Costs - Other	670,512.14
Total 12000 · Development Costs	1,020,512.14
12200 · Land	
12201 · Land GAAP Adjustment	1,550,000.00
12200 · Land - Other	5,338,155.01
Total 12200 · Land	6,888,155.01
12300 · Feasibility Cost/Appraisals	312,377.64
11200 · Legacy - Other	14,079.18
Total 11200 · Legacy	8,983,986.36
12400 · Sales Office	415,120.43
10900 · Construction in Progress - Other	59,558.00
Total 10900 · Construction in Progress	10,410,701.55
Total Other Current Assets	20,587,129.00
Total Current Assets	20,618,930.23
Fixed Assets	
20100 · Accumulated Depreciation	-135,114.38
20200 · Office Set UP	813.30
20300 · Computer Software	499.99
20400 · Automobiles	52,557.26
20500 · Project Entrance Sign	4,615.52
20600 · Project Development Design	1,623.00
20700 · FF&E - Design/Sales Center	83,673.66
Total Fixed Assets	8,668.35
TOTAL ASSETS	20,627,598.58
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
30000* · Accounts Payable	251,065.73
Total Accounts Payable	251,065.73

Blue Ridge Retirement Partners, LLC

Balance Sheet

As of March 31, 2024

04/13/24

Accrual Basis

	Mar 31, 24
Other Current Liabilities	
30020 · AP - Affiliates	-109,047.67
30050 · Customer Deposits	9,628,258.12
30100 · Accrued Interest - Non-Convert	
30200 · TP Howard	290,646.37
30300 · Mary Phillips	294,853.71
30400 · MFRSG	300,443.34
30510 · Jerry Grant	195,595.73
30520 · Sandra Wilson	195,595.73
30530 · Rick Grant - LT	195,595.73
30600 · Alan Dobbins	1,562,246.65
30700* · Jane Grant	271,389.21
Total 30100 · Accrued Interest - Non-Convert	3,306,366.47
30800 · Loans - Short Term	
31280 · Loan David W Ammons Family LtdP	1,450,000.00
31270 · Loan from GPS	1,499,000.00
Total 30800 · Loans - Short Term	2,949,000.00
Total Other Current Liabilities	15,774,576.92
Total Current Liabilities	16,025,642.65
Long Term Liabilities	
40000 · Accrued Interest - Affiliates	
40100 · Accr Interest - TMA	586,416.11
40200 · Accrued Interest - RLA	652,552.40
40300 · Accr Int - PB&DA	575,145.96
40400 · Accr Int - GIG	598,621.87
40410 · Accr Int - LMR Investors	32,279.50
40420 · Accr Int - GPS	101,791.66
40430 · Accr Int - David Ammons FLP	105,033.32
Total 40000 · Accrued Interest - Affiliates	2,651,840.82
40500 · Notes Payable - Non-Convertible	
40600 · Non-Convert - Alan Dobbins	100,000.00
40700 · Non-Convert - Jane Grant	100,000.00
40810 · Non-Convert - Jerry Grant	66,666.67
40820 · Non-Convert - Sandra Wilson	66,666.67
40830 · Non-Convert - Rick Grant - LT	66,666.66
40900 · Non-Convert - MFRSG	100,000.00
41000 · Non-Convert - Mary Phillips	100,000.00
41100 · Non-Convert - TP Howard	100,000.00
Total 40500 · Notes Payable - Non-Convertible	700,000.00
41200 · Notes Payable - Affiliates	
41300 · NP - Town Mtn Assoc	
41400 · Town Mountain Associations	819,118.93
41500 · Mills River Int - German et al	30,600.00
Total 41300 · NP - Town Mtn Assoc	849,718.93
41600 · NP - GIG	1,275,000.00
41700 · NP - PB&DA, LLC	1,225,000.00
41750 · N/P - RLA	860,672.80
Total 41200 · Notes Payable - Affiliates	4,210,391.73

Blue Ridge Retirement Partners, LLC

04/13/24

Balance Sheet

Accrual Basis

As of March 31, 2024

	Mar 31, 24
41800 · Notes Payable - Banks	
41900 · Loan - Legacy at Mills River Inv	3,521,400.00
Total 41800 · Notes Payable - Banks	3,521,400.00
Total Long Term Liabilities	11,083,632.55
Total Liabilities	27,109,275.20
Equity	
50000 · Equity - Grant Investment Group	
50090 · Grant Investment GAAP	-5,311,484.55
50050 · APIC Beverly-Grant	56,278.20
50060 · APIC - GIG	344,335.50
50070 · APIC - Jerry G	9,606.07
50080 · APIC- Rick G	8,787.50
50000 · Equity - Grant Investment Group - Other	3,304,436.55
Total 50000 · Equity - Grant Investment Group	-1,588,040.73
50100 · Equity - Triangle Retirement	
50110 · Triangle Retirement GAAP	-4,102,706.36
50100 · Equity - Triangle Retirement - Other	1,626,248.20
Total 50100 · Equity - Triangle Retirement	-2,476,458.16
50200 · Equity - WNC Retirement II, LLC	
50210 · WNC Retirement GAPP	-1,154,671.74
50200 · Equity - WNC Retirement II, LLC - Other	918,837.36
Total 50200 · Equity - WNC Retirement II, LLC	-235,834.38
50400 · Members Equity	-3,138,883.25
50500 · GPS Investment LLC	
50510 · GPS Invest GAAP	-488,922.75
50500 · GPS Investment LLC - Other	1,142,193.66
Total 50500 · GPS Investment LLC	653,270.91
50600 · DavidWAmmons Family Lt. Partner	
50610 · DWAmmons FLP GAAP	-488,922.75
50600 · DavidWAmmons Family Lt. Partner - Other	1,185,115.49
Total 50600 · DavidWAmmons Family Lt. Partner	696,192.74
Net Income	-391,923.75
Total Equity	-6,481,676.62
TOTAL LIABILITIES & EQUITY	20,627,598.58

Blue Ridge Retirement Partners, LLC
Profit & Loss YTD Comparison
March 2024

	Mar 24	Jan - Mar 24
Ordinary Income/Expense		
Expense		
80001 · Apartment Lease/Storage	115.00	345.00
80000 · Postage	4.70	22.86
80250 · Consulting	0.00	750.00
80200 · Dues & Subscriptions	0.00	0.00
83550 · Security	29.99	89.97
80400 · Sales Office		
80500 · License and Fees	0.00	0.00
80600 · Repair - Maintenance	896.12	896.12
80700 · Travel	0.00	0.00
80800 · Insurance	0.00	446.00
80900 · Dues/Subscriptions	10.66	371.98
81100 · Utilities	1,209.98	3,627.42
81400 · Janitorial Service & Supplies	0.00	642.00
81900 · Water and Sewer	0.00	51.34
82000 · Supplies	419.07	1,517.52
82100 · Staff Salaries	20,724.49	63,935.13
82200 · Vehicle and Fuel	40.00	212.70
82300 · Landscape Maintenance	4,160.00	10,755.00
Total 80400 · Sales Office	27,460.32	82,455.21
82400 · Marketing		
82700 · Meals	73.88	467.71
82900 · Advertising, Mktg and Consultan	14,887.10	31,515.38
83000 · Website	65.09	215.27
Total 82400 · Marketing	15,026.07	32,198.36
83400 · Legal	0.00	0.00
85600 · Fees/Misc		
85900 · Accounting-Bookkeeping	600.00	1,800.00
86000 · CPA	11,025.00	38,302.50
86100 · Misc	202.00	901.86
Total 85600 · Fees/Misc	11,827.00	41,004.36
86700 · Interest	32,279.50	235,057.99
Total Expense	86,742.58	391,923.75
Net Ordinary Income	-86,742.58	-391,923.75
Net Income	-86,742.58	-391,923.75

Exhibit B
Non-Binding Priority Agreement



Priority Agreement

THIS PRIORITY AGREEMENT (this "Agreement") is made this _____ day of _____, 20____ (the "Effective Date") between Blue Ridge Retirement Partners, LLC a North Carolina limited liability corporation (the "Corporation") and _____ and _____ ("Applicant"). (If executed by two persons, the word "Applicant" shall apply to them jointly and severally.)

The Applicant has made a non-interest bearing, non-binding deposit in the amount of: One Thousand Dollars (\$1000.00) – individual or couple (the "Priority Deposit")

THEREFORE, in consideration of the foregoing, the Corporation and the Applicant agree as follows:

1. Applicant will be given an exclusive right to reserve a single available lot (not yet secured by another party) for an Estate, Village or Village Estate home or a Manor home for up to 30 days. Applicant wishes to be granted priority position on:

Lot Number _____ or **Manor Home Number** _____

2. Such priority selection shall remain in place until one of the following occurs:

- a) Applicant completes a Binding Reservation Agreement
- b) Expiration at 5 PM on _____
- c) Termination as further described below

3. The Corporation shall place the Priority Deposit in an escrow account with Truist Bank, NA. The Priority Deposit constitutes a Non-Binding Reservation Agreement in accordance with North Carolina statutes.

4. This Agreement may be terminated in writing at any time by either party and upon such termination the full Priority Deposit will be refunded to the Applicant within five (5) business days.

5. Should the Applicant enter into a Binding Reservation Agreement with Legacy at Mills River in the future, the Priority Deposit will be credited against the additional reservation deposit due at execution of such Binding Reservation Agreement.

6. For purposes of this Agreement, any notice to either party, shall be sufficiently given via email. For the Corporation, notices may be sent to info@legacyatmillsriver.com .

ACCEPTED and AGREED:

Applicant

Corporation

_____ Date

_____ Date

_____ Date

_____ Title

Email/Phone

Exhibit C

Residence Reservation Agreement



RESIDENCE RESERVATION AGREEMENT

THIS RESIDENCE RESERVATION AGREEMENT (this “**Agreement**”), is made and entered into this ___ day of _____, 20__ by and between Blue Ridge Retirement Partners, LLC, a North Carolina limited liability company (“**Blue Ridge**”) and

(hereinafter referred to as “**Resident**,” regardless whether this Agreement is executed by one or more individuals), with respect to a reservation to become a resident of a continuing care retirement facility currently under development in Mills River, North Carolina, known as Legacy at Mills River (“**Legacy**”).

WITNESSETH:

WHEREAS, Blue Ridge is the developer of Legacy; and

WHEREAS, the Resident has indicated an intention to purchase and Blue Ridge has an intention to sell to Resident a particular residence within Legacy, as described in Exhibit A attached hereto (the “**Home**”).

NOW, THEREFORE, in consideration of the premises set forth above, the mutual covenants set forth below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Blue Ridge, for and in consideration of a deposit of an amount equal to ten percent (10%) of the purchase price of the Home, as set forth in Exhibit A (the “**Deposit**”), confirms and agrees that subject to the terms and conditions hereof, including Resident’s right to a refund of the Deposit and the right of Legacy to return the Deposit as provided in Section 5, Resident has made a reservation with Legacy with respect to the Home.
2. The Deposit shall be placed in an escrow account at Truist Bank (the “**Escrow Account**”) pursuant to the terms of that certain Escrow Agreement (the “**Escrow Agreement**”) by and between Blue Ridge Retirement Partners, LLC, and James A. Lucas, Jr., as escrow agent (the “**Escrow Agent**”) and subject to Sections 3, 4 and 5 below.
3. Pursuant to the Escrow Agreement, all interest and earnings accruing on the Deposit, net of bank fees, shall be credited to the Resident making the Deposit.
4. Resident and Blue Ridge acknowledge that any investments (the “**Investments**”) of the Deposit authorized by this Agreement, deposited in the Escrow Account and made under the

Escrow Agreement shall be made by Blue Ridge or by the Escrow Agent under the Escrow Agreement. Resident shall have no right to direct the investment of the Deposit. Any income or earnings from the Investments shall be deposited in the Escrow Account. Neither Blue Ridge nor the Escrow Agent guarantees any rate of return on the Investments nor does either guaranty that losses will not result from the Investments. The tax liability, if any, of any income or earnings from the Investments shall be the sole responsibility of the Resident.

5. The Deposit will be maintained in the Escrow Account until one of the following three (3) events occurs:

(a) Resident and Blue Ridge enter into a Purchase and Sale Agreement for the purchase of the Home and a Membership Agreement with respect to membership in Legacy (the “**Purchase and Sale Agreement and Membership Agreement**”), at which time the Deposit, with all interest earnings thereon shall be subject to the terms of the Purchase and Sale Agreement. If the Purchase and Sale Agreement closes, the Deposit shall be credited to Resident and applied toward the purchase price charged by Blue Ridge as specified in the Purchase and Sale Agreement; or

(b) Resident determines that, prior to entering into a Purchase and Sale Agreement and Membership Agreement, he or she no longer wishes to reside at Legacy for any reason whatsoever. In such event, Blue Ridge shall cause the Escrow Agent to return to the Resident the full amount of the Deposit, with all interest earnings, net of bank fees, thereon, by promptly delivering written instructions to the Escrow Agent to return the Deposit to Resident. Pursuant to the Escrow Agreement, Escrow Agent is required to return the Deposit to Resident within five (5) business days of Escrow Agent’s receipt of a written notice from Blue Ridge that Resident does not wish to live at Legacy and wants his Deposit to be returned. Any such notice to Blue Ridge shall be sent to the address set forth below or such other address provided by Blue Ridge:

Blue Ridge Retirement Partners, LLC
80 Peachtree Road
Asheville, NC 28803

or

(c) Blue Ridge, in its sole discretion, determines there will not be enough residences of the type specified by the Resident to provide the Home, whether because the Resident and others have declined to enter into a Purchase and Sale Agreement and Membership Agreement on one or more residences or because Blue Ridge has decided not to build as many residences of such type as planned or for any other reason. In any such event, Blue Ridge shall cause the Escrow Agent to return to the Resident, promptly after such determination by Blue Ridge, the full amount of the Deposit, with all interest earnings, net of bank fees, thereon. Pursuant to the Escrow Agreement, Escrow Agent is required to return the Deposit to Resident within five (5) business days of Escrow Agent’s receipt of a written notice from Blue Ridge instructing Escrow Agent to return the Deposit to Resident. Any return of Deposit funds pursuant to Section 5(b) above or this Section 5(c)

above shall be sent to the address set forth in Exhibit A or such other address provided by Resident.

6. Resident hereby specifically acknowledges:
 - (a) Resident has no claim or right to any interest earned on the Deposit or other amounts in the Escrow Account for any reason at any time except as provided herein.
 - (b) There may be changes in the design, layout, construction, size and other characteristics of the type of Home and the number of residences due to governmental requirements, design requirements or other factors, including the discretion of Blue Ridge.
7. Upon the execution of the Purchase and Sale Agreement and Membership Agreement by the parties hereto: (a) the provisions thereof shall replace and supersede the provisions of this Agreement and the Non-Binding Resident's Agreement, if any, executed and delivered by Resident, in all respects; (b) notwithstanding any provision of this Agreement, both parties shall have all rights set forth in the Purchase and Sale Agreement and Membership Agreement; and (c) this Agreement shall become null and void and of no further force and effect.
8. Upon execution, this Agreement shall replace and supersede any other agreement or contract, written or oral, between Resident and Blue Ridge or its affiliate Grant Investment Group, LLC, or its predecessor in interest, Glen Grant, LLC, relating to the Home and Legacy, and any such agreement shall become null and void and of no further force and effect.
9. Resident and Blue Ridge each warrants that it has had no dealing with any broker or agent (a "**Broker**") in connection with the negotiations or execution of this Agreement. Blue Ridge shall be solely responsible for any commissions due to a Broker contacted or used by it in connection with the negotiations or execution of this Agreement. Resident agrees to indemnify Blue Ridge and hold Blue Ridge harmless from and against any and all cost, expense, or liability for commissions or other compensation or charges claimed by a Broker acting for Resident with respect to this Agreement. Blue Ridge shall indemnify Resident and hold Resident harmless from and against any and all cost, expense, or liability for commissions or other compensation or charges by a Broker acting for Blue Ridge with respect to this Agreement.
10. Blue Ridge shall have the right to assign its interests under this Agreement, in whole or in part, to another party as a transfer of ownership of Legacy or for security purposes in relation to a financing. Blue Ridge shall not need Resident's consent for such assignment. Resident shall have no right to assign its interests, in whole or in part, under this Agreement to another party, without the written consent of Blue Ridge. Should Blue Ridge consent to such an assignment and should Resident assign his or her interests under this Agreement, Blue Ridge and Resident acknowledge and agree that Resident shall remain fully liable for the payment of all monies and the performance of all other Resident obligations hereunder.

11. Both Resident and Blue Ridge agree that, upon the request of Blue Ridge, each will execute, acknowledge and deliver a summary of this Agreement, in recordable form for the purpose of recordation. Blue Ridge shall pay the recording cost thereof.
12. Blue Ridge shall use its best efforts to keep the contents of this Agreement confidential. However, Resident acknowledges that this Agreement may be: (a) shown on a restricted basis to any lender, rating agency, or governmental entity in connection with a financing by Blue Ridge; and (b) recorded if Blue Ridge deems such recordation necessary.
13. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.
14. This Agreement shall be construed and enforced in accordance with the laws of the State of North Carolina.

[signature page to follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

BLUE RIDGE RETIREMENT PARTNERS, LLC
a North Carolina limited liability company

By: Grant Investment Group, LLC

By: _____

Name: _____

Title: _____

RESIDENT(S) OR LEGAL REPRESENTATIVE(S)

By: _____

Name: _____

By: _____

Name: _____

EXHIBIT A

Resident(s): _____

Address of Resident(s): _____

Home No.:

Home Type:

Total Purchase Price for Home: _____

10% Deposit Amount: _____

Exhibit D
Membership Agreement



MEMBERSHIP AGREEMENT

This Agreement is executed as of the ____ day of _____, 20____, by **LEGACY AT MILLS RIVER CLUB**, a nonprofit corporation organized under the laws of the State of North Carolina (hereinafter referred to as the "Club"), and _____ whose address is _____ (hereinafter referred to as the "Member") and, if different from the *Member*, _____ whose address is _____ and who is the purchaser (the "Purchaser") under that certain Purchase and Sale Agreement dated _____ (the "Purchase and Sale Agreement").

WHEREAS, Member, or Purchaser, if different from the Member, has entered into the Purchase and Sale Agreement for the purchase of Home No. _____ (hereinafter referred to in this Agreement as "Home" and referred to as "Unit" in the Declaration of Condominium for Legacy at Mills River) located in Legacy at Mills River, a Continuing Care Retirement Community located in Mills River, Henderson County, North Carolina (hereinafter referred to as "Legacy at Mills River"); and

WHEREAS, the purchase of the Home requires that it be coupled with the rights, privileges and responsibilities of membership in the Club as hereinafter more fully described, to be utilized by the Member, and this Agreement outlines the membership rights, obligations and services derived from membership.

NOW, THEREFORE, the parties hereby agree as follows:

1. Definitions. The following terms used herein are defined as follows:

- a. "Blue Ridge Retirement Partners" shall mean and refer to Blue Ridge Retirement Partners, LLC, a North Carolina limited liability company.
- b. "Club" shall mean and refer to Legacy at Mills River Club, a North Carolina nonprofit corporation, its successors and assigns, which is the entity responsible for carrying out the plan of Membership as hereinafter set forth.
- c. "Club Facilities" shall mean and refer to the Clubhouse, which is physically located within Building A, including but not limited to, a community hall, kitchen and dining areas, living, game, craft and reading rooms, exercise areas, pool, limited offices and commercial leasable areas located on the site of and comprising an integral part of Legacy at Mills River. For purposes of this Agreement, Club Facilities do not include the Health Care Facility.

- d. "Condominium" shall mean and refer to Legacy at Mills River as described in the Declaration of Condominium creating same.
- e. "Condominium Fees" shall mean the regular monthly and any special assessments levied against a Home and payable to the Owners Association by a Member and Home Owner to pay the costs and expenses of operating and maintaining the Condominium and its properties.
- f. "Continuing Care Fees" means the applicable one-time fees plus, in the case of the Life Care Option, the monthly fees charged for Continuing Care Services as more particularly described in Paragraph 3.
- g. "Continuing Care Member" is a Member who has paid the Continuing Care Fee and is therefore entitled to Continuing Care Services at the Health Care Facility.
- h. "Continuing Care Membership" shall mean and refer to that certain license or collection of rights provided hereunder to a Continuing Care Member, which is available to Members.
- i. "Continuing Care Modified" shall refer to the monthly fee structure that is applicable to all Continuing Care Members who have not elected and paid for the Life Care Option and who have been admitted to the Health Care Facility.
- j. "Continuing Care Services" means skilled nursing and assisted living services provided at the Health Care Facility as more particularly described in Paragraph 7(i) of this Agreement.
- k. "Designated Member(s)" means the natural person or persons designated by the Purchaser as the Member under this Agreement. In such cases, the Designated Member is the Member, not the Purchaser.
- l. "Health Care Facility" shall mean and refer to the building consisting of approximately 80 beds (initially up to 34 beds), and containing nursing care and assisted living facilities located on the site of and comprising an integral part of Legacy at Mills River. The Health Care Facility includes the portion of Building A which is being built as part of Phase I as well as a planned separate building to be constructed in a later phase of the development of Legacy at Mills River.
- m. "Heath Care Rate" shall mean and refer to the monthly health care payment or health care rate which covers the cost of the Continuing Care Services provided to Continuing Care Members by the Club upon admission to the Health Care Facility and after exhaustion of eligible days as more particularly described in Paragraph 7(i). The Heath Care Rate depends upon whether a Continuing Care Member has elected the Continuing Care Modified or Life Care Option fee structure.

- n. "Home" shall mean and refer to that certain Manor, Village or Estate home in the Condominium and, when used in its generic sense, denoting any independent living residence located within Legacy at Mills River.
- o. "Legacy at Mills River" shall mean and refer to Legacy at Mills River, a Continuing Care Retirement Community consisting of the Club Facilities, the Health Care Facility and three types of independent living residences all being located upon property in Mills River, Henderson County, North Carolina.
- p. "Life Care Option" shall refer to the monthly fee structure that is applicable to all Continuing Care Members who have elected and paid the Life Care Option Fees and who have been admitted to the Health Care Facility.
- q. "Life Care Option Fees" shall mean a one-time fee and monthly fees, payable to upgrade a Continuing Care Membership from Continuing Care Modified to the Life Care Option.
- r. "Member" shall mean and refer to the party or parties to this Agreement, whether one or more, hereinabove identified as the Member and shall likewise refer, in its generic context, to a person who has acquired a Membership, as hereinafter defined, and is therefore eligible for all rights of access to the Club Facilities. The Member(s) is either the Purchaser(s) or the Designated Member(s), not both. Member shall also refer to a Continuing Care Member, only where the Member has paid the Continuing Care Fee.
- s. "Membership" shall mean and refer to that certain license or collection of rights, coupled with the corresponding responsibilities and obligations, associated with permanent residency within Legacy at Mills River which is available to persons age fifty-five (55) and over (or to couples with one spouse age 55 and over) and who meet the various requirements set forth in this Membership Agreement. Membership includes Continuing Care Membership only where the Member has paid the Continuing Care Fee.
- t. "Monthly Payment" shall mean the monthly payment that a Member and, if the Member and the Purchaser are not the same person, the Member and the Purchaser are required to pay. The Monthly Payment includes the Service Fee and the Condominium Fees. In situations where there is a second occupant of the Home, the Monthly Payment shall include a "Second Person Fee". The Monthly Payment does not include the Health Care Rate, which applies only when a Continuing Care Member is admitted to the Health Care Facility and has exhausted his or her "eligible" days as described in Paragraph 7(i).
- u. "Owner" or "Home Owner" shall mean and refer to a person, firm, corporation, partnership, association, trust or other legal entity that owns a Home, as hereinafter defined, within the Condominium.

- v. "Owners' Association" shall mean Legacy at Mills River Owners' Association, a North Carolina nonprofit corporation organized as the condominium association for Legacy at Mills River.
- w. "Service Fee" shall mean and refer to that portion of the Monthly Payment which covers the cost of the various services other than Continuing Care Services provided to Members by the Club as more particularly described herein.

Legacy is a Continuing Care Retirement Community

2. Statement of Background.

Legacy at Mills River is a continuing care retirement community located in Henderson County, North Carolina, which offers the opportunity of ownership of real property in one of three available types of Homes for use by persons age fifty-five (55) and older, accompanied by a Membership which allows the Member access to the Club Facilities and for those Members who hold a Continuing Care Membership, access to the Health Care Facility, both of which are located on-site.

All Legacy Residents Must Be Members

3. Required Membership; Continuing Care Fee.

All Home Owners at Legacy at Mills River receive a non-transferable Membership for their use or for use by their Designated Member(s) simultaneously with the purchase of their Home. The Home Owner or his Designated Member(s), as applicable, shall be the holder of the Membership. The Membership entitles the Member to use the Club Facilities and, if the Continuing Care Fees have been paid in the manner described below in this Paragraph 3, gives the Member the right to live in the Health Care Facility and to receive Continuing Care Services when he is no longer capable of independent living as hereinafter more fully provided. The Membership is solely for the Member's personal participation in the Club and does not provide Membership in the Club for any purchaser of a Member's Home or any subsequent user of the Home.

Continuing Care Fees are Included in Purchase Price for First Generation Purchasers

The cost of Continuing Care Membership (herein referred to as the Continuing Care Fees) is included in the gross purchase price of a Home as stated in the Purchase and Sale Agreement only if the Home is purchased from Blue Ridge Retirement Partners. The Continuing Care Fees are therefore paid as part of the purchase price of a Home to Blue Ridge Retirement Partners at or prior to closing on the purchase of a Home. The Continuing Care Membership purchased as part of the purchase of a Home from Blue Ridge Retirement Partners is solely for the purchaser's or Designated Member's personal entitlement to Continuing Care Services and does not provide Continuing Care Membership or entitlement to receive Continuing Care Services for any purchaser of a Continuing Care Member's Home or any subsequent user of the Home.

Continuing Care Fees for Second Generation and Beyond Purchasers; Option to Elect Continuing Care Services

The Continuing Care Fees are not included in the gross purchase price of a Home when a Home is purchased by a "second generation and beyond" purchaser. A "second

generation and beyond" purchaser is one who does not buy a Home directly from Blue Ridge Retirement Partners but rather purchases a Home in Legacy at Mills River from a Home Owner other than Blue Ridge Retirement Partners. Second generation purchasers and those that follow (or such purchasers' approved Designated Member(s)), will become a Club Member upon purchase of a Home, but will not automatically have the right to receive Continuing Care Services. Club Members who are not automatically entitled to Continuing Care Services may elect to defer payment of the Continuing Care Fees -- and their consequent right to receive Continuing Care Services -- to a later date. However, payment of the Continuing Care Fees is required for a Club Member to be entitled to admission into the Health Care Facility for assisted or skilled care services.

As long as they are Home Owners, second generation and beyond purchasers (or their Designated Member(s)) who reside in a Home but who have not paid the Continuing Care Fees will have the option of receiving Continuing Care Services in exchange for payment of the Continuing Care Fees. Any second generation and beyond purchasers (or their Designated Member(s)) who wish to receive Continuing Care Services must elect to receive Continuing Care Services by executing and delivering to the Club the Continuing Care Addendum attached to this Agreement, and by paying the Continuing Care Fees. Further, at the time a Member elects to receive Continuing Care Services, he must be capable of independent living, free of communicable diseases and, in the judgment of the Club, not in need of continuing care services for the foreseeable future, that is, no sooner than 12 months.

The Continuing Care Fees are set forth on the schedule attached hereto as Schedule A, as amended and published by the Club from time to time. The Continuing Care Fees are subject to increase at any time so purchasers or their Designated Member(s) who elect to defer payment of the Continuing Care Fees may be required to pay higher Continuing Care Fees at a later date. The Club will periodically give advance notice to purchasers or their Designated Members who have not yet elected to receive Continuing Care Services of the amount of the Continuing Care Fees and any proposed increases. The decision to increase the Continuing Care Fees will be made by the Board of Directors of the Club, taking into account such factors as operating costs, anticipated inflation during the coming year or years, the need to maintain working capital, anticipated capital improvements, the funding of reserves for replacement, and debt service, if any, necessary for repair and expansion of the Health Care Facility.

Continuing Care Modified; Life Care Option

Continuing Care Members who are entitled to Continuing Care Services are initially eligible for what Legacy at Mills River refers to as Continuing Care Modified. Under the Continuing Care Modified fee structure, a Continuing Care Member, upon admission to the Health Care Facility, and after exhaustion of all "eligible days", as described in Paragraph 7(i) below, will pay the Health Care Rate that is applicable at the time of admission and subject to increase from time to time. The Health Care Rate is set forth on the schedule attached hereto as Schedule A, as amended and published by the Club from time to time. The decision to increase the Health Care Rate will be made by the Board of Directors of the Club, taking into account the same factors described above used to determine increases in Continuing Care Fees.

Continuing Care Members can upgrade from Continuing Care Modified to the Life Care Option by executing and delivering to the Club the Life Care Option Election Addendum attached to this Agreement, and by paying the Life Care Option Fees. By upgrading to the Life Care Option, the Health Care Rate for the upgrading Continuing Care Member will be the same as the Member's Monthly Payment at the time of admission to the Health Care Facility, as revised from time to time in accordance with Paragraph 7. The benefit of paying an amount equal to the Member's Monthly Payment rather than an amount equal to the Health Care Rate is that the Member's Monthly Payment may be lower than the Health Care Rate. The current Life Care Option Fees are set forth on Schedule A, as amended and published by the Club from time to time. Taking into account the factors described above which are used to determine any increases in Continuing Care Fees, the Life Care Option Fees are subject to increase by decision of the Board of Directors at any time so purchasers or their Designated Member(s) who elect the Life Care Option may be required to pay higher Life Care Option Fees at a later date. The Club will periodically give advance notice to purchasers or their Designated Members who have not elected to receive Continuing Care Services or who have elected to receive Continuing Care Services, Continuing Care Modified, of the amount of the Life Care Option Fees and any proposed increases.

Additional Members

In the event that a second person who is not the Designated Member (including any subsequent spouse of the Designated Member) resides in the Home, he will be required to apply for Membership in the Club. In addition, such second person will not be entitled to Continuing Care Services unless such person has elected, in accordance with this Paragraph 3, Continuing Care Services and paid the Continuing Care Fees charged by the Club at the then current rates.

Continuing Care Membership is Non-Transferable

4. Continuing Care Membership Non-Transferable.

The Continuing Care Fees whether paid as part of the gross purchase price of a Home or paid separately by a second generation and beyond purchaser is personal to the Home Owner or his Designated Member and is non-refundable and non-transferable. In those circumstances where a Home Owner is the occupant of a Home in Legacy at Mills River, the Continuing Care Membership will expire when that person or persons sells or otherwise disposes of the Home or permanently ceases to occupy the Home unless he is residing in the Health Care Facility. In the case of a Home Owner who acquires a Home to be used by someone other than himself, that circumstance is governed by the provisions of Paragraph 6 hereinafter.

Resale of Home and Club Membership

5. Resale of Homes.

Upon resale of a Home, the purchaser or his Designated Member becomes a Member of the Club upon execution and delivery of this Agreement but will not be eligible for Continuing Care Services unless the purchaser or Designated Member elects Continuing Care Services by execution and delivery of the Continuing Care Addendum and payment of the Continuing Care Fees.

In the event the Owner gives or wills his Home to a family member, or to anyone else, the donee, devisee or beneficiary or his Designated Member becomes a Member of the Club upon execution and delivery of this Agreement, but will not be eligible for Continuing Care Services unless such donee, devisee or beneficiary or his Designated Member elects Continuing Care Services by execution and delivery of the Continuing Care Addendum and payment of the Continuing Care Fees.

When Member is not the Home Owner

6. Provisions Applicable Where Member is Not the Home Owner.

In those circumstances where a Home Owner has acquired a Home to be used by someone other than himself, that Home Owner must designate the Designated Member or the person or persons who shall use the Membership. This designation must take place at least sixty (60) days prior to the time the Home is purchased. The Designated Member: (a) must meet the basic eligibility requirements for Membership in Legacy at Mills River; (b) must be approved by the Club; and (c) must have complied with the provisions of this Paragraph 6 and 19(f) regarding assurances with respect to the Monthly Payment. In this instance, the Membership expires when the Designated Member(s) ceases to use the Membership by ceasing to occupy the Home unless residing in the Health Care Facility. Any subsequent users of the Home, including the Home Owner, must acquire a Membership for their use by execution and delivery of this Agreement as a Member prior to occupying such Home. Such subsequent users of the Home will also have the option of electing to receive Continuing Care Services by execution and delivery of the Continuing Care Addendum and payment of the Continuing Care Fees. First-generation homeowners may be permitted to retain rights to included Continuing Care Services by execution of a Continuing Care Benefit Retention Addendum.

If the Member is not the Owner of the Home, the Member shall be and is jointly and severally responsible and liable for the Monthly Payment of the Home Owner, and the Home Owner shall likewise be jointly and severally responsible and liable for the Monthly Payment and Health Care Rate, if applicable, and all other expenses with the Member. **In such circumstances the Member and the Home Owner agree, upon request, to execute a guaranty agreement in a form approved by the Club further evidencing this joint and several responsibility and liability.** The provisions of this Paragraph 6 also apply to individuals who qualify for Membership and move into a Home with an existing Member, whether through marriage or other arrangements.

Monthly Payment Includes Legacy Services and Condominium Fee; Health Care Rate Relationship to Monthly Payment

7. Monthly Payment.

All Members shall be responsible for a Monthly Payment which covers the cost of the various standard services provided to Members by the Club as more particularly described herein, and also includes the Condominium Fee. If a Continuing Care Member is admitted to the Health Care Facility, after exhaustion of "eligible" days, as described below, such Member will begin paying the Health Care Rate, as the Monthly Payment does not cover the cost of Continuing Care Services, and will continue to be responsible for payment of the Monthly Payment until the Member's Home is resold, otherwise

transferred or properly occupied by a successor Member and the new Member thereby assumes the obligation of the Monthly Payment. (See "**Payment of Health Care Rate**" below). The Monthly Payment will be as set forth on the schedule attached hereto as Schedule A, as amended and published by the Club from time to time.

Monthly Payment may be Adjusted

The Monthly Payment may increase in future years and will be adjusted from time to time by decision of the Board of Directors of the Club depending upon changes in such factors as operating costs, anticipated inflation during the coming year or years, the need to maintain working capital, anticipated capital improvements, the funding of reserves for replacement, and debt service, if any, necessary for repair and expansion of the Club.

The Member shall receive thirty (30) days advance notice of any Monthly Payment adjustment.

Overhead Fee

The annual gross operating costs of the Club and the Condominium include a corporate overhead payment to Grant Investment Group, LLC, the entity that will be responsible for developing Legacy at Mills River on behalf of Blue Ridge Retirement Partners. This overhead fee will be ten percent (10%) of the actual total operating and administrative costs of the Club and the Condominium.

Condominium Fee

As mentioned above, one component of the Monthly Payment is the Condominium Fee for the Home owned or occupied by the Member. The Condominium Fee will be based on actual costs as shown in the annual operating budget of the Condominium formulated and adopted in accordance with the Bylaws of the Owners Association. Each Member of the Club resides in a Home which is a part of the Condominium. The monthly Condominium Fee will be assessed as a cost of operation based on the statutory percentage of interest ownership in the common elements. The Condominium Fee is an additional charge which is a separate cost from the operation of the Club and is made a part of the Monthly Payment as previously indicated as a convenience to the Members so that the Member will only have to make one payment per month.

Payment of Health Care Rate

If a Continuing Care Member has exhausted all "eligible" days at the Health Care Facility as described in Paragraph 7(i) below, the admitted Continuing Care Member will begin to pay the Health Care Rate applicable to such Member. Such Member will be required to pay both the Health Care Rate and the Monthly Payment. Payment of the Monthly Payment will continue until such time as the Club determines, in its sole discretion, the Member will not return to independent living, and the Member's Home is resold, otherwise transferred or properly occupied by a successor Member and the new Member thereby assumes the obligation of the Monthly Payment.

Optional Services/Additional Cost

The Monthly Payment encompasses payment for the services and features, but not Continuing Care Services, outlined herein which are available to all Members. Members will be required to pay additional charges for any repair and/or maintenance of "custom changes" as set forth in the Declaration of Condominium, and for optional services requested by them, as provided in Paragraphs 8 and 9 herein. The Monthly Payment will be payable on the first day of each month, in advance, and is past due after the fifth (5th) day of each month. Payment may be made at the accounting office or by mail. Payments made after the fifth (5th) day may be subject to a late fee. Additional charges for optional services will be payable on the first (1st) day of each month for the optional services, such as, for example, home health services, obtained during the preceding month. The Member's responsibility for the Monthly Payment shall commence on the earlier of actual occupancy of a Home or the date of closing of a Home unless otherwise agreed to by the selling party, the Member, and the Club.

Services Included in Monthly Payment and Continuing Care Services

The following services and features are included in the Monthly Payment:

a. Meals.

A Meal Allowance will be provided to each Member at the beginning of each month and then in the various dining services venues this allowance will be "spent down" as food and beverages are selected.

b. Bi-Weekly Housekeeping.

Housekeeping services will include cleaning and dusting the interior of the Home, with vacuuming on a bi-weekly basis.

c. Bi-Weekly Flat Laundry.

The bi-weekly flat laundry service includes sheets, pillow cases, towels, face cloths and dish cloths. The flat laundry will be washed, dried, folded and returned at the next scheduled housekeeping visit.

d. Grounds Care.

Legacy at Mills River's lawns, trees and shrubs will be maintained as well as the interior and exterior of the club house, the parking areas, walks and exercise trails.

e. Club Activities.

Activities of the Club will include social, cultural and recreational activities for those who wish to participate. The Activities Director will be responsible for scheduling group events, transportation, newsletters and resident orientation. Arts, crafts and activities in the Club will be under the supervision of the Club's Activities Director.

f. Transportation.

Scheduled local transportation services will be provided. Medical transportation will be based on availability for a fee.

g. Security.

The Club will provide security personnel.

h. Utilities.

Utilities will be included in the Monthly Payment for owners of Manor Homes. Owners of Village or Estate Homes are required to pay for utility services. All Homes are responsible to pay for premium cable television charges and internet connections.

i. Health Care Facility; Continuing Care Services.

Blue Ridge Retirement Partners will initially have 9 skilled rooms and 8 home for the aged rooms (assisted living) licensed by the North Carolina Department of Health and Human Services, Division of Facility Services. The skilled nursing care facility and the assisted living facility are collectively referred to as the Health Care Facility. Members receive fifteen (15) "eligible" days per year in the Health Care Facility where there is no fee for room and board. A Member may accumulate a maximum of thirty (30) "eligible" days at any one time. During this 30-day period, the Member will continue to pay his Monthly Payment plus the cost of two (2) extra meals per day, nursing supply charges, and those costs outlined in Paragraph 9 of this Agreement. A private room may be available for an additional cost. If the Member needs additional care after he receives the maximum number of "eligible" days of care, then the Member will pay the applicable Health Care Rate in addition to the Monthly Payment. The Member will continue to pay both the applicable Health Care Rate (which is the amount of the Monthly Payment in the case of Continuing Care Members who have elected the Life Care Option and paid the Life Care Option Fees) and Monthly Payment until such time as it is determined that the Member's admission to the Health Care Facility is permanent and the Member's Home is resold, otherwise transferred or properly occupied by a successor Member and the new Member thereby assumes the obligation of the Monthly Payment. At such time, the Member will pay only the applicable Health Care Rate. This amount will include meals and semi-private accommodations unless the Member makes arrangements to pay the extra charge for private accommodations which are provided on an "as-available" basis.

In the event there are two Members who occupy a Home together and one of the Members becomes a permanent resident of the Health Care Facility (after use of the maximum eligible days), then the Monthly Payment for the Member continuing to occupy the Home will not include a second person fee. The Member residing in the Health Care Facility will pay the applicable Health Care Rate only.

In the unlikely event accommodations are not immediately available in the Health Care Facility, the Member agrees to relocate to another health care facility arranged by the Club to provide such care until accommodations at the Health

Care Facility are available. The Club shall be responsible for any increased charge associated with the alternate health care accommodations.

Admission to the Health Care Facility is subject to certain standards and conditions based upon licensing requirements of the facility. Not all health conditions can be treated, e.g., no psychiatric care is available. Continued occupancy of the Health Care Facility is subject to the termination provisions described in paragraph 12 below.

j. Licensing Standards.

The operation of the Health Care Facility shall be governed by the applicable regulations and licensing standards of the State of North Carolina, including the North Carolina Department of Insurance ("NCDOI") and the North Carolina Department of Health and Human Services ("NCDHHS").

k. Absence Credit.

In the event that a Member provides prior written notice to the Club that the Home will be unoccupied for a period of at least thirty (30) consecutive days, such Member may be entitled to an "absence credit" in an amount as may be determined at the sole discretion of the Club.

8. Additional Amenities and Services.

Additional amenities and services that may be available to Members at an additional cost include, but may not be limited to, additional meals, additional housekeeping, beauty parlor, barber shop, personal transportation and home care services in the Member's Home.

9. Additional Health Services

a. General.

Special services and supplies which may include physical therapy, occupational therapy, pharmacy, special duty nurses, personal laundry, rental of equipment, home care and other services upon special arrangement will be available at an extra charge. These services and supplies are not included in the charges for care outlined in Paragraph 7 above.

b. Home Care and/or Home Health Care Services.

Special services in the form of home care and/or home health care may be available at additional charges, and only upon the execution of a specific agreement for home health services with the Club. The services may include the provision of either a home health aide ("HHA"), a certified nursing assistant ("CNA"), a licensed practical nurse ("LPN"), or a registered nurse ("RN"). Invoicing for such home health services may be done separately or as a supplement to the Monthly Payment. All fees due pursuant to the Home Health Services Agreement shall be considered part of the Monthly Payment for purposes of the Club's right of collection and enforcement.

Health Center has Medical Director

c. Medical Director.

A physician member in good standing of the Henderson or Buncombe County medical community will be designated as the Medical Director of the Club (herein referred to as "Medical Director"). The Medical Director will not be an employee of the Club. Beyond emergencies, the Member will be at liberty to engage the services of the Medical Director, or any other physician, at the Member's expense. The Club will not be responsible for the cost of medical treatment by the Medical Director nor will the Club be responsible for the cost of medicine, drugs, prescribed therapy and similar treatment.

Relocation to Health Care Facility

10. Duration of Member's Right to Occupy Home.

The Member can live in his or her Home for as long as he or she is capable of independent living and so long as independent living is practical. If, in the opinion of the Member's attending physician, or the Medical Director of the Club, the Member's physical or mental health requires that nursing or home for the aged care be given, the Member agrees to relocate to the Health Care Facility which is licensed to provide such care or to some other health facility of the Member's choice or to obtain in-home care from a licensed health care professional upon terms and a schedule approved by the Club. The Club may limit the time and extent of licensed health care received in the Home.

11. Member's Termination Rights.

The Member (including both of them if there are two Members) may terminate this Agreement at any time for any reason by giving the Club thirty (30) days' written notice signed by the Member (or both of them if there are two Members). Notwithstanding such termination, the Member's (and Purchaser's, if the Purchaser is not the Member) obligations as provided herein shall continue until the Home is resold, otherwise transferred or properly occupied by a successor Member and the new Member thereby assumes the obligation of the Monthly Payment. Transfer of a Home to a person (other than to the decedent's estate) by gift or under the Will of a deceased Home Owner or by the laws of intestacy is a conveyance which will require the execution and delivery of a new Membership Agreement in the event the donee, devisee or beneficiary or his Designated Member elects to become a Member of the Club. The donee, devisee or beneficiary or his Designated Member who becomes a new Member will not be eligible for Continuing Care Services unless he elects Continuing Care Services by execution and delivery of the Continuing Care Addendum and payment of the Continuing Care Fee. In the event of a gift, the Home Owner and Member will retain all Membership obligations provided herein until the donee or his Designated Member becomes a Member. In the event of death, the estate of the Member will retain all Membership obligations provided herein until the Member's Home is resold or otherwise transferred and the purchaser/transferee or his Designated Member becomes a Member. Transfers to a trust or other entity for bona fide estate planning purposes do not constitute a transfer with respect to which a new Membership Agreement must be executed (and the option to receive Continuing Care Services elected) as long as there is no change in the designated Member or the Home Owner remains the Member after such transfer. As

previously stated, if the Member is not also the Home Owner, the Home Owner and the Member's estate shall be jointly and severally responsible for said obligations.

12. Termination Rights of the Club.

- a. The Club shall not terminate this Agreement except for just cause. The Member who is a Home Owner (and Purchaser, if the Member is not the Home Owner) agrees that he will be obligated to promptly sell his Home in the event the Club terminates this Agreement for just cause. Just cause includes, but is not limited to, the following:
 - i. except as set forth in Paragraph 12(b) below, failure to pay to the Club any charges due hereunder or any other breach of a material term of this Agreement;
 - ii. creation by the Member of a disturbance within Legacy at Mills River which in the judgment of the Club is detrimental to the health, safety, comfort and peaceful lodging of the other Members, e.g., loud noises, harassing other residents.
 - iii. the Member becomes infected with a dangerous and contagious disease or becomes mentally or emotionally disturbed, and the Medical Director determines that the Member's condition is detrimental to the health, safety or welfare of other Members or the staff of Legacy at Mills River and the Member's condition cannot be cared for in the Health Care Facility within the limits of its license from the State of North Carolina;
 - iv. the Member refuses medical treatment which, in the opinion of the attending physician or the Medical Director, is medically required for the Member's health or the health or safety of other Members or staff; or
 - v. the Member refuses to consent to relocation or home health services per Paragraph 10 above.

Legacy Policy not to Terminate Solely by Reason of Inability to Pay Monthly Charges

- b. Because it is and shall continue to be the declared policy of the Club to endeavor to avoid termination of this Agreement solely by reason of his financial inability to pay the total Monthly Payment and other charges, the Member shall be permitted to remain at Legacy at Mills River at a reduced monthly charge based on the Member's and Home Owner's (if the Home Owner is not the Member) ability to pay for so long as: (i) they or he establishes facts to justify deferral of the usual charges; (ii) they or he establishes the ability to secure repayment of such deferred charges; and (iii) the determination is made that the deferral of such charges can, in the sole discretion of the Club, be granted without impairing the ability of the Club to operate on a sound financial basis. The loss of revenue to the Club from any such deferral of charges will be borne by the Club until repaid as further outlined.

If the Member has Financial Difficulties

- c. If the Member and the Home Owner (if the Home Owner is not the Member) encounter financial difficulties making it impossible for them and him to pay the Monthly Payment charges and other charges appropriate for the Home or for health care in the Health Care Facility, then:
 - i. the Member may remain until any applicable insurance benefits and/or third-party payment benefits received by the Club on his behalf have been exhausted. The Member and the Home Owner (if the Home Owner is not the Member) shall continue to have the obligation to pay the amount of the Monthly Payment and other charges which are not covered by the Member's insurance benefits.
 - ii. the Member shall in any case be permitted to remain at Legacy at Mills River after the date of failure to pay until such time as other arrangements can be made for the Member's care.

Policy not Applicable in Cases Where Member Makes Unapproved Gifts or Other Transfers

Notwithstanding the above, the provisions of Paragraphs 12(b) and (c) shall be rendered inoperative and inapplicable if the Member has impaired his ability to meet his financial obligations hereunder by making unapproved gifts or other transfers or speculative or otherwise inappropriate investments for someone in Member's circumstances.

Any charges deferred as herein contemplated will be offset by the Club against the proceeds from the sale of the Home when such sale occurs and the Club shall have a first priority claim against said proceeds, subject only to existing first mortgage liens, if any, and subject to the lien of the Owners Association for Condominium assessments as hereafter provided. The Member and the Home Owner (if the Home Owner is not the Member) agree that their or his financial obligations to the Club constitute a debt which must be repaid. The Home Owner, upon request by the Club, agrees to execute a note and a mortgage on his Home, and any other loan documents required by the Club as security for the repayment of this debt.

It is understood and acknowledged that the lien of such mortgage shall be subordinate to the lien of the Condominium Association for Condominium assessments and any such mortgage must expressly so provide. The Note shall bear interest at the prime rate as published in the Wall Street Journal.

Legacy will Give 30 Days Notice and Member has 30 Days to Correct Problem

- d. Prior to any termination of this Agreement by the Club, the Club will give the Member notice in writing of the reasons for termination and the Member will have thirty (30) days thereafter within which the cause for termination may be corrected. If the cause for termination is corrected within such specified time, this Agreement

- e. shall not be then terminated. If such cause is not corrected within such time this Agreement may be terminated and the Member must leave Legacy at Mills River. Notwithstanding such termination, however, the Member and the Home Owner (if the Home Owner is not the Member) will continue to pay his Monthly Payment and all other charges, until his Home has been resold, transferred or otherwise conveyed to a new Owner who assumes the ownership rights and obligations of the Member with respect to the Home and the Monthly Payment.
- f. If the Medical Director determines that either the giving of notice or the lapse of time as provided above might be detrimental to the Member or other Members or staff of Legacy at Mills River, then such notice and/or waiting period, prior to termination and relocation to an appropriate hospital or other facility, shall not be required and termination of this Agreement shall be deemed to have occurred when the Member is relocated. In such event, the Club is expressly authorized to transfer the Member to an appropriate hospital or other facility and will promptly notify the Member's representative or his attending physician. However, the Member will retain all ownership rights and obligations in the Home until it is sold, transferred or otherwise conveyed to a new Owner who assumes the rights and obligations of the Member with respect to the Home and the Monthly Payment. If the Member is not the Home Owner, then the Member and the Home Owner shall be jointly and severally responsible for all such obligations until a new Owner and/or Member assumes all such rights and obligations of the Member with respect to the Home and the Monthly Payment.

13. Miscellaneous Provisions with Respect to the Member's Home.

Homes are for Residential Purposes Only

- a. All Homes are for living purposes only and shall not be used for carrying on any business or profession without written approval of the Club, or in any manner in violation of zoning restrictions or applicable covenants and restrictions.

Pets are Permitted

- b. Pets may be permitted. Pets must be on a leash at all times when outside. Pets must be healthy, have current shots and rabies immunization, and be free of fleas and other parasites. The Member owning the pet is responsible for any costs expended by the Club for the failure of the Member to adhere to Legacy at Mills River pet policy, including, but not limited to the cost of disinfection, cleaning, fumigation, and other corrective measures for damages to other Homes or common areas within Legacy at Mills River. Pets are not permitted in the Club Facilities or Health Care Facility. Any Member having a pet understands and agrees that the pet will be removed from the Home in the event the pet becomes a nuisance to other Members as determined in the sole discretion of the administrator of the Club. The Club will provide the Member with fourteen (14) days' written notice that the pet must be removed from the Home unless the pet poses an immediate threat, in which case removal may be required upon lesser notice. (Note: any damages to other Homes or to the common areas of Legacy at Mills River caused by the Member's pet is the sole responsibility of the Member.)

Occupancy of Homes

- c. Except as hereinafter provided, no person other than the Member (or both of them) may occupy the Home except with the express written approval of the Club. In the event that a second person (including any subsequent spouse of the Member) is accepted for residency at Legacy at Mills River and Membership under this Agreement at a time subsequent to the date hereof (said acceptance to be in accordance with admission policies governing all other admissions), the second person will become a Member upon execution and delivery of a Membership Agreement and will have the option to elect Continuing Care Services by execution and delivery of the attached Continuing Care Addendum and payment of the Continuing Care Fees all in accordance with Paragraph 3 above. The amount of the Continuing Care Fees paid to the Club shall be based on the then current Continuing Care Fees charged by the Club

Second Person Who Resides in a Home but is Not Party to This Agreement

The applicable Monthly Payment, together with the additional fee for second person occupancy, shall be paid for each month thereafter that the second person resides in the Home. Provided, however, if such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Home for more than thirty (30) days (except with the express written approval of the Club) and this Agreement may be terminated as provided herein if the Member continues to allow such unapproved occupancy of the Home.

Legacy May Modify Homes to Meet Legal Requirements

- d. The Club or Blue Ridge Retirement Partners may effect changes in any Home in Legacy at Mills River at any time to meet the requirements of applicable law. The Member agrees to temporarily relocate to other facilities provided by the Club at its cost if it becomes necessary to vacate his Home in order to make such changes.

Member Must Obtain Insurance for Personal Property

- e. Each Member must obtain his own insurance on his personal property (furniture, clothing, jewelry, etc.) located within his Home and for liability insurance within his Home (with a minimum \$100,000 coverage). Furnishings provided by the Member shall not interfere with the health, safety and general welfare of other Members.

Future Purchasers Must Meet Legacy Residency Requirements

14. Resale.

The Member acknowledges that the resale of a Home in Legacy at Mills River must be made to an individual or individuals that meet Legacy at Mills River requirements for Membership or to a person who is purchasing a Home for or on behalf of an individual (or individuals) who meet Legacy at Mills River requirements for Membership. The determination that the individual or individuals meet the requirements for Membership shall be made by Blue Ridge Retirement Partners. The Member also acknowledges and agrees that in the event he moves out of his Home prior to its sale, the Member will be responsible for paying the Monthly Payment until his Home is resold, transferred or otherwise conveyed to a new Owner who assumes the ownership rights and obligations

of the Member with respect to the Home and the Monthly Payment and the closing has taken place.

Associate Memberships

15. Associate Memberships.

Blue Ridge Retirement Partners anticipates that there will be a continuing large demand for Membership in the Club. Blue Ridge Retirement Partners shall have the option, at its sole discretion, to create a waiting list of Associate Members who are not residents of Legacy at Mills River to have secondary priority access to the Club Facilities and Health Care Facility.

Disagreement Settled by Arbitration

16. Arbitration.

It is the parties' intent that any controversy arising under, out of, in connection with, or relating to, this Agreement and any amendment thereof, or the breach thereof, shall be determined and settled by arbitration in accordance with the rules of the American Arbitration Association. Any award rendered therein shall be final and binding on each and all of the parties thereto and their personal representatives, and judgment may be entered on any such award in any court having jurisdiction. Notwithstanding the foregoing, these arbitration provisions shall not be mandatory for any collection efforts of the Club pertaining to the Monthly Payments, the Health Care Rate, Continuing Care Fees, or other charges.

Amendments to Agreement Must be in Writing

17. Amendments.

- a. Except as expressly provided herein, no amendment or modification of this Agreement shall be made.
- b. No amendment to this Agreement shall be valid unless in writing executed by the Member (or both of them if there are two) and the Home Owner (if the Home Owner is not the Member), the Club and Blue Ridge Retirement Partners or approved and made effective in the manner set forth herein. Changes in the Monthly Payment, the Health Care Rate and the Continuing Care Fee are outside the scope of the amendment process and may only be made by the Club pursuant to the terms and conditions provided herein.
- c. This Agreement may also be amended by written approval of not less than fifty-one percent (51%) of the Members, the Club and Blue Ridge Retirement Partners, provided, however, that no such amendment shall:
 - i. reduce the aforesaid percentage of Members which is required to consent to any such amendment; or
 - ii. permit the preference or priority of any Member over any other Member without the consent of such Member.

18. Cancellation Rights.

Member has 30 Days from Date of Execution to Rescind this Agreement

- a. This Agreement may be rescinded by the Member by providing notice of rescission within thirty (30) days following the later of the execution of this Agreement or the receipt of a disclosure statement prepared in accordance with North Carolina law, and the Member will not be required to close on the purchase of his or her Home before the expiration of the thirty (30) day period.

Automatic Termination of Agreement

- b. If the Member dies before the closing on the purchase of a Home, or if, on account of illness, injury, or incapacity, the Member would be precluded from occupying a Home under the terms of this Agreement, the obligations of the Purchaser and the Designated Member, if any, shall cease, and this Agreement shall be terminated. If there is more than one Member, this Agreement will continue to be binding on the Member, and the Purchaser, where the Member is a Designated Member. Furthermore, if a Member sells his Home and does not reside in the Home as a Member, or within Legacy at Mills Rivers' Health Care Facility, the Membership is automatically canceled.
- c. Notwithstanding the foregoing, if the Member's illness, injury, or incapacity is such that appropriate care can be provided at the Health Care Facility, and the Member otherwise meets residency requirements of Legacy at Mills River, the obligations of the Purchaser and the Designated Member, if any, shall cease only if the Purchaser or Designated Member elects to terminate the Membership Agreement and the Purchase and Sale Agreement. In the absence of such election, the Member shall be admitted directly to the Health Care Facility provided that the Continuing Care Fees are paid.

Member (or Member's Representative) may be Entitled to Refund Upon Rescission or Cancellation

- d. If this Agreement is rescinded or canceled pursuant to this Paragraph 18, the Member, if the Purchaser, or if the Member is not the Purchaser, the Purchaser, or such Member's or Purchaser's legal representative shall receive a refund of all money or property transferred to Blue Ridge Retirement Partners or paid into escrow, less (i) nonstandard costs specifically incurred by Blue Ridge Retirement Partners at the request of the Purchaser as described in any contract amendment signed by the Purchaser of the Home; (ii) any nonrefundable fees or costs specified and described herein; and (iii) a reasonable service charge not to exceed the greater of one thousand dollars (\$1,000.00) or two percent (2%) of the amount of the Continuing Care Fees. If rescission of this Agreement occurs within seven (7) days following the later of the execution of the Membership Agreement or the receipt of a disclosure statement prepared in accordance with North Carolina law, the Member or the Member's legal representative shall receive a refund of all money or property transferred to Blue Ridge Retirement Partners or paid into escrow.
- e. Cancellation or termination of this Agreement prior to closing on the purchase of a Home shall constitute cancellation or termination of the Purchase and Sale Agreement and vice versa.

19. Miscellaneous Legal Provisions.

- a. This Agreement will be interpreted according to the laws of the State of North Carolina.
- b. The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.
- c. This Agreement has been executed on behalf of the Club by its duly authorized agents, and no officer, director, agent or employee of the Club shall have any personal liability hereunder to the Member or the Purchaser, if not the Member, under any circumstances.
- d. When Member consists of more than one person, the rights and obligations of each are joint and several, except as the context otherwise requires. For the avoidance of doubt, the term Member refers to the Purchaser of the Home if there is no Designated Member. If there is a Designated Member, the term Member refers to such Designated Member.
- e. This Agreement is binding upon and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the parties. The rights of Member pursuant to this Agreement may not be assigned or transferred. Any attempt by Member to assign this Agreement is void and may be deemed a default of Member, and the Club shall not be bound by any such assignment. The use of the masculine gender in this Agreement includes the feminine gender and, when the context requires the use of the singular, includes the plural.

Member Represents He is Capable of Independent Living and has Sufficient Assets and Income for Payment of Membership Obligations

- f. By executing this Agreement, the Member represents and warrants that he is capable of independent living, free of communicable disease, and has assets and monthly income which have been represented to Legacy at Mills River in writing through a preliminary application which are sufficient under foreseeable circumstances and after provision for payment of the Member's obligations under this Agreement to meet his ordinary and customary living expenses after assuming Membership and occupancy. The Member further warrants that he will continue to carry the applicable Title XVIII Medicare benefits and Medicare Supplement and/or third-party insurance policies listed on the preliminary application and that all written representations made with respect to such matters by him or on his behalf to the Club are true and correct.

Member Agrees to Execute a Durable Power of Attorney

- g. Each Member agrees to execute and deliver to the Club at or before assuming residency in Legacy at Mills River a Durable Power of Attorney in compliance with North Carolina law in a form acceptable to the Club, naming a person of Member's

choice to act on Member's behalf in the capacity of attorney-in-fact in the event it shall become necessary that a third-party representative act on behalf of the Member. The Durable Power of Attorney shall grant the power and authority to make personal care decisions and health care decisions for the Member. The Durable Power of Attorney shall not be affected by physical disability or mental incompetence of the Member which renders the Member incapable of managing his/her own affairs. Each Member shall keep such a Durable Power of Attorney in full force and effect throughout the term of this Agreement. The attorney-in-fact, trustee or other representative named in any such Durable Power of Attorney shall in no event be a person employed by the Club, Blue Ridge Retirement Partners, the Owners Association or any other entity engaged in the management of Legacy at Mills River.

20. Acknowledgment and Receipt of Documents.

The Member and Purchaser, if different from the Member, hereby certifies that he has received a printed copy of this Agreement, a copy of the Declaration of Condominium establishing Legacy at Mills River Condominium, all Exhibits thereto, a copy of the Bylaws of Legacy at Mills River Owners Association, and Legacy at Mills River's current Disclosure Statement.

[SIGNATURE PAGE TO FOLLOW]

SIGNED and SEALED by Member(s) in duplicate originals as of the day and year first above written.

Signed in the Presence of:

MEMBERS

Purchaser (if Different than Member)

CLUB

LEGACY AT MILLS RIVER CLUB,
a North Carolina nonprofit corporation

By:

Its:

Attest:

Its:

Home Type: _____

Home Number: _____

SCHEDULE A

Initial Monthly Payment

The amount of the Monthly Payment will be determined by the size and type Home selected by the resident based on the Monthly Service Fee Schedule.

1. Initial Health Care Rate:	Semi-Private: Skilled \$300.00	Assisted \$182.00
	Private: \$360.00	\$220.00

2. Initial Continuing Care Fees (Select either A or B)

A. Continuing Care Modified Fee:

Initial Purchaser - Included

Resale Purchaser - \$32,000 Single
\$48,000 Double

B. One Time Life Care Option Fee*

	Initial & Resale Purchaser - \$22,000 Single
+	\$33,000 Double

Monthly Life Care Option Fee*:

Initial & Resale Purchaser \$920 per month

* An option to make a single, larger One Time Life Care Option fee in lieu of a One Time Life Care Option Fee and a Monthly Life Care Option Fee may be offered

LEGACY AT MILLS RIVER
CONTINUING CARE ADDENDUM TO
MEMBERSHIP AGREEMENT

THIS CONTINUING CARE ADDENDUM to become a part of that certain Membership Agreement by and between _____, whose address is _____ (hereinafter called "Member"), and **Legacy at Mills River Club**, a North Carolina nonprofit corporation, whose address is _____ (hereinafter called "Club"), is entered into by Member and Club this _____ day of _____, 20__.

WHEREAS, the Member and Club have entered into the Membership Agreement pursuant to which, among other things, Member has the right to elect to receive Continuing Care Services by executing and delivering this Addendum and paying the Continuing Care Fees; and

WHEREAS, the Member wishes to elect to receive Continuing Care Services.

NOW, THEREFORE, in consideration of the mutual recitals, promises, and covenants set forth herein, the parties hereto agree as follows:

1. Definitions. Capitalized Terms used in this Addendum shall have the same meaning given them in the Membership Agreement.
2. General. The Membership Agreement, as supplemented by this Addendum, shall constitute the "Agreement."
3. Continuing Care Fees. By signing below and paying the Continuing Care Fees, the Member elects to receive Continuing Care Services at the Continuing Care Modified fee structure. The Club acknowledges receipt of the Continuing Care Fees and agrees to provide the Continuing Care Services.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Member and Club have executed this Addendum as of the effective date noted above.

Signed in the Presence of:

MEMBERS

CLUB

LEGACY AT MILLS RIVER CLUB,
a North Carolina nonprofit corporation

By: _____
Its:

Attest: _____
Its:

LEGACY AT MILLS RIVER

LIFE CARE OPTION ELECTION ADDENDUM TO MEMBERSHIP AGREEMENT

THIS LIFE CARE OPTION ELECTION ADDENDUM to become a part of that certain Membership Agreement by and between _____, whose address is _____ (hereinafter called "Member"), and **Legacy at Mills River Club**, a North Carolina nonprofit corporation, whose address is _____ (hereinafter called "Club"), is entered into by Member and Club this _____ day of _____, 20__.

WHEREAS, the Member and Club have entered into the Membership Agreement pursuant to which, among other things, Member has the right to upgrade his Continuing Care Membership to the Life Care Option by executing and delivering this Addendum and paying the Life Care Option Fees; and

WHEREAS, the Member wishes to upgrade his Continuing Care Membership to the Life Care Option.

NOW, THEREFORE, in consideration of the mutual recitals, promises, and covenants set forth herein, the parties hereto agree as follows:

1. Definitions. Capitalized Terms used in this Addendum shall have the same meaning given them in the Membership Agreement.

2. General. The Membership Agreement, as supplemented by this Addendum, shall constitute the "Agreement."

3. Election and Life Care Option Fee. By signing below and paying the Life Care Option Fees, the Member elects to upgrade his Continuing Care Membership to the Life Care Option. The Club acknowledges receipt of the one-time Life Care Option Fee. In addition to the one-time Life Care Option Fee, in order to maintain eligibility for the Life Care Option, the Member acknowledges that the Member must pay the monthly Life Care Option Fee until admitted permanently to the Health Care Facility. If the Member fails to pay the monthly Life Care Option Fee, and such failure continues for thirty (30) days after receipt of notice of such failure, the Member's Continuing Care Membership shall revert to Continuing Care Modified. Member may reinstate his Continuing Care Membership to the Life Care Option only by paying the then current one-time Life Care Option Fee and resuming payment of the monthly Life Care Option Fee at the then current rate.

4. Continuing Care Services. The Club agrees to provide the Continuing Care Services under the Life Care Option fee structure.

IN WITNESS WHEREOF, the Member and Club have executed this Addendum as of the effective date noted above.

Signed in the Presence of:

MEMBERS

LEGACY AT MILLS RIVER CLUB,
a North Carolina nonprofit corporation

By:

Its:

Attest:

Its:

Exhibit E
Purchase and Sale Agreement

LEGACY

AT MILLS RIVER

PURCHASE AND SALE AGREEMENT

Purchaser (“Purchaser”):

Address

City

State

Zip

Seller (“Seller”):

Blue Ridge Retirement Partners, LLC
80 Peachtree Road
Asheville, NC 28803

This Purchase and Sale Agreement is (the "Agreement") is entered into by and between Purchaser and Seller this _____ day of _____, 20__.

WITNESSETH:

Legacy at Mills River includes Private Residences, Clubhouse and Health Care Facility

Seller is developing a continuing care retirement community upon property located in Mills River, Henderson County, North Carolina, to be known as LEGACY AT MILLS RIVER (“Legacy at Mills River” or “Legacy”), consisting of the Clubhouse, Health Care Facility, and three types of private residences or homes: Manor Homes, Village Homes and Estate Homes.

Residences

All of the residences will be units within a condominium (the “Homes”) to be known as LEGACY AT MILLS RIVER CONDOMINIUM. As the developer, Seller will initially be the owner of all the Homes. Seller intends to sell the Homes to Purchaser and others who desire to purchase a Home and reside at or have family members or other close relations

reside at LEGACY AT MILLS RIVER. Seller may also sell Homes to those who wish to purchase a Home for leasing to others.

Purchase of Residence includes Membership in the Club

The facilities generally consisting of the Clubhouse and the Health Care Facility will be operated by Legacy at Mills River Club, a North Carolina nonprofit corporation (the "Club"). The purchase of a Home must be coupled with membership in the Club. Membership in the Club will permit the Purchaser or his designee, who meets the various requirements of membership set forth in the Legacy at Mills River Membership Agreement (the "Designated Member(s)"), to use the Clubhouse, the Health Care Facility and other facilities at the Club, and take advantage of other amenities and privileges of membership as described in the Membership Agreement. Each purchaser or Designated Member(s) must acquire membership simultaneously with the purchase of a Home, and each purchaser and his Designated Member(s), if applicable, shall execute the Legacy at Mills River Membership Agreement at the time this Agreement is signed.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises contained in this Agreement, Purchaser and Seller hereby covenant and agree as follows:

1. PURCHASE/SALE:

Purchaser hereby agrees to purchase the Property (as hereinafter described) for the purchase price hereinafter set forth and Seller agrees to sell the Property in accordance with the terms and conditions set forth herein.

Specific Residence to be Acquired

2. PROPERTY:

The property sold under this Agreement (herein referred to as the "Property") is the Home designated as _____ of LEGACY AT MILLS RIVER CONDOMINIUM, together with an undivided fractional interest in and to the common elements included in the Condominium, as more fully described in the draft Declaration of Condominium for Legacy at Mills River (the "Declaration") and in the Campus and Floor Plan Book which has been provided to Purchaser. If Purchaser purchases an Estate Home or an "E-Plan" model of a Village Home, the Property includes a two-car garage. For Purchasers of other Homes, covered parking spaces are available for an additional charge on a first-come, first-served basis. Purchaser may obtain the right to use a covered parking space under that certain Garage or Covered Parking Agreement for Space No(s)._____.

The Purchase Price includes certain features and is subject to certain allowances. Purchaser will be provided with a Legacy at Mills River Features, Selections & Options list and notified by Seller of deadlines for choosing Selections/Options. All Selections/Options must be chosen by Purchaser within the deadline period to assure the Seller's ability to include the chosen Selections/Options for the established cost. In addition, if there are any authorized modifications to the plans made during construction of the Property by Purchaser, all such modifications must be evidenced by a written Addendum to Contract ("Change Order") signed by both Purchaser and Seller and payment by Purchaser of an additional nonrefundable deposit

equal to the value of the Change Order, all of which funds shall be deposited in accordance with Paragraph 4 and applied against the Purchase Price, as adjusted, at Closing.

Membership in the Club Integral Part of Purchase

3. LEGACY MEMBERSHIP AGREEMENT:

Simultaneously with the execution of this Agreement, Purchaser will be required to enter into the Legacy at Mills River Membership Agreement, the form of which has been presented to Purchaser (the "Membership Agreement"). If Purchaser chooses a Designated Member(s) to reside in his Home, assuming the Designated Member(s) is approved by the Club, the Designated Member(s) will also be required to enter into the Membership Agreement. There is no separate initial or initiation fee for membership in the Club. As provided in the Membership Agreement, the purchase price of a Home from Seller includes the Continuing Care Fees of \$32,000 if Single and \$48,000 if Double at the "continuing care modified" level, the payment of which entitles the Purchaser or his Designated Member(s), as applicable, to receive continuing care services at the then current monthly health care rate upon admission to the Health Center and after exhaustion of eligible days. This Agreement and the Membership Agreement have a 30-day right of rescission pursuant to Article 64 of Chapter 58 of the North Carolina General Statutes and the North Carolina Department of Insurance regulations. This Agreement and the Membership Agreement, and Purchaser's and his Designated Member(s)', if any, obligations hereunder and thereunder, are subject to the 30-day rescission period expiring without Purchaser or the Designated Member(s) rescinding this Agreement and/or the Membership Agreement. This Agreement and the Membership Agreement are also subject to confirmation by Seller that the Purchaser or his Designated Member(s) meet the qualifications for membership in the Club as more fully described in the Membership Agreement.

4. PURCHASE PRICE:

The Purchase Price for the Property is

_____ Dollars
(\$_____) (hereinafter referred to as the "Purchase Price") paid and payable as follows:

(a) \$_____, a ten percent (10%) reservation deposit ("Reservation Deposit") paid upon execution of that certain Residence Reservation Agreement dated _____ by and between Seller and Purchaser ("Reservation Agreement"), which Reservation Deposit Seller acknowledges has been placed in an escrow account ("Escrow Account") and held by James A. Lucas, Jr., as escrow agent ("Escrow Agent"), pursuant to the terms of that certain Escrow Agreement dated _____ by and between Escrow Agent and Blue Ridge Retirement Partners, LLC.

(b) \$_____, an earnest money deposit equal to ten percent (10%) of the Purchase Price ("Earnest Money Deposit") payable by Purchaser upon execution and delivery of this Agreement which additional deposit shall be placed in

the Escrow Account and held by Escrow Agent pursuant to the terms of this Agreement, the Escrow Agreement and subject to the Continuing Care Retirement Community Act.

(c) \$_____, the balance of the Purchase Price due at Closing.

The Reservation Deposit and the Earnest Money Deposit are held subject to (i) the terms of this Agreement, including Paragraph 28, which permits Purchaser to terminate this Agreement during the Cancellation Period (as defined in Paragraph 28 hereof) and (ii) Article 64 of Chapter 58 of the North Carolina General Statutes (the “Continuing Care Retirement Community Act”), which permits Seller to withdraw and use funds placed in the Escrow Account upon the fulfillment of certain conditions. Upon expiration of the Cancellation Period, Purchaser shall not be entitled to a return of any part of the Reservation Deposit or the Earnest Money Deposit except as provided in Paragraph 28.

Upon expiration of the Cancellation Period and Seller’s fulfillment of the applicable requirements under the Continuing Care Retirement Act, Seller may, at Seller’s sole discretion and without notice to Purchaser, elect to withdraw from the Escrow Account a portion of, and ultimately all of, the Reservation Deposit and Earnest Money Deposit for construction purposes or general operating purposes.

Continuing Care Fees required to be paid in order to receive continuing care services at the Health Care Facility are included in the Purchase Price of the Property and are non-refundable unless this Agreement is terminated or cancelled by Purchaser as provided herein.

5. NO FINANCING CONTINGENCY:

This Agreement does not contain a financing contingency for the benefit of Purchaser.

6. PHASED DEVELOPMENT:

The Property is part of the first phase of the Legacy.

The Seller, or its assigns, may develop additional Homes and/or expand or develop additional common facilities in the future as one or more additional phases or expansions of LEGACY AT MILLS RIVER CONDOMINIUM. The total number of Homes for all phases shall be no greater than three hundred seventy (370). Whether such additional phases are added, the number and architectural design of the Homes in such phases, and the order of any such expansion, shall be solely in the discretion of the Seller. Reference is made to the Declaration for specific discussion of the Future Phase Property. A copy of the Public Offering Statement for Legacy at Mills River Condominium, which contains the Declaration has been provided to Purchaser, the receipt of which Public Offering Statement is expressly acknowledged by Purchaser.

7. ESTIMATED PROJECT TIMEFRAME:

The estimated completion date for construction of the first phase of the Project is December 2025.

The expression of an estimated time of delivery on the part of the Seller is made as an accommodation to Purchaser to assist Purchaser in formulating future plans, but any estimated time of delivery expressed herein or elsewhere shall not be considered as a time which is of the essence of this Agreement and said estimated delivery date shall be subject to amendment by the Seller should Seller's progress or plans be altered by conditions unforeseen by or outside the control of Seller, and any such amendment shall not require formal or specific notice by Seller to Purchaser. With reference to the estimated completion date set forth above, Purchaser understands and agrees that Seller can neither imply nor guarantee a firm completion and availability date for the Property, such advance projections being by their nature approximations only. Seller agrees to make reasonable efforts to meet estimated construction schedules, but shall not be obligated to provide or compensate Purchaser for any alternate accommodation as a result of delayed or accelerated completion, nor shall Seller be liable for any expense or inconvenience to Purchaser which may directly or indirectly arise from delay of completion or delivery of possession, and such delays shall not serve to cancel, amend or diminish Purchaser's obligations hereunder.

Purchaser acknowledges that the Property will be, when conveyed, a "condominium unit" as defined in the Interstate Land Sales Full Disclosure Act (15 U.S. (1701 et seq.)), and is therefore exempt from the registration and disclosure requirements of the Interstate Land Sales Full Disclosure Act. Closing will not occur until Seller has obtained the Certificate of Occupancy for the Property, meaning that, among other things, the Clubhouse and Health Care Facility and access road(s) to the Property will be completed, and the Property will be connected to water, sewer and electric services.

8. COMPLETION OF CONSTRUCTION AND DESIGN ADJUSTMENTS:

The Property shall be deemed complete at such time as the appropriate municipal authorities of Henderson County, North Carolina, approve the Property for occupancy by issuing a certificate of occupancy ("Certificate of Occupancy"). Construction "Plans and Specifications" of the Property will be prepared by an architect selected by the Seller and placed on file in the offices of Seller once completed. Any floor plan drawings, elevations or other schematic materials delivered to Purchaser included in the Campus and Floor Plan Book are approximations of the floor plan or layout of the Property produced for sales purposes. In case of any conflict between such sales drawings or materials and the Plans and Specifications, the Plans and Specifications shall control and govern in all respects. Seller reserves the right to change the Plans and Specifications if necessitated by job conditions (including unworkable situations, errors in the Plans and Specifications, site conditions, unavailable materials, building codes, etc.), as long as the location, size, quality and appearance of the Property is substantially equal or superior to that shown on the Campus and Floor Plan Book.

If construction of the Property is delayed by changes requested by Purchaser and approved by Seller, or, subject to Seller's obligation under Paragraph 7 hereof, by labor disputes, governmental disturbances, fire, war, shortage of materials, acts of God, or by any causes beyond Seller's control, then the time for completion of the Property and for closing hereunder may be extended by Seller for a reasonable time to compensate for such delays.

9. CLOSING DATE:

Closing of the purchase of the Property (hereinafter referred to as "Closing") shall occur at a mutually agreed upon location and at a date and time specified by Seller,

which shall be no later than 150 days after the date the Certificate of Occupancy has been issued. Seller shall deliver at Closing a properly executed and acknowledged General Warranty Deed.

Purchaser agrees that upon Seller's compliance with all conditions contained herein, any incomplete punch list items or warranty items identified by Purchaser as a result of a pre-closing inspection shall not constitute grounds for delay of Closing. Seller agrees to complete said items or commence completion of said items, if completion is not possible within said time frame, within forty-five (45) days of Closing, provided materials and labor are available.

Seller reserves the right to charge and collect from Purchaser, and Purchaser agrees to pay at Closing, funds for each day of delay beyond the closing date to reimburse Seller for its expenses incurred by the delay of Purchaser. Such expenses include, but may not be limited to, interest, carrying costs of the Property, Monthly Payments as defined in the Membership Agreement, utility costs, and other prorated costs incidental to Seller's retaining ownership of the Property during the period of delay.

10. CLOSING EXPENSES:

Seller shall be responsible for paying the tax stamps on the Deed and for the cost of the preparation of the Deed. Purchaser shall be responsible for deed recording fees, the cost of any title examination, title insurance premiums, and charges relating to Purchaser's financing. Except as expressly set forth herein, each party shall bear responsibility for closing costs customary for sellers and buyers of real property in Henderson County, North Carolina.

11. PRORATIONS:

Property taxes, the Monthly Payment and applicable assessments shall be prorated between Purchaser and Seller as of the date of Closing.

12. CONVEYANCE OF TITLE:

The property shall be conveyed free and clear of all encumbrances save and except:

- (a) taxes and assessments not yet due;
- (b) the Membership Agreement, the recorded Declaration of Condominium and related documents establishing LEGACY AT MILLS RIVER CONDOMINIUM, and all amendments thereto, and the plats and plans recorded therewith (hereinafter referred to as the "Condominium");
- (c) general utility easements and all other easements and restrictions of record which do not prevent the Purchaser's use and enjoyment of the Property for residential purposes;
- (d) all facts and conditions which may be shown by survey and physical examination of the Property;
- (e) any applicable zoning and/or development laws and ordinances, including those of Henderson County and the Town of Mills River.

13. ACCEPTANCE OF HOME:

By accepting a deed to the Property, Purchaser will be deemed to have inspected and accepted the Home “as is” except as otherwise expressly stated in this Agreement. All appliances, heating, plumbing and air conditioning systems shall be in good working order as of the date of closing.

14. DECLARATION OF CONDOMINIUM:

Seller will form the Condominium by filing the Declaration pursuant to the provisions of Chapter 47C of the North Carolina General Statutes (“North Carolina Condominium Act”). Purchaser understands that Purchaser is purchasing a residence in a condominium which has not yet been formed or constructed.

Legacy at Mills River Member has Access to Health Care Facility

15. CLUBHOUSE AND HEALTH CARE FACILITY:

Legacy at Mills River Clubhouse will consist of dining facilities, activity rooms and a clubroom, library, beauty and barbershop, and the Health Care Facility, which, in the initial phase, will consist of 8 home for the aged rooms (assisted living) and 9 skilled rooms containing up to 34 beds. The Health Care Facility will be available for use at Closing, except in cases where a Member is admitted directly to the Health Care Facility prior to Closing due to the failure to meet residency requirements arising from an injury, illness or incapacity for which health care is available at the Health Care Facility.

Pursuant to the Declaration, the Seller will reserve the right to make the Clubhouse and Health Care Facility a part of the Condominium. Seller will initially retain ownership of the Clubhouse and Health Care Facility. Seller will then lease the Clubhouse and Health Care Facility to the Club at a market rate for a term no longer than twenty (20) years. At the expiration of the lease term, Seller plans to amend the Declaration, to annex the Clubhouse and Health Care Facility so that they become a part of the Condominium at no cost to Purchaser or his Designated Member, if any. The Seller may negotiate and execute management agreements for the Club and Health Care Facility with a qualified operator. Pursuant to the terms of the Membership Agreement, the Purchaser, or his Designated Member, if any, approved for Membership by the Club, as a benefit and membership right under his membership, will be entitled to admission to the Health Care Facility so long as his attending physician or the medical director determine that this type of care is needed.

16. RISK OF LOSS:

- (a) Partial loss or damage to the Property by fire and storm or other casualties between the date hereof and Closing shall not void or impair this Agreement, but all such damage by way of fire and storm or other casualty is to be the responsibility of Seller.
- (b) In the event of total or substantial loss as a result of the hazards mentioned above, Seller shall have the option to repair all damage at its own cost or through insurance proceeds, or to cancel this Agreement and refund all monies paid hereunder.

- (c) In the event of loss or damage as a result of the hazards mentioned, the time for Closing shall be extended for such time as may be reasonably required to repair the damage.

Warranties are Transferred to Purchaser

17. WARRANTY:

At Closing, Seller shall transfer to Purchaser all of Seller's right, title and interest in and to any manufacturer's warranty furnished to Seller covering any equipment or appliance installed in the Property, and Seller makes no warranty or agreement of any kind with respect to any such equipment or appliance.

If written notice is given to Seller by Purchaser within a period of one (1) year from the date of Closing and within thirty (30) days of discovery of any defects in workmanship or materials used to construct the Property, which defects are not caused by Purchaser, his/her agents, guests, or invitees, then Seller will, at no cost to the Purchaser, repair or replace the defective portion of the Property. At the end of the one-year warranty period, responsibility for repair of any such defects shall be Purchaser's. Purchaser shall also be responsible for the repair and maintenance of the Property to the extent such repair and maintenance is not covered by the foregoing limited warranty. In general, Legacy at Mills River Owners Association (the "Association" or the "Owners Association") will have responsibility for the repair and maintenance of the common elements within the Condominium. Seller's warranty shall not apply to fixtures and appliances covered by a warranty of a manufacturer or dealer, for which defects the Purchaser shall have such rights as are defined in the applicable warranty documents. Seller shall not be responsible for any incidental or consequential damages arising from any defect. This warranty is personal to Purchaser, and shall automatically terminate and be of no further force or effect upon Purchaser's sale, transfer or conveyance of the Property. SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED AS TO THE FITNESS, DESIGN, OR CONDITION OF ITEMS OF TANGIBLE PERSONAL PROPERTY OR FIXTURES, THEIR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

18. CLOSING AND POST-CLOSING FINANCIAL OBLIGATIONS OF PURCHASER:

- (a) As of the Closing, Purchaser agrees to accept responsibility for the Monthly Payment which includes the costs of condominium common expenses (the "Condominium Fee") and the cost of services (the "Services Fee") provided to Members as described in the Membership Agreement. If the Member is not the Purchaser of the Home, the Member shall be jointly and severally responsible for the Monthly Payment of the Purchaser and the Purchaser shall likewise be jointly and severally responsible for the Monthly Payment with the Member.
- (b) Purchaser acknowledges and agrees to accept responsibility for his continuing obligation pursuant to the Declaration as a Home owner in the Condominium, to pay his Condominium Fee consisting of his pro-rata share of any common expenses, operating expenses, capital expenses and debt service, if any, assessed against the Property purchased hereby. Such assessments shall be for authorized

purposes, including but not limited to, expenses incurred for landscaping, maintenance, repairs, reserves, general area maintenance, administration supplies, professional services, utilities (electric, gas, standard cable, water and sewer, high speed internet), garbage services, insurance, and similar charges incurred by the Condominium Association in its management and operation of the Condominium.

- (c) At Closing, Purchaser shall also be responsible for paying to the Condominium Association (i) the equivalent of two (2) month's common expenses in the amount of \$_____ for the purpose of establishing a Reserve for Replacement/Major Maintenance fund for the Condominium Association, and (ii) the Property's pro rata portion of the twelve (12) month premium in the amount of \$_____ for the Association's hazard and flood insurance.
- (d) Purchaser acknowledges his continuing obligation as a Member to pay his share of the cost of club services, that is, the Services Fee, in accordance with the Legacy at Mills River Membership Agreement, which is used primarily to pay the expenses of operating the facilities of the Club, consisting of the Clubhouse and Health Care Facility, as well as any capital purchases and debt service, if any, necessary for repair, maintenance and modification of such facilities.
- (e) Maintenance and repairs to appliances and modifications which are existing or future upgrades to the Legacy's standard items, and items which are the personal property of the Purchaser, will be made at the request of Purchaser and Purchaser agrees to pay the additional cost of this maintenance and repair. This provision also applies to any increased costs for the maintenance of landscape additions to individual Homes. Addendum A is a listing of modifications and upgrades. Purchaser acknowledges that this listing may not be all-inclusive.
- (f) Garage or Covered Parking:
If Purchaser desires to use, or permit his Designated Member to use, a covered parking space, per Paragraph 2 above, Purchaser and the Designated Member shall be responsible for paying an additional fee, all as set forth in Seller's Garage/Covered Parking Space Agreement which Purchaser and the Designated Member shall sign at Closing. One-half of the additional fee shall be refunded upon relinquishment of the parking space for use by other Members of the Club. Parking spaces shall be reserved and licensed for use only by the Purchaser or the Designated Member, if any.

19. OPERATING RESERVE DEPOSIT:

The State of North Carolina Department of Insurance, in accordance with Article 64 of Chapter 58 of the North Carolina General Statutes, requires that all continuing care facilities maintain operating reserves equal to 50% of the total operating costs projected for a twelve (12) month period following the period covered by the most recent disclosure statement filed with the Department. Facilities that maintain an occupancy level in excess of 90% shall only be required to maintain a 25% operating reserve upon approval of the Commissioner of Insurance. These reserves are to be used for the benefit of the Club as required by the State of North Carolina in the event of emergencies and/or unexpected operating shortfalls.

Purchaser to Make a Deposit into the Operating Reserve Account

At closing, Purchaser shall be responsible for paying to the Club an Operating Reserve Deposit in the amount of \$9,000. This deposit, along with deposits in the same amount from all other purchasers will be held in a separate interest-bearing account (the "Operating Reserve Account"). This deposit will be refunded, with interest, to the Purchaser or his estate, upon the earlier of the time it is not needed by the Club to maintain the required reserves or the resale of the Home, to the extent not needed to fund the operating reserve.

It is not anticipated that the total deposits into the Operating Reserve Account from purchasers in Phase I will be sufficient to satisfy the total reserve required. To the extent that this is the case, the Seller will make up the difference. The Seller will have the right to withdraw its deposits to the Operating Reserve Account as other deposits are made by subsequent purchasers in Phase I or in future phases of the Condominium, so long as reserve requirements are met.

Purchaser Must Insure Personal Property

20. INSURANCE ON PERSONAL PROPERTY:

In accordance with the Declaration, Purchaser will be responsible for insuring his personal property (i.e. furniture, clothing, jewelry, china, silver, etc.) located in his Unit and the betterments made to the Unit by the Purchaser, and for carrying liability insurance.

Occupancy by Someone Other Than Owner

21. OCCUPANCY; LEASING:

Purchaser may purchase a Home for use or lease by a Designated Member who (i) meets the Legacy's residency requirements, (ii) is approved by the Seller and (iii) who executes the Legacy at Mills River Membership Agreement agreeing to abide by the rights, obligations and responsibilities outlined in the Legacy at Mills River Membership Agreement. This individual who becomes a Member shall be jointly and severally liable with the Purchaser for the Monthly Payment and all other obligations outlined in the Membership Agreement. Purchaser shall execute a guaranty agreement which evidences the joint responsibility of Purchaser and the person(s) leasing the Home for the Monthly Payment. In such circumstances, the rights of membership expire when the Designated Member ceases to be a resident at Legacy. Any subsequent designees of the Purchaser as a Member, or if the Purchaser wishes to be a Member, each must qualify for and acquire a membership for their use prior to occupying the Home.

Purchaser acknowledges that the Declaration will contain restrictions on the leasing of the Property.

This procedure regarding a change of Member due to circumstances other than sale of a Home shall be followed with regard to each subsequent user or lessee until there is a sale of the Home.

Purchaser and Seller have Rights in Case of Default

22. DEFAULT:

If Purchaser defaults in the performance of any obligation of this Agreement, Seller may, in its sole discretion, seek to recover all damages, arising from Purchaser's default, and shall be entitled to recover reasonable legal costs and expenses incurred in enforcing Seller's rights, or in lieu thereof, retain as liquidated damages, all funds paid by or on behalf of Purchaser as the Reservation Deposit or Earnest Money Deposit or otherwise hereunder, it being agreed that Seller's damages in the event of such default by Purchaser will be difficult to estimate precisely and that such funds constitute the parties' best estimate of such damages and Seller's retention of the same is not a penalty. In the event of a default in the performance of any of the obligations of the Seller pursuant to this Agreement, Purchaser shall be entitled to terminate this Agreement and receive a refund of any funds paid by Purchaser as the Reservation Deposit, Earnest Money Deposit or otherwise or to seek specific performance if permitted by law. In the alternative, Purchaser may pursue other remedies available at law or equity. Either Seller or Purchaser is hereby allowed ten (10) days to cure any default prior to termination hereof by the non-defaulting party as provided herein.

The Club May Terminate the Membership Agreement and Require Sale of a Home

23. TERMINATION RIGHTS OF THE CLUB:

- (a) As provided in the Membership Agreement, the Club shall not terminate the Membership Agreement except for just cause. Purchaser agrees that he will be obligated to promptly sell the Property in the event the Club terminates the Membership Agreement for just cause. Just cause includes, but is not limited to, the following:
- (1) except as set forth in Paragraph 23(b) below, failure to pay to the Club any charges due under the Membership Agreement or any other breach of a material term of the Membership Agreement;
 - (2) creation by Purchaser or his Designated Member(s) of a disturbance within Legacy at Mills River which in the judgment of the Club is detrimental to the health, safety, comfort and peaceful lodging of the other Members, e.g., loud noises, harassing other residents;
 - (3) Purchaser or his Designated Member(s) becomes infected with a dangerous and contagious disease or becomes mentally or emotionally disturbed, and the Medical Director determines that Purchaser's or his Designated Member(s)' condition is detrimental to the health, safety or welfare of other Members or the staff of Legacy at Mills River and Purchaser's or his Designated Member(s)' condition cannot be cared for in the Health Care Facility within the limits of its license from the State of North Carolina;
 - (4) Purchaser or his Designated Member(s) refuses medical treatment which, in the opinion of the attending physician or the Medical Director, is medically required

for Purchaser's or his Designated Member(s)' health or the health or safety of other Members or staff; or

(5) Purchaser or his Designated Member(s) refuses to consent to relocation or home health services as provided in Paragraph 10 of the Membership Agreement.

Legacy Policy not to Terminate Solely by Reason of Inability to Pay Monthly Charges

(b) Because it is and shall continue to be the declared policy of the Club to endeavor to avoid termination of the Membership Agreement solely by reason of Purchaser's or his Designated Member(s)' financial inability to pay the total Monthly Payment and other charges, Purchaser or his Designated Member(s) shall be permitted to remain at Legacy at Mills River at a reduced monthly charge based on Purchaser's or his Designated Member(s)' ability to pay for so long as: (i) they or he establishes facts to justify deferral of the usual charges; (ii) they or he establishes the ability to secure repayment of such deferred charges; and (iii) the determination is made that the deferral of such charges can, in the sole discretion of the Club, be granted without impairing the ability of the Club to operate on a sound financial basis. The loss of revenue to the Club from any such deferral of charges will be borne by the Club until repaid as further outlined.

If the Member has Financial Difficulties

(c) If Purchaser or his Designated Member(s) encounters financial difficulties making it impossible for them and him to pay the Monthly Payment charges and other charges appropriate for the Property or for health care in the Health Care Facility, then:

(1) Purchaser or his Designated Member(s) may remain until any applicable insurance benefits and/or third party payment benefits received by the Club on his or their behalf have been exhausted. Purchaser and his Designated Member(s) shall continue to have the obligation to pay the amount of the Monthly Payment and other charges which are not covered by such insurance benefits.

(2) Purchaser or his Designated Member(s) shall in any case be permitted to remain at Legacy at Mills River after the date of failure to pay until such time as other arrangements can be made for Purchaser's or his Designated Member(s)' care.

Policy not Applicable in Cases Where Member Makes Unapproved Gifts or Other Transfers

Notwithstanding the above, the provisions of Paragraphs 23(b) and (c) shall be rendered inoperative and inapplicable if Purchaser or his Designated Member(s) has impaired his or their ability to meet his financial obligations hereunder by making unapproved gifts or other transfers or speculative or otherwise inappropriate investments for someone in Purchaser's or his Designated Member(s)' circumstances.

Any charges deferred as herein contemplated will be offset by the Club against the proceeds from the sale of the Property when such sale occurs, and the Club shall have a first priority claim against said proceeds, subject only to existing first mortgage liens, if any, and subject to the lien of the Owners Association for Condominium assessments as hereafter provided. Purchaser agrees that his financial obligations to the Club constitute a debt which must be repaid.

Purchaser, upon request by the Club, agrees to execute a note and a mortgage on the Property, and any other loan documents required by the Club as security for the repayment of this debt.

It is understood and acknowledged that the lien of such mortgage shall be subordinate to the lien of the Condominium Association for Condominium assessments and any such mortgage must expressly so provide. The Note shall bear interest at the prime rate as published in the Wall Street Journal.

Legacy will Give 30 Days Notice and Purchaser or his Designated Member(s) has 30 Days to Correct Problem

- (d) As provided in the Membership Agreement, prior to any termination of the Membership Agreement by the Club, the Club will give Purchaser or his Designated Member(s) notice in writing of the reasons for termination and Purchaser or his Designated Member(s) will have thirty (30) days thereafter within which the cause for termination may be corrected. If the cause for termination is corrected within such specified time, the Membership Agreement shall not be then terminated. If such cause is not corrected within such time the Membership Agreement may be terminated and Purchaser or his Designated Member(s) must leave Legacy at Mills River. Notwithstanding such termination, however, Purchaser or his Designated Member(s) will continue to pay the Monthly Payment and all other charges, until the Property has been resold, transferred or otherwise conveyed to a new owner who assumes the ownership rights and obligations of the Purchaser or his Designated Member(s) with respect to the Property and the Monthly Payment.

If the Medical Director determines that either the giving of notice or the lapse of time as provided above might be detrimental to Purchaser or his Designated Member or other Members or staff of Legacy at Mills River, then such notice and/or waiting period, prior to termination and relocation to an appropriate hospital or other facility, shall not be required and termination of the Membership Agreement shall be deemed to have occurred when Purchaser or his Designated Member is relocated. In such event, the Club is expressly authorized to transfer Purchaser or his Designated Member to an appropriate hospital or other facility and will promptly notify Purchaser's or his Designated Member's representative or his attending physician. However, Purchaser will retain all ownership rights and obligations in the Property until it is sold, transferred or otherwise conveyed to a new owner who assumes the rights and obligations of the Purchaser with respect to the Property and the Monthly Payment. If the Purchaser is not the Member, then Purchaser and his Designated Member shall be jointly and severally responsible for all such obligations until a new owner and/or Member assumes all such rights and obligations of the Member with respect to the Property and the Monthly Payment.

23. NOTICES:

Any notice to Seller or Purchaser shall be in writing and shall be delivered to the address of the appropriate party stated above, or such other address as shall subsequently be provided by appropriate notice, with copies to the Seller. Notice may be either hand delivered or deposited in the U.S. Mail. If mailed, any notice shall be deemed received on the second calendar day following the date of mailing if addressed and mailed by certified or registered mail, postage paid, to the addressee set forth above.

24. RIGHT OF FIRST REFUSAL:

The Purchaser hereby acknowledges that the Declaration provides that in the event that the Purchaser desires to sell the Property and any improvements thereon, that, once a written bona fide offer has been made, it shall be offered for sale to the Seller, its successors or assigns, for the same price at which the highest bona fide offer has been made for the Property, and the Seller shall have three (3) days within which to exercise its option to purchase the Property and improvements at this price, and should the Seller fail or refuse, within thirty (30) days after receipt of written notice of the price and terms, to exercise its option to purchase the Property at the offered price, then Purchaser shall have the right to sell the Property, subject, however, to all covenants, restrictions, limitations and affirmative obligations and other agreements referenced and contained in this Agreement. This Section shall not be construed to impair the right of foreclosure of a mortgage on the Property.

25. SALES OFFICE:

Seller will be entitled to use one or more of the Homes as models for purposes of a sales model and/or office. Further, as provided in the Declaration, the Seller is entitled to the use of offices in the Clubhouse for administrative and sales purposes, including resales.

26. MISCELLANEOUS:

- (a) Agreement Binding on Heirs and Successors; May Not be Assigned Without Consent. This Agreement is binding upon and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the parties. The rights of Purchaser pursuant to this Agreement may not be assigned or transferred without the express written consent of Seller. Any attempt by Purchaser to assign this Agreement without such consent may be deemed by Seller a default of Purchaser, and Seller shall not be bound by any such assignment. Seller shall have the right to assign its interests under this Agreement, in whole or in part, to another party as a transfer of ownership of Legacy or collaterally to a lender for security purposes in connection with obtaining financing. Seller shall not need Purchaser's consent for any such assignment.
- (b) The terms of this Agreement shall survive the Closing of the transaction contemplated hereby and shall thereafter continue to bind the parties and their successors to this Agreement. This Agreement may be executed in duplicate originals.
- (c) If any provision of this Agreement is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision hereof. All titles or captions in this Agreement are for convenience in reference and in no way define, limit or extend this Agreement.
- (d) No failure of a party to exercise any power or right granted hereunder or to insist upon strict compliance with any obligation specified herein, and no practice at

variance with the terms hereof, shall constitute a waiver of said power or right unless expressly authorized in writing by the affected party.

- (e) This Agreement supersedes any and all understandings and agreements between the parties regarding the Property and constitutes the sole agreement between the parties regarding the Property, including the Reservation Agreement which shall be of no further force or effect. No oral statements or representations shall be deemed to modify this Agreement or bind either party.

27. ACKNOWLEDGEMENT OF RECEIPT:

By execution of this Agreement Purchaser acknowledges receipt, review and approval of the form and content of the documents listed below, some of which are packaged in a booklet entitled “Legacy at Mills River Project Documentation - Book of Exhibits,” and agrees to be bound by the terms and provisions thereof together with such amendments as are authorized herein:

- 1. Condominium Public Offering Statement _____
- 2. CCRC Disclosure Statement _____
- 3. Membership Agreement _____
- 4. Draft Declaration of Condominium _____
- 5. Draft Articles of Incorporation for
Owners Association _____
- 6. Draft Bylaws of Owners Association _____
- 7. Campus and Floor Plan Book _____
- 8. Condominium Management Agreement _____
- 9. Club Management Agreement _____

Purchaser’s Right to Cancel

28. PURCHASER'S RIGHT TO CANCEL:

Notwithstanding the fact that North Carolina law provides for a seven (7) day cancellation period for acquisitions of condominium units, this Agreement provides for a longer cancellation as set forth in this Paragraph 28. Purchaser shall have the absolute right to cancel this Agreement at any time within the thirty (30) calendar-day period immediately following the later of full execution of this Agreement or delivery of the CCRC Disclosure Statement (the “Cancellation Period”) by delivering written notice to Seller. The Purchaser is not required to occupy a Home before the expiration of this thirty (30)-day cancellation period.

In addition, this Agreement shall automatically cancel as provided in the Continuing Care Retirement Community Act if Seller fails to meet certain requirements set forth in the Continuing Care Retirement Community Act, in which event, the Reservation Deposit and Earnest Money Deposit shall be returned to the Purchaser or his estate, whichever applies.

In the event the Purchaser (where the Purchaser will occupy the Home) or his Designated Member(s), if any, dies prior to Closing, this Agreement shall automatically terminate unless there is more than one surviving Purchaser (who will occupy the

Home) or his Designated Member, if any, in which case, this Agreement will continue to be binding on the surviving Purchaser. If, on account of illness, injury, or incapacity, prior to Closing, the Purchaser or his Designated Member(s) would be precluded from occupying a Home under the terms of this Agreement and/or Membership Agreement, the obligations of the Purchaser shall cease, and this Agreement shall automatically terminate; provided, however, if the failure to meet residency requirements arises from an injury, illness or incapacity for which health care is available at the Health Care Facility, the obligations of the Purchaser shall cease only if the Purchaser elects to terminate this Agreement. In the absence of such election, the Purchaser or his Designated Member shall be admitted directly to the Health Care Facility provided that the Continuing Care Fees are paid.

If this Agreement is canceled, rescinded or terminated pursuant to this Paragraph 28, the Member, if the Purchaser, or if the Member is not the Purchaser, the Purchaser, or such Member's or Purchaser's legal representative shall receive a refund of the Reservation Deposit and Earnest Money Deposit and all other money or property transferred to the Seller, less (i) nonstandard costs specifically incurred by the Seller at the request of the Purchaser as described in any contract amendment signed by the Purchaser of the Home; (ii) any nonrefundable fees or costs specified and described herein; and (iii) a reasonable service charge not to exceed the greater of one thousand dollars (\$1,000.00) or two percent (2%) of the amount of the Continuing Care Fees. If cancellation of this Agreement occurs within the first seven (7) days of the Cancellation Period, the Purchaser or his legal representative shall receive a full refund of the Reservation Deposit and Earnest Money Deposit and all other money or property transferred to the Seller, if any.

All refunds of deposits shall be paid within ten (10) days after receipt of notice of termination or cancellation.

Cancellation or termination of this Agreement shall constitute cancellation or termination of the Membership Agreement and vice versa.

[SIGNATURE PAGE FOLLOWS]

SIGNED AND SEALED by Purchaser in duplicate originals as of the day and year first above written.

WITNESSES:

PURCHASER(S):

_____ (Seal)

_____ (Seal)

If husband and wife, please check the way you would like to take title:

_____ In Individual name of: _____

_____ Tenants in Common
(each spouse having a 50% undivided interest)

_____ Joint tenants with right of survivorship
(each spouse owning a 50% undivided interest, but in the case of death, the surviving spouse automatically becomes the sole owner).

_____ Other: _____
(please specify)

SIGNED AND SEALED BY SELLER in duplicate originals this ____ day of _____, 20__

WITNESSES:

SELLER:

BLUE RIDGE RETIREMENT PARTNERS, LLC,
a North Carolina Limited Liability Company,

By: _____ (Seal)
Title: Manager

Exhibit F

Compilation of Financial Projections

Blue Ridge Retirement Partners, LLC
d/b/a Legacy at Mills River

Compilation of a Financial Projection

For Each of the Six Years Ending
December 31, 2029

(with Accountants'
Compilation Report thereon)

**Blue Ridge Retirement Partners, LLC
d/b/a Legacy at Mills River**

Compilation of a Financial Projection

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Accountants' Compilation Report

The Members

Blue Ridge Retirement Partners, LLC d/b/a Legacy at Mills River
Raleigh, North Carolina

Management of Blue Ridge Retirement Partners, LLC d/b/a Legacy at Mills River (the "Corporation") and Retirement Living Associates, Inc. ("RLA" and collectively, "Management") is responsible for the accompanying financial projection of the Corporation, which comprises the projected balance sheets as of the six years ending December 31, 2029, the related projected statements of operations, changes in members' equity (deficit), and cash flows for each of the years then ending, and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA").

The accompanying projection and this report were prepared for inclusion with the disclosure statement filing requirements of North Carolina General Statutes, Chapter 58, Article 64 and should not be used for any other purpose.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services Committee of the AICPA. We did not examine or review the financial projection nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by Management. Accordingly, we do not express an opinion, a conclusion, or provide any form of assurance on this financial projection. The projected results may not be achieved as there will usually be differences between the prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Furthermore, even if the following hypothetical assumptions occurs during the projection period:

- Construction, development, marketing, and other project related costs for the proposed senior living community are similar to those assumed in the projection;
- The Corporation obtains financing at rates and terms similar to those assumed in the projection;
- The Corporation enters into a lease agreement with The Legacy at Mills River Club, Inc. at rates and terms similar to those assumed in the projection; and
- The independent living units and combination assisted living / skilled nursing units are successfully marketed and achieve and maintain projected occupancy levels.

There will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Emphasis of a matter

The Corporation's financial statements as of and for the year ended December 31, 2023 were audited by other auditors whose report on those financial statements, dated May 8, 2024, expressed an unmodified opinion on the fair presentation of those financial statements in accordance with accounting principles generally accepted in the United States of America. That independent auditors' report also included an emphasis of a matter paragraph which stated there was substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time due to a deficit in members' equity and dependency on member contributions to finance development activities. As disclosed in the accompanying summary of significant projection assumptions and rationale, the accompanying financial projection includes hypothetical assumptions regarding successful permanent financing events at terms which would alleviate the adverse conditions which give rise to substantial doubt. Our report is not modified with respect to this matter.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

FORVIS, LLP

Atlanta, Georgia
May 16, 2024

Blue Ridge Retirement Partners, LLC
d/b/a Legacy at Mills River

Projected Statements of Operations and Members' Equity (Deficit)
For Each of the Six Years Ending December 31,
(in thousands of dollars)

	2024	2025	2026	2027	2028	2029
Operating Revenues:						
Sale of homes	\$ -	\$ -	\$ -	\$ 154,647	\$ 28,584	\$ -
Sale of parking spaces	-	-	-	382	76	9
Management fees	-	-	-	1,076	1,452	1,514
Commons and HC Center Lease fees	-	-	-	761	918	936
Continuing care fees	-	-	-	29	101	135
Total revenues	-	-	-	156,895	31,131	2,594
Cost of sales	-	-	-	140,575	25,984	-
Gross profit	-	-	-	16,320	5,147	2,594
Operating Expenses:						
Management expense	-	-	-	538	726	757
Interest expense	708	46	77	10,900	1,042	-
Depreciation	4	4	4	219	438	444
Total operating expenses	712	50	81	11,657	2,206	1,201
Net income (loss) from operations	(712)	(50)	(81)	4,663	2,941	1,393
Members' equity (deficit), beginning of year	(6,554)	(4,072)	9,856	9,775	14,438	17,379
Equity contribution	3,194	13,978	-	-	-	-
Members' equity (deficit), end of year	\$ (4,072)	\$ 9,856	\$ 9,775	\$ 14,438	\$ 17,379	\$ 18,772

Blue Ridge Retirement Partners, LLC
d/b/a Legacy at Mills River

Projected Statements of Cash Flows
For Each of the Six Years Ending December 31,
(in thousands of dollars)

	2024	2025	2026	2027	2028	2029
Cash flows from operating activities:						
Net income (loss) from operations	\$ (712)	\$ (50)	\$ (81)	\$ 4,663	\$ 2,941	\$ 1,393
Adjustments to reconcile net income (loss) from operations to net cash provided by (used in) operating activities:						
Depreciation	4	4	4	219	438	444
Amortization of financing costs	12	-	77	128	117	-
Net change in current assets and liabilities	(321)	-	-	(16)	(41)	(3)
Change in cost of sales	-	-	-	140,575	25,984	-
Net cash provided by (used in) operating activities	(1,017)	(46)	-	145,569	29,439	1,834
Cash flows from investing activities:						
Development in Process:						
Capitalized interest	-	(4,009)	(9,651)	-	-	-
Construction costs	(1,272)	(59,792)	(65,148)	-	-	-
Marketing costs	(1,117)	(6,025)	(6,025)	-	-	-
Property and Equipment:						
Capitalized interest	-	(500)	(1,202)	-	-	-
Construction costs	(159)	(7,448)	(8,118)	-	-	-
Routine capital expenditures	-	-	-	(60)	(80)	(100)
Transfer to the Club	-	-	-	(7,000)	-	-
Transfer from the Club	-	-	-	-	-	5,500
Net cash provided by (used in) investing activities	(2,548)	(77,774)	(90,144)	(7,060)	(80)	5,400
Cash flows from financing activities:						
Member equity contribution	3,194	13,978	-	-	-	-
Mezzanine Debt proceeds (1A and 1B)	-	30,093	-	-	-	-
Construction Loan proceeds (1A and 1B)	-	44,439	93,647	-	-	-
Financing costs-cost of sales	-	(2,587)	-	-	-	-
Deferred financing costs	-	(322)	-	-	-	-
Deferred interest-non-convertible notes payable	140	-	-	-	-	-
Deferred interest-notes payable - affiliates	211	18	-	-	-	-
Deferred interest-Mezzanine Debt (1A and 1B)	-	3,100	3,497	3,497	896	-
Payment of Private Loan	-	(3,460)	-	-	-	-
Payment of promissory notes	-	(700)	-	-	-	-
Payment of promissory notes - deferred interest	-	(140)	-	-	-	-
Payment of notes payable - affiliates	-	(4,211)	-	-	-	-
Payment of notes payable - affiliates deferred interest	-	(9,064)	-	-	-	-
Payment of Construction Loan (1A and 1B)	-	-	-	(133,912)	(4,174)	-
Payment of Mezzanine Debt (1A and 1B)	-	-	-	-	(30,093)	-
Payment of Mezzanine Debt deferred interest (1A and 1B)	-	-	-	-	-	(10,990)
Change in customer deposits held in escrow	8,626	10,049	1,832	(19,784)	(3,338)	(6,678)
Net cash provided by (used in) financing activities	12,171	81,193	98,976	(150,199)	(36,709)	(17,668)
Change in cash, investments, and restricted cash	\$ 8,606	\$ 3,373	\$ 8,832	\$ (11,690)	\$ (7,350)	\$ (10,434)
Cash, investments, and restricted cash beginning of year	9,312	17,918	21,291	30,123	18,433	11,083
Cash, investments, and restricted cash end of year	\$ 17,918	\$ 21,291	\$ 30,123	\$ 18,433	\$ 11,083	\$ 649
Cash, investments, and restricted cash reconciliation:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 15,094	\$ 11,083	\$ 649
Working capital	-	-	7,000	-	-	-
Customer deposits held in escrow	17,918	21,291	23,123	3,339	-	-
Cash, investments, and restricted cash end of year	\$ 17,918	\$ 21,291	\$ 30,123	\$ 18,433	\$ 11,083	\$ 649

Blue Ridge Retirement Partners, LLC
d/b/a Legacy at Mills River

Projected Balance Sheets
At December 31,
(in thousands of dollars)

	2024	2025	2026	2027	2028	2029
Assets						
Current assets:						
Cash and investments	\$ -	\$ -	\$ -	\$ 15,094	\$ 11,083	\$ 649
Accounts receivable, net	-	-	-	75	97	101
Prepaid expenses	-	-	-	15	20	21
Total current assets	-	-	-	15,184	11,200	771
Assets whose use is limited:						
Working capital	-	-	7,000	-	-	-
Customer deposits held in escrow	17,918	21,291	23,123	3,339	-	-
Total assets whose use is limited	17,918	21,291	30,123	3,339	-	-
Due from the Club	-	-	-	7,000	7,000	1,500
Development in process	13,321	85,735	166,559	166,559	166,559	166,559
Less: cost of sales	-	-	-	(140,575)	(166,559)	(166,559)
Development in process, net	13,321	85,735	166,559	25,984	-	-
Property and equipment	303	8,251	17,571	17,631	17,711	17,811
Less: accumulated depreciation	(139)	(143)	(147)	(366)	(804)	(1,248)
Property and equipment, net	164	8,108	17,424	17,265	16,907	16,563
Total assets	\$ 31,403	\$ 115,134	\$ 214,106	\$ 68,772	\$ 35,107	\$ 18,834
Liabilities and Members' Equity						
Current liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 44	\$ 60	\$ 62
Total current liabilities	-	-	-	74	60	62
Long-term liabilities						
Construction Loans (1A and 1B)	-	44,439	138,086	4,174	-	-
Private Loan	3,460	-	-	-	-	-
Promissory notes	700	-	-	-	-	-
Notes payable - affiliates	4,211	-	-	-	-	-
Mezzanine Debt (1A and 1B)	-	30,093	30,093	30,093	-	-
Deferred interest - non-convertible notes payable	140	-	-	-	-	-
Deferred interest - notes payable affiliates	9,046	-	-	-	-	-
Deferred interest - Mezzanine Debt (1A and 1B)	-	3,100	6,597	10,094	10,990	-
Deferred financing costs, net	-	(322)	(245)	(117)	-	-
Customer purchase deposits	17,918	27,968	29,800	10,016	6,678	-
Total liabilities	35,475	105,278	204,331	54,334	17,728	62
Members' equity (deficit)	(4,072)	9,856	9,775	14,438	17,379	18,772
Total liabilities and members' equity	\$ 31,403	\$ 115,134	\$ 214,106	\$ 68,772	\$ 35,107	\$ 18,834

Blue Ridge Retirement Partners, LLC d/b/a Legacy at Mills River

Summary of Significant Projection Assumptions and Rationale

General

The accompanying financial projection presents, to the best of the knowledge and belief of management of Blue Ridge Retirement Partners, LLC d/b/a Legacy at Mills River (“BRRP” or the “Corporation”) and Retirement Living Associates, Inc. (“RLA” and collectively with BRRP “Management”), the expected financial position, results of operations and changes in members’ equity (deficit), and cash flows of the Corporation as of and for each of the six years ending December 31, 2029. Accordingly, the accompanying financial projection reflects Management’s judgment as of May 16, 2024, the date of this projection, of the expected conditions and its expected course of action during the projection period assuming that the hypothetical assumptions stated below occur. However, even if the hypothetical assumptions stated below were to occur, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Management’s purpose in releasing this financial projection is for inclusion in the Corporation’s annual disclosure statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the prospective financial statements.

Basis of Presentation – The prospective financial statements included in the projection have been prepared in accordance with the accounting principles generally accepted in the United States of America. Significant accounting policies are described in the appropriate assumptions and notes to the prospective financial statements. The assumptions described are not all-inclusive.

Hypothetical Assumptions – A hypothetical assumption is an assumption used in a financial projection to present a condition or course of action that is not necessarily expected to occur, but is consistent with the purpose of the presentation. Hypothetical assumptions are not derived from sources, which are based upon supporting documentation such as contracts, agreements, or other empirical data. Management has prepared its financial projection assuming the following hypothetical assumptions:

- Construction, development, marketing, and other project related costs for the proposed senior living community (the “Community”) are similar to those assumed in the projection;
- The Corporation obtains financing at rates and terms similar to those assumed in the projection;
- The Corporation enters into a lease agreement with The Legacy at Mills River Club, Inc. at rates and terms similar to those assumed in the projection; and
- The Community’s independent living units and combination assisted living / skilled nursing units are successfully marketed and achieve and maintain projected occupancy levels.

Background of the Corporation - The Corporation was formed in 2010 as a limited liability company under the laws and regulations of the State of North Carolina. The Corporation consists of five members as follows: Grant Investment Group, LLC (“GIG”) (owning 46 percent interest); Triangle Retirement Investment, LLC (“TRI”) (owning 28 percent interest); Western North Carolina Retirement II, LLC (“WNC”) (owning 10 percent interest); GPS Investment, LLC (“GPS”) (owning 8 percent interest); and David W. Ammons Family Limited Partnership (“DWA”) (owning 8 percent interest).

GIG was formed in 2005 as a limited liability company under the laws and regulations of the State of North Carolina to acquire real property and to develop market and operate a continuing care retirement community (“CCRC”) located in Henderson County, North Carolina, to be known as “Legacy at Mills River” (the “Community”). TRI was formed in 2010 as a limited liability company under the laws and regulations of the State of North Carolina for the purpose of investing in the Community. WNC was formed in 2013 as a limited liability company under the laws and regulations of the State of North Carolina for the purpose of investing in the Community. GPS was formed in 2021 as a limited liability company under the laws and regulations of the State of North Carolina for the purpose of investing in and developing the Community. DWA was formed in 2002 as a limited partnership under the laws and regulations of the State of North Carolina for the purpose of investing in real estate and other investment opportunities including retirement related industries.

The Corporation is responsible for all pre-development, marketing and construction activities. As each residence is sold, fee simple title to the residence, as a condominium along with an undivided interest in the common areas, is transferred to the purchaser (the “Member”).

Community Description - The Community’s units are assumed to be developed and sold under an equity ownership model and are proposed to include, at full build-out of the initial phase, a total of 192 dwelling units, consisting of 65 apartments, 110 detached homes (collectively, the “Independent Living Units”), a 17-unit licensed combination assisted living/skilled nursing facility (the “Healthcare Center”) and various common spaces and amenities. Development is underway and construction of the Community is assumed to begin in August 2024. Phase I will be broken out into two subphases: Phase 1A and Phase 1B. Phase 1A is to include 40 patio homes and be funded from a Mezzanine Loan (the “Mezzanine Loan 1A”) and a senior revolving line of credit (the “Construction Loan 1A”). A separate financing of a second Mezzanine Loan (the “Mezzanine Loan 1B”) and a senior construction loan (the “Construction Loan 1B”) are expected to fund Phase 1B, which includes the remainder of the independent living units, the 34-bed health center, and community center. Management assumes the Community is to be substantially completed and available for initial occupancy in January 2027. The Mezzanine Loan 1A and the Mezzanine Loan 1B are collectively defined as the “Mezzanine Debt”. Construction Loan 1A and Construction Loan 1B are collectively defined as the “Construction Loans”.

Future development and construction of an expansion (“Phase II”) to the Community is assumed to occur at a future date to be determined. The plan of financing, construction, fill-up, and occupancy of Phase II is not certain. Therefore, the financial impact of Phase II is not included in Management’s projected financial statements.

The Legacy at Mills River Owners' Association, Inc and The Legacy at Mills River Club, Inc.

The Legacy at Mills River Owners' Association (the "Association") is assumed to be created in accordance with the North Carolina Condominium Act to manage the Community. The Association's revenue would be generated primarily through monthly association fees collected from Members of the Community.

The Legacy at Mills River Club, Inc. (the "Club") is assumed to be a North Carolina not-for-profit corporation created to manage the commonly owned property of the Community and to provide services to its Members as provided for in each owner's membership agreement (the "Membership Agreement"). These services would include the operation of the Community's healthcare center (the "Healthcare Center"), clubhouse and the residences. The Club will collect from the Members and pay to the Corporation an overhead fee of ten percent of the operating revenues of the Club and the Association for management and oversight services. The Club and the Association are collectively defined as the "Combined Entities".

Retirement Living Associates, Inc.

The Corporation has retained RLA, specialists in the management of CCRCs, to manage the daily operations of the Club and the Association and to provide development services for the Community.

Independent Living Units

The following table summarizes the type, number, approximate square footage, purchase price (“Purchase Price”) to be paid to the Corporation and monthly service fees (“Monthly Service Fee”) to be paid to the Club:

Table 1				
Proposed Project Independent Living Units				
Configuration and Fees				
Unit Type	Units	Sq. Ft.	Purchase Price ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Monthly Service Fees ⁽⁷⁾⁽⁸⁾
<u>Apartments</u>				
The Ironwood	12	811	\$503,000	\$2,830
The Alderleaf	2	1,266	\$800,600	\$4,033
The Birchpeak	2	1,266	\$800,600	\$4,033
The Cherrybud	3	1,519	\$942,200	\$4,504
The Timberfine	6	1,325	\$821,700	\$4,222
The Walnut	2	1,344	\$850,900	\$3,951
The Hickory	2	1,786	\$1,144,000	\$5,206
The Hawthorne	3	1,586	\$1,016,400	\$5,053
The Chestnut	3	1,583	\$1,007,400	\$5,044
The Cypress	3	1,355	\$847,100	\$4,317
The Olivescape	4	1,290	\$786,000	\$4,110
The Willowgreen	3	1,351	\$854,400	\$4,304
The Elmlace	4	1,592	\$1,006,700	\$5,072
The HeartPine	4	1,593	\$988,000	\$5,076
The Lacegreen	2	1,657	\$1,047,800	\$5,279
The Applemoss	2	1,946	\$1,230,600	\$5,729
The Plumbraid	2	2,195	\$1,414,700	\$5,900
Penthouse Marquet	6	1,171 - 2,330	\$828,700 - 1,477,100	\$7,010 - \$8,541
Total / Weighted Average Homes	65	1,447	\$903,643	\$4,633

Table 1 (continued)
Proposed Project Independent Living Units
Configuration and Fees

Unit Type	Units	Square Footage	Purchase Price ^{(1) (2) (3) (4) (5) (6)}	Monthly Service Fees ^{(7) (8)}
Homes				
The Huntington	17	1,208	\$734,500	\$3,224
The Brantwood	11	1,425	\$866,500	\$3,803
The Springcot	9	1,690	\$1,027,500	\$4,511
The Roycroft	42	1,645	\$1,000,200	\$4,391
The Penlee	16	1,820	\$1,106,700	\$4,858
The Maytham	1	2,075	\$1,261,700	\$5,539
The Bramhall	5	1,962	\$1,193,000	\$5,237
The Blackwell	6	2,429	\$1,477,000	\$6,483
The Standen	2	2,388	\$1,452,000	\$6,374
The Sledmere	1	1,970	\$1,197,800	\$5,258
Total / Weighted Average Homes	110	1,662	\$1,010,651	\$4,437
Grand Total / Weighted Average	175	1,582	\$970,905	\$4,510

Source: Management

- (1) The Purchase Price is assumed to increase 10% upon reaching 65% presales, an additional 10% upon reaching 75% presales, and remain in effect through December 31, 2028. The Purchase Prices are assumed to increase 3.5 percent annually thereafter.
- (2) Certain Independent Living Units are assumed to include an additional location premium depending on the location of the Independent Living Unit. The weighted average of the location premium is assumed to approximate \$20,500 per Independent Living Unit.
- (3) Finish upgrades are assumed to be available for the Independent Living Units. Management assumes approximately 83 Independent Living Units are to include upgrades. The average price to upgrade an Independent Living Unit is assumed to be \$60,000.
- (4) The Purchase Price for first generation Members includes a Continuing Care Fee (hereinafter defined) that entitles that Member to access healthcare services provided in the Healthcare Center at stated Daily Rates (hereinafter defined as the "Modified Option"). First generation Members have the option to pay an additional non-refundable monthly fee to access healthcare services provided in the Healthcare Center at a cost equal to the Monthly Service Fee for their Independent Living Unit, plus an additional \$920 per month (hereinafter defined as the "Life Care Option").
- (5) Future generation Members that purchase a resale Independent Living Unit must pay a Continuing Care Fee in order to receive healthcare services in the Health Center under the Modified Option and may elect to also pay for the Life Care Option. Management intends to offer an alternative lump-sum payment provision for the Life Care Option.
- (6) Upon closing on one's home purchase and signing the Membership Agreement, Residents are assumed to receive 15 eligible days in the Healthcare Center at no cost for room and board each year.
- (7) Monthly Service Fees shown are assumed to be in effect through December 31, 2024, and are assumed to increase 3.5 percent annually thereafter.
- (8) Second person Monthly Service Fees are \$950.

The Healthcare Center

The Healthcare Center is assumed to include a total of 17 combination healthcare units (“Combination Healthcare Units”), consisting of 34 licensed beds (“Combination Healthcare Beds”). Admittance is restricted to only those residents who have signed a Membership Agreement and provided fees in accordance with the terms of such agreement. The Combination Healthcare Units are designed to foster continued independence of residents who require varying levels of assistance with activities of daily living (“ADLs”).

The following table summarizes the type, number, approximate square footage and fees (“Daily Fees”) for the Healthcare Center:

Table 2
Healthcare Center Configuration

	Number of Units ⁽¹⁾	Square Footage	Daily Fees ⁽²⁾
Private Combination Nursing Healthcare Units	11	518	\$360
Private Combination Assisted Living Healthcare Units	6	518	\$220
Total / Weighted Average	17	518	\$311

Source: Management

- (1) The Community is assumed to be licensed for 34 beds and has capacity to provide double occupancy in all 17 of the Combination Healthcare Units as semi-private rooms.
- (2) First person Combination Healthcare Unit Daily Fees shown are assumed to be in effect through December 31, 2024. Subsequent years are assumed to increase at 3.5 percent annually.
- (3) Daily fees for skilled semi-private and assisted semi-private rooms will be \$300 and \$182 respectively.

Summary of Community Financing

Pre-development Financing

Management began developing the Community in 2010 through a combination of notes payable (the “Notes Payable”), a pre-development loan from a private lender (the “Private Loan” and collectively with the Notes Payable, the “Pre-development Loans”) and equity contributions. As of December 31, 2023, Management had approximately \$17,857,000 of Pre-development Loans and associated deferred interest outstanding. Management assumes additional deferred interest on the Pre-development Loans to accumulate through January 1, 2025, the date of the Phase IB Mezzanine Debt and Construction Loan financing. Management assumes pay off all outstanding Pre-development Loans and associated deferred interest with proceeds from the Phase 1B Mezzanine Debt and Construction Loan financing.

Resident Deposits

North Carolina General Statutes, Chapter 58, Article 64, section 35, allows CCRCs to begin construction when at least 50 percent of the independent living units to be built have been pre-sold, as evidenced by the receipt of deposits equal to at least 10 percent of the purchase price (the “Resident Deposits”). Upon reaching this level of pre-sales, up to 25 percent of total Resident Deposits collected as of that date may be used to fund Community costs. As of December 31, 2023, 58 percent of pre-sales have been reached. For purposes of the projection, Management assumes approximately \$6,677,000 of Resident Deposits are used to fund Community costs.

Summary of Financing

Total financial requirements for completion of the initial phase of the Community (Phase 1A and Phase 1B), including the payment of all outstanding Pre-development Loans and certain associated deferred interest are estimated to approximate \$201,526,000. The Corporation proposes to fund these financial requirements through a combination of Resident Deposits, Mezzanine Debt, Construction Loans, and equity contributions from membership interests in the Corporation. The equity contributions, Resident Deposits, Mezzanine Loan 1A and Construction Loan 1A are each assumed to be fully utilized prior to the first draw on the Mezzanine Loan 1B and Construction Loan 1B. Management has assumed the following sources and uses of funds in preparing the financial projection:

Table 3
Sources and Uses of Funds
(in thousands of dollars)

Sources of Funds:	
Construction Loans ⁽¹⁾	\$ 138,086
Mezzanine Debt ⁽²⁾	30,093
<hr/>	
Total New Borrowing	168,179
Deferred interest – Mezzanine Debt ⁽³⁾	6,597
Resident Deposits ⁽⁴⁾	6,677
Equity contribution ⁽⁵⁾	20,073
<hr/>	
Total Sources of Funds	\$ 201,526
<hr/>	
Uses of Funds:	
<u>Project-Related Costs:</u>	
Construction ⁽⁶⁾	\$ 124,995
Land ⁽⁷⁾	6,888
Site work ⁽⁸⁾	4,318
Architectural and engineering ⁽⁹⁾	4,042
Furniture and equipment ⁽¹⁰⁾	4,196
Marketing costs ⁽¹¹⁾	13,582
Development fees ⁽¹²⁾	2,500
Other project costs ⁽¹³⁾	620
Construction contingency ⁽¹⁴⁾	4,904
<hr/>	
Total Project-Related Costs	\$ 166,045
<u>Other Costs:</u>	
Working capital ⁽¹⁵⁾	16,842
<hr/>	
Total Other Costs	\$ 16,842
<u>Financing-Related Costs:</u>	
Interest – Notes Payable ⁽¹⁶⁾	368
Deferred interest – Mezzanine Debt 1A and 1B ⁽¹⁷⁾	6,597
Funded interest – Construction Loans 1A and 1B ⁽¹⁸⁾	8,765
Issuance costs ⁽¹⁹⁾	2,909
<hr/>	
Total Financing-Related Costs	\$ 18,639
<hr/>	
Total Uses of Funds	\$ 201,526

Source: Management

Notes to the Table:

- (1) Management estimates two Construction Loans consisting of approximately \$138,086,000 in total. Interest rates would range between 8.50 and 8.82 percent per annum. The Construction Loan 1A would be a rolling line of credit with total proceeds reaching \$54,243,000 with a maximum outstanding balance reaching approximately \$47,488,000.
- (2) Management estimates separate Mezzanine Debt financings as part of Phase 1A and Phase 1B to approximate \$30,093,000 in total with interest rates ranging from 11.25 and 12.00 percent per annum.
- (3) Deferred interest on the Mezzanine Debt during construction of the Community is estimated by Management to total approximately \$6,597,000
- (4) Management assumes approximately \$6,677,000 of Resident Deposits to be available for development of the Community, in accordance with North Carolina General Statute 58-64-35(a)(1).
- (5) Management estimates equity contributions would approximate \$20,073,000.
- (6) Construction costs are estimated to approximate \$124,995,000.
- (7) Land costs are estimated to approximate \$6,888,000.
- (8) Site work is estimated to approximate \$4,318,000.
- (9) Architectural and engineering costs are estimated to approximate \$4,042,000.
- (10) Furniture and equipment costs are estimated to approximate \$4,196,000.
- (11) Marketing costs related to the Community are estimated to approximate \$13,582,000 and include direct marketing costs, salaries and other promotional material.
- (12) Developer fees for the initial phase of the Community are estimated to approximate \$2,500,000.
- (13) Other project costs approximate \$620,000 and include a bond performance payment, expenses related to taxes, insurance, legal, and other professional fees.
- (14) Construction contingency is estimated to approximate \$4,904,000 which represents approximately three and one-half percent of total project costs.
- (15) Working capital needs are assumed to approximate \$16,842,000 consisting of approximately \$9,842,000 for costs through December 31, 2023 and \$7,000,000 to fund additional working capital during the projection period.
- (16) Interest associated with the Notes Payable from January 1, 2024, through the financing date of the Mezzanine Loan 1B is assumed to approximate \$368,000.
- (17) Deferred interest associated with the Mezzanine Debt during construction of the Community is estimated to approximate \$6,597,000.
- (18) Proceeds from the Construction Loans are assumed to fund approximately \$8,765,000 of the interest costs associated with the Construction Loans.
- (19) Cost of issuance related to the financing of the Mezzanine Debt and Construction Loans are assumed to approximate \$2,909,000 and include lender fees, accounting fees, legal fees, the feasibility consulting fee, the bond issuance fees, and other miscellaneous financing related costs (approximately 1 percent of total debt issued).

Development Agreement

Under a development agreement with RLA dated October 10, 2005, (as amended) (the “Development Agreement”), RLA will provide development consulting services associated with the Community. The term of the Development Agreement is from the effective date through completion of the Community and achievement of 50 percent occupancy. Total development fees of approximately \$5,000,000 are to be paid in installments based on milestone events, with the final portion paid when initial occupancy reaches 50 percent occupancy.

Resident Reservation Agreement

As the Community progresses, each prospective resident (“Resident”) is asked to enter into a reservation agreement (“Reservation Agreement”), select the type of Independent Living Unit desired and add to their Resident Deposit an amount equal to at least 10 percent of the Purchase Price of the selected Independent Living Unit. When the Community is 50 percent reserved, each Resident is to be asked to sign a purchase and sale agreement (the “Purchase and Sale Agreement” or the “Binding Agreement”) and pay an additional 10 percent of the Purchase Price. The remainder of the Purchase Price is payable by the Resident prior to occupancy of the Independent Living Unit. Each Independent Living Unit purchased from BRRP is responsible for a one time operating reserve deposit of approximately \$9,000 to the Association.

Eligible Days

Under the Binding Agreement, Residents are assumed to receive fifteen eligible days in the Healthcare Center at no cost for room and board each year (“Eligible Days”). A Resident may accumulate a maximum of thirty Eligible Days at any one time. Eligible Days do not accumulate when a Resident becomes a “permanent” resident in the Healthcare Center. Eligible Days are made available in semi-private room accommodations. In addition, the Resident is to be responsible for the cost of two extra meals per day plus nursing supplies, therapies, pharmacy, special duty nurses, personal laundry, rental of equipment, or other services upon special arrangement while utilizing Eligible Days.

Termination of the Agreements

Resident Deposits payable under the Binding Agreement shall be returned within five business days to the Resident upon one of the following four events:

- (a) Non-acceptance of Resident for residency at the Community.
- (b) Timely rescission of the Binding Agreement by the Resident.
- (c) Death or illness, injury or incapacity of the Resident which precludes his/her occupying an Independent Living Unit.
- (d) Cancellation by the Resident other than previously described, in which the Resident Deposit is returned to the Resident upon remarketing of the unit, and execution of a Purchase and Sale Agreement if construction has already begun.

Continuing Care Membership

If the Resident continues to require healthcare services at the Healthcare Center after utilizing all Eligible Days of care, then the Resident is required to become a “Continuing Care Member” and pay a one-time, non-refundable “Continuing Care Fee”. Continuing Care Members have the option to pay the applicable Daily Fee for healthcare services provided in the Healthcare Center (the Modified Option) or if the Resident had previously elected to pay an additional one-time non-refundable fee (the Life Care Option) the Resident may receive healthcare services in the Healthcare Center at a cost equal to the Monthly Service Fee for their Independent Living Unit, plus an additional \$920 per month.

The Continuing Care Fee is included in the Purchase Price for first generation Members (“Initial Members”) of an Independent Living Unit from BRRP. Initial Members may elect to also pay for the Life Care Option. In order for Resale Members of an Independent Living Unit (“Resale Members”) to receive healthcare services in the Healthcare Center, they must pay a Continuing Care Fee under the Modified Option and may elect to also pay for the Life Care Option.

Table 4
Continuing Care Fees

	Modified Option ⁽¹⁾⁽²⁾	Life Care Option ⁽¹⁾⁽²⁾
<i>Initial Members</i>		
Single occupancy	Included	\$ 22,000
Double occupancy	Included	\$ 33,000
<i>Resale Members</i>		
Single occupancy	\$ 32,000	\$ 22,000
Double occupancy	\$ 48,000	\$ 33,000

Source: Management

(1) The Continuing Care Fees shown are assumed to be in effect at Community opening.

(2) Future generation Members that purchase a resale Independent Living Unit must pay a Continuing Care Fee in order to receive healthcare services in the Health Center under the Modified Option and may elect to also pay for the Life Care Option. Management intends to offer an alternative lump-sum payment provision for the Life Care Option.

Continuing Care Membership Utilization

Assumed average Continuing Care Membership utilization is presented in the following table:

Years Ending December 31,	Initial Members		Resale Members			Total Members
	Modified Option ⁽¹⁾	Life Care Option ⁽¹⁾	Modified Option ⁽²⁾	Life Care Option ⁽²⁾	No Healthcare Center Access ⁽²⁾	
2027	69.7	23.3	0.7	0.2	0.1	94.0
2028	120.7	40.3	3.4	1.1	0.5	166.0
2029	119.2	39.8	4.7	1.6	0.7	166.0

Source: Management

- (1) Management assumes that approximately 75 percent of Initial Members select the Modified Option and 25 percent select the Life Care Option.
- (2) Management assumes that approximately 67.5 percent of Resale Members select the Modified Option, 22.5 percent select the Life Care Option and 10 percent will not select either contract type and no Continuing Care Fee will be received.

Summary of Significant Accounting Policies

Basis of Accounting – The Corporation is assumed to maintain its accounting and financial records according to the accrual basis of accounting.

Use of Estimates – The preparation of prospective financial statements in conformity with 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 prospective financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Member's Equity – Equity has been provided by the Corporation's five members, GIG, TRI, WNC, GPS, and DWA.

Cash and Investments – Cash and investments, excluding those classified as assets limited as to use, include certain investments in highly liquid instruments with original maturities of three months or less when purchased.

Restricted Cash – The Corporation has implemented FASB ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end of period total amounts shown on the statement of cash flows. The provisions of FASB ASU No. 2016-18 are effective for the purpose of Management's projection.

Deferred Costs – Costs associated with the issuance of the related financing are assumed to be capitalized and amortized over the expected life of the debt using the effective interest method. Debt issuance costs are netted against the related debt on the projected balance sheet and the amortization is included in interest expense on the projected statement of operations.

Income Taxes – The Corporation has elected and its five members have consented to be treated as a partnership for income tax purposes. The Corporation's taxable income, its losses, and other pass-through items will be reported on the members' tax returns. Accordingly, no provision for income taxes has been included in the projection.

Leases – The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Lease Accounting Standard in February 2016. ASU 2016-02 all leases with lease terms over twelve months to be capitalized as a right-of-use asset and a lease liability on the balance sheet as the date of lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of operations. For purposes of the projection ASU 2016-02 has been implemented by the Corporation.

Summary of Operating Revenue Assumptions

Sale of Homes and Parking Spaces – Management assumes revenues will be generated by the sale of Independent Living Units to Residents under the Purchase and Sale Agreement. The Purchase Price is recognized at the time of the sale, with a corresponding reduction for cost of units sold. Management assumes to sell 90 covered parking spaces for the Independent Living Units at a price of approximately \$5,000 per space in 2026 dollars.

Assumed Independent Living Unit Utilization

Residents are assumed to begin moving into completed Independent Living Units in January 2027. The following table summarizes the monthly sales of the Independent Living Units.

Fiscal Year/Month	Monthly Total	Cumulative Total	Cumulative Percentage ⁽¹⁾
FY 2027			
January	25.0	25.0	14.3%
February	16.6	41.7	23.8%
March	16.6	58.3	33.3%
April	16.6	74.9	42.8%
May	16.6	91.5	52.3%
June	13.8	105.5	60.3%
July	10.5	116.0	66.3%
August	8.8	124.8	71.3%
September	7.0	131.8	75.3%
October	5.4	137.2	78.4%
November	5.3	142.5	81.4%
December	5.3	147.7	84.4%
FY 2028			
January	5.3	153.0	87.4%
February	5.3	158.2	90.4%
March	5.3	163.5	93.4%
April	5.3	168.7	96.4%
May	3.5	172.2	98.4%
June	2.8	175.0	100.0%
Total	175.0		100.0%

Source: Management

(1) Management assumes that 100% of the Independent Living Units will be sold. Management assumes that Monthly Service Fee revenue will be based on 95% occupancy.

Turnover of Independent Living Units is assumed to be 1.5 percent in 2027, 3.0 percent in 2028, 4.0 percent in 2029, and increasing by approximately 0.5 percent annually thereafter.

Commons and HC Center Lease Revenue – Upon opening, the Combined Entities and BRRP are expected to enter into a lease agreement for use of the common areas and the Healthcare Center (the “Commons and HC Center Lease”). The Commons and HC Center Lease is assumed to include an approximate \$22,361,000 present value of lease payments due to BRRP over a 25-year assumed lease term, discounted at 2.00 percent (“Present Value”). Management assumes The Combined Entities will be assessed a lease fee for the use of the Healthcare Center and other common areas owned by the Corporation, based on the market value of the leased space (the “Lease Fee”). The Lease Fee at full occupancy is approximately \$900,000 annually upon Community opening. Management assumes the Lease Fee would increase 2.0 percent beginning January 1, 2027 and annually thereafter.

Continuing Care Fee Revenue – Management assumes the Club will be assessed continuing care fees which are collected by the Club from Resale Members (the “Continuing Care Fees”). For the purpose of Management’s projection, the Continuing Care Fees paid to the Corporation is assumed to include \$20,000 for each Modified Option Continuing Care Fee collected by the Club from Resale Members and \$30,000 for each Life Care Option Continuing Care Fee collected by the Club from Resale Members.

Assumed Combination Healthcare Unit Utilization

Management assumes the 17 Combination Healthcare Units will achieve 100 percent occupancy by March 31, 2029. To accommodate additional Members once the Combination Healthcare Units are fully occupied, double occupancy is assumed to provide additional capacity in the Combination Healthcare Units beginning April 1, 2029. The following table summarizes the projected utilization of the Combination Healthcare Units and Combination Healthcare Beds.

Years ending December 31,	Occupied Units	Occupied Beds	Available Units	Available Beds	Occupied Units %	Occupied Beds %
2027 ⁽¹⁾	8.6	8.6	17.0	34.0	50.7%	25.3%
2028	13.8	13.8	17.0	34.0	89.9%	40.7%
2029 ⁽²⁾	17.0	20.0	17.0	34.0	100.0%	58.9%

Source: Management

(1) Management assumes that the Community’s Combination Healthcare Units to be available for occupancy beginning January 1, 2027.

(2) The Community plans to be licensed for 34 beds and has capacity to provide double occupancy in all 17 of the Combination Healthcare Units.

Management Fee Revenue – Management fee revenues will be generated from annual management fees assessed to The Club, equal to 10 percent of total Club and Association annual revenue (“Management Fees”).

Cost of Sales – Cost of sales for homes sold includes specific construction costs of each Independent Living Unit and all applicable land acquisition, land development and related costs (both incurred and estimated to be incurred) allocated to each residential lot based upon the total number of Independent Living Units expected to be sold.

Summary of Operating Expense Assumptions

Management Expense – The Corporation is assumed to pay RLA a management fee for the day-to-day operations of The Club equal to 50 percent of the Management Fees earned from The Club.

Fixed Assets

Development in Process – Development in process comprises all costs incurred to design, construct, develop, and market the Independent Living Units and is stated at cost. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. Development in process is a cost repository used to determine the cost of sales as a Resident makes a purchase.

The Corporation’s development in process costs during the projection period is summarized in the table below.

Years Ending December 31,	2024	2025	2026	2027	2028	2029
Development in process, beginning balance	\$ 10,932	\$ 13,373	\$ 85,684	\$ 166,559	\$ 166,559	\$ 166,559
Construction costs	1,272	59,792	65,146	-	-	-
Capitalized interest, net	-	3,907	7,485	-	-	-
Marketing costs	1,117	6,025	6,025	-	-	-
Financing costs	-	2,588	-	-	-	-
Development in process	13,321	85,735	166,559	166,559	166,559	166,559
Less: cost of sales	-	-	-	(140,575)	(166,559)	(166,559)
Development in process, ending balance	\$ 13,321	\$ 85,735	\$ 166,559	\$ 25,984	\$ -	\$ -

Source: Management

Property and Equipment– Property and equipment is stated at cost less accumulated depreciation. Contributed property is recorded at the estimated fair value at the date of receipt. Depreciation is computed under the straight-line method and is based on estimated useful lives from 5 to 40 years using the straight-line method. The cost of maintenance and repairs is expensed as incurred. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

The Corporation's property and equipment costs, net of accumulated depreciation, during the projection period are summarized in the table below.

Table 9
Schedule of Property and Equipment
(In thousands of dollars)

Years Ending December 31,	2024	2025	2026	2027	2028	2029
Property and equipment, gross						
beginning balance	\$ 144	\$ 303	\$ 8,251	\$ 17,571	\$ 17,631	\$ 17,711
Construction costs	159	7,448	8,331	-	-	-
Routine capital expenditures	-	-	-	60	80	100
Capitalized interest, net	-	500	898	-	-	-
Property and equipment, gross	303	8,251	17,571	17,631	17,711	17,811
Accumulated depreciation	(139)	(143)	(147)	(366)	(804)	(1,248)
Property and equipment, net						
ending balance	\$ 164	\$ 8,108	\$ 17,424	\$ 17,265	\$ 16,907	\$ 16,563

Source: Management

Long-Term Debt and Interest Expense

Notes Payable and Promissory Notes

Management has assumed Notes Payables and Promissory Notes of approximately \$5,051,000 and deferred interest on the Notes Payables and Promissory Notes of approximately \$9,064,000 are to be paid from a combination of equity, Construction Loan 1B, and Mezzanine Loan 1B proceeds in January 2025.

Private Loan

Management has assumed a facility note payable under a \$3,460,000 loan agreement ("Private Loan") to a private lender dated August 2, 2017, and amended September 8, 2021, with initial funding of \$1,500,000 and periodic draws during term and monthly interest only payments at 10.00 percent. Management assumed that the Private Loan is to be paid from a combination of equity and Mezzanine Loan 1B proceeds in January 2025.

Construction Loans

As previously described, Management has assumed that a portion of the pre-development and initial construction costs for the Community will be financed with the Construction Loans with the lenders to be determined. As part of Phase 1A, Construction Loan 1A is assumed to be a senior revolving line of credit with total proceeds reaching \$54,243,000 during construction with a maximum outstanding balance reaching approximately \$47,488,000. Construction Loan 1A is expected to begin July 1, 2024 and to be paid off with Purchase Price proceeds from the Estate and Village Homes beginning April 1, 2027 with a final payment on December 1, 2027. Management assumes the Construction Loan 1A would have an assumed average annual interest rate of 8.82 percent.

As part of Phase 1B, Construction Loan 1B, a long-term senior construction loan is assumed to be drawn down over a period of 24 months at an assumed annual interest rate of 8.50 percent. The Construction Loans are assumed to be paid off with Purchase Price proceeds beginning April 2027

with the final principal payment made in December 2027. For purposes of the projection, the effective interest rate on the Construction Loans is assumed to be 8.65 percent per annum.

Mezzanine Debt Financing

As previously described, Management has assumed that a portion of the pre-development and initial construction costs for the Community will be financed with the Mezzanine Debt, with the lenders to be determined. As part of Phase 1A, Mezzanine Loan 1A is assumed to approximate \$15,243,000 with an assumed average annual interest rate of 11.25 percent and an assumed beginning draw of July 1, 2024. As part of Phase 1B, Mezzanine Loan 1B would approximate \$14,850,000 with an assumed average annual interest rate of 12.00 percent and an assumed beginning draw on January 2025.

Management assumes interest on the Mezzanine Debt to accrue monthly with payment deferred until fiscal year 2029. Principal on the Mezzanine Debt is assumed to be paid with Purchase Price proceeds beginning December 2027 with the final principal payment made in June 2028. For purposes of the projection, the effective interest rate on the Mezzanine Debt is assumed to be 11.62 percent per annum.

The following table presents the projected annual debt service on the Construction Loans and the Mezzanine Debt during the projection period.

Table 10
Schedule of Annual Debt Service
(in thousands of dollars)

Fiscal Year Ending December 31,	Construction Loans		Mezzanine Debt		Total Debt Service
	Principal	Interest	Principal	Interest	
2024	\$ -	\$ -	\$ -	\$ -	\$ -
2025	-	1,409	-	-	1,409
2026	-	7,357	-	-	7,357
2027	133,912	7,275	-	-	141,186
2028	4,174	30	30,093	-	34,297
2029	-	-	-	10,990	10,990
Total	\$ 138,086	\$ 16,070	\$ 30,093	\$ 10,990	\$ 195,238

Source: Management

Investment Partners

While the Corporation may seek or admit additional equity investment partners (“Investment Partners”) to develop the Project, Management is not assuming new Investment Partners during the projection period.

Transfer to Club - Upon completing Phase 1 in January 2027, the Corporation is assumed to transfer approximately \$7,000,000 (the “Transfer”) to the Club to ensure the Club achieves and maintains appropriate reserves. Transfers from the Club to the Corporation are to be from operating cash flows. Based on the operating performance projected, Management assumes the Club would be able to transfer approximately \$5,500,000 to the Corporation during fiscal year 2029. It is assumed that the remaining \$1,500,000 would be transferred in the following fiscal year.

Current Assets and Current Liabilities - Operating expenses as used below exclude amortization, depreciation and interest expense. Operating revenue includes management fees and lease fees. Working capital components have been estimated based on Management’s historical experience as follows:

Table 11

Working Capital

Accounts receivable	15	days operating revenues
Prepaid expenses	10	days operating expenses
Accounts payable	30	days operating expenses
Other accrued liabilities	15	days operating expenses

Source: Management

Going Concern Considerations

The Corporation's audited financial statements as of and for the year ended December 31, 2023, included a note disclosure which stated there was substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time due to a deficit in members' equity and dependency on member contributions to finance development activities.

The Corporation anticipates securing permanent financing to complete the development plan for the Community upon achievement of a pre-determined number of presales. At December 31, 2023, the Company reported 58.9 percent or 103 of the 175-independent living units reserved with binding agreements. The Company has obtained at least 50% of the 175-independent living units reserved with binding agreements in order to meet the North Carolina Department of Insurance approval to seek permanent financing as of December 31, 2023.

For purposes of this presentation, Management has assumed the following Hypothetical Assumptions, the occurrence of which is assumed to alleviate the adverse conditions which give rise to substantial doubt:

- The Corporation funds interim marketing efforts, Community-related costs and other operating costs prior to permanent financing; and,
- The Corporation obtains permanent financing at rates and terms similar to those assumed in the projection.