

DISCLOSURE STATEMENT (INFORMATION BOOKLET)



PLANTATION VILLAGE

Keep on loving life

**1200 Porters Neck Road
Wilmington, North Carolina 28411
(910) 686-7181**

**Marketing Office: 1-800-334-0240 (inside NC)
1-800-334-0035 (outside NC)**

Plantation Village must deliver a Disclosure Statement to a prospective resident prior to or at the time a prospective resident executes a Residency Agreement to provide continuing care, or prior to or at the time a prospective resident transfers any money or other property to Plantation Village, whichever occurs first.

Plantation Village, like all other continuing care retirement communities in the State of North Carolina, is subject to the Continuing Care Retirement Communities Act. 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.

July 31, 2020

Unless earlier revised, the Village intends for this Disclosure Statement to remain effective until December 28, 2021.

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INTRODUCTION

Plantation Village (the "Village") brings to residents of the southeast North Carolina area, who are age 62 and over, a way of retirement living known as "continuing care." This concept offers retirees a life-style which is designed to meet their unique needs while allowing them the freedom to pursue their personal interests. As a continuing care community, the Village encompasses these important components: a private residence, a wide array of personal services, assisted living in Champions Assisted Living (or alternate facility), and nursing care in the Davis Health Care Center (or alternate facility). The Village is owned by Plantation Village, Inc. (the "Provider," "we," "us," or "our"), a North Carolina not-for-profit corporation which is committed to providing a quality senior living community that is fiscally sound and genuinely responsive to resident needs.

One of the purposes of this Disclosure Statement (Information Booklet) is to explain to prospective residents, their families, and their advisors who and what is involved in the operation of the Village. This Disclosure Statement was prepared on the basis of information available at the time of its publication and assumptions which were believed to be realistic as of that date. Such information and assumptions are, of course, subject to change and, in particular, are significantly affected by changes in inflation and interest rates. Because of future changes in circumstances, we expect that changes in the operation of the Village may be necessary.

Since nontechnical language has been used in this Disclosure Statement, the text of this booklet and the language of the Residency Agreement signed by a resident may not be the same. Although this Disclosure Statement details the provisions of the Residency Agreement, the Residency Agreement serves as the sole binding contract between the resident and us.

We are pledged to the letter and spirit of U.S. policy for 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/disability or national origin.

I. THE PEOPLE

PLANTATION VILLAGE, INC.

Plantation Village, Inc. is a North Carolina not-for-profit corporation organized for the purpose of owning and operating a continuing care senior living community. Its principal business address is 1200 Porters Neck Road, Wilmington, North Carolina 28411. A principal intent behind the operation of the Village is to provide a quality retirement life-style.

Plantation Village, Inc. was incorporated on September 22, 1982, and received recognition as an organization exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code. It has also qualified for exemption from franchise tax and State income tax under Sections 105-125 and 105-130.11(a)(3), respectively, of the General Statutes of North Carolina. No part of Plantation Village, Inc.'s earnings may be used for the benefit of, or be distributed to, its directors, officers or other private individuals.

Plantation Village, Inc. is not affiliated with any religious, charitable or other not-for-profit organization. It is a member of LeadingAge (formerly the American Association of Homes and Services for the Aging) and LeadingAge North Carolina (formerly the North Carolina Association of Non-Profit Homes for the Aging).

The Board of Directors of Plantation Village, Inc. currently consists of 12 members. The officers and directors serve without compensation for the good of the community. The officers or directors, nor any person involved in the management of the Village, do not have any proprietary interest in Plantation Village, Inc. There is not any professional service firm, association, trust, partnership or corporation, in which the Executive Director or any member of the Board of Directors has a 10 percent or greater interest in and which it is presently intended shall currently or in the future provide goods, leases or services to the Village or to residents of the Village, of an aggregate value of \$500 or more within any year. Further there is not any professional service firm, association, trust, partnership, or corporation that currently provides any goods, leases or services of an aggregate value of \$500 or more within any year to the Village or to the residents of the Village that has a 10% or greater interest in any officer, director or management staff (including the Executive Director). The officers and directors for Plantation Village, Inc. are as follows:

President and Director

Kim Nelson – 8703 Thornblade Circle, Wilmington NC 28411. Kim Nelson received a degree in Biology from Temple University in Philadelphia and started a career in the pharmaceutical industry that lasted 29 years. During this time her areas of focus included strategic planning, project management, clinical development, risk management, and market optimization. Kim retired in 2014 and has refocused her efforts in making a meaningful difference in her community. She is Secretary of the Board and Development/Fundraising Chair for the Blue Ribbon Commission on the Prevention of Youth Violence, Planning and Investment Team member and founding member of the Women's Leadership Council for the United Way of the Cape Fear Area's, co-chair of the WHQR emPowering Our Future campaign, and board member of the Wilmington Executives Club. She is on Advisory Boards for the Assistance League of Greater Wilmington, City Club de Rosset, and MARBIONC. Previous board and professional appointments include President of the North Carolina Chapter of the Healthcare Businesswomen's Association, Division Governor in North Carolina for Toastmasters International, Cape Fear Literacy Council board member and gala chair, Projects Chair for Leadership Wilmington Class of 2010, Secretary/Treasurer Sailors Haven Homeowners Association, and President Wilmington Women in Business (Delaware).

Treasurer and Director

Charles L. Earney – 710 Military Cutoff Road, Suite 250, Wilmington, NC 28405. Charles L. Earney, has been a practicing CPA for over 40 years. He is currently managing partner of Earney & Company, L.L.P. which was founded in 1982 and specializes in tax and financial statement related services for individual, business and tax-exempt entities. He retired in 2010 from the University of North Carolina-Wilmington as a tenured assistant professor of accounting. He previously was an audit manager for 10 years at Arthur Andersen & Company in Milwaukee and Charlotte, specializing in hospitals and insurance entities. He has been President and Treasurer of Plantation Village, and Treasurer of Lower Cape Fear Hospice and Hospice at Charlotte. He is currently President of Howe Creek Landing Owner's Association and Treasurer of the Village of Mayfaire Condominium Association and Smile for a Lifetime. He is on the advisory boards of Newbridge Bank, NHRMC Foundation, and Penn Foster College.

Secretary and Director

Robert Mitchell – 902 Long Cove Court, Wilmington NC 28405. Bob Mitchell received a BS in Accounting from Northwestern University and an MBA from Indiana University, with a triple major in Finance, Marketing and Administration. His entire career was focused on the Treasury Departments of major NYSE, NASDAC, and a privately held firm – Gulf Oil Corporation, Household International, PHH, GATX and Ingram Industries. As a VP & Treasurer, he had a broad portfolio of financial responsibilities. Spare time activities included helping establish a volunteer Fire/Rescue organization in Texas, EMS organization in a Pittsburgh suburb (EMT training), and a Community Emergency Response Team (CERT) here in Wilmington, serving on Boards of these non-profit organizations. He mentors students for the Cameron Executive Network and guest lectures at the Cameron School of Business.

Emeritus and Director

Jack Fuller – 8700 Thornblade Circle, Wilmington, NC 28411. Mr. Fuller obtained his degree in aeronautics and mathematics from Miami University, and spent 39 years with GE Corporation, most recently as the CEO of GE Hitachi Nuclear in 2007 with worldwide operations. He has been an active board member with the United Way of the Cape Fear Area, UNCW Advisory Committee of Cameron Business, New Hanover Regional Medical System, Advisory to Holtec International, Ozz Clean Energy, and UpWind Energy.

Director

Barbara Biehner – 101 Buckeye Drive, Wilmington NC 28411. Barbara Biehner is currently the Administrator of the Eastern Carolina Veterinary Referral Animal Emergency and Trauma Hospital. She has also been on the faculty of UNCW's Cameron School of Business since 2005 as an Executive in Residence and the Director of External Programs. Ms. Biehner spent 27+ years in health care management for hospitals and a specialty pharmacy distribution company as: Senior Vice President, Accredo Health, Inc., Memphis, TN, responsible for partnership operations, partnership development, strategic planning, human resources, corporate purchasing and property management and community foundation; Chief Executive Officer, Bon Secours-Holy Family Regional Health System, Altoona, PA, a 180-bed acute care facility with geropsychiatric, rehabilitative and skilled care units; Senior Manager, Consulting Division, Child Health Corporation of America, Shawnee Mission, KS; Executive Director, Children's Healthcare Services, Inc. and Director, Children's Health Network, Inc., both part of Arkansas Children's Hospital, Little Rock, AR; Chief Operating Officer and Senior Vice President of Children's Hospital of The King's Daughters, Norfolk, VA; President of Spectrum Unlimited, Inc., Norfolk, VA; Vice President, Planning and Business Development, Children's

Hospital National Medical Center, Washington, DC; Director, Corporate Development, Bon Secours Health System, Columbia, MD; Acting President, Alliance Health Services Corporation (now Sentara Health System), Norfolk, VA; Assistant Administrator, Chesapeake General Hospital, Chesapeake, VA.

Director

Virginia Carter – PO Box 7068, Wilmington NC 28406. Virginia Carter received her J.D. from Duke University Law School and her B.A. from Washington and Lee University. As an attorney with Ward and Smith, P.A., she practices in the area of estate planning and estate administration. She works with clients on all components of estate plans, including wills, trusts, powers of attorney, and living wills. Ms. Carter also works with clients to implement planning to reduce or eliminate estate taxes, and advises individuals, families, and closely-held business owners on estate and business succession planning issues. Before moving to Wilmington, Ms. Carter worked in Gibson, Dunn & Crutcher's New York office on a wide range of business law matters and corporate transactions. She serves as Secretary/Treasurer of the New Hanover County Bar Association, is a member of the New Hanover County Estate Planning Council and is a graduate of Leadership Wilmington.

Director

Stan Nawrocki – 8243-2 Blue Heron Drive East, Wilmington, NC 28411. Stan Nawrocki received a B.A. degree from St. Joseph's College in Rensselaer, Indiana. He taught Jr. High School math for 7 years and then began his banking career at numerous banks, eventually becoming the COO and Executive Board member of Barclays bank of New York. He has also worked as an independent consultant to improve operations and profitability at banking installations in New Jersey, Arkansas, California, and Oklahoma. Stan joined First Washington Consulting, where he worked in Warsaw Poland with the Polish Bankers Association, National Clearing House, Polish National Bank, and principal banks to improve payment systems for Poland's desired membership in the European Union. Stan and his wife Peggy moved to Landfall Community in Wilmington, where he volunteered on Property Owners' finance, building and grounds, and nominating committees. He served as the treasurer of Landfall Foundation, on the finance committee of the Country Club of Landfall, as the treasurer of Kenan Chapel Board and as Vice President. They moved to Plantation Village in 2014.

Director

Joanne Rockness – 8424 Bald Eagle Lane, Wilmington NC 28411. Joanne Rockness received a BS, MA, and MBA in mathematics and accounting from Western Michigan University and a PhD in Business Administration/ Accounting from UNC-Chapel Hill. She is a licensed CPA in North Carolina. Joanne spent 10 years as a professor in the College of Management at NCSU also serving as Associate Dean. She joined the UNCW Cameron School of Business in 1993 as the Cameron Professor of Accounting retiring from UNCW in 2014. She taught continuing education classes in business ethics for all the major CPA firms and many corporations for the past 25 years. Joanne has served on the following boards: UNCW Master of Science in Accounting, North Carolina Association of CPAs, Porters Neck Country Club, and Seapath Yacht Club.

Director

Rhonda Bellamy – 221 N. Front Street - #101, Wilmington NC 28401. Rhonda Bellamy is the founding executive director of the Arts Council of Wilmington and New Hanover County. Rhonda is presently on the North Carolina Aquarium at Fort Fisher Community Advisory Board and UNCW's MPA Community Advisory Committee. She is a past board member of Arts North Carolina, Cameron Art Museum, New Hanover County Library Foundation, Wilmington Downtown Inc., Cape Fear Habitat for Humanity, the Eastern Area Radio Reading Service, and Domestic Violence Shelter and

Services. In addition to being a charter member of the City of Wilmington's African-American Heritage Commission and the Azalea Festival Multicultural Committee, Rhonda was also a founding instructor at the Dreams Center for Arts Education. A co-founder of the Black Arts Alliance, Inc., Rhonda founded the organization's signature North Carolina Black Film Festival, which has honored her with its Lifetime Achievement Award.

Director

Tom Walsh – 2131 2131 S. 17th Street, Wilmington NC 28401. Thomas Walsh joined New Hanover Regional Medical Center as Vice President – Network Facilities and Support Services on January 9, 2007. Mr. Walsh's responsibilities include Plant Operations, Maintenance, Grounds, Construction Services, Environmental Services, BioMedical Engineering, Company Police, Safety Services, Volunteer Services, and Food and Nutrition Services, as well as management of a 2 million square feet of space. During his tenure the organization has completed several master plans including the construction of, Women's Children's hospital. A new Surgical Suite addition, complete renovation of the current patient tower, ED North (free standing Emergency Room), service line development and expansion plan through the seven-county area. The latest project includes replacement facility for the Orthopedic Hospital. Mr. Walsh worked at various hospitals in the Chicago market. He began his healthcare career in 1975 as an Environmental Services employee, while working towards his Bachelor of Science degree in Healthcare Management at the University of Southern Illinois. He has developed his healthcare career with a focus on strategic facilities planning, service excellence, and developing collaborative relationships throughout the healthcare organization. Mr. Walsh was a Studer Group presenter on a national level focusing on service excellence and leadership skills and is devoted to service excellence. He was responsible for developing and presenting leadership education for New Hanover Regional Medical Center. He is a member of the American College of Healthcare Executives. His community service activities include GLOW Academic Development Committee, Habitat for Humanity, United Way, and American Heart Association.

Director

Anne Glass – UNCW Health & Human Svcs, 601 South College Road, Wilmington NC 28403-5685. Anne Glass is a professor and Gerontology Program Coordinator in the College of Health and Human Services at UNCW. Prior to that, she spent 10 years at the University of Georgia, where she was the Associate Director of the Institute of Gerontology in the College of Public Health. She has also worked with government agencies and a large healthcare system. She is a leading researcher in the new field of elder cohousing and is especially interested in the potential for older adults to provide mutual support to each other. She is also exploring ways that communities can facilitate this process and become more age friendly, as well as how older adults decide to age in place or make a move. Her other major research focuses on promoting innovation in long-term care settings and improving end-of-life care. Dr. Glass teaches a course on death, dying, and bereavement, and frequently speaks on these topics. She is also trained as a hospice volunteer.

Director

Tolga Cankurtaran – 2231 2231 Deep Woods Drive, Wilmington NC 28405. Cankurtaran was appointed Senior Director, Operations of the North Carolina State Ports Authority in November of 2017. Reporting to the Chief Operating Officer, Mr. Cankurtaran is responsible for managing the Port's rail operations, inland port in Charlotte, NC and procurement group. Prior to this position, Mr. Cankurtaran served as the Director, Strategy and Performance since April of 2015. Reporting to the Chief Executive Officer, he was responsible for the management of the Port's strategy implementation to include business analysis and process improvement functions. Mr. Cankurtaran has over 18 years of experience in terminal management and container shipping industries having worked in both domestic

and international trades. Prior to joining the Port, he spent 11 years with Horizon Lines holding various positions and most recently served as Senior Director, Strategic Planning & Business Development where he provided leadership in revenue and margin improvement, execution and support of strategic growth plans, and cost reduction/continuous improvement initiatives. Mr. Cankurtaran was also instrumental in leading cross-functional teams through project implementation. Mr. Cankurtaran holds a bachelor's degree in Finance from Indiana University of Pennsylvania and earned his MBA at the University of North Carolina at Charlotte in Management and Finance

Health Care Advisor -

Dr. Audrey Surak – 1013 Porters Neck Rd, Suite 100, Wilmington NC 28411.

Resident Council Representative

Ed Seidel –, 8123 Blue Heron Drive East #B312, Wilmington NC 28411.

Resident Council Representative

Ron Foster –7919 Blue Heron Drive West #302, Wilmington NC 28411.

The Board of Directors has the overall responsibility for the Village. Some of its primary duties involve the review and approval of building design, capital expenditures, operating budgets, and monitoring the Village's financial condition. The Board also adopts and approves the personnel policies for Village employees, annually reviews the insurance coverage on the Village's property and personnel, and contracts for and supervises the provision of legal and accounting services to the Village. Operational policies for the Village and criteria for resident admissions are subject to approval and periodic review by the Board of Directors. The Board also approves and monitors all building and expansion programs, as well as monitors compliance with the budget and the performance of the Village and its management. These activities are carried out by means of reports, studies, and on-site inspections. No other person or entity referred to herein has assumed any financial responsibility for the fulfillment of the Village's agreements, except as otherwise expressly stated.

Neither the Executive Director nor any member of the Board of Directors (i) has been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable or enjoined in a civil action by final judgment for a felony or civil action involving fraud, embezzlement, fraudulent conversion or misappropriation of property; or (ii) is subject to a currently effective injunction or restrictive court order, or within the past five years has had any State or Federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relative to the business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged or facility subject to Section 58-64, North Carolina General Statutes, or similar law in another state.

RESIDENT COUNCIL

Administration assisted residents in establishing a Resident Council and its bylaws. The residents annually elect a council of representatives, which, in turn, forms committees in various areas of concern to inform administration. Monthly meetings are held to facilitate communication among residents, administration, and the Board of Directors.

LIFE CARE SERVICES LLC

We have retained Life Care Services LLC ("Life Care Services") to manage the Community. Life Care Services is a wholly-owned subsidiary of Life Care Companies LLC ("LCS"), an Iowa limited liability company.

LCS is a nationally recognized leader in the development, marketing and management of senior living communities throughout the United States. Since 1971, LCS has been instrumental in the planning, developing, marketing and managing of senior living communities throughout the United States. Management services are provided through Life Care Services, and it currently manages more than approximately 135 communities serving over 33,000 residents in 31 states (see Exhibit A attached to this Disclosure Statement).

Principal officers of LCS include Mr. Joel Nelson, Mrs. Diane Bridgewater, Mr. Rick Exline, Mr. Jason Victor, and Ms. Jill Sorensen.

Joel Nelson, President and CEO

Joel is president and chief executive officer of LCS, the 2nd largest senior living operator, which includes not-for-profit and for-profit assets across the continuum of senior living. He is an experienced leader in governance within the industry, including all phases of real estate acquisition, development, operations, and marketing and sales. Joel is responsible for executing the business strategy across the six business lines in the LCS Family of Companies. He thrives on driving business growth, achieving service excellence, and enhancing the company's stability and value among financial partners, property owners, and other stakeholders in the senior living field. Currently, Joel serves on the board of managers for Life Care Companies, LCS Holdings, is past-chair and a current member of the Investment Committee. Outside of LCS, Joel is a member of the National Investment Center (NIC) operator advisory board, and the Central Iowa Alzheimer's Association board. He is also past chair and current board member of ChildServe, Inc., one of Des Moines largest not-for-profit organizations serving children and families with complex health care needs. Joel earned a Bachelor of Science degree in health service administration from Simpson College.

Mrs. Diane Bridgewater is Executive Vice President/Chief Financial and Administrative Officer of LCS. Diane joined the organization in 2006 after filling several executive level positions with Pioneer Hi-Bred International, a DuPont Company. In her years with Pioneer, she held a number of operational and financial roles including: Chief Financial Officer, Vice President and Business Director for North America, Director of Customer and Sales Services for Seed and Crop Protection, Worldwide Finance Director, and other roles. Diane started her career with KPMG. Diane earned her undergraduate degrees in Accounting and French from the University of Northern Iowa and received her CPA certification in 1986. Diane currently serves on the boards of LCS Holdings, Inc., Life Care Companies LLC, Casey's General Stores, and Bankers Trust.

Mr. Rick Exline joined the company in 1978 and is Executive Vice President/Director of Senior Living Management Not-For-Profit CCRC Division for Life Care ServicesTM, an LCS[®] Company. He is responsible for oversight of the company's not-for-profit CCRC management services. Rick's expertise is leading the operations of senior living communities so they run more efficiently, effectively, and profitably. He joined Life Care Services in 1978 as an Administrator-in-Training and rose through the organization in various leadership positions before assuming his current position in 2011. Rick serves on the Board of Managers for Life Care Services, the Board of Directors for LCS Holdings, Inc.,

Executive Leadership and Senior Living Management teams. Rick is also a trustee for the Company's 401K Benefit Program. He holds dual bachelor's degrees; one in Business Administration from Simpson College and one in Health Care Administration from Oklahoma Baptist University. He is also a graduate of the Executive Institute at The University of North Carolina at Chapel Hill. Rick has been a featured guest speaker at LeadingAge and other various state & national trade associations.

Mr. Jason Victor is Vice President/Controller, Treasurer and a Manager of Life Care Services. Jason joined the organization in 2007 and currently has responsibility for the organization's Corporate Accounting, Treasury and Tax functions. He oversees all aspects of general accounting, cash management, payroll, consolidations, and financial reporting. In addition, Jason provides oversight and guidance related to audits, internal controls, technical accounting, tax, and financial management systems. Jason started his career with Ernst & Young and later spent 9 years in various finance positions with Praxair, a Fortune 500 organization. He earned his undergraduate degree in Accounting from the University of Northern Iowa and currently holds an active CPA license in the state of Iowa. Jason also serves on the board of directors of Hexagon Insurance Company, Ltd.

Ms. Jill Sorenson is Senior Vice President/Senior Director of Operations Management and a Manager of Life Care Services. She has been employed by Life Care Services since 1982. After spending 15 years at the Life Care Services corporate office, working in the areas of accounting, IT liaison, and corporate resource manager, Jill transferred to San Diego to work at a continuing care retirement community, and became the Executive Director of that community in 2000. She was promoted to Director of Operations Management in 2007, to Vice President in 2010, and Senior Vice President/Senior Director of Operations Management in 2012. Jill provides oversight for senior living communities in Oregon, California, Hawaii, Arizona, Utah, Ohio, and Indiana. She has her MBA and bachelor's degree in Business Administration from Simpson College. Jill also served as a CARF/CCAC site evaluator from 2000-2007. She has presented at various industry conferences on a state and national level on a variety of topics affecting the senior living industry.

Management of the Village is performed by Life Care Services under contract with us. Life Care Services' responsibilities include: recruiting and employing the Executive Director; supervising the licensing, equipping, and staffing of the Village; preparing annual budgets; establishing and operating a system of financial controls for the Village, including comparative analyses with other facilities; and overseeing the food service and quality accommodations provided by the Village.

No manager of Life Care Services (i) has been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable or enjoined in a civil action by final judgment for a felony or civil action involving fraud, embezzlement, fraudulent conversion or misappropriation of property; or (ii) is subject to a currently effective injunction or restrictive court order, or within the past five years has had any State or Federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relative to the business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged or facility subject to Section 58-64, North Carolina General Statutes, or similar law in another state.

Life Care Services is not financially responsible for our contractual obligations or other obligations. We retain the ultimate responsibility for hiring managers and monitoring the operating costs, wages, salaries, expenses, fees, and overall fiscal viability of the Village.

EXECUTIVE DIRECTOR

Mr. Zane Bennett became the Executive Director of Plantation Village on May 4, 2015 and is an employee of Life Care Services. He has a bachelor's degree in management and marketing from Florida Atlantic University, and a Master's Degree in Business from the University of North Carolina in Wilmington. He is a licensed nursing home administrator in the States of California and Wisconsin. Prior to becoming the Executive Director at Plantation Village, Mr. Bennett was the Administrator at Newcastle Place, a continuing care retirement community located in Milwaukee, Wisconsin. In 2012, he participated in the Life Care Services Professional Development Program for Executive Director, in which he was given the opportunity to develop his skills as a senior living manager.

II. THE VILLAGE

THE MISSION

The Mission of Plantation Village is to be a welcoming village for a stimulating and secure life with superior services.

THE LOCATION

The Village is located on 56 acres of land and is less than one-half mile from the Intracoastal Waterway and seven miles northeast of the Wilmington city limits. The site has frontage on Porters Neck Road and is located on adjoining property to The Davis Community.

PLANTATION VILLAGE

The Village is a continuing care senior living community designed to accommodate persons 62 years of age or older in a dignified manner. Currently, the Village has 246 residences including 2 cottages, 66 duplex homes, 48 villas, and 130 apartments with more than 25,500 square feet of common space. The community will accommodate approximately 488 residents. As of December 31, 2019, 232 residences were occupied, and there were 306 Village residents.

Presently, the types of residences available include one- or two-bedroom units, with full kitchens, one or two baths, and verandas. Some of the residences include screened porches and garages. All of the residences are equipped with safety features, which include emergency nurse call signals in the master bedroom and bath.

In addition to the primary intent of the Village, which is to assure the residents of continuing care throughout their retirement years, the Village is designed to create an environment that will enrich the lives of the people who live and work there. The design of the main commons facility provides areas for dining and meetings without detracting from the homelike environment of the Village. The Village also contains solarium lounges equipped with small libraries, personal laundry facilities, a main lobby/lounge with fireplace, administrative offices, a main dining room overlooking Blue Heron Pond, a private dining room, private storage, a Resident Care Center, an arts and crafts room, a library, a beauty/barber salon, and a large auditorium and a large patio area that overlooks Blue Heron Pond. Other common areas include an indoor pool, exercise room, woodworking shop, outdoor areas for gardening, and nature pathways.

THE PERSONNEL

Subject to approval by the Board of Directors, Life Care Services employs the Executive Director of the Village. All other personnel are employed by us Plantation Village. A Medical Director is available 24-hours per day on a consulting basis.

SERVICES AND AMENITIES

The decision to move into a continuing care senior living community involves careful consideration of many factors, including the services to be provided. The services to be provided to residents for the Monthly Fee and for an extra charge are listed in the Residency Agreements. Residents will receive monthly billing statements outlining the Monthly Fees and any extra charges.

Below, we have provided a more detailed description of the services and amenities available to you. The procedures to be followed in furnishing these services and amenities may be modified by the Village.

Activities

The Community Life Services Director is responsible for scheduling group events and transportation, preparing weekly updates, and overseeing the arts, crafts, and other planned activities (social, education, cultural, spiritual and recreational) in the residential portion of the Village. Some activities are included in the Monthly Fee, and others may be for an additional charge.

Beauty and Barber Salon

Beauty and barber salon services are available for an extra charge.

Building and Grounds Maintenance

The Village maintains all residences, common areas, buildings, grounds, and site amenities. Residents are responsible for maintenance and upkeep of any equipment installed and/ or owned by the resident.

Cable Television and Internet Access

Cable television and access to the internet are included in the Monthly Fee.

Common Area Amenities

Common area amenities are available during scheduled hours, and include, but are not limited to: fitness center with indoor pool; auditorium, , arts and craft room, gardening area, woodworking shop and artists' studio.

Dining Services

Residents are provided with one full meal each day in the dining room as part of their Monthly Fees. Meals may be taken at any scheduled time during the month, and additional meals (including guest meals) are available for an extra charge, which will be added to the resident's monthly statement. Residents also have the option of contracting for additional meals on a monthly basis. There is an additional charge for guest meals.

A cook-to-order menu is offered each and every day with a wide variety of choices, served

by a friendly wait staff, in the resort-style dining room known as the Magnolia Room restaurant with a panoramic view of scenic Blue Heron Pond. Daily specials feature a fresh "catch of the day," and made-to-order selections are prepared just as a resident would like. Delicious, heart- healthy options are also available, making it easy to eat healthy. Alcoholic beverages are also available for an extra charge.

A private dining room is available for use by residents and their guests. Special meals, if desired, are available for an additional charge.

Emergency Call System

All residences have an emergency call system located in the master bedroom and bathroom. The purpose of the system is to summon help in an emergency. The emergency call system is connected to an indicator panel in the Resident Care Center, which identifies the residence from which the signal initiated. Village personnel with emergency training will respond to calls from the emergency call system and will summon any other appropriate emergency services as required. Emergency telephone calls may also be made by designated personnel directly to the Medical Director.

Guest Accommodations

Guest accommodations are available for an extra charge with advance reservation. There is a seven-day limit on usage.

Health Care Services

Assisted living and nursing care services are available to all residents of the Village. For more detailed information, please see "Health Services" beginning on page 16 of this Disclosure Statement.

Home Care Services Program

The Village offers additional personal services to its residents through its licensed Home Care Services Program. The purpose of this program is to provide assistance to residents.. Services include, but are not limited to: assistance with bathing, dressing, household tasks, and escort to appointments and with errands.

Housekeeping

The Village provides regular housekeeping services to residents. Housekeeping services include: cleaning, dusting, and vacuuming the interior of the residence on a weekly basis; cleaning hard surface floors; and cleaning ovens and windows (as needed). Carpets are cleaned approximately every 12 months, and, at other times, spot cleaning is done. Furniture is moved at least once a year for cleaning hard-to-reach areas. Additional housekeeping services are available at additional charge.

Laundry

The Village provides weekly regular flat laundry service to the residents. Flat laundry is washed, dried, folded, and returned within a set time. Such service includes: sheets, pillowcases, towels, facecloths, dishcloths, and table linens. Although the use of permanent-press linen is strongly recommended, the staff will launder non-permanent press items, but will not iron flat laundry. Laundry facilities are also available so residents can wash and dry personal laundry. Personal laundry service (non-dry clean items) is available for an extra charge.

Other

Certain other services, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment will be available at an extra charge. Further, other optional services related or unrelated to care in Champions Assisted Living or the Champions Health Care Center as approved by us may also be available for extra charge.

Parking

Surface parking is available for residents and guests. In addition, a limited number of carports are available for an extra charge.

Residence

Each residence is equipped with a complete kitchen, including refrigerator, range with oven, over-the-range microwave, garbage disposal, and dishwasher. Smoke detectors are also located in each residence.

Security

The Village provides security personnel 24 hours a day, seven days a week. For the residents' added safety, all entrance and exit doors are locked in the evening, requiring the resident to use a key to gain entrance.

Storage

Each residence includes a storage area, as part of the Monthly Fee.

Telephone Service

Local and long-distance telephone service is included in the Monthly Fee (with some limitations). The resident is required to provide his or her own telephones.

Transportation

Scheduled bus or other transportation services are provided Monday through Friday. Areas of regularly scheduled transportation generally include shopping centers, medical offices, and other professional offices. On Sundays, scheduled transportation is also provided to places of worship within the area. Special events transportation may be at extra charge to each participant.

Utilities

The following utilities are included in the Monthly Fee: air conditioning, heating, electricity, water, sewer, and trash disposal.

OTHER MISCELLANEOUS INFORMATION

Gratuities: Gratuities are not permitted, and employees who accept them are subject to discharge. Residents have established an employee appreciation fund to be shared with each employee during the Holidays on a basis determined by the residents and administration.

Pets: The Village has adopted a pet policy, wherein certain pets are allowed in the residences. A resident is required to sign a pet agreement and pay a non-refundable pet fee. See administration for a copy of the pet policy and pet agreement.

HEALTH SERVICES

Assisted Living

We provide assisted living care through Champions Assisted Living (the "Champions"), or in an alternate assisted living facility which we own or with which we may contract to provide assisted living care. Champions is a part of The Davis Community and is located adjacent to the Village.

A resident may be temporarily or permanently assigned to Champions if the resident is determined to need such care. Accommodations in Champions will be in a private one-bedroom suite or special care suite, depending on the level of care required by the resident. If the resident wishes to occupy a larger suite, resident will be charged the difference in the charges between the larger suite and the suites listed above.

We will cover the charges for temporary assisted living care at Champions (or the alternate assisted living facility) for up to 30 calendar days for each resident each fiscal year (the "Free Days of Care"). If there are two residents under the Residency Agreement, the Village will allow the residents to combine the Free Days of Care to be used by only one resident. During such time, the resident will continue to pay the Monthly Fee for his/her residence (first and second person as applicable), the charges for additional meals per day not covered by the Monthly Fee, and the charges for any additional services and supplies incurred by the resident. If the resident utilizes more than the Free Days of Care during a temporary stay, then he/she will be responsible for paying the full daily rate charged by Champions or the alternate assisted living facility, as well as the Monthly Fee for his/her residence (first and second person as applicable) and the charges for any additional services and supplies incurred by the resident. Once permanently assigned to assisted living, the resident no longer qualifies for the Free Days of Care. Any unused Free Days of Care will not be carried over to the next year.

If there is one resident occupying the residence and that resident is permanently assigned to Champions (or the alternate assisted living facility), he/she will be required to vacate and release the residence. The Monthly Fee will continue until removal of the resident's personal property from the residence. Payment for permanent assisted living care is outlined as follows:

If a resident is permanently assigned to assisted living, the resident will pay each month a per diem charge as defined herein, in lieu of the Monthly Fee. The per diem charge is a percentage of the daily rate then being charged by Champions to nonresidents of the Village for like accommodations. As of the date of this Disclosure Statement, the

percentage is set at 75 percent. Upon 60 days' written notice, we may change the percentage if, in our sole discretion, we deem it necessary to meet the financial needs of operating the Village or to provide the services to the residents (or without notice if such change in percentage is required by local, state or federal laws or regulations). In addition to the per diem charge, the resident will pay for any additional services incurred by the resident.

If there are two residents, and one resident is permanently assigned to Champions (or the alternate assisted living facility), payment for assisted living is outlined as follows:

- If one resident is permanently assigned to assisted living, that resident will pay the per diem charge as defined herein. The per diem charge is a percentage of the daily rate then being charged by Champions to nonresidents of the Village for like accommodations. As of the date of this Disclosure Statement, the percentage is set at 75 percent. Upon 60 days' written notice, we may change the percentage if, in our sole discretion, we deem it necessary to meet the financial needs of operating the Village or to provide the services to the residents (or without notice if such change in percentage is required by local, state or federal laws or regulations). In addition, said resident will pay for any additional services incurred by the resident. Further, for the resident occupying the residence while the other is a resident of assisted living, said resident will continue paying the first person Monthly Fee for the residence. In the event the resident in the residence dies while the other one is assigned to assisted living, the resident assigned to assisted living will continue to pay the per diem charge and the first person Monthly Fee. The Monthly Fee for the residence will cease when the residence is vacated.

Health Center Care

We provide skilled and intermediate nursing care services through the Davis Health Care Center or another licensed health care center which we own or with which we may contract to provide nursing care. The Health Care Center is a part of The Davis Community and is located adjacent to the Village.

Health center accommodations shall be in a semiprivate room unless a private room is a medical necessity. If a resident desires an available private room but resident's medical treatment does not require resident to be in a private room, resident may obtain a private room upon agreement to pay the difference between private and semiprivate rates.

We will cover the charges for temporary nursing care at the Davis Health Care Center (or the alternate health care center) for up to 30 calendar days for each resident each fiscal year (the "Free Days of Care"). If there are two residents under the Residency Agreement, the Village will allow the residents to combine the Free Days of Care to be used by only one resident. During such time, the resident will continue to pay the Monthly Fee for his/her residence (first and second person as applicable), the charges for additional meals per day not covered by the Monthly Fee, and the charges for any additional services and supplies incurred by the resident. If the resident utilizes more than the Free Days of Care during a temporary stay, then he/she will be responsible for paying the full daily rate charged by the Davis Health Care Center or the alternate health care center, as well as the Monthly Fee for his/her residence (first and second person as applicable), and the charges for any additional services and supplies incurred by the resident. Once permanently assigned to the health center, the resident no longer qualifies for the Free Days of Care. Any unused Free Days of Care will not be carried over to the next year.

If there is one resident occupying the residence and that resident is permanently assigned to the Davis Health Care Center (or alternate health care facility), he/she will be required to vacate and release the residence. The Monthly Fee will continue until removal of the resident's personal property from the residence. Payment for permanent nursing care is outlined as follows:

- If a resident is permanently assigned, the resident will pay each month a per diem charge as defined herein, in lieu of the Monthly Fee. The per diem charge is a percentage of the daily rate then being charged by the Davis Health Care Center to nonresidents of the Village for like accommodations. As of the date of this Disclosure Statement, the percentage is 75 percent. Upon 60 days' written notice, we may change the percentage if, in our sole discretion, we deem it necessary to meet the financial needs of operating the Village or to provide the services to the residents (or without notice if such change in percentage is required by local, state or federal laws or regulations). In addition to the per diem charge, the resident will pay for any additional services incurred by the resident.

If there are two residents, and one resident is permanently assigned to the Davis Health Care Center, payment for nursing care is outlined as follows:

- If one resident is permanently assigned to the health center, that resident will pay the per diem charge as defined herein. The per diem charge is a percentage of the daily rate then being charged by the Davis Health Care Center to nonresidents of the Village for like accommodations. As of the date of this Disclosure Statement, the percentage is set at 75 percent. Upon 60 days' written notice, we may change the percentage if, in our sole discretion, we deem it necessary to meet the financial needs of operating the Village or to provide the services to the residents (or without notice if such change in percentage is required by local, state or federal laws or regulations). In addition, said resident will pay for any additional services incurred by the resident. Further, for the resident occupying the residence while the other is a resident of the Davis Health Care Center, said resident will continue paying the first person Monthly Fee for the residence. In the event the resident in the residence dies while the other one is assigned to the health center, the resident assigned to the health center will continue to pay the per diem charge and the first person Monthly Fee. The Monthly Fee for the residence will cease when the residence is vacated.

RESIDENT CARE CENTER

The Village provides emergency health care in the Resident Care Center, which is staffed by emergency personnel 24-hours a day, seven days a week. The Resident Care Center is utilized to respond to resident's emergency calls and to provide temporary nursing care and outpatient services. Outpatient services are provided by a nurse during regularly scheduled office hours. The nurse is available for routine consultations and checks of weight, blood pressure or other preventive care services. Some routine outpatient services are included in the Monthly Fee. However, special services such as injections and medication management are governed by State regulations and are subject to an additional charge. Delivery service from several pharmacies to the Resident Care Center is provided for the residents' convenience. Other Resident Care Center services are available for an extra charge.

CONTRACTS AND FEES

We have retained Life Care Services to manage the Village pursuant to a management agreement. Under the management agreement, we pay Life Care Services a monthly fee for management of the Village, which is subject to annual adjustment.

No person or entity involved in the management of the Village has any proprietary interest in the Village. All contracts involving the management of the Village were negotiated between Life Care Services and us. We are not affiliated with Life Care Services or any affiliate of Life Care Services.

III. THE PROPOSAL

THE LIFE CARE CONCEPT

The life care concept ensures an individual lifetime use of a residence, support services, assisted living care, and long-term nursing care if he or she can no longer live in a residence. This concept 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.

RETURN OF CAPITAL™ PLAN

Senior living has evolved over the years in many ways. Probably the most dramatic is the handling of the historical, one-time "Entrance Fee." Originally, this Entrance Fee became the property of the community the day the resident assumed occupancy. This appeared to some to be inequitable for an individual who only was a resident for a short time, despite the balancing effect for the very long-term resident. As a consequence, the practice evolved of providing partial refunds to the estates of deceased residents with increasing percentages of the fee being "earned" and hence retainable by the owner over a series of months.

The Return of Capital™ Residency Agreements for the Village go one step further. Under the 90 Percent Return of Capital™ Plan, the resident or resident's estate will be eligible for a partial reimbursement of up to 90 percent of the Entrance Fee. Under the 50 Percent Return of Capital™ Plan, the resident or resident's estate will be eligible for a partial reimbursement of up to 50 percent of the Entrance Fee. Partial reimbursement is subject to the deductions specified in the Return of Capital™ Residency Agreements and will be paid only after receipt of the proceeds paid by the new resident and reoccupancy of the residence.

The release of the residence upon permanent assignment to Champions Assisted Living or the Davis Health Care Center (or alternate facilities) does not qualify a resident for partial reimbursement of the Entrance Fee under the Residency Agreements. Once the residence is released, it will be remarketed.

Copies of the Return of Capital™ Residency Agreements are attached to this Disclosure Statement as Exhibits B and C.

TRADITIONAL PLAN

The Village is offering a Traditional Residency Agreement on a limited basis in addition to the 90 Percent Return of Capital™ and the 50 Percent Return of Capital™ Residency Agreements currently in place. Entrance Fees are less under the Traditional plan vs. those paid under the Return of Capital™ plans. Further, the Entrance Fee paid by the resident will reduce at a rate of 2 percent per month of occupancy (or portion thereof). After 50 months of occupancy, the Entrance Fee reduces to a zero balance, and no refund will be paid. Any refund of the Entrance Fee due to the resident or his/her estate will be paid, without interest, within 30 days following the date the residence is reoccupied by a new resident and the Village has received the total Entrance Fee from the new resident.

The release of the residence upon permanent assignment to Champions Assisted Living or the Davis Health Care Center (or alternate facilities) does not qualify a resident for partial

reimbursement of the Entrance Fee under the Traditional plan. Once the residence is released, it will be remarketed.

A copy of the Traditional Residency Agreement is attached to this Disclosure Statement as Exhibit D.

THE RESIDENCY AGREEMENTS

Upon deciding to become a resident of the Village, a future resident will execute a Residency Agreement to reserve the residence selected. The description of the Residency Agreements and the terms of residency contained in this Disclosure Statement are qualified by reference to the applicable form of Residency Agreement. Which Residency Agreement a prospective resident signs depends upon which refund provisions the resident prefers and which residence the resident wishes to live in.

We reserve the right to offer to new prospective residents alternative forms of Residency Agreements from time to time.

The basic terms and conditions relative to fees due under the Residency Agreements and services provided are summarized as follows:

1. **Payment of the Entrance Fee.** Payment of an Entrance Fee assures a resident a place in the Village for life and lifetime access to Champions Assisted Living or the Davis Health Care Center (or in alternate facilities which we own or with which we may contract to provide these services) as long as the resident complies with the Residency Agreement. At the time the resident makes application for residency at the Village, the residence will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee deposit to the Community. The balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 120 days after the Residency Agreement is executed by the resident.

2. **Second Person Entrance Fee.** If there are two residents under the Residency Agreement, they will be required to pay a second person Entrance Fee at the same time that the balance of the initial Entrance Fee is due. The second person Entrance Fee is nonrefundable.

3 Reimbursement of the Entrance Fee.

3.1 **Right of Rescission.** In accordance with North Carolina laws and regulations governing continuing care retirement communities, a resident has the right to rescind the Residency Agreement within thirty (30) days following the later of (i) his/her execution of the Residency Agreement; or (ii) the receipt of a Disclosure Statement. The resident is not required to move into the Village before the expiration of the 30-day rescission period. If the resident rescinds the Residency Agreement, the Village will refund all amounts paid by the resident, without interest, less periodic charges specified in the Residency Agreement and applicable only to the period the residence was actually occupied by the resident, less a non-refundable fee equal to \$2,500, and less those costs incurred by the Village pursuant to the resident's written request, which will be reduced from the Entrance Fee, within 60 days following cancellation.

32 **Prior to Occupancy** - The portion of the Entrance Fee paid is fully refundable prior to occupancy if (i) the resident is not accepted for residency, (ii) the resident provides written notice of rescission within 30 days, (iii) the resident becomes unable to occupy his or her residence due to change of condition, such as death, illness, injury or incapacity, or (iv) resident elects to cancel the residency agreement because of a substantial change in the resident's physical, mental or financial condition. The Village will refund all amounts paid by the resident, without interest, less those costs incurred by the Village pursuant to resident's written request, within 60 days following cancellation. If the resident cancels the Residency Agreement for reasons other than those set forth in (i), (ii), (iii), and (iv) above, the resident will receive a refund of all amounts paid, less a non-refundable fee equal to \$2,500, which will be reduced from the Entrance Fee, and less those costs incurred by the Village pursuant to resident's written request, within 60 days following cancellation.

33 **After Occupancy** - After occupancy, if we or the Resident cancels the residency agreement pursuant to Section 8 or 9 of the Residency Agreement, or in the event of the resident's death, the resident or resident's estate will receive a refund of either 90 percent or 50 percent of the Entrance Fee (depending on which Return of Capital™ Plan Residency Agreement was entered into with the resident). Under the Traditional plan, the Entrance Fee paid by the resident will reduce at a rate of 2 percent per month of occupancy (or portion thereof). After 50 months of occupancy under the Traditional plan, the Entrance Fee reduces to a zero balance, and no refund will be paid.

Refund, if any, will be paid within 30 days following the date of our receipt of the proceeds of the total Entrance Fee paid by a new resident. The Entrance Fee refund will be reduced by any fees or charges owed to us under the Residency Agreement. The second person Entrance Fee is nonrefundable.

4. **Payment of a Monthly Fee.** The resident is required to pay a Monthly Fee to the Village. A pro rata portion of the Monthly Fee is required to be paid on or before moving into the Village or within 120 days of the date the resident executes the Residency Agreement. Thereafter, the resident is obligated to pay the Monthly Fee by the fifth business day of each month. The Monthly Fees are intended to be used by us to fund all on-going costs of operating the Village.

The amount of the Monthly Fee in effect at the time a Residency Agreement is executed will be clearly stated in the Residency Agreement. Total Monthly Fees are higher when a second person also shares a residence. The Monthly Fee may be changed upon 60 days' written notice to the residents and will be increased only if it is necessary (i) to meet the financial needs of the Village, (ii) to provide services to the residents, (iii) to maintain the premises and residences, (iv) to maintain reserve funds required pursuant to financing or State statutory or regulatory requirements, and (v) for prudent management of the Village.

Following is a table showing the average dollar amount of increase in the Monthly Fees for the current year and for the previous five years:

Average Increase in Monthly Fees

	2015	2016	2017	2018	2019	2020
First Person	\$121.79	\$88.08	\$108.17	\$108.33	\$121.61	\$127.21
Second Person	\$37	\$28	\$37	\$37	\$41	\$0

5. **Services and Amenities.** Section 1 of the Residency Agreements describes the services and amenities provided to the resident for the Monthly Fee. Additional services and amenities provided for an extra charge are listed in Section 2 of the Residency Agreements. A list of items available for an extra charge, including the fees for such items, is included in this Disclosure Statement as Exhibit H. The list can also be obtained from the Village's Marketing Office.

6. **Assisted Living.** The terms governing assisted living care are outlined in Section 3 of the Residency Agreements. Fees for assisted living care (including any increases) are established directly by The Davis Community. Residents receive a percentage discount off of the established daily rate, which as of the date of this Disclosure Statement, is set at a 25 percent discount.

7. **Nursing Care.** The terms governing nursing care are outlined in Section 4 of the Residency Agreements. Fees for nursing care (including any increases) are established directly by The Davis Community. Residents receive a percentage discount off of the established daily rate, which as of the date of this Disclosure Statement, is set at a 25 percent discount.

8. **Criteria for Resident Acceptance and Continued Acceptance.** Residency Agreements are subject to acceptance by us. At the time of the execution of a Residency Agreement, the resident must be 62 years of age or older, capable of living in a residence (with or without reasonable accommodation or reasonable modification), and have sufficient financial resources to pay the Entrance Fee, second person Entrance Fee, Monthly Fees and any extra charges incurred as defined in the Residency Agreement.

Financial evaluation is primarily dependent upon two factors (1) net worth and average monthly income. Generally, a prospective resident should have a minimum net worth equal to two (2) times the amount of the Entrance Fee (prior to payment of the Entrance Fee). Generally, a prospective resident should have a minimum monthly income range of one and one-half (1½) two (2) times the Monthly Fee (including second person fees when applicable) in effect at the time of residency. The stability and certainty of continued income will also be a factor in the evaluation process.

An inquiry will be made of all prospective residents regarding the prospective resident's ability to live in a residence, with or without reasonable accommodation or reasonable modification. To determine whether a prospective resident meets the health guidelines, the following information will be gathered: (1) insurance and health information will be obtained on a Confidential Data Application and Resident Health Information Form – to be completed by the prospective resident; (2) a Memory Health Assessment will be administered by the Village; and (3) a Confidential Medical History and Health Examination will be completed by the prospective resident's physician.

After executing a Residency Agreement but prior to occupancy, we can cancel the Residency Agreement if the resident does not pay his or her Entrance Fee, for non-acceptance based on the residency criteria listed above, or if the resident is unable to occupy the residence because of illness, injury or incapacity.

If the resident encounters financial difficulties after becoming a resident and is unable to pay the total Monthly Fee, these charges may be deferred. The resident will be permitted to remain at the Village if this does not impair our ability to operate the Village on a sound financial basis. If the resident needs assisted living or nursing care after experiencing financial difficulty, the resident will receive such care in an assisted living or health care center as appropriate. The resident will not be required to apply for any public assistance programs.

We have the right to cancel the resident's residency (i) if the resident does not comply with the terms of the Residency Agreement or the published operating procedures, covenants, rules, regulations or policies; or (ii) for nonpayment of fees or charges; or (iii) if it is determined the resident's health status or behavior constitutes a substantial threat to the health or safety of the resident or others, including refusal to consent to relocation, or would result in physical damage to the property of others or the Village; and/or (iv) there is a major change in the resident's physical or mental condition and resident's condition cannot be cared for in Champions Assisted Living or Davis Health Care Center (or alternate facilities) within the limits of their licenses.

9. **Provisions for New Second Resident.** No person other than the resident may occupy the residence without our written approval. If a second person, who is not a party to the Residency Agreement, wishes to become a resident of the Village, that person's acceptance will be in accordance with the Village's current residency policy. A second person Entrance Fee as determined by the Village will be paid upon residency. In addition, each month the then-current Monthly Fee for second persons will be paid. If the second person does not meet the requirements for residency, he or she will not be permitted to occupy the residence for more than 30 days (except with our written approval), and the resident may cancel the Residency Agreement.

10. **Provisions for Resident Marrying.** Should the resident marry, the spouse's acceptance will be in accordance with the Village's current residency policy governing all other admissions. A second person Entrance Fee as determined by the Village will be paid upon residency. Each month the then-current Monthly Fee for second persons will be paid. If the resident's spouse does not meet the residency requirements, he or she will not be permitted to occupy the residence for more than 30 days (except with our express written approval), and the resident may cancel the Residency Agreement. Should the resident marry a person who is also a resident of the Village and should they decide to occupy one residence, they must declare which residence will be occupied and which residence will be released (or they may choose to release both of their residences and occupy a new residence). The Entrance Fees paid by the residents may or may not be adjusted, depending on the residences occupied and released. The Monthly Fee will be adjusted to the then-current first and second person Monthly Fee in effect for the occupied residence.

11. **Resident's Cancellation Rights.** The resident may cancel a Residency Agreement for any reason at any time before the resident moves into the Village. The refund of the resident's Entrance Fee is described in Paragraph 3.1 above. After moving into the Village, the resident may cancel a Residency Agreement at any time by giving us 120 days' written notice. When the resident's residence is reoccupied by a new resident, and upon receipt of the proceeds of the total

Entrance Fee paid by the new resident, we will remit to the resident (or to the resident's estate) a refund as described in Paragraph 3.2 above.

12. **Our Cancellation Rights.** We may cancel a Residency Agreement after it has been accepted only for just cause as set forth in the Residency Agreements. Just cause shall exist if (i) the resident does not comply with the terms of the Residency Agreement or the published operating procedures, covenants rules, regulations, and policies for residents of the Village, (ii) nonpayment of fees; (iii) resident's health status or behavior constitutes a substantial threat to the health or safety of the resident, other residents, and others, or would result in physical damage to the property of others or the Village; and/or (iv) there is a major change in the resident's physical or mental condition, and said condition cannot be cared for in Champions Assisted Living or Davis Health Care Center (or alternate facilities) within the limits of their licenses.

Before canceling a Residency Agreement, we will give the resident written notice of the reasons and will give the resident 30 days to correct the problem. However, if it is determined that the 30 days is detrimental to the resident or other residents or staff of the Village, this waiting period will not be required. If we cancel the residency agreement, the resident will be entitled to receive a portion of the Entrance Fee described in Paragraph 3.2 above.

13. **Tax Considerations.** Each person considering executing a Residency Agreement should consult with his or her tax advisor regarding the tax considerations associated with the Residency Agreement. See the discussions of medical expense deductions found on page 30 of this Disclosure Statement.

RESIDENCE TRANSFERS

All residence transfers must be approved by the Executive Director of the Village. The Monthly Fee will be adjusted, and the Entrance Fee may be adjusted accordingly, all as set forth in a Transfer Amendment to the Residency Agreement. Residents transferring residences will pay an applicable transfer fee and a portion of the charges and expenses associated with refurbishing the residence being vacated. The Monthly Fee paid by the resident will be adjusted to the level of the current Monthly Fee for the new residence as of the date of occupancy of the new residence. Please see the Executive Director for further details on residence transfers.

**90 PERCENT RETURN OF CAPITAL™
ENTRANCE FEE TABLE**

Type of Residence	2015	2016	2017	2018	2019	2020
Apartments:						
One-Bdrm Studio	148,000	151,700	151,700	154,700	156,247	156,250
One-Bdrm Traditional	182,000	186,550	192,147	196,000	197,960	197,950
One-Bdrm Deluxe	213,000	218,325	224,875	229,400	231,694	231,700
Two-Bdrm Traditional	246,000	252,150	259,715	264,900	197,960	267,550
Two-Bdrm Lakeside	262,000	268,550	276,607	282,100	284,921	284,900
Two-Bdrm Combo	274,000	280,850	289,276	295,100	298,051	298,050
Two-Bdrm Deluxe	277,000	283,925	292,443	298,300	301,283	301,300
Two-Bdrm Classic	280,000	287,000	295,610	301,500	304,515	304,500
Villas:						
Deluxe Villa	276,000	282,900	291,837	297,700	306,631	321,950
Custom Villa	308,000	315,700	325,171	331,700	340,518	358,750
Villa Traditional	307,000	314,675	324,115	330,600	341,651	357,550
Villa Special	342,000	350,550	361,067	368,300	379,349	398,300
Duplexes:						
Vista	315,000	322,875	332,875	339,500	349,685	367,150
Regency	331,000	339,275	349,453	356,400	367,092	385,450
Vista II	337,000	345,425	355,788	362,900	373,787	392,500
Regency II	349,000	357,725	368,457	375,800	387,074	406,450
Royale	362,000	371,050	382,182	389,800	401,494	421,550
Grande	368,000	377,200	388,516	396,300	408,189	428,600
Royale II	386,000	395,650	407,520	415,700	428,171	449,600

Type of Residence	2015	2016	2017	2018	2019	2020
Grande II	393,000	402,825	414,910	423,200	435,896	457,700
Ashton	394,900	404,773	416,916	425,300	438,059	459,950
Baywater	384,900	394,523	406,359	414,500	426,935	448,300
Ashton Cottage	399,900	409,898	422,195	430,600	443,518	454,100
Baywater Cottage	389,900	399,648	411,637	419,900	432,497	465,700
Second Person Non-Refundable Entrance Fee	20,000	20,000	20,000	20,000	20,000	20,000
Plantation Place Apartments						
One Bedroom Elmwood	241,870	247,917	255,355	260,500	268,315	281,750
One Bedroom Ashland	248,570	254,784	262,428	267,700	275,731	289,500
Two Bedroom Ingleside	288,770	295,989	304,869	311,000	320,330	336,350
Two Bedroom Oatland	295,470	302,857	311,943	318,200	327,746	344,150
Two Bedroom Orton	369,170	378,399	389,751	397,500	409,425	429,900
Two Bedroom Woodlawn	355,770	364,664	375,604	383,100	394,593	414,300
Two Bedroom Waverly	374,530	383,893	395,410	403,300	415,399	336,150
Two Bedroom Carlisle	395,970	405,869	418,042	426,400	439,192	461,150
Two Bedroom Covington	387,930	397,628	409,557	417,700	430,231	451,750
Second Person Non-Refundable Entrance Fee	20,000	20,000	20,000	20,000	20,000	20,000

**50 PERCENT RETURN OF CAPITAL™
ENTRANCE FEE TABLE**

Type of Residence	2015	2016	2017	2018	2019	2020
Apartments:						
One-Bdrm Studio	97,900	100,348	100,348	102,400	103,424	103,400
One-Bdrm Traditional	120,200	123,210	126,906	129,400	130,694	130,700
One-Bdrm Deluxe	141,000	144,525	148,860	151,800	153,318	153,300
Two-Bdrm Traditional	163,000	167,075	172,087	175,500	177,255	177,250
Two-Bdrm Lakeside	174,000	178,350	183,700	187,400	189,274	189,250
Two-Bdrm Combo	182,000	186,550	192,147	196,000	197,960	197,950
Two-Bdrm Deluxe	184,000	188,600	194,258	198,100	200,081	200,100
Two-Bdrm Classic	186,000	190,650	196,370	200,300	202,303	202,300
Villas:						
Deluxe Villa	181,000	185,525	191,091	194,900	200,747	210,800
Custom Villa	204,000	209,100	215,373	219,700	226,291	237,600
Traditional	204,000	209,100	215,373	219,700	226,291	237,600
Special	226,000	231,650	238,600	243,400	250,702	263,250
Duplexes:						
Vista	209,000	214,225	220,652	225,100	231,853	243,450
Regency	219,000	224,475	231,209	235,800	242,874	255,000
Vista II	223,000	228,575	235,432	240,100	247,303	259,650
Regency II	232,000	237,800	244,934	249,800	257,294	270,150
Royale	239,000	244,975	252,324	257,400	265,122	278,400
Grande	244,000	244,000	250,100	262,800	270,684	278,400

Type of Residence	2015	2016	2017	2018	2019	2020
Royale II	256,000	262,400	252,324	275,700	283,971	298,150
Grande II	261,000	267,525	275,552	281,100	289,533	304,000
Ashton	284,900	292,023	300,784	306,800	316,004	331,800
Baywater	274,900	281,773	290,226	296,000	304,880	320,100
Ashton Cottage	289,900	297,148	306,062	306,800	321,566	337,650
Baywater Cottage	279,900	286,898	295,505	301,400	310,442	325,950
Second Person Non-Refundable Entrance Fee	20,000	20,000	20,000	20,000	20,000	20,000
Plantation Place Apartments						
One Bedroom Elmwood	189,500	194,238	200,065	204,100	210,223	220,750
One Bedroom Ashland	195,000	199,875	205,871	210,000	216,300	227,100
Two Bedroom Ingleside	226,000	231,650	238,600	243,400	250,702	263,250
Two Bedroom Oatland	231,500	237,288	244,407	249,300	256,779	269,600
Two Bedroom Orton	289,000	296,225	305,112	311,200	320,536	336,550
Two Bedroom Woodlawn	279,000	285,975	294,554	300,400	309,412	324,900
Two Bedroom Waverly	293,000	300,325	309,335	315,500	324,965	341,200
Two Bedroom Carlisle	310,000	317,750	327,283	333,800	343,814	361,000
Two Bedroom Covington	304,000	311,600	320,948	327,400	337,222	354,100
Second Person Non-Refundable Entrance Fee	20,000	20,000	20,000	20,000	20,000	20,000

**TRADITIONAL
ENTRANCE FEE TABLE**

Type of Residence	2015	2016	2017	2018	2019	2020
Apartments:						
One-Bdrm Studio	77,150	79,079	79,079	80,700	81,507	81,500
One-Bdrm Traditional	94,730	97,098	100,010	102,000	103,020	103,000
One-Bdrm Deluxe	111,490	114,277	117,705	120,100	121,301	121,300
Two-Bdrm Traditional	128,450	131,661	135,610	138,300	139,683	139,700
Two-Bdrm Lakeside	135,900	139,298	143,476	146,300	147,763	147,750
Two-Bdrm Combo	143,550	147,139	151,553	154,600	156,146	156,150
Two-Bdrm Deluxe	143,760	147,354	151,774	154,800	156,348	156,350
Two-Bdrm Classic	146,240	149,896	154,392	157,500	159,075	159,100
Villas:						
Deluxe Villa	141,280	144,812	149,156	152,100	156,663	164,500
Custom Villa	159,270	163,252	168,149	171,500	176,645	185,500
Villa Traditional	159,270	163,252	168,149	171,500	176,645	185,500
Villa Special	176,860	181,282	186,720	190,500	196,215	206,050
Duplexes:						
Vista	163,200	167,280	172,298	175,700	180,971	190,000
Regency	170,860	175,132	180,385	184,000	189,520	199,000
Vista II	174,370	178,729	184,090	187,800	193,434	203,100
Regency II	181,400	185,935	191,513	195,300	201,159	211,200
Royale	187,200	191,880	197,636	201,600	207,648	218,800
Grande	190,500	195,263	201,120	205,100	211,523	221,800

Type of Residence	2015	2016	2017	2018	2019	2020
Royale II	200,000	205,000	211,150	215,400	221,862	232,950
Grande II	204,000	209,100	215,373	219,700	226,291	237,600
Second Person Non-Refundable Entrance Fee	20,000	20,000	20,000	20,000	20,000	20,000

2020 MONTHLY FEE TABLE

Type of Residence	Fee
Apartments:	
One-Bedroom Studio	2,728
One-Bedroom Traditional	3,022
One-Bedroom Deluxe	3,307
Two-Bedroom Traditional	3,603
Two-Bedroom Lakeside	3,701
Two-Bedroom Combo	3,786
Two-Bedroom Deluxe	3,889
Two-Bedroom Classic	4,286
Deluxe Villa	3,990
Custom Villa	4,570
Villa Traditional	4,156
Villa Special	4,666
Vista	4,645
Regency	4,655

Type of Residence	Fee
Vista II	4,809
Regency II	4,839
Royale	4,878
Grande	4,940
Royale II	5,095
Grande II	5,187
Ashton	5,384
Baywater	5,259
Ashton Cottage	5,259
Baywater Cottage	5,384
Second Person:	1,409
Plantation Place Apartments	Fee
One Bedroom Elmwood	3,381
One Bedroom Ashland	3,381
Two Bedroom Ingleside	3,611
Two Bedroom Oatland	3,726
Two Bedroom Orton	4,242
Two Bedroom Woodlawn	4,213
Two Bedroom Waverly	4,414
Two Bedroom Carlisle	4,442
Two Bedroom Covington	4,471
Second Person	1,409

IV. REGULATORY MATTERS

REGISTRATION

The North Carolina law requires registration of continuing care facilities pursuant to an act to continue registration and disclosure by continuing care facilities, and to provide for financial evaluation of continuing care facilities (the "Act"). The Village is subject to the provisions of this Act and has received a license to provide continuing care thereunder. Pursuant to G.S. 58-64-20(a), the Village is required to deliver a Disclosure Statement to a prospective resident upon the earlier of the execution of a Residency Agreement to provide continuing care or the transfer of any money or other property to the Village. Pursuant to G.S. 58-64-30(a) within 150 days following the end of each fiscal year, the Village shall have filed with the Department of Insurance an annual Disclosure Statement which includes updated financial information.

ESCROW ACCOUNT

Under the provisions of the Act, we have established an escrow account for Entrance Fees with First-Citizens Bank & Trust Company, 4300 Six Forks Road; Raleigh, NC 27609. The escrow agent shall invest the deposits in direct obligations of the United States, daily commingled funds, or in accounts insured by the Federal Deposit Insurance Corporation pursuant to the instructions of our Board of Directors.

Entrance Fee deposits and, if required, balance payments received from prospective residents are placed in escrow. Monies are released from the escrow account pursuant to the terms of the Escrow Agreement and the statutory requirements imposed upon the Village by the Act. A copy of the Escrow Agreement is available upon request.

Should a prospective resident or residents be entitled to a refund, we must give the depository notice. We will see that any and all notices are given to the escrow agent, and that refund requests are processed.

RESERVES

Pursuant to Section 58-64-33, N.C.G.S., we are required to maintain an Operating Reserve equal to 25 percent of the total operating costs projected for the 12-month period following the period covered by the most recent annual statement filed with the Department of Insurance. Funds from the Operating Reserve can only be released to us upon prior approval from the Department of Insurance. Based on the operating reserve calculation submitted to the Department of Insurance, we meet our operating reserve requirement for the Village.

An Asset Replacement Reserve is maintained by us to provide reserves for replacement of capital assets over time. Anticipated replacement items are budgeted annually.

Amounts deposited to reserve accounts may be invested in permitted investments consisting of certificates of deposit, United States Treasury obligations, or other investment obligations selected by the Finance Committee of our Board of Directors. Finance Committee members are:

Charles Earney, Chairperson
Joanne Rockness
Bob Mitchell
Kim Nelson
Ron Foster

MEDICAL EXPENSE DEDUCTIONS

Residents of the Village may be able to take a percentage of the non-refundable Entrance Fee as a medical expense deduction in the year in which it is deemed finally paid. Also, a percentage of the Monthly Fee paid by a resident may be taken as a medical expense deduction each year. At the beginning of each year, the Village will provide the residents with the percentage of the prior year's Monthly Fees that has been determined to be attributable to providing health care for the Village. All deductions are, of course, subject to limitations imposed by the Internal Revenue Code of 1986, as amended. It is advisable that the resident seek the advice of tax counsel before taking any of these deductions.

V. FINANCIAL

FINANCIAL STATEMENTS

Included as Exhibit E are interim uncertified financial statements for the Village as of March 31, 2020. Audited financial statements for the Village for the years ending December 31, 2019 and 2017 are attached as Exhibit F to this Disclosure Statement. Attached as Exhibit G are forecasted financial statements for the Village for December 31, 2020 through 2023, including a balance sheet, statements of activity and changes in net assets (deficit), a statement of cash flows, and a summary of significant accounting policies and assumptions.

FINANCING

See Notes 6 and 11 of the Plantation Village, Inc. audited financial statements for information on long-term debt and financing for the Village.

FINANCIAL DATA

A current Disclosure Statement for the Village is available for inspection by the residents each year, which includes the audited financial statements and forecasted financial statements. Residents, through the finance committee of the Resident Council, are informed of the budgeting process annually. Reports and other data required under various statutes will also be available for review. Information regarding personnel salaries and employee disciplinary decisions will not be made available. All information about residents will be handled on a confidential basis.

EXPLANATION OF MATERIAL DIFFERENCES

Pursuant to Section 58-64-30(a) of the North Carolina General Statutes, we are required to provide a narrative describing any material differences between (i) the forecasted statements of revenues and expenses and cash flows or other forecasted financial data filed pursuant to [G.S. 58-64-20](#) as a part of the Disclosure Statement recorded most immediately subsequent to the start of the provider's most recently completed fiscal year and (ii) the actual results of operations.

On the following pages are the various explanations of material differences for the Balance Sheet, Statement of Operations, and Statement of Cash Flows projected for 2019 and the 2019 actual results:

Plantation Village

Explanation of Material Differences

Between Previous Pro Forma Balance Sheet Projection for 2019 and 2019 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison on 2019 actual results with 2019 projected results.

Sources and (Uses)

(Figures stated below are in thousands)

	<u>2019 Actual</u>	<u>2019 Projected</u>	<u>Fav/(Unfav) Difference</u>	<u>Percentage Variance</u>
ASSETS				
<u>Current Assets:</u>				
Cash and cash equivalents	9,413	9,625	(212)	-2.2%
Assets limited as to use, current portion (1)	1,110	749	361	48.2%
Accounts receivable (2)	194	375	(181)	-48.3%
Entrance fees receivable (3)	285	643	(358)	-55.7%
Hurricane Recieveable (4)	250	-	250	100.0%
Prepaid expenses (5)	522	429	93	21.7%
Total Current Assets	11,774	11,821	(47)	
Assets limited as to use, noncurrent portion	10,552	11,161	(609)	-5.5%
Property and equipment, net	41,625	41,176	449	1.1%
Total Assets	\$ 63,951	\$ 64,158	\$ (207)	
LIABILITIES AND NET ASSETS (DEFICIENCY)				
<u>Current Liabilities:</u>				
Accounts payable and accrued expenses (6)	1,549	1,336	213	15.9%
Deposits on unoccupied units (7)	428	358	70	19.7%
Long-term debt, current maturities	392	391	1	0.3%
Total Current Liabilities	2,369	2,085	284	
Refundable fees	4,452	4,513	(61)	-1.3%
Refundable entrance fees	28,752	29,829	(1,077)	-3.6%
Long-term debt, less current maturities	11,516	11,504	12	0.1%
Deferred revenue from entrance fees	12,794	12,964	(170)	-1.3%
Total Liabilities	59,883	60,895	(1,012)	
<u>Net Assets (Deficiency):</u>				
Unrestricted (8)	4,068	3,263	805	24.7%
Total Liabilities and Net Assets (Deficiency)	\$ 63,951	\$ 64,158	\$ (207)	

Plantation Village
Wilmington, North Carolina

Balance Sheet
Explanation of Material Differences Footnotes

Variances of 10% or greater between actual and projected results are considered material variances which are explained below:

1. Assets limited as to use, current portion - Investment performed better than projected, also transferred \$1.5M from Operating reserve to investment
2. Accounts receivable - Received Sales tax refund in Dec, expected in Jan. Resident A/R better - less than projected
3. Entrance fees receivable - Made a push at the end of year to get Promissory notes paid down.
4. Hurricane receivable - Receivables due to the hurricane were not projected in 2019
5. Prepaid expenses - January 2020 management fee was recorded in December, Wind/Hail insurance more than projected
6. Accounts payable and accrued expenses - \$24K was recorded for phone system that was installed but not billed in 2019
7. Deposits on unoccupied units - 17 people were added to the waitlist in 2019, with 1 of them moving in.
8. Unrestricted Net Assets - Proceeds from hurricane Florence received in 2019 and Investment performance

Plantation Village

Explanation of Material Differences

Between Previous Pro Forma Statement of Operations and Change in Net Deficits for 2019 and 2019 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison of 2019 actual results with 2019 projected results.

Sources and (Uses)

(Figures stated below are in thousands)

	2019 <u>Actual</u>	2019 <u>Projected</u>	Fav/(Unfav) <u>Difference</u>	Percentage <u>Variance</u>
<u>Revenues, Gains and Other Support:</u>				
Resident services	14,597	14,354	243	1.7%
Amortization of advance fees (1)	1,716	2,041	(325)	-15.9%
Insurance proceeds (2)	829	-	829	100.0%
Other operating revenue (3)	893	1,442	(549)	-38.1%
Investment income (4)	-	120	(120)	-100.0%
Total Revenue, Gains, and Other Support	18,035	17,957	78	
<u>Operating Expenses:</u>				
Resident care	4,938	4,769	169	3.5%
Dietary	2,146	2,135	11	0.5%
Housekeeping	761	805	(44)	-5.5%
Plant facility costs	2,071	2,008	63	3.1%
General and administrative	3,146	2,973	173	5.8%
Hurricane loss (5)	355	-	355	100.0%
Depreciation	2,210	2,191	19	0.9%
Interest	392	381	11	2.9%
Total Operating Expenses	16,019	15,262	757	
Operating Income	2,016	2,695	643	
<u>Non-operating income (loss)</u>				
Investment income (loss) (4)	1,322	0	1,322	100%
Excess of Revenues Over Expenses	3,338	2,695	643	
Net Assets (Deficiency), Beginning of Year	730	568	162	
Net Assets (Deficiency), End of Year	\$ 4,068	\$ 3,263	\$ 805	

Plantation Village
Wilmington, North Carolina

Operating Statement
Explanation of Material Differences Footnotes

Variances of 10% or greater between actual and projected results are considered material variances which are explained below:

1. Amortization of advance fees - Attrition was lower than projected
2. Insurance proceeds - Hurricane Florence proceeds projected in Other operating revenue (\$604K), Dorian proceeds not projected (\$250K)
3. Other Operating Revenue - \$604K of Insurance proceeds projected in "other operating revenue".
4. Investment income (loss) - We did not have the anticipated return on investments.
5. Hurricane Loss - Hurricane loss not projected.

Plantation Village

Explanation of Material Differences

Between Previous Pro Forma Statements of Cash Flows Projection for 2019 and 2019 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison of 2019 actual results with 2019 projected results.

Sources and (Uses)

(Figures stated below are in thousands)

	2019 <u>Actual</u>	2019 <u>Projected</u>	Fav/(Unfav) <u>Difference</u>	Percentage <u>Variance</u>
<u>Cash Flows From Operating Activities:</u>				
Excess of revenues over expenses (1)	3,338	2,695	643	23.9%
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Proceeds from non-refundable advance fees and deposits (2)	3,620	1,768	1,852	104.8%
Amortization of advance fees (3)	(1,716)	(2,041)	325	-15.9%
Net realized gains (4)	(114)	-	(114)	100.0%
Net unrealized (gains) losses (5)	(969)	-	(969)	100.0%
Depreciation	2,210	2,191	19	0.9%
Changes in assets and liabilities:				
Receivables and other assets (6)	143	710	(567)	-79.9%
Accounts payable and accrued expenses (7)	(752)	(1,530)	778	-50.9%
Net Cash Provided by Operating Activities	<u>5,761</u>	<u>3,793</u>	<u>1,968</u>	
<u>Cash Flows from Investing Activities:</u>				
Net changes in assets limited as to use (8)	(1,885)	3,878	(5,763)	-148.6%
Proceeds from sale of equipment	-	-	-	N/A
Purchase and construction of property and equipment (9)	(1,985)	(1,516)	(469)	30.9%
Net Cash Used by Investing Activities	<u>(3,870)</u>	<u>2,362</u>	<u>(6,232)</u>	
<u>Cash Flows from Financing Activities:</u>				
Proceeds from refundable entrance fees (10)	1,284	4,091	(2,807)	-88.6%
Refunds of entrance fees (11)	(2,188)	(1,939)	(249)	12.8%
Payments on long-term debt	(367)	(380)	13	-3.4%
Proceeds from long-term borrowings	-	-	-	N/A
Net Cash Provided (Used) by Financing Activities	<u>(1,271)</u>	<u>1,772</u>	<u>(3,043)</u>	
Net Change in Cash and Cash Equivalents	620	7,927	(7,307)	
Cash and Cash Equivalents, Beginning of Year	<u>9,511</u>	<u>1,698</u>	<u>7,813</u>	
Cash and Cash Equivalents, End of Year	<u>\$ 10,131</u>	<u>\$ 9,625</u>	<u>\$ 506</u>	

Plantation Village
Wilmington, North Carolina

Cash Flow
Explanation of Material Differences Footnotes

Variances of 10% or greater between actual and projected results are considered material variances which are explained below:

1. Excess of revenues over expenses - Investment income not in projection
2. Proceeds from non-refundable advance fees and deposits - More 50% and Traditional contracts than projected
3. Amortization of advance fees - Attrition was lower than projected
4. Net realized gains - not projected in 2019
5. Net unrealized (gains) losses - not projected in 2019
6. Receivables and other assets - Elimination Hurricane AR was included in projection
7. Accounts payable and accrued expenses - Adjustment was made in the projection for Hurricane payables
8. Net changes in assets limited as to use - Money was transferred from Operating reserve to Investment
9. Purchase and construction of property and equipment - Refurbishments more than projected (transfers not included in projection)
10. Proceeds from refundable entrance fees - More 50% and Traditional contracts than projected
11. Refunds of entrance fees - Less attrition than projected

VI. EXHIBITS

Exhibit A

Communities Managed by Life Care Services LLC

EXHIBIT A
SENIOR LIVING COMMUNITIES MANAGED
BY LIFE CARE SERVICES
AS OF 06/05/2020

Alabama, Birmingham – Galleria Woods
Alabama, Hoover – Danberry at Inverness
Arizona, Chandler – Clarendale of Chandler
Arizona, Peoria – Sierra Winds
Arizona, Phoenix – Sagewood
Arizona, Tempe (Phoenix) – Friendship Village of Tempe
California, Cupertino – Forum at Rancho San Antonio, The
California, San Diego – Casa de las Campanas
California, San Luis Obispo – Villaggio at San Luis Obispo
California, San Rafael – Aldersly
California, Santa Rosa – Arbol Residences of Santa Rosa
Connecticut, Essex – Essex Meadows
Connecticut, Mystic – StoneRidge
Connecticut, Redding – Meadow Ridge
Connecticut, Southbury – Pomperaug Woods
Florida, Boca Raton – Toby & Leon Cooperman Sinai Residences of Boca Raton
Florida, Bradenton – Freedom Village of Bradenton
Florida, Celebration – Windsor at Celebration
Florida, Clearwater – Regency Oaks
Florida, Jacksonville – Cypress Village
Florida, Leesburg – Lake Port Square
Florida, Naples – The Glenview at Pelican Bay
Florida, Palm City – Sandhill Cove
Florida, Port Charlotte – South Port Square
Florida, Seminole – Freedom Square of Seminole
Florida, Seminole – Lake Seminole Square
Florida, Sun City Center – Freedom Plaza
Florida, The Villages – Freedom Point at The Villages
Georgia, Columbus – Spring Harbor at Green Island
Georgia, Evans – Brandon Wilde
Georgia, Savannah – Marshes of Skidaway Island, The
Georgia, Stone Mountain – Park Springs
Hawaii, Honolulu – Hale Ola Kino
Illinois, Addison – Clarendale of Addison
Illinois, Algonquin – Clarendale of Algonquin
Illinois, Chicago – Clare, The
Illinois, Godfrey – Asbury Village
Illinois, Lincolnshire – Sedgebrook
Illinois, Long Grove – Arboria of Long Grove
Illinois, Mokena – Clarendale of Mokena
Illinois, Naperville – Monarch Landing
Illinois, St. Charles – River Glen of St. Charles
Illinois, Wheaton – Wyndemere
Indiana, Carmel – Magnolia Springs at Bridgewater
Indiana, Greenwood (Indianapolis) – Greenwood Village South
Indiana, Indianapolis – Magnolia Springs Southpointe
Indiana, Indianapolis – Marquette
Indiana, North Manchester – Peabody Retirement Community

Indiana, Schererville – Clarendale of Schererville
 Indiana, Terre Haute – Westminster Village
 Indiana, West Lafayette – Westminster Village West Lafayette
 Iowa, Ames – Green Hills Retirement Community
 Iowa, Cedar Rapids – Cottage Grove Place
 Kansas, Atchison – Dooley Center
 Kansas, Bel Aire – Catholic Care Center
 Kentucky, Florence – Magnolia Springs Florence
 Kentucky, Lexington – Magnolia Springs Lexington
 Kentucky, Lexington – Richmond Place Senior Living
 Kentucky, Louisville – Magnolia Springs East
 Kentucky, Louisville – Magnolia Springs at Whippis Mill
 Maryland, Annapolis – Baywoods of Annapolis
 Maryland, Columbia – Residences at Vantage Point
 Maryland, Pikesville (Baltimore) – North Oaks
 Maryland, Timonium – Mercy Ridge
 Maryland, Towson (Baltimore) – Blakehurst
 Michigan, Battle Creek – NorthPointe Woods
 Michigan, Dearborn – Henry Ford Village
 Michigan, East Lansing – Burcham Hills
 Michigan, Holland – Freedom Village
 Michigan, Kalamazoo – Friendship Village
 Michigan, Waterford – Canterbury-on-the-Lake
 Minnesota, Champlin – Champlin Shores
 Minnesota, Plymouth – Trillium Woods
 Minnesota, Vadnais Heights – Gable Pines
 Missouri, Higginsville – John Knox Village East
 Missouri, Kansas City – Kingswood Senior Living Community
 Missouri, St. Peters – Clarendale of St. Peters
 Nebraska, Lincoln – Woodlands at Hillcrest, The
 New Hampshire, Keene – Hillside Village
 New Jersey, Bridgewater – Delaney of Bridgewater, The
 New Jersey, Bridgewater – Laurel Circle
 New Jersey, Lakewood – Harrogate
 New York, Levittown – Village Green A Carlisle Assisted Living Community
 New York, Patchogue – Village Walk Patchogue
 New York, Rye Brook – Broadview Senior Living at Purchase College
 North Carolina, Chapel Hill – Cedars of Chapel Hill, The
 North Carolina, Charlotte – Cypress of Charlotte, The
 North Carolina, Durham – Croasdaile Village
 North Carolina, Greensboro – WhiteStone
 North Carolina, Greenville – Cypress Glen Retirement Community
 North Carolina, Lumberton – Wesley Pines Retirement Community
 North Carolina, Raleigh – Cypress of Raleigh, The
 North Carolina, Wilmington – Plantation Village
 Ohio, Dublin – Friendship Village of Dublin
 Ohio, Mason – Magnolia Springs Loveland
 Oklahoma, Bartlesville – Green Country Village
 Oregon, Dallas – Dallas Retirement Village
 Oregon, Salem – Capital Manor
 Pennsylvania, Coatesville – Freedom Village at Brandywine
 Pennsylvania, Reading – Heritage of Green Hills, The
 Pennsylvania, Warrington – Solana Doylestown, The

South Carolina, Greenville – Rolling Green Village
South Carolina, Hilton Head Island – Bayshore on Hilton Head Island
South Carolina, Hilton Head Island – Cypress of Hilton Head, The
Tennessee, Brentwood – Heritage at Brentwood, The
Tennessee, Hendersonville – Clarendale at Indian Lake
Tennessee, Nashville – Clarendale at Bellevue Place
Texas, Austin – Westminster
Texas, Bedford – Parkwood Healthcare
Texas, Bedford – Parkwood Retirement
Texas, Dallas – Autumn Leaves
Texas, Dallas – Monticello West
Texas, Dallas – Signature Pointe
Texas, Dallas – Walnut Place
Texas, Georgetown – Delaney at Georgetown Village, The
Texas, League City – Delaney at South Shore, The
Texas, Lubbock – Carillon
Texas, Richmond – Delaney at Parkway Lakes, The
Texas, Spring – Village at Gleannloch Farms, The
Texas, Temple – Meridian of Temple
Texas, The Woodlands – Village at the Woodlands Waterway, The
Texas, Victoria – Copperfield Village
Texas, Victoria – Greatwood Homes of Victoria
Texas, Waco – Delaney at Lake Waco, The
Utah, Taylorsville – Summit Vista
Vermont, White River – Village at White River Junction, The
Virginia, Fairfax – Virginian, The
Virginia, Gainesville – Heritage Village Assisted Living and Memory Care
Virginia, Virginia Beach – Atlantic Shores
Washington, Issaquah – Timber Ridge at Talus
Wisconsin, Greendale – Harbour Village
Wisconsin, Mequon – Newcastle Place
Wisconsin, Milwaukee – Eastcastle Place

Exhibit B

90 Percent Return of Capital™ Residency Agreement



PLANTATION VILLAGE

Keep on loving life

**1200 Porters Neck Road
Wilmington, North Carolina 28411
(910) 686-7181**

**Marketing Office: 800-334-0240 (inside NC)
800-334-0035 (outside NC)**

**Residency Agreement
(90 Percent Return of Capital™)**

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EXHIBIT A: Options and Custom Features

GLOSSARY

The following terms are described as used in the accompanying Residency Agreement. Reference to the Residency Agreement and the context in which the terms are used is recommended to provide a fuller understanding of each of the terms:

"Agreement" means the Residency Agreement, entered into between the Resident and Plantation Village, Inc., which outlines the contractual obligations of both parties.

"Champions Assisted Living" means the licensed assisted living facility at The Davis Community located adjacent to the Village, which we have entered into an agreement with to provide assisted living care to our residents in accordance with Section 3 of this Agreement.

"Davis Health Care Center" means the licensed skilled nursing facility at The Davis Community located adjacent to the Village, which we have entered into an agreement with to provide skilled nursing care to our residents in accordance with Section 4 of this Agreement.

"Entrance Fee" means payment that assures a resident a place at the Village for life as long as the resident complies with the terms of this Agreement. At the time the resident makes application for residency at the Village, the resident will sign a Residency Agreement to reserve the Residence selected and will pay an Entrance Fee deposit to the Village. The balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 120 days after the Residency Agreement is executed by you. Specific information is located in Section 5 of this Agreement.

"Extra Charges" means the extra charges payable in consideration for the additional services and amenities requested by you, as set forth in Section 2 of this Agreement.

"Residence" means the apartment, duplex or villa at the Village identified in the

introductory paragraph of the Agreement, in which the Resident has the right to live pursuant to this Agreement in exchange for paying the Entrance Fee, Second Person Entrance Fee (if applicable), and the Monthly Fees.

"Monthly Fee" means that monthly fee payable in consideration for the services and amenities provided to the residents of the Village, as set forth in Section 7 of this Agreement. The Monthly Fee includes a second person fee if there are two of you.

"Occupancy" means the earlier of the date you move into the Village or pay the balance of the Entrance Fee to pursuant to Paragraph 5.2 of this Agreement.

"Plantation Village, Inc." or "we" or "our" or "us" means the owner of the Residences, common areas, and site amenities associated with these areas. Plantation Village, Inc. is a North Carolina non-profit corporation.

"Resident" or "you" means the Resident(s) who sign this Agreement. Sometimes a second resident (if there are two of you) is referred to in this Agreement as the "second person." Unless otherwise indicated, "you" refers to both of you if there are two of you.

"Second Person Entrance Fee" means the fee paid to us for a second person's entrance into the Village pursuant to Paragraph 5.3 of this Agreement.

"The Davis Community" includes Champions Assisted Living and the Davis Health Care Center, wherein Residents are provided with assisted living and nursing

care as outlined in the Agreement. The Davis Community and Plantation Village are not affiliated entities.

The "Village" means the continuing care senior living community known as "Plantation Village," including the apartments, duplexes, villas, cottages, common areas, and site amenities.



PLANTATION VILLAGE

Keep on loving life

Residency Agreement 90 Percent Return of Capital™

INTRODUCTION

This Return of Capital™ Residency Agreement ("Agreement") is entered into by Plantation Village, Inc. ("we," "us," or "our") and _____ (individually or collectively, "you," "your," or "Resident"). Plantation Village Retirement Community is a continuing care senior living community located at 1200 Porters Neck Road; Wilmington, NC 28411 (hereafter the "Village").

We will provide residential housing for seniors along with a wide array of personal services and amenities outlined in this Agreement. Subject to the conditions contained in this Agreement, we agree to make available to you the Residence described as follows:

Residence Number: _____
Residence Style: _____

You may have the option of selecting certain options and custom features in the Residence at an additional charge, which shall not be subject to any refund provision herein. Any such options and custom features selected and paid for by you will become our property. Such options and custom features must be approved by the Executive Director of the Village prior to adding them to the Residence. The Executive Director of the Village has consented to your request to add the options and custom features set forth in Exhibit A attached to this Agreement. You agree to pay the amount(s) set forth in Exhibit A to cover the costs for such items.

As a Resident of the Village, you are offered lifetime use of your Residence and lifetime access to Champions Assisted Living or the Davis Health Care Center (or in alternate facilities which we own or with which we may contract to provide these services). Champions Assisted Living and the Davis Health Care Center are located adjacent to the Village as a part of The Davis Community. The Village is also licensed as a Home Care Agency with the State of North Carolina. As a Home Care Agency, the Village can provide assistance with the activities of daily living to residents in their individual Residences (with or without extra charge).

To be accepted for residency, you must meet our admissions criteria, which includes: having reached the age of 62 (or sharing your Residence with another person who is 62 or older); financial guidelines; and the ability to live in a Residence – all as outlined in our current residency policy.

The purpose of this Residency Agreement is to set forth your rights and duties as a Resident of the Village and to delineate the services to be provided at the Village.

1. SERVICES AND AMENITIES PROVIDED TO RESIDENTS. We will furnish at the Village, so long as you reside in a Residence, the following services and amenities which are included in the Monthly Fee:

1.1 One full meal per day in the dining room;

1.2 Delivery service of lunch or dinner to your Residence;

1.3 Utilities, including air conditioning, heating, electricity, water, sewer, and trash disposal;

1.4 Cable television;

1.5 Internet access;

1.6 Local and long distance telephone service (with some limitations);

1.7 Storage;

1.8 Building and grounds maintenance;

1.9 Regular housekeeping service;

1.10 Regular flat laundry service;

1.11 Availability of laundry facilities so that you can wash and dry personal laundry;

1.12 Planned activities -- social, educational, cultural, spiritual, and recreational -- for those who wish to participate;

1.13 Surface parking for you and your guests;

1.14 Complete kitchen, including refrigerator, range with oven, over-the-range microwave, garbage disposal, and dishwasher (except in one-bedroom convertible units);

1.15 Local transportation scheduled by us (and as posted);

1.16 Emergency call system in each Residence bathroom and bedroom;

1.17 Emergency telephone calls to the Medical Director by designated personnel;

1.18 Smoke detectors in each Residence;

1.19 24-hour security personnel;

1.20 Use of the Village's common area amenities during scheduled hours;

1.21 Access to the Resident Care Center, which is available to respond to resident's emergency calls and to provide temporary nursing and outpatient services. Some routine outpatient services are included as part of the Monthly Fee; and

1.22 Home care services for a limited period of time in our sole discretion.

2. ADDITIONAL SERVICES AND AMENITIES PROVIDED FOR AN EXTRA CHARGE. At your request, we will also make available at the Village at the then-prevailing rates of extra charge:

2.1 Additional meals over those provided in consideration for the Monthly Fee;

2.2 Alcoholic beverages;

2.3 Use of the private dining room, preparation of special meals for you and your guests, and use of Village wait staff for any of your special occasion events;

2.4 Carports, when available;

2.5 Guest accommodations;

2.6 Guest meals;

2.7 Beauty/barber shop services;

2.8 Personal laundry service (non-dry clean items);

2.9 Additional housekeeping services;

2.10 Special events transportation;

2.11 Certain other services, such as medicine, drugs, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment;

2.12 Other optional services related or unrelated to care in Champions Assisted Living or the Health Care Center as approved by us;

2.13 Additional outpatient services and special services (injections, medication management, etc.) are available in the Resident Care Center for an extra charge; and

2.14 Extended home care services based on the Resident's needs at the time such services are required in consultation with the Executive Director or his/her designee.

3. ASSISTED LIVING. If, in the opinion of the Executive Director and our Medical Director, after consultation with your attending physician, your family or your responsible party, the administrator of Champions Assisted Living or his or her designee, and you to the extent feasible, it is determined that you need assisted living care, you will be provided with such care at Champions Assisted Living or at an alternate assisted living facility which we own or with which we may contract to provide assisted living, based on the following terms:

3.1 Assisted Living Accommodations. Your assisted living accommodations will be in a private one-bedroom suite or special care suite, depending on the level of care needed by you. If you wish to occupy a larger suite, you agree to pay the difference in the charges between the larger suite and the suites listed above.

3.2 Temporary or Permanent Assignment to Assisted Living. Typically, a resident is considered temporarily assigned during the first thirty (30) consecutive days of care. However, a resident may be considered permanently assigned during that time if it is determined by our Medical Director that the resident requires long-term assisted living care. A resident will be considered permanently assigned to assisted living if he/she requires more than thirty (30) consecutive days of assisted living.

3.3 Thirty (30) Calendar Days of Temporary Assisted Living Care. We will cover the charges for assisted living care at Champions (or the alternate assisted living facility) for up to thirty (30) calendar days for each Resident each fiscal year during a

temporary stay. If there are two Residents, the allowance may be combined and used by only one Resident. During such time, you will continue to pay the Monthly Fee (first and second person, as applicable) for your Residence. In addition, you will pay for the cost of two (2) assisted living meals per day not covered by the Monthly Fee at the then-current charge for assisted living meals and the charges for any additional services and supplies as described in Paragraph 3.8 below. If you do not use the thirty (30) calendar days of care each fiscal year, any unused days will not be carried over to the next year. Once you are permanently assigned to assisted living, you no longer qualify for the thirty (30) days.

3.4 More Than Thirty (30) Calendar Days of Temporary Assisted Living Care. If you use more than thirty (30) calendar days of temporary assisted living care, you will be responsible for paying the full daily rate charged by Champions (or the alternate assisted living facility), as well as the Monthly Fee (first and second person, as applicable) for your Residence and the charges for any additional services and supplies as described in Paragraph 3.8 below.

3.5 Permanent Assignment to Assisted Living When There is One of You. When permanently assigned to assisted living, you will be required to vacate and release your Residence within thirty (30) days of notice to you of permanent assignment. You will pay each month the Assisted Living Per Diem Charge as defined in Paragraph 3.7. Your Monthly Fee will continue until removal of your personal property from the Residence and from any storage unit. In addition, you will pay the charges for any additional services and supplies as described in Paragraph 3.8 below.

3.6 Permanent Assignment to Assisted Living When There are Two of You. When there are two of you, and one of you is permanently assigned to assisted

living, the other of you may continue to occupy the Residence under the terms of this Agreement and pay the first person Monthly Fee. The Resident permanently assigned to assisted living will pay the Assisted Living Per Diem Charge as described in Paragraph 3.7 below, plus the charges for any additional services and supplies as described in Paragraph 3.8. In the event the Resident in the Residence dies, the Resident in assisted living will pay the Assisted Living Per Diem Charge as described in Paragraph 3.7 below, as well as the first person Monthly Fee for the Residence until the removal of the personal property from the Residence and from any storage unit, which must be accomplished within thirty (30) days from the date of death.

In the event both of you are permanently assigned to assisted living, you will be required to vacate and release your Residence within thirty (30) days of notice to you of the last Resident's permanent assignment. Each of you will pay the Assisted Living Per Diem Charge as defined in Paragraph 3.7 below. The first person Monthly Fee will continue until removal of your personal property from the Residence and from any storage unit. In addition, you will pay the charges for any additional services and supplies as described in Paragraph 3.8 below.

3.7 Assisted Living Per Diem Charge. The Assisted Living Per Diem Charge, as used within this Agreement, is a percentage of the daily rate then being charged by Champions Assisted Living to nonresidents for like accommodations. The percentage is seventy-five percent (75%). Upon sixty (60) days' written notice, we may change the percentage if, in our sole discretion, we deem it necessary to meet the financial needs of operating the Village or to provide the services to the residents (or without notice if such change in percentage is required by local, State, or Federal laws and regulations).

3.8 Additional Services and Supplies. Certain additional services and supplies will be provided in Champions Assisted Living, including but not limited to: personal transportation, personal laundry service, therapy services, nursing care, pharmaceutical supplies, guest accommodations, beauty and barber services, telephone, and personal care supplies. These additional services and supplies will be available at the then-prevailing rates of extra charge. Any extra charges for additional services and supplies will be paid for by you in accordance with Paragraph 7.1 of this Agreement. If we incur or advance charges for your care or treatment or for any additional services and supplies, you will promptly reimburse us for such charges.

3.9 Alternate Accommodations. If Champions Assisted Living is fully occupied, you will be provided and agree to relocate to another assisted living facility. Such assisted living accommodations shall be in a private suite, unless a semi-private suite is requested. Upon your relocation, you shall continue to be responsible for the applicable charges set forth in Section 3. To the extent we would be liable for your care and accommodations in Champions Assisted Living under this Agreement, we will be responsible for the charges associated with the alternate assisted living accommodations. You agree to relocate to Champions Assisted Living when a suite becomes available.

3.10 Return to Residence. If you have released your Residence because you have moved to assisted living, and if it is later determined by the Executive Director and our Medical Director, in consultation with your attending physician, that you are able to return to the Village, we will provide you with a Residence at the Village of the same or similar type as the one you released as soon as one becomes available. Upon reoccupying such Residence, your Monthly

Fee will be based on the then-current Monthly Fee for the new Residence.

3.11 Under Age 62. If you are under the age of 62 and require assisted living care, you will not qualify for the thirty (30) calendar days of temporary assisted living care as outlined in Paragraph 3.3. You will be charged the full daily rates then being charged to nonresidents by Champions Assisted Living or the alternate assisted living facility, until you attain the age of 62.

3.12 Refund of Entrance Fee. If you (or both of you, if there are two of you) are permanently assigned to Champions Assisted Living or to an alternate assisted living facility, this does not qualify you for an immediate refund of the Entrance Fee. Your Entrance Fee refund will be paid in accordance with Paragraph 6.5 hereof.

3.13 Care Outside the Village. If you choose to receive assisted living care at a facility not designated by the Village, we shall not be responsible for the assisted living charges incurred by you, and your Monthly Fee under this Agreement will not be reduced.

3.14 Assisted Living Admission Agreement. If you require assisted living care at Champions Assisted Living or at an alternate assisted living facility which we own or with which we may contract to provide assisted living, you agree to sign a separate Assisted Living Admission Agreement with those facilities as required by State law and regulations.

4. HEALTH CARE CENTER. If, in the opinion of the Executive Director and our Medical Director after consultation with your attending physician, your family or your responsible party, and you to the extent feasible, it is determined that you need nursing care, you will be provided with such care at the Davis Health Care Center (or at an alternate health care facility which we own or

with which we may contract to provide nursing care), based on the following terms:

4.1 Health Care Center Accommodations. Your health care center accommodations will be in a semi-private room unless a private room is medically necessary. If not medically necessary, you may still choose to occupy a private room if one is available - as long as you agree to pay the difference between the charges for private and semi-private accommodations.

4.2 Temporary or Permanent Assignment to the Health Care Center. Typically, a resident is considered temporarily assigned during the first ninety (90) consecutive days of care. However, a resident may be considered permanently assigned during that time if it is determined by our Medical Director that long-term care is needed. A resident will be considered permanently assigned to the Davis Health Care Center (or the alternate health care facility) if he/she requires more than ninety (90) consecutive days of nursing care.

4.3 Thirty (30) Calendar Days of Temporary Nursing Care. We will cover the charges for nursing care at the Davis Health Care Center (or the alternate health care facility) for up to thirty (30) calendar days for each Resident each fiscal year during a temporary stay. If there are two Residents, the allowance may be combined and used by only one Resident. During such time, you will continue to pay the Monthly Fee (first and second person, as applicable) for your Residence. In addition, you will pay for the cost of two (2) health center meals per day not covered by the Monthly Fee at the then-current charge for health center meals and the charges for any additional services and supplies as described in Paragraph 4.8 below. If you do not use the thirty (30) calendar days of care each fiscal year, any unused days will not be carried over to the next year. Once you are permanently assigned to the Davis Health

Care Center (or the alternate health care facility), you no longer qualify for the thirty (30) days.

4.4 More Than Thirty (30) Calendar Days of Temporary Nursing Care. If you use more than thirty (30) calendar days of temporary nursing care, you will be responsible for paying the full daily rate charged by the Davis Health Care Center (or the alternate health care facility), as well as the Monthly Fee (first and second person, as applicable) for your Residence and the charges for any additional services and supplies as described in Paragraph 4.8 below.

4.5 Permanent Assignment to the Health Care Center When There is One of You. When permanently assigned to the Davis Health Care Center (or the alternate health care facility), you will be required to vacate and release your Residence within thirty (30) days of notice to you of permanent assignment. You will pay each month the Health Care Center Per Diem Charge as defined in Paragraph 4.7. Your Monthly Fee will continue until removal of your personal property from the Residence and from any storage unit. In addition, you will pay the charges for any additional services and supplies as described in Paragraph 4.8 below.

4.6 Permanent Assignment to the Health Care Center When There are Two of You. When there are two of you and one of you is permanently assigned to the Davis Health Care Center (or the alternate health care facility), the other of you may continue to occupy the Residence under the terms of this Agreement and pay the first person Monthly Fee. The Resident permanently assigned will pay the Health Care Center Per Diem Charge as described in Paragraph 4.7 below, plus the charges for any additional services and supplies as described in Paragraph 4.8. In the event the Resident in the Residence dies, the Resident in the Davis Health Care Center (or the alternate health

care facility) will pay the Health Care Center Per Diem Charge as described in Paragraph 4.7 below, as well as the first person Monthly Fee for the Residence until removal of the personal property from the Residence and from any storage unit, which must be accomplished within thirty (30) days from the date of death.

In the event both of you are permanently assigned to the Davis Health Care Center (or the alternate health care facility), you will be required to vacate and release your Residence within thirty (30) days of notice to you of the last Resident's permanent assignment. Each of you will pay the Health Care Center Per Diem Charge as defined in Paragraph 4.7 below. Your first person Monthly Fee will continue until removal of your personal property from the Residence and from any storage unit. In addition, you will pay the charges for any additional services and supplies as described in Paragraph 4.8 below.

4.7 Health Care Center Per Diem Charge. The Health Care Center Per Diem Charge, as used within this Agreement, is a percentage of the daily rate then being charged by the Davis Health Care Center to nonresidents for like accommodations. The percentage is seventy-five percent (75%). Upon sixty (60) days' written notice, we may change the percentage if, in our sole discretion, we deem it necessary to meet the financial needs of operating the Village (or without notice if such change in percentage is required by local, State, or Federal laws and regulations).

4.8 Additional Services and Supplies. Certain additional services and supplies will be provided in the Davis Health Care Center, including but not limited to: medical treatment by our Medical Director or your attending physician, medicine, drugs, prescribed therapy, nursing supplies, personal laundry, and other medical and

miscellaneous supplies and services associated with medical treatment. These additional services and supplies will be available at the then-prevailing rates of extra charge. Any extra charges for additional services and supplies will be paid for by you in accordance with Paragraph 7.1 of this Agreement. If we incur or advance charges for your medical treatment or for any additional services and supplies associated with medical treatment (even though this medical treatment is given at the direction of your attending physician or the Medical Director without your prior approval), you will promptly reimburse us for such charges.

4.9 Medical Director and Attending Physician. We have designated a member in good standing of the New Hanover County Medical Society to act as our Medical Director and who will be on emergency call. You are required to have an attending physician upon admission to the Davis Health Care Center (or the alternate health care facility) at your own expense.

4.10 Medicare and Insurance Obligations. You agree to maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to us to assure your ability to fully cover a Medicare-qualified stay in the Davis Health Care Center (or the alternate health care facility). Such supplemental insurance should cover Medicare co-insurance and deductibles. You will furnish to us such evidence of coverage as we may from time to time request. Should your supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay, or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other costs for each Medicare-qualified stay in the Davis Health Care Center (or the

alternate health care facility). If failure to maintain Medicare Part A, Medicare Part B, or supplemental health insurance causes depletion of your resources and impairs your ability to meet your financial obligations, we need not defer your financial obligations to us as outlined in Paragraph 9.4 hereof, and we retain the right to cancel this Agreement as provided in Section 9.

4.11 Alternate Accommodations. If the Davis Health Care Center is fully occupied, you will be provided and agree to relocate to another health care facility. Such health care accommodations shall be in a semi-private room, unless a private room is medically necessary. Upon your relocation, you shall continue to be responsible for the applicable charges set forth in Section 4 herein. To the extent we would be liable for your care and accommodations in the Davis Health Care Center under this Agreement, we will be responsible for the charges associated with the alternate health care accommodations. You agree to relocate to the Davis Health Care Center when a bed becomes available.

4.12 Return to Residence. If you have released your Residence because you have moved to the Davis Health Care Center (or the alternate health care facility) and if it is later determined by the Executive Director and our Medical Director, in consultation with your attending physician, that you are able to return to the Village, we will provide you with a Residence at the Village of the same or similar type as the one you released as soon as one becomes available. Upon reoccupying such Residence, your Monthly Fee will be based on the then-current Monthly Fee for the new Residence.

4.13 Under Age 62. If you are under the age of 62 and require nursing care, you will not qualify for the thirty (30) calendar days of temporary nursing care as outlined in Paragraph 4.3. You will be

charged the rates then being charged to nonresidents by the Davis Health Care Center (or the alternate health care facility), until you attain the age of 62.

4.14 Refund of Entrance Fee. If you (or both of you, if there are two of you) are permanently assigned to the Davis Health Care Center (or the alternate health care facility), this does not qualify you for immediate refund of the Entrance Fee. Your Entrance Fee refund will be paid in accordance with Paragraph 6.5 hereof.

4.15 Care Outside the Village. If you choose to receive care at a health care facility not designated by the Village, we shall not be responsible for the health care charges incurred by you, and your Monthly Fee under this Agreement will not be reduced.

4.16 Health Care Center Admission Agreement. If you require care in the Davis Health Care Center (or at an alternate health care facility which we own or with which we may contract to provide nursing care), you agree to sign a separate Health Care Center Admission Agreement with those facilities as required by Federal and State laws and regulations.

5. ENTRANCE FEE. Your Entrance Fee is \$_____, which will be paid as outlined below.

5.1 Entrance Fee Deposit. To reserve your Residence, you will pay a deposit equal to ten percent (10%) of the Entrance Fee (\$_____) at the time you sign this Agreement. The Entrance Fee deposit shall be held in escrow pursuant to applicable statutory provisions and the terms of the escrow agreement established for the Village. In no event shall your Entrance Fee deposit be released from escrow prior to the expiration of your right of rescission period.

A copy of the escrow agreement is available upon request.

5.2 Balance of Entrance Fee.

The remaining balance of the Entrance Fee equal to ninety percent (90%) (\$_____) of the Entrance Fee will be paid on or before one hundred and twenty days (120) following the date of your execution of this Agreement or upon the date of your occupancy, whichever occurs first.

5.3 Second Person Entrance Fee.

If there are two of you under this Agreement, you will pay a Second Person Entrance Fee equal to \$_____. Said fee will be paid to us at the same time you pay the balance of the Entrance Fee described in Paragraph 5.2 above. The Second Person Entrance Fee is nonrefundable after it is paid.

6. REIMBURSEMENT OF ENTRANCE FEE.

6.1 Nonacceptance. Except as waived by us after full disclosure, we require that you be at least 62 years of age or residing in the same Residence with a resident who is 62 or older; be capable of living in a Residence as defined in our current residency policy; and have assets and income which are sufficient under foreseeable circumstances and after provision for payment of your obligations hereunder to meet ordinary and customary living expenses after assuming occupancy. If we do not accept you for residency, this Agreement will automatically cancel. In such event, the portion of the Entrance Fee paid to that date will be refunded to you, without interest, within thirty (30) days following such cancellation.

6.2 Right of Rescission Period.

You may rescind this Agreement by providing us with written notice within thirty (30) days following the later of your execution of this Agreement or receipt by you of a Disclosure Statement. In such event, the

portion of the Entrance Fee paid to that date will be refunded to you, without interest, within thirty (30) days following the date of our receipt of your notice of rescission. In the event you occupy the Residence during the rescission period, any money or property transferred to us will be refunded in full, without interest, within sixty (60) days following the date of our receipt of your notice of rescission, except we will retain those periodic charges (including Monthly Fees) set forth in this Agreement which are applicable to the period of time you actually occupied the Residence. We cannot require you to move into the Village prior to the expiration of your right of rescission period.

6.3 Change in Condition Prior to Occupancy.

If, prior to occupancy, you (or either of you, if there are two of you) die or become unable to occupy your Residence because of illness, injury, or incapacity, this Agreement will automatically cancel upon our receipt of notice of your death, illness, injury or incapacity. If you elect to cancel this Agreement because of a substantial change in your physical, mental, or financial condition prior to occupancy, then this Agreement will cancel upon written notice from you. We will return to you (or to your estate or legal representative) that portion of the Entrance Fee you have paid to that date, without interest, less any costs incurred by us at your request and set forth in Exhibit A or in writing in a separate addendum. Said refund will be made within sixty (60) days following (i) the date of automatic cancellation of this Agreement; or (ii) the date of our receipt of your notice of cancellation.

6.4 Cancellation Prior to Occupancy for Reasons Other Than Set Forth in Paragraph 6.2 or 6.3 Above.

If, prior to occupancy, you provide us with written notice of cancellation of this Agreement for reasons other than those listed in Paragraph 6.2 or 6.3 above, we will retain a non-refundable fee equal to Two Thousand Five

Hundred Dollars (\$2,500) from the Entrance Fee you have paid to that date and any interest earned thereon, and less any costs incurred by us at your request, and set forth in Exhibit A or in writing in a separate addendum. We will return the remaining Entrance Fee within sixty (60) days following the date of our receipt of your notice of cancellation.

6.5 Cancellation After Occupancy. After occupancy should you or we cancel this Agreement pursuant to Section 8 or 9, or in the event of the your death or the death of the surviving Resident if there are two of you, we will remit to you (or to your estate) ninety percent (90%) of the Entrance Fee paid under this Agreement, not to exceed \$_____. Such refund amount will be paid, without interest, within thirty (30) days following the date your Residence is reoccupied by a new resident and our receipt from the new resident of the total entrance fee. The Second Person Entrance Fee is nonrefundable.

6.6 Offset Against Entrance Fee Refund. In the event of cancellation of this Agreement as described in Paragraph 6.5 above, we will offset against any Entrance Fee refund due to you or your estate the following:

6.6.1 The amount of any unreimbursed assisted living or health care expenses (except the cost of services described in Section 1 of this Agreement) incurred by us for your care during the time you live at the Village, Champions Assisted Living, or the Davis Health Care Center; and

6.6.2 Any sums owed by you to us, including unpaid Monthly Fees, pro-rated Monthly Fees for the period of time the Residence was occupied after cancellation of this

Agreement, any extra charges, and other sums currently due; and

6.6.3 The amount of any Monthly Fees and other sums deferred by us on your behalf under Paragraph 9.4; and

6.6.4 All sums expended by us on your behalf to remove alterations and restore your Residence to its original condition as provided in Paragraph 10.7; and

6.6.5 Any costs incurred by us as a result of options and custom features added to the Residence at your request as outlined in Exhibit A or in a separate addendum to this Agreement.

7. MONTHLY FEE AND EXTRA CHARGES. You will pay the following Monthly Fee which provides the services and amenities listed under Section 1 and provides for all other financial requirements of operating the Village. In addition, you will pay extra charges for the additional services and amenities requested by you under Section 2.

7.1 Payment of Monthly Fee and Extra Charges. You will pay a pro rata portion of the Monthly Fee commencing on the earlier of (i) occupancy or (ii) within one hundred twenty (120) days of the date you executed this Agreement. Thereafter, your Monthly Fee will be payable each month in advance by the fifth (5th) business day of each month during the term of this Agreement. Any extra charges for additional services requested by you will be paid by the fifth (5th) business day of each month for the additional services obtained during the preceding month. Currently, the Monthly Fee is \$_____ for one person and an additional \$_____ for the second person. In the event there are two of you who occupy the Residence and one of you dies, the second

person Monthly Fee will cease, and the remaining person will continue to pay the first person Monthly Fee. The Monthly Fee for your Residence will cancel upon the surviving Resident's death and following death, the removal of all household furnishings and personal effects, or as provided in Section 8 or 9.

7.2 Late Payment Charge. If the Monthly Fee and extra charges are not paid by the end of the month, we will charge a one percent (1%) interest penalty a month on the unpaid balance of the Monthly Fee and any extra charges.

7.3 Changes in Monthly Fee. We may change the amount of the Monthly Fees upon sixty (60) days' written notice if, in our sole discretion, we deem it necessary to meet the financial needs of operating the Village or to provide the services to the residents (or without notice if such change in fee is required by local, State, or Federal laws or regulations).

7.4 Reserve Funds. The amount of the Monthly Fee is and will continue to be affected by our policy of maintaining reserve funds for the financial security of the Village.

7.5 Adjustment in Monthly Fee Due to Assignment to Assisted Living or the Health Care Center. If you are assigned to Champions Assisted Living or the Davis Health Care Center (or alternate facilities which we own or with which we may contract to provide care), your Monthly Fee will be adjusted and certain additional charges will become due as described in Sections 3 and 4 hereof.

7.6 Reduction in Monthly Fee Due to Absence. If you are absent from the Village for more than fourteen (14) consecutive days, the Monthly Fee will be reduced by the raw food costs determined through the Village's budgeting process. You

are required to provide advance notice to administration of your absence in order to qualify for the reduction in the Monthly Fee.

8. YOUR CANCELLATION RIGHTS.

8.1 Prior to Occupancy. You may cancel this Agreement for any reason at any time before occupancy of the Village by giving us written notice signed by you (or both of you, if there are two of you). If you give such notice prior to your occupancy of the Village, the cancellation will be effective immediately upon our receipt of such notice. Refund of your Entrance Fee will be as described in Paragraph 6.2, 6.3, or 6.4 above.

8.2 After Occupancy. After you assume occupancy of the Village, you may cancel this Agreement at any time by giving us one hundred twenty (120) days' written notice signed by you (or both of you, if there are two of you). This Agreement will cancel at the expiration of the one hundred twenty (120) day notice period. You are required to pay the Monthly Fee until the later of (i) the expiration of such one hundred twenty (120) day period or (ii) removal of your personal property from the Residence and from any storage unit. Refund of your Entrance Fee will be as described in Paragraph 6.5 above.

In the event of your death (if there are two of you, the death of the surviving resident), this Agreement will automatically cancel. Your estate will be responsible for paying the Monthly Fee until the later of (i) thirty (30) days after your death or (ii) removal of your personal property from the Residence and from any storage unit. Refund of your Entrance Fee will be as described in Paragraph 6.5 above.

9. OUR CANCELLATION RIGHTS.

9.1 Just Cause. After we have accepted you for residency, we will not

cancel this Agreement except for just cause. Just cause is defined as:

9.1.1 Noncompliance. You do not comply with the terms of this Agreement or the published operating procedures, covenants, rules, regulations, and policies now existing or later amended by us; or

9.1.2 Nonpayment. You do not pay the Entrance Fee, the Monthly Fee, the Assisted Living Per Diem Charge, the Health Care Center Per Diem Charge, or any extra charges when required to do so by this Agreement; or

9.1.3 Threat to Health or Safety. Your health status or behavior constitutes a substantial threat to the health or safety of yourself, other residents, or others, including your refusal to consent to relocation, or would result in physical damage to the property of others or the Village; or

9.1.4 Change in Condition. There is a major change in your physical or mental condition, and your condition cannot be cared for in Champions Assisted Living or in the Davis Health Care Center within the limits of their licenses.

9.2 Notice of Cancellation. Before any cancellation of this Agreement by us, we will give you notice in writing of the reasons. You will have thirty (30) days after that notice to correct the problem. If we determine the problem is corrected within the thirty (30) days, this Agreement shall remain in effect. If we determine the problem is not corrected within such time, this Agreement will be canceled, and you must leave the Village within thirty (30) days after we notify you of our determination. You are obligated to pay the Monthly Fee and any extra charges

you incur until the later of (i) the expiration of the thirty (30) day cancellation period, or (ii) removal of your personal property from the Residence. Refund of your Entrance Fee will be as described in Paragraph 6.5 above.

9.3 Emergency Cancellation. Should your continued residency pose an imminent threat of serious harm to you or other residents, and the Medical Director determines that either the giving of notice or the waiting period described in Paragraph 9.2 above might be detrimental to you or other residents, then such notice and/or waiting period will not be required. Under such circumstances, we are expressly authorized to transfer you to an appropriate hospital or other care facility, and we will promptly notify your family or your representative and your attending physician. We are not responsible for any charges related to such transfer or relocation nor will our staff accompany you to the hospital or other facility.

After transfer, we will provide you with a notice of cancellation if you will be unable to return to the Village, Champions Assisted Living, or the Davis Health Care Center. Cancellation of this Agreement shall be deemed to have occurred when you are relocated. You are obligated to pay the Monthly Fee and any extra charges you incur until removal of your personal property from the Residence and from any storage unit. Refund of your Entrance Fee will be as described in Paragraph 6.5 above.

If there are two of you under this Agreement and one of you is transferred under the circumstances described in this Paragraph, the other Resident may continue to occupy the Residence, Champions Assisted Living, or the Davis Health Care Center under the terms of this Agreement.

9.4 Financial Difficulty If, after you have paid the Entrance Fee and assumed

occupancy at the Village, you encounter financial difficulties making it impossible for you to pay the Monthly Fee, the Assisted Living Per Diem Charge, the Health Care Center Per Diem Charge, and any extra charges, you may qualify for financial assistance in accordance with our then-current Resident Hardship Monthly Fee Discount Policy (the "Hardship Policy"). In accordance with the Hardship Policy, you may be permitted to remain at the Village for reduced fees based on your ability to pay. You must submit an application for assistance and be able to establish facts to justify deferment of these fees. Financial assistance is only available when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate the Village on a sound financial basis for the benefit of all the residents. Financial assistance will not be available to you if you have impaired your ability to meet your financial obligations hereunder by making unapproved gifts or other transfers or by not maintaining Medicare Part A, Medicare Part B and adequate supplemental insurance coverage. If financial assistance is not available, we may cancel your residency at the Village.

10. MISCELLANEOUS PROVISIONS WITH RESPECT TO YOUR RESIDENCE.

10.1 Use of Residence. The Residence is for living only and shall not be used for carrying on any business or profession, nor in any manner in violation of zoning restrictions.

10.2 Duration of Your Right to Occupy the Residence. You may reside in your Residence for as long as you (either of you) live except to the extent you are required to relocate to Champions Assisted Living or the Davis Health Care Center (or alternate facilities which we own or with which we may contract to provide care) in accordance

with the provisions of Sections 3 and 4, or unless this Agreement is canceled by you or by us pursuant to Section 8 or 9. If there are two of you, then upon the death or permanent assignment of one of you to Champions Assisted Living or to the Davis Health Care Center, or upon some other inability of one of you to occupy the Residence, the other may continue to occupy the Residence under the terms of this Agreement.

10.3 Occupants of the Residence.

Except as hereinafter provided, no person other than you (or both of you, if there are two of you) may occupy the Residence except with our express written approval. In the event that a second person who is not a party to this Agreement wishes to be accepted for residency under this Agreement after the date we sign this Agreement, said second person's acceptance will be based on our then-current residency policy. If accepted, an Entrance Fee as determined by us will be paid upon admission, and each month the then-current Monthly Fee for second persons will be paid. If such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Residence for more than thirty (30) days (except with our express written approval), and you have the right to cancel this Agreement as provided in Paragraph 8.2.

10.4 Emergency Entry and Relocation. We may enter your Residence should it be necessary in an emergency to protect your health or safety or the health or safety of other residents. Should it be necessary to modify facilities to meet the requirements of any applicable law or regulation which necessitate temporary vacation of your Residence, we will provide alternate facilities for you without additional cost within or outside the Village. Further, if relocation is recommended by the Medical Director or your attending physician, we will request that you relocate to another Residence within the Village, to Champions Assisted Living, or to

the Davis Health Care Center for the protection of your health or safety or for the health or safety of the other residents of the Village.

10.5 Furnishings. Furnishings within the Residence will not be provided by us except as stated in Section 1. Furnishings provided by you (or either of you, if there are two of you) shall not be such as to interfere with your health or safety or the health or safety of other residents or others.

10.6 Removal and Storage of Personal Property. If you do not remove your personal property from the Residence and from any storage unit within thirty (30) days of: (i) your death (if there are two of you, the death of the surviving resident); (ii) permanent assignment to Champions Assisted Living or to the Davis Health Care Center; or (iii) cancellation of this Agreement as provided in Section 8 or 9, then we may remove and store such property at the expense and risk of you (or your estate) for a Monthly Fee. As an alternative and at our discretion, we may retain your property in the Residence or in any storage unit at the expense and risk of you (or your estate) for a Monthly Fee.

10.7 Alterations to the Residence. You may not undertake any alterations to your Residence without our prior written approval. Upon move out, we will, in our sole discretion, remove any alterations and restore the Residence to its original condition, normal wear and tear excepted. You agree to reimburse us for such charges. If you do not pay for such charges, then we will offset such charges against your Entrance Fee refund.

10.8 Refurbishment of the Residence. Customary and normal refurbishment charges of your Residence will be borne by us. Any necessary refurbishment

charges beyond those which are customary and normal will be paid by you.

10.9 Guests. No one other than you shall have a right of occupancy in the Residence without the consent of the Executive Director, unless otherwise permitted pursuant to guest policies established by us. The intent of the policies shall be to permit stays of short duration by your guests, where such stays shall not, in the opinion of the Executive Director, adversely affect the operation of the Village or be inconsistent with the welfare of other residents.

11. REPRESENTATIONS.

11.1 Your Representations. You represent and warrant to us the following:

11.1.1 You are capable of living in a Residence as defined in our current residency policy; and

11.2.2 You have assets and income which are sufficient under foreseeable circumstances, and after provisions for payment of your obligations under this Agreement, to meet ordinary and customary living expenses after you move into the Village (this is a requirement of entrance, unless waived by us in writing and after full disclosure by you of the circumstances); and

11.2.3 All facts stated by you in your application for residency are true and complete. You agree to maintain, after occupancy, any long term care insurance listed on your application for residency; and

11.2.4 You have not made any gift of your property in contemplation of signing this Agreement; and

11.2.5 You will be at least 62 years of age or will reside with a resident of the Village who is 62 years of age or older when you first move into the Village.

11.2 Our Representations. We represent and warrant to you that we are a not-for-profit corporation, and that we are not affiliated with any religious or charitable organizations.

12. PROMISES.

12.1 Our Promises. We promise the following:

12.1.1 It is and shall be our declared policy to operate as a not-for-profit organization; and

12.1.2 We shall not cancel this Agreement without just cause as specified in Paragraph 9.1; and

12.1.3 We shall not cancel this Agreement solely because of your financial inability to pay as specified in Paragraph 9.4; and

12.1.4 We will abide by all other terms of this Agreement.

12.2 Your Promises. You promise to do the following:

12.2.1 To comply with all of our published operating procedures and policies now existing or hereafter amended; and

12.2.2 To pay the Entrance Fee, Monthly Fee, Assisted Living Per Diem Charge, Health Care Center Per Diem Charge, and any extra charges provided for by this Agreement; and

12.2.3 To provide, by will or otherwise, within sixty (60) days after occupancy of the Village, for the disposition of all your furniture, possessions, and property located in the Village; and

12.2.4 To make funeral and burial arrangements at your expense; and

12.2.5 To not voluntarily take any action which could impair your ability to meet your financial obligations to us under this Agreement without our consent; and

12.2.6 To abide by all other terms of this Agreement.

13. ARBITRATION.

13.1 Voluntary Arbitration of Negligent Health Care Claims. For all claims for damages for personal injury or wrongful death based on alleged negligence in the provision of health care, the parties may voluntarily elect to submit to arbitration pursuant to the procedures set forth in Article 1H of Chapter 90 of the North Carolina General Statutes. N.C.G.S. §90-21.60(b) prohibits any contract from requiring prior agreement of the parties to arbitrate alleged negligent health care claims. If the parties agree to arbitrate such actions, said arbitration will be governed in accordance with N.C.G.S. §90-21.60, *et seq.*

13.2 Arbitration for Other Claims. You agree that any dispute, claim or controversy of any other kind (except for those disputes, claims or controversies arising under Paragraph 13.1 above) between you and us arising out of, in connection with, or relating to this Residency Agreement and any amendment hereof, or the breach hereof, which cannot be resolved by mutual agreement or in small claims court, will be

submitted to and determined by arbitration in New Hanover County, North Carolina in accordance with the Federal Arbitration Act and the then-current commercial arbitration rules of the Federal Arbitration Act. You and we will jointly agree on an arbitrator and the arbitrator will be selected according to the procedure set forth in State law, if applicable. In reaching a decision, the arbitrator shall prepare findings of fact and conclusions of law. Any direct arbitration costs incurred by you will be borne by you. Costs of arbitration, including our legal costs and attorneys' fees, arbitrators' fees, and similar costs, will be borne by all residents of the Village, provided that the arbitrator may choose to award the costs of arbitration against us if the arbitrator determines that the proposed resolution urged by us was not reasonable. If the issue affects more than one resident, we may elect to join all affected residents into a single arbitration proceeding, and you hereby consent to such joinder.

13.3 Withdrawal of Agreement to Arbitrate. You may withdraw your agreement to arbitrate within thirty (30) days after signing this Agreement by giving us written notice of your withdrawal.

13.4 Binding Effect of Arbitration. This arbitration clause binds all parties to this Agreement and their spouses, heirs, representatives, executors, administrators, successors, and assigns, as applicable. After cancellation of this Agreement, this arbitration clause shall remain in effect for the resolution of all claims and disputes that are unresolved as of that date.

14. MISCELLANEOUS LEGAL PROVISIONS.

14.1 Nature of Rights. You understand and agree that (i) this Agreement or your rights under it (including the use of the Residence) may not be assigned, and no rights or benefits under this Agreement shall

inure to the benefit of your heirs, legatees, assignees or representatives, except as to the Entrance Fee refund described in Section 6; (ii) this Agreement and your contractual right to occupy the Village shall exist and continue to exist during your lifetime unless canceled pursuant to Section 8 or 9; (iii) this Agreement grants you the right to occupy and use space in the Village, but does not give you exclusive possession of the Residence against us, and you will not be entitled to any rights of specific performance but will be limited to such remedies as set forth herein and as provided by continuing care law; (iv) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by us; and (v) this Agreement grants to us complete decision-making authority regarding the management and operation of the Village.

14.2 Sale or Transfers. We may sell or transfer our interest in the Village provided the buyer will agree to assume this Agreement and all other existing Residency Agreements. Upon the assumption of this Agreement by a buyer of the Village and its agreement to perform this Agreement and all other agreements, we will have no further obligation hereunder. If financially beneficial to us, the Village or land upon which it is located may be sold and leased back or assigned and leased back, but no such transaction will in any way alter our contractual obligations to you. Your signature hereto constitutes your consent and approval of any such future transaction.

14.3 Release. We are not responsible for loss of or damage to your personal property (unless such loss or damage is caused by our negligence or the negligence of our agents or employees), and you hereby release us from such liability. You may want to obtain, at your own expense, insurance to protect against such losses.

14.4 Indemnity. We will not be liable for, and you agree to indemnify, defend, and hold us harmless from claims, damages and expenses, including attorney's fees and court costs, resulting from any injury or death to persons and any damages to property to the extent caused by, resulting from, attributable to or in any way connected with your negligent or intentional acts or omissions or that of your guests.

14.5 Reimbursement of Loss or Damage. You or your representative, if applicable, agree to reimburse us for any loss or damage to the Village caused by your intentional careless, or negligent acts or omissions or that of your guests.

14.6 Tax Considerations. Each person considering executing this Agreement should consult with his or her tax advisor regarding any tax considerations that may be associated with this Agreement.

14.7 Subordination. You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages and other documents creating liens encumbering the Village, which have been or will be signed by us. Upon request, you agree to sign, acknowledge, and deliver to such lender(s) such further written evidence of such subordination as such lender(s) may reasonably require. Except to the extent of your obligation to pay the Monthly Fee, you will not be liable for any such indebtedness.

14.8 Entire Agreement. This Agreement and any amendments, addenda or exhibits hereto contain our entire understanding with respect to your residency.

14.9 Amendments. This Agreement may be amended by agreement of the parties to this Agreement. No amendment of this Agreement will be valid unless in writing and signed by you and us.

14.10 Modification Due to Law or Regulation Changes. This Agreement may be modified by us at any time in order to comply with changes in applicable laws and regulations.

14.11 Governing Law. This Agreement will be governed, interpreted, and construed according to the laws and regulations of the State of North Carolina.

14.12 Separability. 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.

14.13 Nonwaiver. If we fail to insist in any instance upon performance of any of the terms, covenants, or conditions of this Agreement, it shall not be construed as a waiver or relinquishment of the future performance of any such terms, covenants, or conditions, but your obligation with respect to such future performances shall continue in full force and effect.

14.14 Residents. When there are two of you, the rights and obligations of each of you are joint and several, except as the context of this Agreement otherwise requires.

14.15 Capacity. This Agreement has been signed by our duly authorized agent, and no officer, director, agent or employee shall have any personal liability to you under this Agreement under any circumstance. This Agreement will become effective upon our acceptance and execution.

14.16 Reimbursement of Charges. You agree to reimburse us for any charges we incur to collect any unpaid amounts you owe to us under this Agreement.

14.17 Responsible Party. You agree to execute and deliver to us within sixty

(60) days after assuming residency in your Residence a Durable Power of Attorney, trust documents, or other documentation naming a responsible party for business and financial decision making. These documents should be drafted to remain effective notwithstanding your incompetence or disability and shall be in a form acceptable to us, and you agree to keep such documents in effect as long as this Agreement is in effect. The person(s) named as your responsible party shall not be a person(s) employed by us or any other entity engaged in the management of the Village.

obligations under this Agreement, including but not limited to, your obligation to pay all sums owed by you to us, and your agreement to indemnify us as set forth in Paragraph 14.4, and our representations and obligations under this Agreement, will survive any cancellation of your residency in the Village, regardless of the reason for such cancellation and regardless of whether it is initiated by you or by us.

[Signature page follows]

14.18 Private Employee of Resident. If you need additional services, you can obtain these needed services from the Village's licensed Home Care Agency or from a private employee, an independent contractor, or through a different agency ("Personal Service Provider"). If you do not utilize the Village's Home Care Agency, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. If you obtain services from a private employee, independent contractor, or a different agency, then you must comply with our policy regarding Personal Service Providers and ensure that your private employee, independent contractor, or person you employ through an agency complies with our policies and rules of conduct set forth in our Personal Service Provider Policy. If you fail to follow or enforce the policies and rules set forth in the Personal Service Provider Policy, then we may elect at our sole option to cancel this Agreement.

14.19 Notice. Any notice required to be given to us under this Agreement will be in writing and mailed or delivered to the Executive Director at the Village. Any notice required to be given to you will be delivered to you at your Residence or at some other address upon your notice to us.

14.20 Survival of Representations and Obligations. Your representations and

14.21 Acknowledgment of Receipt of Documents. You hereby certify that you received a copy of this Agreement and a copy of our most current Disclosure Statement.

Executed this _____ day of _____, 20_____.

RESIDENT

Witness

RESIDENT

Witness

Approved this _____ day of _____, 20_____.

PLANTATION VILLAGE, INC.

By: _____
Authorized Representative

Residence Type _____

Residence Number _____

Entrance Fee \$_____

Exhibit A: Options and Custom Features



90% Return of Captial Residency Agreement (2020-04-07) .docx

Exhibit A

<u>Options and Custom Features Added at Resident's Request:</u>	<u>Amount</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
<u>Total</u>	\$ _____

Initials _____
Community

Resident(s) _____

Resident(s) _____

Exhibit C

50 Percent Return of Capital™ Residency Agreement



PLANTATION VILLAGE

Keep on loving life

**1200 Porters Neck Road
Wilmington, North Carolina 28411
(910) 686-7181**

**Marketing Office: 800-334-0240 (inside NC)
800-334-0035 (outside NC)**

**Residency Agreement
(50 Percent Return of Capital™)**

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EXHIBIT A: Options and Custom Features

GLOSSARY

The following terms are described as used in the accompanying Residency Agreement. Reference to the Residency Agreement and the context in which the terms are used is recommended to provide a fuller understanding of each of the terms:

"Agreement" means the Residency Agreement, entered into between the Resident and Plantation Village, Inc., which outlines the contractual obligations of both parties.

"Champions Assisted Living" means the licensed assisted living facility at The Davis Community located adjacent to the Village, which we have entered into an agreement with to provide assisted living care to our residents in accordance with Section 3 of this Agreement.

"Davis Health Care Center" means the licensed skilled nursing facility at The Davis Community located adjacent to the Village, which we have entered into an agreement with to provide skilled nursing care to our residents in accordance with Section 4 of this Agreement.

"Entrance Fee" means payment that assures a resident a place at the Village for life as long as the resident complies with the terms of this Agreement. At the time the resident makes application for residency at the Village, the resident will sign a Residency Agreement to reserve the Residence selected and will pay an Entrance Fee deposit to the Village. The balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 120 days after the Residency Agreement is executed by you. Specific information is located in Section 5 of this Agreement.

"Extra Charges" means the extra charges payable in consideration for the additional services and amenities requested by you, as set forth in Section 2 of this Agreement.

"Residence" means the apartment, duplex or villa at the Village identified in the

introductory paragraph of the Agreement, in which the Resident has the right to live pursuant to this Agreement in exchange for paying the Entrance Fee, Second Person Entrance Fee (if applicable), and the Monthly Fees.

"Monthly Fee" means that monthly fee payable in consideration for the services and amenities provided to the residents of the Village, as set forth in Section 7 of this Agreement. The Monthly Fee includes a second person fee if there are two of you.

"Occupancy" means the earlier of the date you move into the Village or pay the balance of the Entrance Fee to pursuant to Paragraph 5.2 of this Agreement.

"Plantation Village, Inc." or "we" or "our" or "us" means the owner of the Residences, common areas, and site amenities associated with these areas. Plantation Village, Inc. is a North Carolina non-profit corporation.

"Resident" or "you" means the Resident(s) who sign this Agreement. Sometimes a second resident (if there are two of you) is referred to in this Agreement as the "second person." Unless otherwise indicated, "you" refers to both of you if there are two of you.

"Second Person Entrance Fee" means the fee paid to us for a second person's entrance into the Village pursuant to Paragraph 5.3 of this Agreement.

"The Davis Community" includes Champions Assisted Living and the Davis Health Care Center, wherein Residents are provided with assisted living and nursing

care as outlined in the Agreement. The Davis Community and Plantation Village are not affiliated entities.

The "Village" means the continuing care senior living community known as "Plantation Village," including the apartments, duplexes, villas, cottages, common areas, and site amenities.



Residency Agreement 50 Percent Return of Capital™

INTRODUCTION

This Return of Capital™ Residency Agreement ("Agreement") is entered into by Plantation Village, Inc. ("we," "us," or "our") and _____ (individually or collectively, "you," "your," or "Resident"). Plantation Village Retirement Community is a continuing care senior living community located at 1200 Porters Neck Road; Wilmington, NC 28411 (hereafter the "Village").

We will provide residential housing for seniors along with a wide array of personal services and amenities outlined in this Agreement. Subject to the conditions contained in this Agreement, we agree to make available to you the Residence described as follows:

Residence Number: _____
Residence Style: _____

You may have the option of selecting certain options and custom features in the Residence at an additional charge, which shall not be subject to any refund provision herein. Any such options and custom features selected and paid for by you will become our property. Such options and custom features must be approved by the Executive Director of the Village prior to adding them to the Residence. The Executive Director of the Village has consented to your request to add the options and custom features set forth in Exhibit A attached to this Agreement. You agree to pay the amount(s) set forth in Exhibit A to cover the costs for such items.

As a Resident of the Village, you are offered lifetime use of your Residence and lifetime access to Champions Assisted Living or the Davis Health Care Center (or in alternate facilities which we own or with which we may contract to provide these services). Champions Assisted Living and the Davis Health Care Center are located adjacent to the Village as a part of The Davis Community. The Village is also licensed as a Home Care Agency with the State of North Carolina. As a Home Care Agency, the Village can provide assistance with the activities of daily living to residents in their individual Residences (with or without extra charge).

To be accepted for residency, you must meet our admissions criteria, which includes: having reached the age of 62 (or sharing your Residence with another person who is 62 or older); financial guidelines; and the ability to live in a Residence – all as outlined in our current residency policy.

The purpose of this Residency Agreement is to set forth your rights and duties as a Resident of the Village and to delineate the services to be provided at the Village.

1. SERVICES AND AMENITIES PROVIDED TO RESIDENTS. We will furnish at the Village, so long as you reside in a Residence, the following services and amenities which are included in the Monthly Fee:

- 1.1 One full meal per day in the dining room;
- 1.2 Delivery service of lunch or dinner to your Residence;
- 1.3 Utilities, including air conditioning, heating, electricity, water, sewer, and trash disposal;
- 1.4 Cable television;
- 1.5 Internet access;
- 1.6 Local and long distance telephone service (with some limitations);
- 1.7 Storage;
- 1.8 Building and grounds maintenance;
- 1.9 Regular housekeeping service;
- 1.10 Regular flat laundry service;
- 1.11 Availability of laundry facilities so that you can wash and dry personal laundry;
- 1.12 Planned activities -- social, educational, cultural, spiritual, and recreational -- for those who wish to participate;
- 1.13 Surface parking for you and your guests;
- 1.14 Complete kitchen, including refrigerator, range with oven, over-the-range

microwave, garbage disposal, and dishwasher (except in one-bedroom convertible units);

- 1.15 Local transportation scheduled by us (and as posted);
- 1.16 Emergency call system in each Residence bathroom and bedroom;
- 1.17 Emergency telephone calls to the Medical Director by designated personnel;
- 1.18 Smoke detectors in each Residence;
- 1.19 24-hour security personnel;
- 1.20 Use of the Village's common area amenities during scheduled hours;
- 1.21 Access to the Resident Care Center, which is available to respond to resident's emergency calls and to provide temporary nursing and outpatient services. Some routine outpatient services are included as part of the Monthly Fee; and
- 1.22 Home care services for a limited period of time in our sole discretion.

2. ADDITIONAL SERVICES AND AMENITIES PROVIDED FOR AN EXTRA CHARGE. At your request, we will also make available at the Village at the then-prevailing rates of extra charge:

- 2.1 Additional meals over those provided in consideration for the Monthly Fee;
- 2.2 Alcoholic beverages;
- 2.3 Use of the private dining room, preparation of special meals for you

and your guests, and use of Village wait staff for any of your special occasion events;

- 2.4 Carports, when available;
- 2.5 Guest accommodations;
- 2.6 Guest meals;
- 2.7 Beauty/barber shop services;
- 2.8 Personal laundry service (non-dry clean items);
- 2.9 Additional housekeeping services;
- 2.10 Special events transportation;
- 2.11 Certain other services, such as medicine, drugs, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment;
- 2.12 Other optional services related or unrelated to care in Champions Assisted Living or the Health Care Center as approved by us;
- 2.13 Additional outpatient services and special services (injections, medication management, etc.) are available in the Resident Care Center for an extra charge; and
- 2.14 Extended home care services based on the Resident's needs at the time such services are required in consultation with the Executive Director or his/her designee.

3. ASSISTED LIVING. If, in the opinion of the Executive Director and our Medical Director, after consultation with your attending physician, your family or your responsible party, the administrator of Champions Assisted Living or his or her designee, and you to the extent feasible, it is determined that you need assisted living care,

you will be provided with such care at Champions Assisted Living or at an alternate assisted living facility which we own or with which we may contract to provide assisted living, based on the following terms:

3.1 Assisted Living Accommodations. Your assisted living accommodations will be in a private one-bedroom suite or special care suite, depending on the level of care needed by you. If you wish to occupy a larger suite, you agree to pay the difference in the charges between the larger suite and the suites listed above.

3.2 Temporary or Permanent Assignment to Assisted Living. Typically, a resident is considered temporarily assigned during the first thirty (30) consecutive days of care. However, a resident may be considered permanently assigned during that time if it is determined by our Medical Director that the resident requires long-term assisted living care. A resident will be considered permanently assigned to assisted living if he/she requires more than thirty (30) consecutive days of assisted living.

3.3 Thirty (30) Calendar Days of Temporary Assisted Living Care. We will cover the charges for assisted living care at Champions (or the alternate assisted living facility) for up to thirty (30) calendar days for each Resident each fiscal year during a temporary stay. If there are two Residents, the allowance may be combined and used by only one Resident. During such time, you will continue to pay the Monthly Fee (first and second person, as applicable) for your Residence. In addition, you will pay for the cost of two (2) assisted living meals per day not covered by the Monthly Fee at the then-current charge for assisted living meals and the charges for any additional services and supplies as described in Paragraph 3.8 below. If you do not use the thirty (30) calendar days of care each fiscal year, any unused days will not be carried over to the next year. Once you

are permanently assigned to assisted living, you no longer qualify for the thirty (30) days.

3.4 More Than Thirty (30) Calendar Days of Temporary Assisted Living Care. If you use more than thirty (30) calendar days of temporary assisted living care, you will be responsible for paying the full daily rate charged by Champions (or the alternate assisted living facility), as well as the Monthly Fee (first and second person, as applicable) for your Residence and the charges for any additional services and supplies as described in Paragraph 3.8 below.

3.5 Permanent Assignment to Assisted Living When There is One of You. When permanently assigned to assisted living, you will be required to vacate and release your Residence within thirty (30) days of notice to you of permanent assignment. You will pay each month the Assisted Living Per Diem Charge as defined in Paragraph 3.7. Your Monthly Fee will continue until removal of your personal property from the Residence and from any storage unit. In addition, you will pay the charges for any additional services and supplies as described in Paragraph 3.8 below.

3.6 Permanent Assignment to Assisted Living When There are Two of You. When there are two of you, and one of you is permanently assigned to assisted living, the other of you may continue to occupy the Residence under the terms of this Agreement and pay the first person Monthly Fee. The Resident permanently assigned to assisted living will pay the Assisted Living Per Diem Charge as described in Paragraph 3.7 below, plus the charges for any additional services and supplies as described in Paragraph 3.8. In the event the Resident in the Residence dies, the Resident in assisted living will pay the Assisted Living Per Diem Charge as described in Paragraph 3.7 below, as well as the first person Monthly Fee for the Residence until the removal of the personal

property from the Residence and from any storage unit, which must be accomplished within thirty (30) days from the date of death.

In the event both of you are permanently assigned to assisted living, you will be required to vacate and release your Residence within thirty (30) days of notice to you of the last Resident's permanent assignment. Each of you will pay the Assisted Living Per Diem Charge as defined in Paragraph 3.7 below. The first person Monthly Fee will continue until removal of your personal property from the Residence and from any storage unit. In addition, you will pay the charges for any additional services and supplies as described in Paragraph 3.8 below.

3.7 Assisted Living Per Diem Charge. The Assisted Living Per Diem Charge, as used within this Agreement, is a percentage of the daily rate then being charged by Champions Assisted Living to nonresidents for like accommodations. The percentage is seventy-five percent (75%). Upon sixty (60) days' written notice, we may change the percentage if, in our sole discretion, we deem it necessary to meet the financial needs of operating the Village or to provide the services to the residents (or without notice if such change in percentage is required by local, State, or Federal laws and regulations).

3.8 Additional Services and Supplies. Certain additional services and supplies will be provided in Champions Assisted Living, including but not limited to: personal transportation, personal laundry service, therapy services, nursing care, pharmaceutical supplies, guest accommodations, beauty and barber services, telephone, and personal care supplies. These additional services and supplies will be available at the then-prevailing rates of extra charge. Any extra charges for additional services and supplies will be paid for by you in accordance with Paragraph 7.1 of this Agreement. If we

incur or advance charges for your care or treatment or for any additional services and supplies, you will promptly reimburse us for such charges.

3.9 Alternate Accommodations.

If Champions Assisted Living is fully occupied, you will be provided and agree to relocate to another assisted living facility. Such assisted living accommodations shall be in a private suite, unless a semi-private suite is requested. Upon your relocation, you shall continue to be responsible for the applicable charges set forth in Section 3. To the extent we would be liable for your care and accommodations in Champions Assisted Living under this Agreement, we will be responsible for the charges associated with the alternate assisted living accommodations. You agree to relocate to Champions Assisted Living when a suite becomes available.

3.10 Return to Residence. If you have released your Residence because you have moved to assisted living, and if it is later determined by the Executive Director and our Medical Director, in consultation with your attending physician, that you are able to return to the Village, we will provide you with a Residence at the Village of the same or similar type as the one you released as soon as one becomes available. Upon reoccupying such Residence, your Monthly Fee will be based on the then-current Monthly Fee for the new Residence.

3.11 Under Age 62. If you are under the age of 62 and require assisted living care, you will not qualify for the thirty (30) calendar days of temporary assisted living care as outlined in Paragraph 3.3. You will be charged the full daily rates then being charged to nonresidents by Champions Assisted Living or the alternate assisted living facility, until you attain the age of 62.

3.12 Refund of Entrance Fee. If you (or both of you, if there are two of you)

are permanently assigned to Champions Assisted Living or to an alternate assisted living facility, this does not qualify you for an immediate refund of the Entrance Fee. Your Entrance Fee refund will be paid in accordance with Paragraph 6.5 hereof.

3.13 Care Outside the Village. If you choose to receive assisted living care at a facility not designated by the Village, we shall not be responsible for the assisted living charges incurred by you, and your Monthly Fee under this Agreement will not be reduced.

3.14 Assisted Living Admission Agreement. If you require assisted living care at Champions Assisted Living or at an alternate assisted living facility which we own or with which we may contract to provide assisted living, you agree to sign a separate Assisted Living Admission Agreement with those facilities as required by State law and regulations.

4. HEALTH CARE CENTER. If, in the opinion of the Executive Director and our Medical Director after consultation with your attending physician, your family or your responsible party, and you to the extent feasible, it is determined that you need nursing care, you will be provided with such care at the Davis Health Care Center (or at an alternate health care facility which we own or with which we may contract to provide nursing care), based on the following terms:

4.1 Health Care Center Accommodations. Your health care center accommodations will be in a semi-private room unless a private room is medically necessary. If not medically necessary, you may still choose to occupy a private room if one is available - as long as you agree to pay the difference between the charges for private and semi-private accommodations.

4.2 Temporary or Permanent Assignment to the Health Care Center.

Typically, a resident is considered temporarily assigned during the first ninety (90) consecutive days of care. However, a resident may be considered permanently assigned during that time if it is determined by our Medical Director that long-term care is needed. A resident will be considered permanently assigned to the Davis Health Care Center (or the alternate health care facility) if he/she requires more than ninety (90) consecutive days of nursing care.

4.3 Thirty (30) Calendar Days of Temporary Nursing Care. We will cover the charges for nursing care at the Davis Health Care Center (or the alternate health care facility) for up to thirty (30) calendar days for each Resident each fiscal year during a temporary stay. If there are two Residents, the allowance may be combined and used by only one Resident. During such time, you will continue to pay the Monthly Fee (first and second person, as applicable) for your Residence. In addition, you will pay for the cost of two (2) health center meals per day not covered by the Monthly Fee at the then-current charge for health center meals and the charges for any additional services and supplies as described in Paragraph 4.8 below. If you do not use the thirty (30) calendar days of care each fiscal year, any unused days will not be carried over to the next year. Once you are permanently assigned to the Davis Health Care Center (or the alternate health care facility), you no longer qualify for the thirty (30) days.

4.4 More Than Thirty (30) Calendar Days of Temporary Nursing Care. If you use more than thirty (30) calendar days of temporary nursing care, you will be responsible for paying the full daily rate charged by the Davis Health Care Center (or the alternate health care facility), as well as the Monthly Fee (first and second person, as applicable) for your Residence and the charges for any additional services and supplies as described in Paragraph 4.8 below.

4.5 Permanent Assignment to the Health Care Center When There is One of You. When permanently assigned to the Davis Health Care Center (or the alternate health care facility), you will be required to vacate and release your Residence within thirty (30) days of notice to you of permanent assignment. You will pay each month the Health Care Center Per Diem Charge as defined in Paragraph 4.7. Your Monthly Fee will continue until removal of your personal property from the Residence and from any storage unit. In addition, you will pay the charges for any additional services and supplies as described in Paragraph 4.8 below.

4.6 Permanent Assignment to the Health Care Center When There are Two of You. When there are two of you and one of you is permanently assigned to the Davis Health Care Center (or the alternate health care facility), the other of you may continue to occupy the Residence under the terms of this Agreement and pay the first person Monthly Fee. The Resident permanently assigned will pay the Health Care Center Per Diem Charge as described in Paragraph 4.7 below, plus the charges for any additional services and supplies as described in Paragraph 4.8. In the event the Resident in the Residence dies, the Resident in the Davis Health Care Center (or the alternate health care facility) will pay the Health Care Center Per Diem Charge as described in Paragraph 4.7 below, as well as the first person Monthly Fee for the Residence until removal of the personal property from the Residence and from any storage unit, which must be accomplished within thirty (30) days from the date of death.

In the event both of you are permanently assigned to the Davis Health Care Center (or the alternate health care facility), you will be required to vacate and release your Residence within thirty (30) days of notice to you of the last Resident's permanent

assignment. Each of you will pay the Health Care Center Per Diem Charge as defined in Paragraph 4.7 below. Your first person Monthly Fee will continue until removal of your personal property from the Residence and from any storage unit. In addition, you will pay the charges for any additional services and supplies as described in Paragraph 4.8 below.

4.7 Health Care Center Per Diem Charge. The Health Care Center Per Diem Charge, as used within this Agreement, is a percentage of the daily rate then being charged by the Davis Health Care Center to nonresidents for like accommodations. The percentage is seventy-five percent (75%). Upon sixty (60) days' written notice, we may change the percentage if, in our sole discretion, we deem it necessary to meet the financial needs of operating the Village (or without notice if such change in percentage is required by local, State, or Federal laws and regulations).

4.8 Additional Services and Supplies. Certain additional services and supplies will be provided in the Davis Health Care Center, including but not limited to: medical treatment by our Medical Director or your attending physician, medicine, drugs, prescribed therapy, nursing supplies, personal laundry, and other medical and miscellaneous supplies and services associated with medical treatment. These additional services and supplies will be available at the then-prevailing rates of extra charge. Any extra charges for additional services and supplies will be paid for by you in accordance with Paragraph 7.1 of this Agreement. If we incur or advance charges for your medical treatment or for any additional services and supplies associated with medical treatment (even though this medical treatment is given at the direction of your attending physician or the Medical Director without your prior approval), you will promptly reimburse us for such charges.

4.9 Medical Director and Attending Physician. We have designated a member in good standing of the New Hanover County Medical Society to act as our Medical Director and who will be on emergency call. You are required to have an attending physician upon admission to the Davis Health Care Center (or the alternate health care facility) at your own expense.

4.10 Medicare and Insurance Obligations. You agree to maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to us to assure your ability to fully cover a Medicare-qualified stay in the Davis Health Care Center (or the alternate health care facility). Such supplemental insurance should cover Medicare co-insurance and deductibles. You will furnish to us such evidence of coverage as we may from time to time request. Should your supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay, or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other costs for each Medicare-qualified stay in the Davis Health Care Center (or the alternate health care facility). If failure to maintain Medicare Part A, Medicare Part B, or supplemental health insurance causes depletion of your resources and impairs your ability to meet your financial obligations, we need not defer your financial obligations to us as outlined in Paragraph 9.4 hereof, and we retain the right to cancel this Agreement as provided in Section 9.

4.11 Alternate Accommodations. If the Davis Health Care Center is fully occupied, you will be provided and agree to relocate to another health care facility. Such health care accommodations shall be in a

semi-private room, unless a private room is medically necessary. Upon your relocation, you shall continue to be responsible for the applicable charges set forth in Section 4 herein. To the extent we would be liable for your care and accommodations in the Davis Health Care Center under this Agreement, we will be responsible for the charges associated with the alternate health care accommodations. You agree to relocate to the Davis Health Care Center when a bed becomes available.

4.12 Return to Residence. If you have released your Residence because you have moved to the Davis Health Care Center (or the alternate health care facility) and if it is later determined by the Executive Director and our Medical Director, in consultation with your attending physician, that you are able to return to the Village, we will provide you with a Residence at the Village of the same or similar type as the one you released as soon as one becomes available. Upon reoccupying such Residence, your Monthly Fee will be based on the then-current Monthly Fee for the new Residence.

4.13 Under Age 62. If you are under the age of 62 and require nursing care, you will not qualify for the thirty (30) calendar days of temporary nursing care as outlined in Paragraph 4.3. You will be charged the rates then being charged to nonresidents by the Davis Health Care Center (or the alternate health care facility), until you attain the age of 62.

4.14 Refund of Entrance Fee. If you (or both of you, if there are two of you) are permanently assigned to the Davis Health Care Center (or the alternate health care facility), this does not qualify you for immediate refund of the Entrance Fee. Your Entrance Fee refund will be paid in accordance with Paragraph 6.5 hereof.

4.15 Care Outside the Village. If you choose to receive care at a health care facility not designated by the Village, we shall not be responsible for the health care charges incurred by you, and your Monthly Fee under this Agreement will not be reduced.

4.16 Health Care Center Admission Agreement. If you require care in the Davis Health Care Center (or at an alternate health care facility which we own or with which we may contract to provide nursing care), you agree to sign a separate Health Care Center Admission Agreement with those facilities as required by Federal and State laws and regulations.

5. ENTRANCE FEE. Your Entrance Fee is \$_____, which will be paid as outlined below.

5.1 Entrance Fee Deposit. To reserve your Residence, you will pay a deposit equal to ten percent (10%) of the Entrance Fee (\$_____) at the time you sign this Agreement. The Entrance Fee deposit shall be held in escrow pursuant to applicable statutory provisions and the terms of the escrow agreement established for the Village. In no event shall your Entrance Fee deposit be released from escrow prior to the expiration of your right of rescission period. A copy of the escrow agreement is available upon request.

5.2 Balance of Entrance Fee. The remaining balance of the Entrance Fee equal to ninety percent (90%) (\$_____) of the Entrance Fee will be paid on or before one hundred and twenty days (120) following the date of your execution of this Agreement or upon the date of your occupancy, whichever occurs first.

5.3 Second Person Entrance Fee. If there are two of you under this Agreement, you will pay a Second Person

Entrance Fee equal to \$____. Said fee will be paid to us at the same time you pay the balance of the Entrance Fee described in Paragraph 5.2 above. The Second Person Entrance Fee is nonrefundable after it is paid.

6. REIMBURSEMENT OF ENTRANCE FEE.

6.1 Nonacceptance. Except as waived by us after full disclosure, we require that you be at least 62 years of age or residing in the same Residence with a resident who is 62 or older; be capable of living in a Residence as defined in our current residency policy; and have assets and income which are sufficient under foreseeable circumstances and after provision for payment of your obligations hereunder to meet ordinary and customary living expenses after assuming occupancy. If we do not accept you for residency, this Agreement will automatically cancel. In such event, the portion of the Entrance Fee paid to that date will be refunded to you, without interest, within thirty (30) days following such cancellation.

6.2 Right of Rescission Period. You may rescind this Agreement by providing us with written notice within thirty (30) days following the later of your execution of this Agreement or receipt by you of a Disclosure Statement. In such event, the portion of the Entrance Fee paid to that date will be refunded to you, without interest, within thirty (30) days following the date of our receipt of your notice of rescission. In the event you occupy the Residence during the rescission period, any money or property transferred to us will be refunded in full, without interest, within sixty (60) days following the date of our receipt of your notice of rescission, except we will retain those periodic charges (including Monthly Fees) set forth in this Agreement which are applicable to the period of time you actually occupied the Residence. We cannot require

you to move into the Village prior to the expiration of your right of rescission period.

6.3 Change in Condition Prior to Occupancy. If, prior to occupancy, you (or either of you, if there are two of you) die or become unable to occupy your Residence because of illness, injury, or incapacity, this Agreement will automatically cancel upon our receipt of notice of your death, illness, injury or incapacity. If you elect to cancel this Agreement because of a substantial change in your physical, mental, or financial condition prior to occupancy, then this Agreement will cancel upon written notice from you. We will return to you (or to your estate or legal representative) that portion of the Entrance Fee you have paid to that date, without interest, less any costs incurred by us at your request and set forth in Exhibit A or in writing in a separate addendum. Said refund will be made within sixty (60) days following (i) the date of automatic cancellation of this Agreement; or (ii) the date of our receipt of your notice of cancellation.

6.4 Cancellation Prior to Occupancy for Reasons Other Than Set Forth in Paragraph 6.2 or 6.3 Above. If, prior to occupancy, you provide us with written notice of cancellation of this Agreement for reasons other than those listed in Paragraph 6.2 or 6.3 above, we will retain a non-refundable fee equal to Two Thousand Five Hundred Dollars (\$2,500) from the Entrance Fee you have paid to that date and any interest earned thereon, and less any costs incurred by us at your request, and set forth in Exhibit A or in writing in a separate addendum. We will return the remaining Entrance Fee within sixty (60) days following the date of our receipt of your notice of cancellation.

6.5 Cancellation After Occupancy. After occupancy should you or we cancel this Agreement pursuant to Section 8 or 9, or in the event of the your death or the

death of the surviving Resident if there are two of you, we will remit to you (or to your estate) fifty percent (50%) of the Entrance Fee paid under this Agreement, not to exceed \$ _____. Such refund amount will be paid, without interest, within thirty (30) days following the date your Residence is reoccupied by a new resident and our receipt from the new resident of the total entrance fee. The Second Person Entrance Fee is nonrefundable.

6.6 Offset Against Entrance Fee Refund. In the event of cancellation of this Agreement as described in Paragraph 6.5 above, we will offset against any Entrance Fee refund due to you or your estate the following:

6.6.1 The amount of any unreimbursed assisted living or health care expenses (except the cost of services described in Section 1 of this Agreement) incurred by us for your care during the time you live at the Village, Champions Assisted Living, or the Davis Health Care Center; and

6.6.2 Any sums owed by you to us, including unpaid Monthly Fees, pro-rated Monthly Fees for the period of time the Residence was occupied after cancellation of this Agreement, any extra charges, and other sums currently due; and

6.6.3 The amount of any Monthly Fees and other sums deferred by us on your behalf under Paragraph 9.4; and

6.6.4 All sums expended by us on your behalf to remove alterations and restore your Residence to its original condition as provided in Paragraph 10.7; and

6.6.5 Any costs incurred by us as a result of options and custom features added to the Residence at your request as outlined in Exhibit A or in a separate addendum to this Agreement.

7. MONTHLY FEE AND EXTRA CHARGES. You will pay the following Monthly Fee which provides the services and amenities listed under Section 1 and provides for all other financial requirements of operating the Village. In addition, you will pay extra charges for the additional services and amenities requested by you under Section 2.

7.1 Payment of Monthly Fee and Extra Charges. You will pay a pro rata portion of the Monthly Fee commencing on the earlier of (i) occupancy or (ii) within one hundred twenty (120) days of the date you executed this Agreement. Thereafter, your Monthly Fee will be payable each month in advance by the fifth (5th) business day of each month during the term of this Agreement. Any extra charges for additional services requested by you will be paid by the fifth (5th) business day of each month for the additional services obtained during the preceding month. Currently, the Monthly Fee is \$ _____ for one person and an additional \$ _____ for the second person. In the event there are two of you who occupy the Residence and one of you dies, the second person Monthly Fee will cease, and the remaining person will continue to pay the first person Monthly Fee. The Monthly Fee for your Residence will cancel upon the surviving Resident's death and following death, the removal of all household furnishings and personal effects, or as provided in Section 8 or 9.

7.2 Late Payment Charge. If the Monthly Fee and extra charges are not paid by the end of the month, we will charge a one percent (1%) interest penalty a month on the

unpaid balance of the Monthly Fee and any extra charges.

7.3 Changes in Monthly Fee. We may change the amount of the Monthly Fees upon sixty (60) days' written notice if, in our sole discretion, we deem it necessary to meet the financial needs of operating the Village or to provide the services to the residents (or without notice if such change in fee is required by local, State, or Federal laws or regulations).

7.4 Reserve Funds. The amount of the Monthly Fee is and will continue to be affected by our policy of maintaining reserve funds for the financial security of the Village.

7.5 Adjustment in Monthly Fee Due to Assignment to Assisted Living or the Health Care Center. If you are assigned to Champions Assisted Living or the Davis Health Care Center (or alternate facilities which we own or with which we may contract to provide care), your Monthly Fee will be adjusted and certain additional charges will become due as described in Sections 3 and 4 hereof.

7.6 Reduction in Monthly Fee Due to Absence. If you are absent from the Village for more than fourteen (14) consecutive days, the Monthly Fee will be reduced by the raw food costs determined through the Village's budgeting process. You are required to provide advance notice to administration of your absence in order to qualify for the reduction in the Monthly Fee.

8. YOUR CANCELLATION RIGHTS.

8.1 Prior to Occupancy. You may cancel this Agreement for any reason at any time before occupancy of the Village by giving us written notice signed by you (or both of you, if there are two of you). If you give such notice prior to your occupancy of

the Village, the cancellation will be effective immediately upon our receipt of such notice. Refund of your Entrance Fee will be as described in Paragraph 6.2, 6.3, or 6.4 above.

8.2 After Occupancy. After you assume occupancy of the Village, you may cancel this Agreement at any time by giving us one hundred twenty (120) days' written notice signed by you (or both of you, if there are two of you). This Agreement will cancel at the expiration of the one hundred twenty (120) day notice period. You are required to pay the Monthly Fee until the later of (i) the expiration of such one hundred twenty (120) day period or (ii) removal of your personal property from the Residence and from any storage unit. Refund of your Entrance Fee will be as described in Paragraph 6.5 above.

In the event of your death (if there are two of you, the death of the surviving resident), this Agreement will automatically cancel. Your estate will be responsible for paying the Monthly Fee until the later of (i) thirty (30) days after your death or (ii) removal of your personal property from the Residence and from any storage unit. Refund of your Entrance Fee will be as described in Paragraph 6.5 above.

9. OUR CANCELLATION RIGHTS.

9.1 Just Cause. After we have accepted you for residency, we will not cancel this Agreement except for just cause. Just cause is defined as:

9.1.1 Noncompliance. You do not comply with the terms of this Agreement or the published operating procedures, covenants, rules, regulations, and policies now existing or later amended by us; or

9.1.2 Nonpayment. You do not pay the Entrance Fee, the Monthly Fee, the Assisted Living Per Diem

Charge, the Health Care Center Per Diem Charge, or any extra charges when required to do so by this Agreement; or

9.1.3 Threat to Health or Safety. Your health status or behavior constitutes a substantial threat to the health or safety of yourself, other residents, or others, including your refusal to consent to relocation, or would result in physical damage to the property of others or the Village; or

9.1.4 Change in Condition. There is a major change in your physical or mental condition, and your condition cannot be cared for in Champions Assisted Living or in the Davis Health Care Center within the limits of their licenses.

9.2 Notice of Cancellation. Before any cancellation of this Agreement by us, we will give you notice in writing of the reasons. You will have thirty (30) days after that notice to correct the problem. If we determine the problem is corrected within the thirty (30) days, this Agreement shall remain in effect. If we determine the problem is not corrected within such time, this Agreement will be canceled, and you must leave the Village within thirty (30) days after we notify you of our determination. You are obligated to pay the Monthly Fee and any extra charges you incur until the later of (i) the expiration of the thirty (30) day cancellation period, or (ii) removal of your personal property from the Residence. Refund of your Entrance Fee will be as described in Paragraph 6.5 above.

9.3 Emergency Cancellation. Should your continued residency pose an imminent threat of serious harm to you or other residents, and the Medical Director determines that either the giving of notice or the waiting period described in Paragraph 9.2 above might be detrimental to you or other

residents, then such notice and/or waiting period will not be required. Under such circumstances, we are expressly authorized to transfer you to an appropriate hospital or other care facility, and we will promptly notify your family or your representative and your attending physician. We are not responsible for any charges related to such transfer or relocation nor will our staff accompany you to the hospital or other facility.

After transfer, we will provide you with a notice of cancellation if you will be unable to return to the Village, Champions Assisted Living, or the Davis Health Care Center. Cancellation of this Agreement shall be deemed to have occurred when you are relocated. You are obligated to pay the Monthly Fee and any extra charges you incur until removal of your personal property from the Residence and from any storage unit. Refund of your Entrance Fee will be as described in Paragraph 6.5 above.

If there are two of you under this Agreement and one of you is transferred under the circumstances described in this Paragraph, the other Resident may continue to occupy the Residence, Champions Assisted Living, or the Davis Health Care Center under the terms of this Agreement.

9.4 Financial Difficulty If, after you have paid the Entrance Fee and assumed occupancy at the Village, you encounter financial difficulties making it impossible for you to pay the Monthly Fee, the Assisted Living Per Diem Charge, the Health Care Center Per Diem Charge, and any extra charges, you may qualify for financial assistance in accordance with our then-current Resident Hardship Monthly Fee Discount Policy (the "Hardship Policy"). In accordance with the Hardship Policy, you may be permitted to remain at the Village for reduced fees based on your ability to pay. You must submit an application for

assistance and be able to establish facts to justify deferment of these fees. Financial assistance is only available when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate the Village on a sound financial basis for the benefit of all the residents. Financial assistance will not be available to you if you have impaired your ability to meet your financial obligations hereunder by making unapproved gifts or other transfers or by not maintaining Medicare Part A, Medicare Part B and adequate supplemental insurance coverage. If financial assistance is not available, we may cancel your residency at the Village.

10. MISCELLANEOUS PROVISIONS WITH RESPECT TO YOUR RESIDENCE.

10.1 Use of Residence. The Residence is for living only and shall not be used for carrying on any business or profession, nor in any manner in violation of zoning restrictions.

10.2 Duration of Your Right to Occupy the Residence. You may reside in your Residence for as long as you (either of you) live except to the extent you are required to relocate to Champions Assisted Living or the Davis Health Care Center (or alternate facilities which we own or with which we may contract to provide care) in accordance with the provisions of Sections 3 and 4, or unless this Agreement is canceled by you or by us pursuant to Section 8 or 9. If there are two of you, then upon the death or permanent assignment of one of you to Champions Assisted Living or to the Davis Health Care Center, or upon some other inability of one of you to occupy the Residence, the other may continue to occupy the Residence under the terms of this Agreement.

10.3 Occupants of the Residence. Except as hereinafter provided, no person

other than you (or both of you, if there are two of you) may occupy the Residence except with our express written approval. In the event that a second person who is not a party to this Agreement wishes to be accepted for residency under this Agreement after the date we sign this Agreement, said second person's acceptance will be based on our then-current residency policy. If accepted, an Entrance Fee as determined by us will be paid upon admission, and each month the then-current Monthly Fee for second persons will be paid. If such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Residence for more than thirty (30) days (except with our express written approval), and you have the right to cancel this Agreement as provided in Paragraph 8.2.

10.4 Emergency Entry and Relocation. We may enter your Residence should it be necessary in an emergency to protect your health or safety or the health or safety of other residents. Should it be necessary to modify facilities to meet the requirements of any applicable law or regulation which necessitate temporary vacation of your Residence, we will provide alternate facilities for you without additional cost within or outside the Village. Further, if relocation is recommended by the Medical Director or your attending physician, we will request that you relocate to another Residence within the Village, to Champions Assisted Living, or to the Davis Health Care Center for the protection of your health or safety or for the health or safety of the other residents of the Village.

10.5 Furnishings. Furnishings within the Residence will not be provided by us except as stated in Section 1. Furnishings provided by you (or either of you, if there are two of you) shall not be such as to interfere with your health or safety or the health or safety of other residents or others.

10.6 Removal and Storage of Personal Property. If you do not remove your personal property from the Residence and from any storage unit within thirty (30) days of: (i) your death (if there are two of you, the death of the surviving resident); (ii) permanent assignment to Champions Assisted Living or to the Davis Health Care Center; or (iii) cancellation of this Agreement as provided in Section 8 or 9, then we may remove and store such property at the expense and risk of you (or your estate) for a Monthly Fee. As an alternative and at our discretion, we may retain your property in the Residence or in any storage unit at the expense and risk of you (or your estate) for a Monthly Fee.

10.7 Alterations to the Residence. You may not undertake any alterations to your Residence without our prior written approval. Upon move out, we will, in our sole discretion, remove any alterations and restore the Residence to its original condition, normal wear and tear excepted. You agree to reimburse us for such charges. If you do not pay for such charges, then we will offset such charges against your Entrance Fee refund.

10.8 Refurbishment of the Residence. Customary and normal refurbishment charges of your Residence will be borne by us. Any necessary refurbishment charges beyond those which are customary and normal will be paid by you.

10.9 Guests. No one other than you shall have a right of occupancy in the Residence without the consent of the Executive Director, unless otherwise permitted pursuant to guest policies established by us. The intent of the policies shall be to permit stays of short duration by your guests, where such stays shall not, in the opinion of the Executive Director, adversely affect the operation of the Village or be inconsistent with the welfare of other residents.

11. REPRESENTATIONS.

11.1 Your Representations. You represent and warrant to us the following:

11.1.1 You are capable of living in a Residence as defined in our current residency policy; and

11.2.2 You have assets and income which are sufficient under foreseeable circumstances, and after provisions for payment of your obligations under this Agreement, to meet ordinary and customary living expenses after you move into the Village (this is a requirement of entrance, unless waived by us in writing and after full disclosure by you of the circumstances); and

11.2.3 All facts stated by you in your application for residency are true and complete. You agree to maintain, after occupancy, any long term care insurance listed on your application for residency; and

11.2.4 You have not made any gift of your property in contemplation of signing this Agreement; and

11.2.5 You will be at least 62 years of age or will reside with a resident of the Village who is 62 years of age or older when you first move into the Village.

11.2 Our Representations. We represent and warrant to you that we are a not-for-profit corporation, and that we are not affiliated with any religious or charitable organizations.

12. PROMISES.

12.1 Our Promises. We promise the following:

12.1.1 It is and shall be our declared policy to operate as a not-for-profit organization; and

12.1.2 We shall not cancel this Agreement without just cause as specified in Paragraph 9.1; and

12.1.3 We shall not cancel this Agreement solely because of your financial inability to pay as specified in Paragraph 9.4; and

12.1.4 We will abide by all other terms of this Agreement.

12.2 Your Promises. You promise to do the following:

12.2.1 To comply with all of our published operating procedures and policies now existing or hereafter amended; and

12.2.2 To pay the Entrance Fee, Monthly Fee, Assisted Living Per Diem Charge, Health Care Center Per Diem Charge, and any extra charges provided for by this Agreement; and

12.2.3 To provide, by will or otherwise, within sixty (60) days after occupancy of the Village, for the disposition of all your furniture, possessions, and property located in the Village; and

12.2.4 To make funeral and burial arrangements at your expense; and

12.2.5 To not voluntarily take any action which could impair your ability to meet your financial obligations to us under this Agreement without our consent; and

12.2.6 To abide by all other terms of this Agreement.

13. ARBITRATION.

13.1 Voluntary Arbitration of Negligent Health Care Claims. For all claims for damages for personal injury or wrongful death based on alleged negligence in the provision of health care, the parties may voluntarily elect to submit to arbitration pursuant to the procedures set forth in Article 1H of Chapter 90 of the North Carolina General Statutes. N.C.G.S. §90-21.60(b) prohibits any contract from requiring prior agreement of the parties to arbitrate alleged negligent health care claims. If the parties agree to arbitrate such actions, said arbitration will be governed in accordance with N.C.G.S. §90-21.60, *et seq.*

13.2 Arbitration for Other Claims. You agree that any dispute, claim or controversy of any other kind (except for those disputes, claims or controversies arising under Paragraph 13.1 above) between you and us arising out of, in connection with, or relating to this Residency Agreement and any amendment hereof, or the breach hereof, which cannot be resolved by mutual agreement or in small claims court, will be submitted to and determined by arbitration in New Hanover County, North Carolina in accordance with the Federal Arbitration Act and the then-current commercial arbitration rules of the Federal Arbitration Act. You and we will jointly agree on an arbitrator and the arbitrator will be selected according to the procedure set forth in State law, if applicable. In reaching a decision, the arbitrator shall prepare findings of fact and conclusions of law. Any direct arbitration costs incurred by

you will be borne by you. Costs of arbitration, including our legal costs and attorneys' fees, arbitrators' fees, and similar costs, will be borne by all residents of the Village, provided that the arbitrator may choose to award the costs of arbitration against us if the arbitrator determines that the proposed resolution urged by us was not reasonable. If the issue affects more than one resident, we may elect to join all affected residents into a single arbitration proceeding, and you hereby consent to such joinder.

13.3 Withdrawal of Agreement to Arbitrate. You may withdraw your agreement to arbitrate within thirty (30) days after signing this Agreement by giving us written notice of your withdrawal.

13.4 Binding Effect of Arbitration. This arbitration clause binds all parties to this Agreement and their spouses, heirs, representatives, executors, administrators, successors, and assigns, as applicable. After cancellation of this Agreement, this arbitration clause shall remain in effect for the resolution of all claims and disputes that are unresolved as of that date.

14. MISCELLANEOUS LEGAL PROVISIONS.

14.1 Nature of Rights. You understand and agree that (i) this Agreement or your rights under it (including the use of the Residence) may not be assigned, and no rights or benefits under this Agreement shall inure to the benefit of your heirs, legatees, assignees or representatives, except as to the Entrance Fee refund described in Section 6; (ii) this Agreement and your contractual right to occupy the Village shall exist and continue to exist during your lifetime unless canceled pursuant to Section 8 or 9; (iii) this Agreement grants you the right to occupy and use space in the Village, but does not give you exclusive possession of the Residence against us, and you will not be entitled to any

rights of specific performance but will be limited to such remedies as set forth herein and as provided by continuing care law; (iv) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by us; and (v) this Agreement grants to us complete decision-making authority regarding the management and operation of the Village.

14.2 Sale or Transfers. We may sell or transfer our interest in the Village provided the buyer will agree to assume this Agreement and all other existing Residency Agreements. Upon the assumption of this Agreement by a buyer of the Village and its agreement to perform this Agreement and all other agreements, we will have no further obligation hereunder. If financially beneficial to us, the Village or land upon which it is located may be sold and leased back or assigned and leased back, but no such transaction will in any way alter our contractual obligations to you. Your signature hereto constitutes your consent and approval of any such future transaction.

14.3 Release. We are not responsible for loss of or damage to your personal property (unless such loss or damage is caused by our negligence or the negligence of our agents or employees), and you hereby release us from such liability. You may want to obtain, at your own expense, insurance to protect against such losses.

14.4 Indemnity. We will not be liable for, and you agree to indemnify, defend, and hold us harmless from claims, damages and expenses, including attorney's fees and court costs, resulting from any injury or death to persons and any damages to property to the extent caused by, resulting from, attributable to or in any way connected with your negligent or intentional acts or omissions or that of your guests.

14.5 Reimbursement of Loss or Damage. You or your representative, if applicable, agree to reimburse us for any loss or damage to the Village caused by your intentional careless, or negligent acts or omissions or that of your guests.

14.6 Tax Considerations. Each person considering executing this Agreement should consult with his or her tax advisor regarding any tax considerations that may be associated with this Agreement.

14.7 Subordination. You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages and other documents creating liens encumbering the Village, which have been or will be signed by us. Upon request, you agree to sign, acknowledge, and deliver to such lender(s) such further written evidence of such subordination as such lender(s) may reasonably require. Except to the extent of your obligation to pay the Monthly Fee, you will not be liable for any such indebtedness.

14.8 Entire Agreement. This Agreement and any amendments, addenda or exhibits hereto contain our entire understanding with respect to your residency.

14.9 Amendments. This Agreement may be amended by agreement of the parties to this Agreement. No amendment of this Agreement will be valid unless in writing and signed by you and us.

14.10 Modification Due to Law or Regulation Changes. This Agreement may be modified by us at any time in order to comply with changes in applicable laws and regulations.

14.11 Governing Law. This Agreement will be governed, interpreted, and construed according to the laws and regulations of the State of North Carolina.

14.12 Separability. 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.

14.13 Nonwaiver. If we fail to insist in any instance upon performance of any of the terms, covenants, or conditions of this Agreement, it shall not be construed as a waiver or relinquishment of the future performance of any such terms, covenants, or conditions, but your obligation with respect to such future performances shall continue in full force and effect.

14.14 Residents. When there are two of you, the rights and obligations of each of you are joint and several, except as the context of this Agreement otherwise requires.

14.15 Capacity. This Agreement has been signed by our duly authorized agent, and no officer, director, agent or employee shall have any personal liability to you under this Agreement under any circumstance. This Agreement will become effective upon our acceptance and execution.

14.16 Reimbursement of Charges. You agree to reimburse us for any charges we incur to collect any unpaid amounts you owe to us under this Agreement.

14.17 Responsible Party. You agree to execute and deliver to us within sixty (60) days after assuming residency in your Residence a Durable Power of Attorney, trust documents, or other documentation naming a responsible party for business and financial decision making. These documents should be drafted to remain effective notwithstanding your incompetence or disability and shall be in a form acceptable to us, and you agree to keep such documents in effect as long as this Agreement is in effect. The person(s) named as your responsible party shall not be a

person(s) employed by us or any other entity engaged in the management of the Village.

[Signature page follows]

14.18 Private Employee of Resident. If you need additional services, you can obtain these needed services from the Village's licensed Home Care Agency or from a private employee, an independent contractor, or through a different agency ("Personal Service Provider"). If you do not utilize the Village's Home Care Agency, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. If you obtain services from a private employee, independent contractor, or a different agency, then you must comply with our policy regarding Personal Service Providers and ensure that your private employee, independent contractor, or person you employ through an agency complies with our policies and rules of conduct set forth in our Personal Service Provider Policy. If you fail to follow or enforce the policies and rules set forth in the Personal Service Provider Policy, then we may elect at our sole option to cancel this Agreement.

14.19 Notice. Any notice required to be given to us under this Agreement will be in writing and mailed or delivered to the Executive Director at the Village. Any notice required to be given to you will be delivered to you at your Residence or at some other address upon your notice to us.

14.20 Survival of Representations and Obligations. Your representations and obligations under this Agreement, including but not limited to, your obligation to pay all sums owed by you to us, and your agreement to indemnify us as set forth in Paragraph 14.4, and our representations and obligations under this Agreement, will survive any cancellation of your residency in the Village, regardless of the reason for such cancellation and regardless of whether it is initiated by you or by us.

14.21 Acknowledgment of Receipt of Documents. You hereby certify that you received a copy of this Agreement and a copy of our most current Disclosure Statement.

Executed this _____ day of _____, 20_____.

RESIDENT

Witness

RESIDENT

Witness

Approved this _____ day of _____, 20_____.

PLANTATION VILLAGE, INC.

By: _____
Authorized Representative

Residence Type _____

Residence Number _____

Entrance Fee \$_____

Exhibit A: Options and Custom Features



50% Return of Capital Residency Agreement (2020-04-07) .docx

Exhibit A

<u>Options and Custom Features Added at Resident's Request:</u>	<u>Amount</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
<u>Total</u>	<u>\$ _____</u>

Initials _____
Community

Resident(s) _____

Resident(s) _____

Exhibit D

Traditional Residency Agreement



PLANTATION VILLAGE

Keep on loving life

**1200 Porters Neck Road
Wilmington, North Carolina 28411
(910) 686-7181**

**Marketing Office: 800-334-0240 (inside NC)
800-334-0035 (outside NC)**

**Residency Agreement
(Traditional)**

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EXHIBIT A: Options and Custom Features

GLOSSARY

The following terms are described as used in the accompanying Residency Agreement. Reference to the Residency Agreement and the context in which the terms are used is recommended to provide a fuller understanding of each of the terms:

"Agreement" means the Residency Agreement, entered into between the Resident and Plantation Village, Inc., which outlines the contractual obligations of both parties.

"Champions Assisted Living" means the licensed assisted living facility at The Davis Community located adjacent to the Village, which we have entered into an agreement with to provide assisted living care to our residents in accordance with Section 3 of this Agreement.

"Davis Health Care Center" means the licensed skilled nursing facility at The Davis Community located adjacent to the Village, which we have entered into an agreement with to provide skilled nursing care to our residents in accordance with Section 4 of this Agreement.

"Entrance Fee" means payment that assures a resident a place at the Village for life as long as the resident complies with the terms of this Agreement. At the time the resident makes application for residency at the Village, the resident will sign a Residency Agreement to reserve the Residence selected and will pay an Entrance Fee deposit to the Village. The balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 120 days after the Residency Agreement is executed by you. Specific information is located in Section 5 of this Agreement.

"Extra Charges" means the extra charges payable in consideration for the additional services and amenities requested by you, as set forth in Section 2 of this Agreement.

"Residence" means the apartment, duplex or villa at the Village identified in the

introductory paragraph of the Agreement, in which the Resident has the right to live pursuant to this Agreement in exchange for paying the Entrance Fee, Second Person Entrance Fee (if applicable), and the Monthly Fees.

"Monthly Fee" means that monthly fee payable in consideration for the services and amenities provided to the residents of the Village, as set forth in Section 7 of this Agreement. The Monthly Fee includes a second person fee if there are two of you.

"Occupancy" means the earlier of the date you move into the Village or pay the balance of the Entrance Fee to pursuant to Paragraph 5.2 of this Agreement.

"Plantation Village, Inc." or "we" or "our" or "us" means the owner of the Residences, common areas, and site amenities associated with these areas. Plantation Village, Inc. is a North Carolina non-profit corporation.

"Resident" or "you" means the Resident(s) who sign this Agreement. Sometimes a second resident (if there are two of you) is referred to in this Agreement as the "second person." Unless otherwise indicated, "you" refers to both of you if there are two of you.

"Second Person Entrance Fee" means the fee paid to us for a second person's entrance into the Village pursuant to Paragraph 5.3 of this Agreement.

"The Davis Community" includes Champions Assisted Living and the Davis Health Care Center, wherein Residents are provided with assisted living and nursing

care as outlined in the Agreement. The Davis Community and Plantation Village are not affiliated entities.

The "Village" means the continuing care senior living community known as "Plantation Village," including the apartments, duplexes, villas, cottages, common areas, and site amenities.



PLANTATION VILLAGE

Keep on loving life

Residency Agreement Traditional

INTRODUCTION

This Traditional Residency Agreement ("Agreement") is entered into by Plantation Village, Inc. ("we," "us," or "our") and _____ (individually or collectively, "you," "your," or "Resident"). Plantation Village Retirement Community is a continuing care senior living community located at 1200 Porters Neck Road; Wilmington, NC 28411 (hereafter the "Village").

We will provide residential housing for seniors along with a wide array of personal services and amenities outlined in this Agreement. Subject to the conditions contained in this Agreement, we agree to make available to you the Residence described as follows:

Residence Number: _____

Residence Style: _____

You may have the option of selecting certain options and custom features in the Residence at an additional charge, which shall not be subject to any refund provision herein. Any such options and custom features selected and paid for by you will become our property. Such options and custom features must be approved by the Executive Director of the Village prior to adding them to the Residence. The Executive Director of the Village has consented to your request to add the options and custom features set forth in Exhibit A attached to this Agreement. You agree to pay the amount(s) set forth in Exhibit A to cover the costs for such items.

As a Resident of the Village, you are offered lifetime use of your Residence and lifetime access to Champions Assisted Living or the Davis Health Care Center (or in alternate facilities which we own or with which we may contract to provide these services). Champions Assisted Living and the Davis Health Care Center are located adjacent to the Village as a part of The Davis Community. The Village is also licensed as a Home Care Agency with the State of North Carolina. As a Home Care Agency, the Village can provide assistance with the activities of daily living to residents in their individual Residences (with or without extra charge).

To be accepted for residency, you must meet our admissions criteria, which includes: having reached the age of 62 (or sharing your Residence with another person who is 62 or older); financial guidelines; and the ability to live in a Residence – all as outlined in our current residency policy.

The purpose of this Residency Agreement is to set forth your rights and duties as a Resident of the Village and to delineate the services to be provided at the Village.

1. SERVICES AND AMENITIES PROVIDED TO RESIDENTS. We will furnish at the Village, so long as you reside in a Residence, the following services and amenities which are included in the Monthly Fee:

1.1 One full meal per day in the dining room;

1.2 Delivery service of lunch or dinner to your Residence;

1.3 Utilities, including air conditioning, heating, electricity, water, sewer, and trash disposal;

1.4 Cable television;

1.5 Internet access;

1.6 Local and long distance telephone service (with some limitations);

1.7 Storage;

1.8 Building and grounds maintenance;

1.9 Regular housekeeping service;

1.10 Regular flat laundry service;

1.11 Availability of laundry facilities so that you can wash and dry personal laundry;

1.12 Planned activities -- social, educational, cultural, spiritual, and recreational -- for those who wish to participate;

1.13 Surface parking for you and your guests;

1.14 Complete kitchen, including refrigerator, range with oven, over-the-range microwave, garbage disposal, and dishwasher (except in one-bedroom convertible units);

1.15 Local transportation scheduled by us (and as posted);

1.16 Emergency call system in each Residence bathroom and bedroom;

1.17 Emergency telephone calls to the Medical Director by designated personnel;

1.18 Smoke detectors in each Residence;

1.19 24-hour security personnel;

1.20 Use of the Village's common area amenities during scheduled hours;

1.21 Access to the Resident Care Center, which is available to respond to resident's emergency calls and to provide temporary nursing and outpatient services. Some routine outpatient services are included as part of the Monthly Fee; and

1.22 Home care services for a limited period of time in our sole discretion.

2. ADDITIONAL SERVICES AND AMENITIES PROVIDED FOR AN EXTRA CHARGE. At your request, we will also make available at the Village at the then-prevailing rates of extra charge:

2.1 Additional meals over those provided in consideration for the Monthly Fee;

2.2 Alcoholic beverages;

2.3 Use of the private dining room, preparation of special meals for you and your guests, and use of Village wait staff for any of your special occasion events;

2.4 Carports, when available;

2.5 Guest accommodations;

2.6 Guest meals;

2.7 Beauty/barber shop services;

2.8 Personal laundry service (non-dry clean items);

2.9 Additional housekeeping services;

2.10 Special events transportation;

2.11 Certain other services, such as medicine, drugs, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment;

2.12 Other optional services related or unrelated to care in Champions Assisted Living or the Health Care Center as approved by us;

2.13 Additional outpatient services and special services (injections, medication management, etc.) are available in the Resident Care Center for an extra charge; and

2.14 Extended home care services based on the Resident's needs at the time such services are required in consultation with the Executive Director or his/her designee.

3. ASSISTED LIVING. If, in the opinion of the Executive Director and our Medical Director, after consultation with your attending physician, your family or your responsible party, the administrator of Champions Assisted Living or his or her designee, and you to the extent feasible, it is determined that you need assisted living care, you will be provided with such care at Champions Assisted Living or at an alternate assisted living facility which we own or with which we may contract to provide assisted living, based on the following terms:

3.1 Assisted Living Accommodations. Your assisted living accommodations will be in a private one-bedroom suite or special care suite, depending on the level of care needed by you. If you wish to occupy a larger suite, you agree to pay the difference in the charges between the larger suite and the suites listed above.

3.2 Temporary or Permanent Assignment to Assisted Living. Typically, a resident is considered temporarily assigned during the first thirty (30) consecutive days of care. However, a resident may be considered permanently assigned during that time if it is determined by our Medical Director that the resident requires long-term assisted living care. A resident will be considered permanently assigned to assisted living if he/she requires more than thirty (30) consecutive days of assisted living.

3.3 Thirty (30) Calendar Days of Temporary Assisted Living Care. We will cover the charges for assisted living care at Champions (or the alternate assisted living facility) for up to thirty (30) calendar days for each Resident each fiscal year during a

temporary stay. If there are two Residents, the allowance may be combined and used by only one Resident. During such time, you will continue to pay the Monthly Fee (first and second person, as applicable) for your Residence. In addition, you will pay for the cost of two (2) assisted living meals per day not covered by the Monthly Fee at the then-current charge for assisted living meals and the charges for any additional services and supplies as described in Paragraph 3.8 below. If you do not use the thirty (30) calendar days of care each fiscal year, any unused days will not be carried over to the next year. Once you are permanently assigned to assisted living, you no longer qualify for the thirty (30) days.

3.4 More Than Thirty (30) Calendar Days of Temporary Assisted Living Care. If you use more than thirty (30) calendar days of temporary assisted living care, you will be responsible for paying the full daily rate charged by Champions (or the alternate assisted living facility), as well as the Monthly Fee (first and second person, as applicable) for your Residence and the charges for any additional services and supplies as described in Paragraph 3.8 below.

3.5 Permanent Assignment to Assisted Living When There is One of You. When permanently assigned to assisted living, you will be required to vacate and release your Residence within thirty (30) days of notice to you of permanent assignment. You will pay each month the Assisted Living Per Diem Charge as defined in Paragraph 3.7. Your Monthly Fee will continue until removal of your personal property from the Residence and from any storage unit. In addition, you will pay the charges for any additional services and supplies as described in Paragraph 3.8 below.

3.6 Permanent Assignment to Assisted Living When There are Two of You. When there are two of you, and one of you is permanently assigned to assisted

living, the other of you may continue to occupy the Residence under the terms of this Agreement and pay the first person Monthly Fee. The Resident permanently assigned to assisted living will pay the Assisted Living Per Diem Charge as described in Paragraph 3.7 below, plus the charges for any additional services and supplies as described in Paragraph 3.8. In the event the Resident in the Residence dies, the Resident in assisted living will pay the Assisted Living Per Diem Charge as described in Paragraph 3.7 below, as well as the first person Monthly Fee for the Residence until the removal of the personal property from the Residence and from any storage unit, which must be accomplished within thirty (30) days from the date of death.

In the event both of you are permanently assigned to assisted living, you will be required to vacate and release your Residence within thirty (30) days of notice to you of the last Resident's permanent assignment. Each of you will pay the Assisted Living Per Diem Charge as defined in Paragraph 3.7 below. The first person Monthly Fee will continue until removal of your personal property from the Residence and from any storage unit. In addition, you will pay the charges for any additional services and supplies as described in Paragraph 3.8 below.

3.7 Assisted Living Per Diem Charge. The Assisted Living Per Diem Charge, as used within this Agreement, is a percentage of the daily rate then being charged by Champions Assisted Living to nonresidents for like accommodations. The percentage is seventy-five percent (75%). Upon sixty (60) days' written notice, we may change the percentage if, in our sole discretion, we deem it necessary to meet the financial needs of operating the Village or to provide the services to the residents (or without notice if such change in percentage is required by local, State, or Federal laws and regulations).

3.8 Additional Services and Supplies. Certain additional services and supplies will be provided in Champions Assisted Living, including but not limited to: personal transportation, personal laundry service, therapy services, nursing care, pharmaceutical supplies, guest accommodations, beauty and barber services, telephone, and personal care supplies. These additional services and supplies will be available at the then-prevailing rates of extra charge. Any extra charges for additional services and supplies will be paid for by you in accordance with Paragraph 7.1 of this Agreement. If we incur or advance charges for your care or treatment or for any additional services and supplies, you will promptly reimburse us for such charges.

3.9 Alternate Accommodations. If Champions Assisted Living is fully occupied, you will be provided and agree to relocate to another assisted living facility. Such assisted living accommodations shall be in a private suite, unless a semi-private suite is requested. Upon your relocation, you shall continue to be responsible for the applicable charges set forth in Section 3. To the extent we would be liable for your care and accommodations in Champions Assisted Living under this Agreement, we will be responsible for the charges associated with the alternate assisted living accommodations. You agree to relocate to Champions Assisted Living when a suite becomes available.

3.10 Return to Residence. If you have released your Residence because you have moved to assisted living, and if it is later determined by the Executive Director and our Medical Director, in consultation with your attending physician, that you are able to return to the Village, we will provide you with a Residence at the Village of the same or similar type as the one you released as soon as one becomes available. Upon reoccupying such Residence, your Monthly

Fee will be based on the then-current Monthly Fee for the new Residence.

3.11 Under Age 62. If you are under the age of 62 and require assisted living care, you will not qualify for the thirty (30) calendar days of temporary assisted living care as outlined in Paragraph 3.3. You will be charged the full daily rates then being charged to nonresidents by Champions Assisted Living or the alternate assisted living facility, until you attain the age of 62.

3.12 Refund of Entrance Fee. If you (or both of you, if there are two of you) are permanently assigned to Champions Assisted Living or to an alternate assisted living facility, this does not qualify you for an immediate refund of the Entrance Fee. Your Entrance Fee refund will be paid in accordance with Paragraph 6.5 hereof.

3.13 Care Outside the Village. If you choose to receive assisted living care at a facility not designated by the Village, we shall not be responsible for the assisted living charges incurred by you, and your Monthly Fee under this Agreement will not be reduced.

3.14 Assisted Living Admission Agreement. If you require assisted living care at Champions Assisted Living or at an alternate assisted living facility which we own or with which we may contract to provide assisted living, you agree to sign a separate Assisted Living Admission Agreement with those facilities as required by State law and regulations.

4. HEALTH CARE CENTER. If, in the opinion of the Executive Director and our Medical Director after consultation with your attending physician, your family or your responsible party, and you to the extent feasible, it is determined that you need nursing care, you will be provided with such care at the Davis Health Care Center (or at an alternate health care facility which we own or

with which we may contract to provide nursing care), based on the following terms:

4.1 Health Care Center Accommodations. Your health care center accommodations will be in a semi-private room unless a private room is medically necessary. If not medically necessary, you may still choose to occupy a private room if one is available - as long as you agree to pay the difference between the charges for private and semi-private accommodations.

4.2 Temporary or Permanent Assignment to the Health Care Center. Typically, a resident is considered temporarily assigned during the first ninety (90) consecutive days of care. However, a resident may be considered permanently assigned during that time if it is determined by our Medical Director that long-term care is needed. A resident will be considered permanently assigned to the Davis Health Care Center (or the alternate health care facility) if he/she requires more than ninety (90) consecutive days of nursing care.

4.3 Thirty (30) Calendar Days of Temporary Nursing Care. We will cover the charges for nursing care at the Davis Health Care Center (or the alternate health care facility) for up to thirty (30) calendar days for each Resident each fiscal year during a temporary stay. If there are two Residents, the allowance may be combined and used by only one Resident. During such time, you will continue to pay the Monthly Fee (first and second person, as applicable) for your Residence. In addition, you will pay for the cost of two (2) health center meals per day not covered by the Monthly Fee at the then-current charge for health center meals and the charges for any additional services and supplies as described in Paragraph 4.8 below. If you do not use the thirty (30) calendar days of care each fiscal year, any unused days will not be carried over to the next year. Once you are permanently assigned to the Davis Health

Care Center (or the alternate health care facility), you no longer qualify for the thirty (30) days.

4.4 More Than Thirty (30) Calendar Days of Temporary Nursing Care. If you use more than thirty (30) calendar days of temporary nursing care, you will be responsible for paying the full daily rate charged by the Davis Health Care Center (or the alternate health care facility), as well as the Monthly Fee (first and second person, as applicable) for your Residence and the charges for any additional services and supplies as described in Paragraph 4.8 below.

4.5 Permanent Assignment to the Health Care Center When There is One of You. When permanently assigned to the Davis Health Care Center (or the alternate health care facility), you will be required to vacate and release your Residence within thirty (30) days of notice to you of permanent assignment. You will pay each month the Health Care Center Per Diem Charge as defined in Paragraph 4.7. Your Monthly Fee will continue until removal of your personal property from the Residence and from any storage unit. In addition, you will pay the charges for any additional services and supplies as described in Paragraph 4.8 below.

4.6 Permanent Assignment to the Health Care Center When There are Two of You. When there are two of you and one of you is permanently assigned to the Davis Health Care Center (or the alternate health care facility), the other of you may continue to occupy the Residence under the terms of this Agreement and pay the first person Monthly Fee. The Resident permanently assigned will pay the Health Care Center Per Diem Charge as described in Paragraph 4.7 below, plus the charges for any additional services and supplies as described in Paragraph 4.8. In the event the Resident in the Residence dies, the Resident in the Davis Health Care Center (or the alternate health

care facility) will pay the Health Care Center Per Diem Charge as described in Paragraph 4.7 below, as well as the first person Monthly Fee for the Residence until removal of the personal property from the Residence and from any storage unit, which must be accomplished within thirty (30) days from the date of death.

In the event both of you are permanently assigned to the Davis Health Care Center (or the alternate health care facility), you will be required to vacate and release your Residence within thirty (30) days of notice to you of the last Resident's permanent assignment. Each of you will pay the Health Care Center Per Diem Charge as defined in Paragraph 4.7 below. Your first person Monthly Fee will continue until removal of your personal property from the Residence and from any storage unit. In addition, you will pay the charges for any additional services and supplies as described in Paragraph 4.8 below.

4.7 Health Care Center Per Diem Charge. The Health Care Center Per Diem Charge, as used within this Agreement, is a percentage of the daily rate then being charged by the Davis Health Care Center to nonresidents for like accommodations. The percentage is seventy-five percent (75%). Upon sixty (60) days' written notice, we may change the percentage if, in our sole discretion, we deem it necessary to meet the financial needs of operating the Village (or without notice if such change in percentage is required by local, State, or Federal laws and regulations).

4.8 Additional Services and Supplies. Certain additional services and supplies will be provided in the Davis Health Care Center, including but not limited to: medical treatment by our Medical Director or your attending physician, medicine, drugs, prescribed therapy, nursing supplies, personal laundry, and other medical and

miscellaneous supplies and services associated with medical treatment. These additional services and supplies will be available at the then-prevailing rates of extra charge. Any extra charges for additional services and supplies will be paid for by you in accordance with Paragraph 7.1 of this Agreement. If we incur or advance charges for your medical treatment or for any additional services and supplies associated with medical treatment (even though this medical treatment is given at the direction of your attending physician or the Medical Director without your prior approval), you will promptly reimburse us for such charges.

4.9 Medical Director and Attending Physician. We have designated a member in good standing of the New Hanover County Medical Society to act as our Medical Director and who will be on emergency call. You are required to have an attending physician upon admission to the Davis Health Care Center (or the alternate health care facility) at your own expense.

4.10 Medicare and Insurance Obligations. You agree to maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to us to assure your ability to fully cover a Medicare-qualified stay in the Davis Health Care Center (or the alternate health care facility). Such supplemental insurance should cover Medicare co-insurance and deductibles. You will furnish to us such evidence of coverage as we may from time to time request. Should your supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay, or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other costs for each Medicare-qualified stay in the Davis Health Care Center (or the

alternate health care facility). If failure to maintain Medicare Part A, Medicare Part B, or supplemental health insurance causes depletion of your resources and impairs your ability to meet your financial obligations, we need not defer your financial obligations to us as outlined in Paragraph 9.4 hereof, and we retain the right to cancel this Agreement as provided in Section 9.

4.11 Alternate Accommodations. If the Davis Health Care Center is fully occupied, you will be provided and agree to relocate to another health care facility. Such health care accommodations shall be in a semi-private room, unless a private room is medically necessary. Upon your relocation, you shall continue to be responsible for the applicable charges set forth in Section 4 herein. To the extent we would be liable for your care and accommodations in the Davis Health Care Center under this Agreement, we will be responsible for the charges associated with the alternate health care accommodations. You agree to relocate to the Davis Health Care Center when a bed becomes available.

4.12 Return to Residence. If you have released your Residence because you have moved to the Davis Health Care Center (or the alternate health care facility) and if it is later determined by the Executive Director and our Medical Director, in consultation with your attending physician, that you are able to return to the Village, we will provide you with a Residence at the Village of the same or similar type as the one you released as soon as one becomes available. Upon reoccupying such Residence, your Monthly Fee will be based on the then-current Monthly Fee for the new Residence.

4.13 Under Age 62. If you are under the age of 62 and require nursing care, you will not qualify for the thirty (30) calendar days of temporary nursing care as outlined in Paragraph 4.3. You will be

charged the rates then being charged to nonresidents by the Davis Health Care Center (or the alternate health care facility), until you attain the age of 62.

4.14 Refund of Entrance Fee. If you (or both of you, if there are two of you) are permanently assigned to the Davis Health Care Center (or the alternate health care facility), this does not qualify you for immediate refund of the Entrance Fee. Your Entrance Fee refund will be paid in accordance with Paragraph 6.5 hereof.

4.15 Care Outside the Village. If you choose to receive care at a health care facility not designated by the Village, we shall not be responsible for the health care charges incurred by you, and your Monthly Fee under this Agreement will not be reduced.

4.16 Health Care Center Admission Agreement. If you require care in the Davis Health Care Center (or at an alternate health care facility which we own or with which we may contract to provide nursing care), you agree to sign a separate Health Care Center Admission Agreement with those facilities as required by Federal and State laws and regulations.

5. ENTRANCE FEE. Your Entrance Fee is \$_____, which will be paid as outlined below.

5.1 Entrance Fee Deposit. To reserve your Residence, you will pay a deposit equal to ten percent (10%) of the Entrance Fee (\$_____) at the time you sign this Agreement. The Entrance Fee deposit shall be held in escrow pursuant to applicable statutory provisions and the terms of the escrow agreement established for the Village. In no event shall your Entrance Fee deposit be released from escrow prior to the expiration of your right of rescission period.

A copy of the escrow agreement is available upon request.

5.2 Balance of Entrance Fee.

The remaining balance of the Entrance Fee equal to ninety percent (90%) (\$_____) of the Entrance Fee will be paid on or before one hundred and twenty days (120) following the date of your execution of this Agreement or upon the date of your occupancy, whichever occurs first.

5.3 Second Person Entrance Fee.

If there are two of you under this Agreement, you will pay a Second Person Entrance Fee equal to \$_____. Said fee will be paid to us at the same time you pay the balance of the Entrance Fee described in Paragraph 5.2 above. The Second Person Entrance Fee is nonrefundable after it is paid.

6. REIMBURSEMENT OF ENTRANCE FEE.

6.1 Nonacceptance. Except as waived by us after full disclosure, we require that you be at least 62 years of age or residing in the same Residence with a resident who is 62 or older; be capable of living in a Residence as defined in our current residency policy; and have assets and income which are sufficient under foreseeable circumstances and after provision for payment of your obligations hereunder to meet ordinary and customary living expenses after assuming occupancy. If we do not accept you for residency, this Agreement will automatically cancel. In such event, the portion of the Entrance Fee paid to that date will be refunded to you, without interest, within thirty (30) days following such cancellation.

6.2 Right of Rescission Period.

You may rescind this Agreement by providing us with written notice within thirty (30) days following the later of your execution of this Agreement or receipt by you of a Disclosure Statement. In such event, the

portion of the Entrance Fee paid to that date will be refunded to you, without interest, within thirty (30) days following the date of our receipt of your notice of rescission. In the event you occupy the Residence during the rescission period, any money or property transferred to us will be refunded in full, without interest, within sixty (60) days following the date of our receipt of your notice of rescission, except we will retain those periodic charges (including Monthly Fees) set forth in this Agreement which are applicable to the period of time you actually occupied the Residence. We cannot require you to move into the Village prior to the expiration of your right of rescission period.

6.3 Change in Condition Prior to Occupancy.

If, prior to occupancy, you (or either of you, if there are two of you) die or become unable to occupy your Residence because of illness, injury, or incapacity, this Agreement will automatically cancel upon our receipt of notice of your death, illness, injury or incapacity. If you elect to cancel this Agreement because of a substantial change in your physical, mental, or financial condition prior to occupancy, then this Agreement will cancel upon written notice from you. We will return to you (or to your estate or legal representative) that portion of the Entrance Fee you have paid to that date, without interest, less any costs incurred by us at your request and set forth in Exhibit A or in writing in a separate addendum. Said refund will be made within sixty (60) days following (i) the date of automatic cancellation of this Agreement; or (ii) the date of our receipt of your notice of cancellation.

6.4 Cancellation Prior to Occupancy for Reasons Other Than Set Forth in Paragraph 6.2 or 6.3 Above.

If, prior to occupancy, you provide us with written notice of cancellation of this Agreement for reasons other than those listed in Paragraph 6.2 or 6.3 above, we will retain a non-refundable fee equal to Two Thousand Five

Hundred Dollars (\$2,500) from the Entrance Fee you have paid to that date and any interest earned thereon, and less any costs incurred by us at your request, and set forth in Exhibit A or in writing in a separate addendum. We will return the remaining Entrance Fee within sixty (60) days following the date of our receipt of your notice of cancellation.

6.5 Cancellation After Occupancy. After occupancy should you or we cancel this Agreement pursuant to Section 8 or 9, or in the event of the your death or the death of the surviving Resident if there are two of you, you or your estate will be reimbursed the amount of the Entrance Fee previously paid by you, less two percent (2%) for each month of occupancy or portion thereof, for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Such refund amount, if any, will be paid, without interest, within thirty (30) days following the date your Residence is reoccupied by a new resident and our receipt from the new resident of the total entrance fee. The Second Person Entrance Fee is nonrefundable.

6.6 Offset Against Entrance Fee Refund. In the event of cancellation of this Agreement as described in Paragraph 6.5 above, we will offset against any Entrance Fee refund due to you or your estate the following:

6.6.1 The amount of any unreimbursed assisted living or health care expenses (except the cost of services described in Section 1 of this Agreement) incurred by us for your care during the time you live at the Village, Champions Assisted Living, or the Davis Health Care Center; and

6.6.2 Any sums owed by you to us, including unpaid Monthly Fees, pro-rated Monthly Fees for the

period of time the Residence was occupied after cancellation of this Agreement, any extra charges, and other sums currently due; and

6.6.3 The amount of any Monthly Fees and other sums deferred by us on your behalf under Paragraph 9.4; and

6.6.4 All sums expended by us on your behalf to remove alterations and restore your Residence to its original condition as provided in Paragraph 10.7; and

6.6.5 Any costs incurred by us as a result of options and custom features added to the Residence at your request as outlined in Exhibit A or in a separate addendum to this Agreement.

7. MONTHLY FEE AND EXTRA CHARGES. You will pay the following Monthly Fee which provides the services and amenities listed under Section 1 and provides for all other financial requirements of operating the Village. In addition, you will pay extra charges for the additional services and amenities requested by you under Section 2.

7.1 Payment of Monthly Fee and Extra Charges. You will pay a pro rata portion of the Monthly Fee commencing on the earlier of (i) occupancy or (ii) within one hundred twenty (120) days of the date you executed this Agreement. Thereafter, your Monthly Fee will be payable each month in advance by the fifth (5th) business day of each month during the term of this Agreement. Any extra charges for additional services requested by you will be paid by the fifth (5th) business day of each month for the additional services obtained during the preceding month. Currently, the Monthly Fee is \$_____ for one person and an additional

\$_____ for the second person. In the event there are two of you who occupy the Residence and one of you dies, the second person Monthly Fee will cease, and the remaining person will continue to pay the first person Monthly Fee. The Monthly Fee for your Residence will cancel upon the surviving Resident's death and following death, the removal of all household furnishings and personal effects, or as provided in Section 8 or 9.

7.2 Late Payment Charge. If the Monthly Fee and extra charges are not paid by the end of the month, we will charge a one percent (1%) interest penalty a month on the unpaid balance of the Monthly Fee and any extra charges.

7.3 Changes in Monthly Fee. We may change the amount of the Monthly Fees upon sixty (60) days' written notice if, in our sole discretion, we deem it necessary to meet the financial needs of operating the Village or to provide the services to the residents (or without notice if such change in fee is required by local, State, or Federal laws or regulations).

7.4 Reserve Funds. The amount of the Monthly Fee is and will continue to be affected by our policy of maintaining reserve funds for the financial security of the Village.

7.5 Adjustment in Monthly Fee Due to Assignment to Assisted Living or the Health Care Center. If you are assigned to Champions Assisted Living or the Davis Health Care Center (or alternate facilities which we own or with which we may contract to provide care), your Monthly Fee will be adjusted and certain additional charges will become due as described in Sections 3 and 4 hereof.

7.6 Reduction in Monthly Fee Due to Absence. If you are absent from the Village for more than fourteen (14)

consecutive days, the Monthly Fee will be reduced by the raw food costs determined through the Village's budgeting process. You are required to provide advance notice to administration of your absence in order to qualify for the reduction in the Monthly Fee.

8. YOUR CANCELLATION RIGHTS.

8.1 Prior to Occupancy. You may cancel this Agreement for any reason at any time before occupancy of the Village by giving us written notice signed by you (or both of you, if there are two of you). If you give such notice prior to your occupancy of the Village, the cancellation will be effective immediately upon our receipt of such notice. Refund of your Entrance Fee will be as described in Paragraph 6.2, 6.3, or 6.4 above.

8.2 After Occupancy. After you assume occupancy of the Village, you may cancel this Agreement at any time by giving us one hundred twenty (120) days' written notice signed by you (or both of you, if there are two of you). This Agreement will cancel at the expiration of the one hundred twenty (120) day notice period. You are required to pay the Monthly Fee until the later of (i) the expiration of such one hundred twenty (120) day period or (ii) removal of your personal property from the Residence and from any storage unit. Refund of your Entrance Fee will be as described in Paragraph 6.5 above.

In the event of your death (if there are two of you, the death of the surviving resident), this Agreement will automatically cancel. Your estate will be responsible for paying the Monthly Fee until the later of (i) thirty (30) days after your death or (ii) removal of your personal property from the Residence and from any storage unit. Refund of your Entrance Fee will be as described in Paragraph 6.5 above.

9. OUR CANCELLATION RIGHTS.

9.1 Just Cause. After we have accepted you for residency, we will not cancel this Agreement except for just cause. Just cause is defined as:

9.1.1 Noncompliance. You do not comply with the terms of this Agreement or the published operating procedures, covenants, rules, regulations, and policies now existing or later amended by us; or

9.1.2 Nonpayment. You do not pay the Entrance Fee, the Monthly Fee, the Assisted Living Per Diem Charge, the Health Care Center Per Diem Charge, or any extra charges when required to do so by this Agreement; or

9.1.3 Threat to Health or Safety. Your health status or behavior constitutes a substantial threat to the health or safety of yourself, other residents, or others, including your refusal to consent to relocation, or would result in physical damage to the property of others or the Village; or

9.1.4 Change in Condition. There is a major change in your physical or mental condition, and your condition cannot be cared for in Champions Assisted Living or in the Davis Health Care Center within the limits of their licenses.

9.2 Notice of Cancellation. Before any cancellation of this Agreement by us, we will give you notice in writing of the reasons. You will have thirty (30) days after that notice to correct the problem. If we determine the problem is corrected within the thirty (30) days, this Agreement shall remain in effect. If we determine the problem is not corrected within such time, this Agreement

will be canceled, and you must leave the Village within thirty (30) days after we notify you of our determination. You are obligated to pay the Monthly Fee and any extra charges you incur until the later of (i) the expiration of the thirty (30) day cancellation period, or (ii) removal of your personal property from the Residence. Refund of your Entrance Fee will be as described in Paragraph 6.5 above.

9.3 Emergency Cancellation. Should your continued residency pose an imminent threat of serious harm to you or other residents, and the Medical Director determines that either the giving of notice or the waiting period described in Paragraph 9.2 above might be detrimental to you or other residents, then such notice and/or waiting period will not be required. Under such circumstances, we are expressly authorized to transfer you to an appropriate hospital or other care facility, and we will promptly notify your family or your representative and your attending physician. We are not responsible for any charges related to such transfer or relocation nor will our staff accompany you to the hospital or other facility.

After transfer, we will provide you with a notice of cancellation if you will be unable to return to the Village, Champions Assisted Living, or the Davis Health Care Center. Cancellation of this Agreement shall be deemed to have occurred when you are relocated. You are obligated to pay the Monthly Fee and any extra charges you incur until removal of your personal property from the Residence and from any storage unit. Refund of your Entrance Fee will be as described in Paragraph 6.5 above.

If there are two of you under this Agreement and one of you is transferred under the circumstances described in this Paragraph, the other Resident may continue to occupy the Residence, Champions

Assisted Living, or the Davis Health Care Center under the terms of this Agreement.

9.4 Financial Difficulty If, after you have paid the Entrance Fee and assumed occupancy at the Village, you encounter financial difficulties making it impossible for you to pay the Monthly Fee, the Assisted Living Per Diem Charge, the Health Care Center Per Diem Charge, and any extra charges, you may qualify for financial assistance in accordance with our then-current Resident Hardship Monthly Fee Discount Policy (the "Hardship Policy"). In accordance with the Hardship Policy, you may be permitted to remain at the Village for reduced fees based on your ability to pay. You must submit an application for assistance and be able to establish facts to justify deferment of these fees. Financial assistance is only available when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate the Village on a sound financial basis for the benefit of all the residents. Financial assistance will not be available to you if you have impaired your ability to meet your financial obligations hereunder by making unapproved gifts or other transfers or by not maintaining Medicare Part A, Medicare Part B and adequate supplemental insurance coverage. If financial assistance is not available, we may cancel your residency at the Village.

10. MISCELLANEOUS PROVISIONS WITH RESPECT TO YOUR RESIDENCE.

10.1 Use of Residence. The Residence is for living only and shall not be used for carrying on any business or profession, nor in any manner in violation of zoning restrictions.

10.2 Duration of Your Right to Occupy the Residence. You may reside in your Residence for as long as you (either of

you) live except to the extent you are required to relocate to Champions Assisted Living or the Davis Health Care Center (or alternate facilities which we own or with which we may contract to provide care) in accordance with the provisions of Sections 3 and 4, or unless this Agreement is canceled by you or by us pursuant to Section 8 or 9. If there are two of you, then upon the death or permanent assignment of one of you to Champions Assisted Living or to the Davis Health Care Center, or upon some other inability of one of you to occupy the Residence, the other may continue to occupy the Residence under the terms of this Agreement.

10.3 Occupants of the Residence. Except as hereinafter provided, no person other than you (or both of you, if there are two of you) may occupy the Residence except with our express written approval. In the event that a second person who is not a party to this Agreement wishes to be accepted for residency under this Agreement after the date we sign this Agreement, said second person's acceptance will be based on our then-current residency policy. If accepted, an Entrance Fee as determined by us will be paid upon admission, and each month the then-current Monthly Fee for second persons will be paid. If such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Residence for more than thirty (30) days (except with our express written approval), and you have the right to cancel this Agreement as provided in Paragraph 8.2.

10.4 Emergency Entry and Relocation. We may enter your Residence should it be necessary in an emergency to protect your health or safety or the health or safety of other residents. Should it be necessary to modify facilities to meet the requirements of any applicable law or regulation which necessitate temporary vacation of your Residence, we will provide alternate facilities for you without additional cost within or

outside the Village. Further, if relocation is recommended by the Medical Director or your attending physician, we will request that you relocate to another Residence within the Village, to Champions Assisted Living, or to the Davis Health Care Center for the protection of your health or safety or for the health or safety of the other residents of the Village.

10.5 Furnishings. Furnishings within the Residence will not be provided by us except as stated in Section 1. Furnishings provided by you (or either of you, if there are two of you) shall not be such as to interfere with your health or safety or the health or safety of other residents or others.

10.6 Removal and Storage of Personal Property. If you do not remove your personal property from the Residence and from any storage unit within thirty (30) days of: (i) your death (if there are two of you, the death of the surviving resident); (ii) permanent assignment to Champions Assisted Living or to the Davis Health Care Center; or (iii) cancellation of this Agreement as provided in Section 8 or 9, then we may remove and store such property at the expense and risk of you (or your estate) for a Monthly Fee. As an alternative and at our discretion, we may retain your property in the Residence or in any storage unit at the expense and risk of you (or your estate) for a Monthly Fee.

10.7 Alterations to the Residence. You may not undertake any alterations to your Residence without our prior written approval. Upon move out, we will, in our sole discretion, remove any alterations and restore the Residence to its original condition, normal wear and tear excepted. You agree to reimburse us for such charges. If you do not pay for such charges, then we will offset such charges against your Entrance Fee refund.

10.8 Refurbishment of the Residence. Customary and normal refurbishment charges of your Residence will be borne by us. Any necessary refurbishment charges beyond those which are customary and normal will be paid by you.

10.9 Guests. No one other than you shall have a right of occupancy in the Residence without the consent of the Executive Director, unless otherwise permitted pursuant to guest policies established by us. The intent of the policies shall be to permit stays of short duration by your guests, where such stays shall not, in the opinion of the Executive Director, adversely affect the operation of the Village or be inconsistent with the welfare of other residents.

11. REPRESENTATIONS.

11.1 Your Representations. You represent and warrant to us the following:

11.1.1 You are capable of living in a Residence as defined in our current residency policy; and

11.2.2 You have assets and income which are sufficient under foreseeable circumstances, and after provisions for payment of your obligations under this Agreement, to meet ordinary and customary living expenses after you move into the Village (this is a requirement of entrance, unless waived by us in writing and after full disclosure by you of the circumstances); and

11.2.3 All facts stated by you in your application for residency are true and complete. You agree to maintain, after occupancy, any long term care insurance listed on your application for residency; and

11.2.4 You have not made any gift of your property in contemplation of signing this Agreement; and

11.2.5 You will be at least 62 years of age or will reside with a resident of the Village who is 62 years of age or older when you first move into the Village.

11.2 Our Representations. We represent and warrant to you that we are a not-for-profit corporation, and that we are not affiliated with any religious or charitable organizations.

12. PROMISES.

12.1 Our Promises. We promise the following:

12.1.1 It is and shall be our declared policy to operate as a not-for-profit organization; and

12.1.2 We shall not cancel this Agreement without just cause as specified in Paragraph 9.1; and

12.1.3 We shall not cancel this Agreement solely because of your financial inability to pay as specified in Paragraph 9.4; and

12.1.4 We will abide by all other terms of this Agreement.

12.2 Your Promises. You promise to do the following:

12.2.1 To comply with all of our published operating procedures and policies now existing or hereafter amended; and

12.2.2 To pay the Entrance Fee, Monthly Fee, Assisted Living

Per Diem Charge, Health Care Center Per Diem Charge, and any extra charges provided for by this Agreement; and

12.2.3 To provide, by will or otherwise, within sixty (60) days after occupancy of the Village, for the disposition of all your furniture, possessions, and property located in the Village; and

12.2.4 To make funeral and burial arrangements at your expense; and

12.2.5 To not voluntarily take any action which could impair your ability to meet your financial obligations to us under this Agreement without our consent; and

12.2.6 To abide by all other terms of this Agreement.

13. ARBITRATION.

13.1 Voluntary Arbitration of Negligent Health Care Claims. For all claims for damages for personal injury or wrongful death based on alleged negligence in the provision of health care, the parties may voluntarily elect to submit to arbitration pursuant to the procedures set forth in Article 1H of Chapter 90 of the North Carolina General Statutes. N.C.G.S. §90-21.60(b) prohibits any contract from requiring prior agreement of the parties to arbitrate alleged negligent health care claims. If the parties agree to arbitrate such actions, said arbitration will be governed in accordance with N.C.G.S. §90-21.60, *et seq.*

13.2 Arbitration for Other Claims. You agree that any dispute, claim or controversy of any other kind (except for those disputes, claims or controversies arising under Paragraph 13.1 above) between

you and us arising out of, in connection with, or relating to this Residency Agreement and any amendment hereof, or the breach hereof, which cannot be resolved by mutual agreement or in small claims court, will be submitted to and determined by arbitration in New Hanover County, North Carolina in accordance with the Federal Arbitration Act and the then-current commercial arbitration rules of the Federal Arbitration Act. You and we will jointly agree on an arbitrator and the arbitrator will be selected according to the procedure set forth in State law, if applicable. In reaching a decision, the arbitrator shall prepare findings of fact and conclusions of law. Any direct arbitration costs incurred by you will be borne by you. Costs of arbitration, including our legal costs and attorneys' fees, arbitrators' fees, and similar costs, will be borne by all residents of the Village, provided that the arbitrator may choose to award the costs of arbitration against us if the arbitrator determines that the proposed resolution urged by us was not reasonable. If the issue affects more than one resident, we may elect to join all affected residents into a single arbitration proceeding, and you hereby consent to such joinder.

13.3 Withdrawal of Agreement to Arbitrate. You may withdraw your agreement to arbitrate within thirty (30) days after signing this Agreement by giving us written notice of your withdrawal.

13.4 Binding Effect of Arbitration. This arbitration clause binds all parties to this Agreement and their spouses, heirs, representatives, executors, administrators, successors, and assigns, as applicable. After cancellation of this Agreement, this arbitration clause shall remain in effect for the resolution of all claims and disputes that are unresolved as of that date.

14. MISCELLANEOUS LEGAL PROVISIONS.

14.1 Nature of Rights. You understand and agree that (i) this Agreement or your rights under it (including the use of the Residence) may not be assigned, and no rights or benefits under this Agreement shall inure to the benefit of your heirs, legatees, assignees or representatives, except as to the Entrance Fee refund described in Section 6; (ii) this Agreement and your contractual right to occupy the Village shall exist and continue to exist during your lifetime unless canceled pursuant to Section 8 or 9; (iii) this Agreement grants you the right to occupy and use space in the Village, but does not give you exclusive possession of the Residence against us, and you will not be entitled to any rights of specific performance but will be limited to such remedies as set forth herein and as provided by continuing care law; (iv) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by us; and (v) this Agreement grants to us complete decision-making authority regarding the management and operation of the Village.

14.2 Sale or Transfers. We may sell or transfer our interest in the Village provided the buyer will agree to assume this Agreement and all other existing Residency Agreements. Upon the assumption of this Agreement by a buyer of the Village and its agreement to perform this Agreement and all other agreements, we will have no further obligation hereunder. If financially beneficial to us, the Village or land upon which it is located may be sold and leased back or assigned and leased back, but no such transaction will in any way alter our contractual obligations to you. Your signature hereto constitutes your consent and approval of any such future transaction.

14.3 Release. We are not responsible for loss of or damage to your personal property (unless such loss or damage is caused by our negligence or the negligence of our agents or employees), and you hereby

release us from such liability. You may want to obtain, at your own expense, insurance to protect against such losses.

14.4 Indemnity. We will not be liable for, and you agree to indemnify, defend, and hold us harmless from claims, damages and expenses, including attorney's fees and court costs, resulting from any injury or death to persons and any damages to property to the extent caused by, resulting from, attributable to or in any way connected with your negligent or intentional acts or omissions or that of your guests.

14.5 Reimbursement of Loss or Damage. You or your representative, if applicable, agree to reimburse us for any loss or damage to the Village caused by your intentional careless, or negligent acts or omissions or that of your guests.

14.6 Tax Considerations. Each person considering executing this Agreement should consult with his or her tax advisor regarding any tax considerations that may be associated with this Agreement.

14.7 Subordination. You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages and other documents creating liens encumbering the Village, which have been or will be signed by us. Upon request, you agree to sign, acknowledge, and deliver to such lender(s) such further written evidence of such subordination as such lender(s) may reasonably require. Except to the extent of your obligation to pay the Monthly Fee, you will not be liable for any such indebtedness.

14.8 Entire Agreement. This Agreement and any amendments, addenda or exhibits hereto contain our entire understanding with respect to your residency.

14.9 Amendments. This Agreement may be amended by agreement of the parties to this Agreement. No amendment of this Agreement will be valid unless in writing and signed by you and us.

14.10 Modification Due to Law or Regulation Changes. This Agreement may be modified by us at any time in order to comply with changes in applicable laws and regulations.

14.11 Governing Law. This Agreement will be governed, interpreted, and construed according to the laws and regulations of the State of North Carolina.

14.12 Separability. 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.

14.13 Nonwaiver. If we fail to insist in any instance upon performance of any of the terms, covenants, or conditions of this Agreement, it shall not be construed as a waiver or relinquishment of the future performance of any such terms, covenants, or conditions, but your obligation with respect to such future performances shall continue in full force and effect.

14.14 Residents. When there are two of you, the rights and obligations of each of you are joint and several, except as the context of this Agreement otherwise requires.

14.15 Capacity. This Agreement has been signed by our duly authorized agent, and no officer, director, agent or employee shall have any personal liability to you under this Agreement under any circumstance. This Agreement will become effective upon our acceptance and execution.

14.16 Reimbursement of Charges. You agree to reimburse us for any charges we

incur to collect any unpaid amounts you owe to us under this Agreement.

14.17 Responsible Party. You agree to execute and deliver to us within sixty (60) days after assuming residency in your Residence a Durable Power of Attorney, trust documents, or other documentation naming a responsible party for business and financial decision making. These documents should be drafted to remain effective notwithstanding your incompetence or disability and shall be in a form acceptable to us, and you agree to keep such documents in effect as long as this Agreement is in effect. The person(s) named as your responsible party shall not be a person(s) employed by us or any other entity engaged in the management of the Village.

14.18 Private Employee of Resident. If you need additional services, you can obtain these needed services from the Village's licensed Home Care Agency or from a private employee, an independent contractor, or through a different agency ("Personal Service Provider"). If you do not utilize the Village's Home Care Agency, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. If you obtain services from a private employee, independent contractor, or a different agency, then you must comply with our policy regarding Personal Service Providers and ensure that your private employee, independent contractor, or person you employ through an agency complies with our policies and rules of conduct set forth in our Personal Service Provider Policy. If you fail to follow or enforce the policies and rules set forth in the Personal Service Provider Policy, then we may elect at our sole option to cancel this Agreement.

14.19 Notice. Any notice required to be given to us under this Agreement will be in writing and mailed or delivered to the Executive Director at the Village. Any notice required to be given to you will be delivered

to you at your Residence or at some other address upon your notice to us.

14.20 Survival of Representations and Obligations. Your representations and obligations under this Agreement, including but not limited to, your obligation to pay all sums owed by you to us, and your agreement to indemnify us as set forth in Paragraph 14.4, and our representations and obligations under this Agreement, will survive any cancellation of your residency in the Village, regardless of the reason for such cancellation and regardless of whether it is initiated by you or by us.

[Signature Page follows]

14.21 Acknowledgment of Receipt of Documents. You hereby certify that you received a copy of this Agreement and a copy of our most current Disclosure Statement.

Executed this _____ day of _____, 20_____.

RESIDENT

Witness

RESIDENT

Witness

Approved this _____ day of _____, 20_____.

PLANTATION VILLAGE, INC.

By: _____
Authorized Representative

Residence Type _____

Residence Number _____

Entrance Fee \$_____

Exhibit A: Options and Custom Features



Traditional Residency Agreement (2020-04-07) .docx

Exhibit A

<u>Options and Custom Features Added at Resident's Request:</u>	<u>Amount</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
<u>Total</u>	<u>\$ _____</u>

Initials _____
Community

Resident(s) _____

Resident(s) _____

Exhibit E

Interim Uncertified Financial Statements for Plantation Village, Inc. as of March 31, 2020

Comparative Balance Sheet

Plantation Village Equity Grp

MAR-20USD

4/29/2020 20:41

NATURAL ACCOUNT	Current Month
Assets	
Total Cash and Cash Equivalents	1,873,903.80
Total Current Assets Whose Use is Board/Self Restricted	7,732,385.86
Total Current Assets Whose Use is Limited or Restricted	-30.00
Total Accounts/Notes Receivable	992,876.75
Total Inventory	73,536.50
Total Prepaid and Deferred	327,930.92
Total L-T Assets Whose Use is Board/Self Restricted	10,089,981.04
Net Depreciable Assets	40,421,337.86
Total Other Assets	1,637,618.58
Total Assets	63,149,541.31
Liabilities	
Total Accounts Payable	583,286.35
Total Accrued Payroll Liabilities	203,081.04
Total Accrued Liabilities	20,402.99
Total Other Current Liabilities	1,514,098.23
Total Long-Term Liabilities	44,473,615.17
Total Deferred Revenue - Non Refundable	12,683,763.74
Total Liabilities	59,478,247.52
Total Equity	3,671,293.79
Total Liabilities and Equity	63,149,541.31

Plantation Village Operating Statement

Plantation Village Equity Grp

MAR-20USD

4/29/2020 20:09

NATURAL ACCOUNT COST CENTER	YTD Actuals
Operating Revenue	
Independent Living Revenue	
Total IL & State Supplement Revenue	3,050,409.54
Health Center	
Total Life Care/Continuing Care	319,828.00
Total Health Center Revenue	319,828.00
Assisted Living	
Total Life Care/Continuing Care	375,042.99
Total Assisted Living Revenue	375,042.99
Home Health	
Total Private Pay	115,614.34
Total Home Health Revenue	115,614.34
Total Other Operating Revenue	4,545.01
Total Operating Revenue	3,865,439.88
Total General and Administrative Expense	812,966.50
Plant	
Total Wages	94,393.06
Total Labor - Outside Contract	456.52
Total Benefits and Taxes	5,123.71
Total Other Expenses	386,570.41
Total Plant Expenses	486,543.70
Environmental Services	

Plantation Village Operating Statement

Plantation Village Equity Grp

MAR-20USD

4/29/2020 20:09

NATURAL ACCOUNT COST CENTER	YTD Actuals
Total Wages	143,193.29
Total Labor - Outside Contract	5,358.69
Total Benefits and Taxes	37,336.39
Total Other Expenses:	23,799.28
Total Environmental Service Expense	209,687.65
Food Service	
Total Wages	258,349.87
Total Labor - Outside Contract	4,056.07
Total Benefits and Taxes	50,350.71
Total Other Expenses	253,381.91
Total Food & Beverage Service Expense	566,138.56
Resident Services	
Total Wages	39,237.74
Total Benefits	6,173.10
Total Other Expenses	32,135.19
Total Resident Services Expense	77,546.03
Health Center	
Total HC Administrative Expense	483,972.01
Total Health Center Expense	483,972.01
Assisted Living	
Total Other Expenses	499,795.56
Total Assisted Living Expense	499,795.56
Community Home Health	
Total Wages	109,308.44
Total Labor - Outside Contract	1,456.87
Total Benefits and Taxes	16,481.59

Plantation Village Operating Statement

Plantation Village Equity Grp

MAR-20USD

4/29/2020 20:09

NATURAL ACCOUNT COST CENTER	YTD Actuals
Total Other Expenses	207.72
Total Community Home Health	127,454.62
Clinic	
Total Wages	102,411.51
Total Benefits and Taxes	24,628.65
Total Other Expenses	7,112.60
Total Clinic	134,152.76
Total Operating Expense	3,398,257.39
Net Operating Income	467,182.49
Total Other Income	-222,326.08
Total Other Expenses	641,544.60
Net Income/(Loss)	-396,688.19
SUMMARY	
Operating Revenue	
Total Independent Living Revenue	3,050,409.54
Total Health Center Revenue	319,828.00
Total Assisted Living Revenue	375,042.99
Total Home Health Revenue	115,614.34
Total Other Operating Revenue	4,545.01
Total Operating Revenue	3,865,439.88
Operating Expense	
Total General and Administrative Expense	812,966.50
Total Plant Expenses	486,543.70
Total Environmental Service Expense	209,687.65
Total Food & Beverage Service Expense	566,138.56
Total Resident Services Expense	77,546.03
Total Health Center Expense	483,972.01
Total Assisted Living Expense	499,795.56
Total Community Home Health Expense	127,454.62

Plantation Village Operating Statement

Plantation Village Equity Grp

MAR-20USD

4/29/2020 20:09

NATURAL ACCOUNT COST CENTER	YTD Actuals
Total Clinic Expense	134,152.76
Total Operating Expense	3,398,257.39
Net Operating Income	467,182.49
Total Other Income	-222,328.08
Total Other Expenses	641,544.60
Net Income/(Loss)	-396,688.19

Statement of Cash Flows

Plantation Village Equity Grp

MAR-20USD

4/29/2020 20:10

	Year To Date Actual
CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating Revenue	3,865,439.88
Adjustments to Reconcile Net Operating Revenue to Cash:	
Decrease (Increase) in Resident Receivables	241,092.85
Decrease (Increase) in Other Accounts Receivable	(505,203.89)
Operating Revenue - Cash Basis	3,601,328.84
Operating Expenses	3,398,257.39
Adjustments to Reconcile Net Operating Expenses to Cash:	
Increase (Decrease) in Prepaid Expenses and Inventory	(120,730.22)
Decrease (Increase) in Accounts Payable	(3,178.23)
Decrease (Increase) in Accrued Expenses	44,679.13
Operating Expenses - Cash Basis	3,319,028.07
Net Operating Income (Loss) - Cash Basis	282,300.77
Other	
Interest Income	37,118.10
Interest Expense	(90,542.85)
Other Income & Expense	(1,108,953.68)
Entrance Fees	
Entrance Fees Received Net of Refunds	589,443.40
Increase (Decrease) in Entrance Fee Deposits	(3,910.80)
NET CASH PROVIDED BY OPERATING ACTIVITIES:	(294,545.08)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of Property and Equipment	(984,583.98)
Decrease (Increase) in Self Restricted Assets	1,249,919.75
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	265,335.77
CASH FLOWS FROM FINANCING ACTIVITIES:	
Effects of Refinancing/Principal Payment on Debt	(99,081.17)

NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:	(99,061.17)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	(128,270.46)
CASH AND CASH EQUIVALENTS - AT BEGINNING OF PERIOD	2,002,174.26
CASH AND CASH EQUIVALENTS - AT END OF PERIOD	<u>1,873,903.80</u>

Exhibit F

Certified Financial Statements for Plantation Village, Inc. for the Years Ended December 31, 2019 and 2018

Plantation Village, Inc.

Financial Statements

Years Ended December 31, 2019 and 2018

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Independent Auditors' Report

Board of Directors
Plantation Village, Inc.
Wilmington, North Carolina

We have audited the accompanying financial statements of Plantation Village, Inc. (the "Community"), which comprise the balance sheets as of December 31, 2019 and 2018 and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Change in Accounting Principles

As described in Note 1 to the financial statements, the Community adopted several Accounting Standards Updates (“ASU’s”) in 2019. The primary impacts of adopting these ASU’s are further described in Note 1. Our opinion is not modified with respect to this matter.

Dixon Hughes Goodman LLP

**Raleigh, North Carolina
April 28, 2020**

Plantation Village, Inc.
Balance Sheets
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,412,938	\$ 9,090,454
Assets limited as to use, current portion	1,109,830	801,468
Accounts receivable	193,805	336,784
Entrance fees receivable	284,960	647,392
Hurricane funds receivable	250,000	1,453,634
Prepaid expenses and other	522,199	408,144
	<u>11,773,732</u>	<u>12,737,876</u>
Assets limited as to use, noncurrent portion	10,551,663	7,594,843
Property and equipment, net	41,625,120	41,849,808
	<u>52,125,515</u>	<u>50,243,524</u>
Total assets	<u>\$ 63,950,515</u>	<u>\$ 62,182,527</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 885,806	\$ 1,400,664
Accrued expenses	333,254	291,552
Hurricane related payable	329,590	1,697,809
Deposits and advanced payments	428,404	362,968
Long-term debt, current maturities	392,124	381,160
	<u>2,369,178</u>	<u>4,134,153</u>
Total current liabilities	<u>2,369,178</u>	<u>4,134,153</u>
Refundable fees	4,452,165	3,946,212
Refundable entrance fees	28,751,752	28,956,710
Long-term debt, less current maturities	11,515,691	11,893,265
Deferred revenue from entrance fees	12,793,751	12,521,895
	<u>57,513,369</u>	<u>57,318,035</u>
Total liabilities	<u>59,882,537</u>	<u>61,452,235</u>
Net assets without donor restrictions	<u>4,067,978</u>	<u>730,292</u>
Total liabilities and net assets	<u>\$ 63,950,515</u>	<u>\$ 62,182,527</u>

See accompanying notes.

Plantation Village, Inc.
Statements of Operations and Changes in Net Assets
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue, gains and other support:		
Resident services	\$ 14,597,412	\$ 13,903,040
Amortization of advance fees	1,715,950	1,913,328
Insurance proceeds	828,875	2,153,982
Other operating revenue	<u>892,675</u>	<u>510,691</u>
Total revenue, gains and other support	<u>18,034,912</u>	<u>18,481,041</u>
Operating expenses:		
Resident care	4,937,865	4,544,943
Dietary	2,145,603	2,010,947
Housekeeping	761,152	721,070
Plant facility costs	2,070,834	1,957,809
General and administrative	3,146,216	3,008,570
Hurricane loss	355,586	2,848,794
Depreciation	2,209,700	2,154,284
Interest	<u>391,806</u>	<u>387,632</u>
Total operating expenses	<u>16,018,762</u>	<u>17,634,049</u>
Operating income	<u>2,016,150</u>	<u>846,992</u>
Non-operating income (loss):		
Investment income (loss)	<u>1,321,536</u>	<u>(358,052)</u>
Excess of revenues over expenses	<u>3,337,686</u>	<u>488,940</u>
Net assets, beginning of year	<u>730,292</u>	<u>241,352</u>
Net assets, end of year	<u>\$ 4,067,978</u>	<u>\$ 730,292</u>

See accompanying notes.

Plantation Village, Inc.
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018 As Adjusted
Cash flow from operating activities:		
Excess of revenues over expenses	\$ 3,337,686	\$ 488,940
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Proceeds from non-refundable advance fees and deposits	3,620,457	2,552,802
Amortization of advance fees	(1,715,950)	(1,913,328)
Net realized gains	(113,864)	(160,088)
Net unrealized (gains) losses	(969,266)	729,000
Depreciation	2,209,700	2,154,284
Changes in assets and liabilities:		
Accounts receivables	142,979	(152,952)
Hurricane receivable / payable	(164,585)	244,175
Prepaid expenses and other	(114,055)	(23,225)
Accounts payable	(514,858)	316,124
Accrued expenses	41,702	35,342
Net cash provided by operating activities	<u>5,759,946</u>	<u>4,271,074</u>
Cash flows from investing activities:		
Net changes in assets limited as to use	(1,884,654)	(845,294)
Purchase of property and equipment	(1,985,012)	(1,943,816)
Net cash used by investing activities	<u>(3,869,666)</u>	<u>(2,789,110)</u>
Cash flows from financing activities:		
Proceeds from refundable entrance fees	1,284,254	3,410,563
Refunds of entrance fees	(2,188,042)	(3,048,464)
Payments on long-term debt	(366,610)	(370,784)
Net cash used by financing activities	<u>(1,270,398)</u>	<u>(8,685)</u>
Net change in cash and cash equivalents	619,882	1,473,279
Cash, cash equivalents, and restricted cash, beginning of year	<u>9,510,762</u>	<u>8,037,483</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 10,130,644</u>	<u>\$ 9,510,762</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest, including capitalized interest	<u>\$ 391,806</u>	<u>\$ 387,632</u>
Notes receivable received for entrance fees	<u>\$ 1,204,783</u>	<u>\$ 736,865</u>

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Organization

Plantation Village, Inc. (the "Community") is a nonprofit organization which principally provides housing, health care and other related services to residents through the operation of a continuing care retirement community in Wilmington, North Carolina containing 273 living units, of which 116 are villas, duplexes and cottages.

Basis of Presentation

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

Use of Estimates

The preparation of financial statements in conformity with U.S. 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 financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Community maintains deposits with high credit quality financial institutions, of which the balances at each institution exceeds the federally insured amount.

Cash and Cash Equivalents

The Community's operating cash is placed with high credit quality institutions. The funds on deposit are in excess of federally insured amounts. Restricted cash is included with cash and cash equivalents in the statements of cash flows.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheets that sum to the total amounts shown in the statements of cash flows.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 9,412,938	\$ 9,090,454
Assets whose use is limited:		
Deposits and advanced payments	654,793	362,968
Resident funds	<u>62,913</u>	<u>57,340</u>
Total cash, cash equivalents and restricted cash shown in statements of cash flows	<u>\$ 10,130,644</u>	<u>\$ 9,510,762</u>

Assets Limited As To Use

Assets limited as to use consists of (1) cash accounts, (2) cash equivalents, consisting of money market accounts, and (3) mutual funds. The use of these assets is restricted or limited under terms of certain agreements or by the designation of the Community's Board of Directors. Money market funds and mutual funds are carried at fair value in the balance sheets. Investment income, including unrealized and realized gains and losses, are

Plantation Village, Inc.
Notes to Financial Statements

included in excess revenues over expenses. Amounts required for current liabilities are classified as current assets.

Accounts Receivable

Accounts receivable are carried at their original billed amounts. The Community has experienced few uncollectible accounts in the past as any past due receivables can be applied against refunds due to the resident from their initial investment in the Community.

Accounts receivable are considered past due if any portion of the receivable balance is outstanding for more than 60 days. Interest is charged on accounts receivable outstanding for more than 90 days and is recognized as it is charged.

Entrance Fees Receivable

Entrance fees receivable consist of short-term promissory notes from current residents related to the payment of the final installment of their entrance deposit. If the resident pays the note on or before the agreed upon due date, no interest is charged.

Property and Equipment, Net

Property and equipment, including construction in progress, is stated at cost less accumulated depreciation. Donated property is initially recorded at its estimated fair value at the date of receipt, which is then treated as cost. Depreciation is computed on the straight-line method based on the following estimated useful service lives:

Buildings	25 - 40 years
Land improvements	20 years
Equipment, furniture, and fixtures	5 - 10 years
Vehicles	5 years

The Community assesses long-lived assets for impairment when events or circumstances exist that indicate the carrying amount of these assets may not be recoverable. At December 31, 2019 there were no impaired long-lived assets.

Deferred Revenue From Entrance Fees

A residency agreement is required of all residents. The Community has historically provided two alternative residency agreements: traditional or return-of-capital plans. The traditional contract includes contract terms that 2 percent of contract total becomes nonrefundable per month for the first 50 months and thereafter 100 percent is nonrefundable. The Community currently offers either 90 percent or 50 percent return-of-capital plans. Each agreement provides for payment of an advance (entrance) fee and monthly service fees, each of which are subject to periodic increases. Return-of-capital residency agreements also provide for partial refunds of entrance fees upon termination of the agreement, but only upon re-occupancy of the unit and the collection of a new entrance fee.

Nonrefundable entrance fees are deferred and amortized to income by the straight-line method over the average expected remaining life of each resident beginning on the date of closing and are recalculated annually.

Refundable Entrance Fees

Entrance fees payable are refundable advance fees that are recorded at the amount indicated by the contract.

Refundable Fees

Refundable fees related to residents who have been permanently assigned at a skilled nursing facility or assisted living facility are classified as noncurrent liabilities due to the indeterminable timing of the ultimate payment.

Obligation to Provide Future Services

The Community annually calculates the present value of the net estimated cost of future services and use of facilities to be provided to current residents and compares that amount to the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities, discounted at 1.92 percent, exceeds the deferred revenue from advance fees, a liability would be recorded (obligation to provide future services) with a corresponding charge to income. To date, deferred revenue from advance fees has always exceeded the present value of the net estimated cost of future services and use of facilities.

Net Assets

The accompanying financial statements present information regarding the Community's financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, through the conclusion of a stipulated time restriction or accomplishment of a purpose restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions. There were no net assets with donor restrictions at December 31, 2019 and 2018.

Resident Services Revenue

Resident services revenue is recorded at established rates monthly. Resident services revenue includes health care revenue for residents under residency agreements, consisting of monthly fees for persons permanently assigned to a nearby unrelated health center and charges for supplies and meals. The monthly fees equal 75 percent of the nearby, unrelated nursing facility's stated per diem rate. Assisted living care residents pay 75 percent of the stated per diem of a nearby unrelated assisted living facility. The costs to the Community of the residents assigned to the health center or assisted living facility are included in resident care expenses.

Advertising Expenses

All advertising expenses other than qualifying direct-response advertising costs associated with the initial occupancy of units are expensed in the year in which they are incurred. Advertising expenses were approximately \$441,000 and \$439,000 in 2019 and 2018, respectively.

Excess of Revenues Over Expenses

The statements of operations and changes in net assets include excess of revenues over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenues over expenses, consistent with industry practice, would include unrealized gains and losses on investments other than equity and investments classified as trading securities, net assets released from restriction for purchase of property and equipment, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Income Taxes

The Community has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501 (c)(3) of the Internal Revenue Code ("IRC") and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. Similar provisions apply to state income taxes in the North Carolina law. In the opinion of management, the Community has no uncertain tax positions.

Plantation Village, Inc.
Notes to Financial Statements

New Accounting Pronouncements

During 2019, the Community adopted Financial Accounting Standards Board (“FASB”) Accounting Standard Update (“ASU”) No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*. The primary impact of adopting ASU No. 2016-01 is the requirement to measure certain classes of investments at fair value with changes in fair value to be recognized in the performance indicator. The Community has prospectively adopted the guidance in ASU No. 2016-01 to the 2019 financial statement information and disclosures.

Effective January 1, 2019, the Community has adopted Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends existing accounting standards for revenue recognition. Resident services revenue for recurring and routine monthly services are generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining, along with the assisted living and nursing care stated above from a nearby, unrelated nursing facility's, and these performance obligations are earned each month. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

During 2019, the Community adopted FASB ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires amounts generally described as restricted cash and restricted cash equivalents 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. This guidance is intended to improve the classification and presentation of changes in restricted cash on the statements of cash flows and will provide more consistent application of U.S. GAAP by reducing diversity in practice. The ASU also requires an entity to disclose information about the nature of restricted cash. The statement of cash flows for the year ended December 31, 2018 has been adjusted to reflect retrospective application of the new accounting guidance. Total beginning cash presented on the statement of cash flows as of December 31, 2019 increased from \$9,090,454, presented as total ending cash on the statement of cash flows as of December 31, 2018 (exclusive of restricted cash and restricted cash equivalents) to \$9,510,762 (inclusive of restricted cash and restricted cash equivalents). Total beginning cash presented on the statement of cash flows as of December 31, 2018 increased from \$7,617,175 to \$8,037,483 (inclusive of restricted cash and restricted cash equivalents).

During 2019, the Community adopted FASB ASU. No 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU intended to clarify and improve current accounting guidance to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The Community adopted ASU-2018-08 on January 1, 2019, using a modified-prospective basis. The adoption of ASU 2018-08 did not have a material impact on the financial statements.

Subsequent Events

The Community has evaluated its subsequent events (events occurring after December 31, 2019), through April 28, 2020, which represents the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the highly contagious respiratory disease named “coronavirus disease 2019” (“COVID-19”) to be a pandemic, and on March 13, 2020, a national emergency was declared in the United States of America. Many state and local governments, including Wilmington, North Carolina, have imposed strict measures to curtail certain aspects of public life in an effort to contain COVID-19 as U.S. cases have risen sharply, and such curtailments have resulted in significant disruption of the U.S. economy and financial markets. On March 18, 2020, the Centers for Medicare and Medicaid Services (“CMS”) announced that all elective and non-essential medical, surgical, and dental procedures should be delayed during the COVID-19 outbreak.

The Community is currently operating pursuant to its infectious disease protocols and emergency preparedness plan. Management has activated plans to address risks associated with the impact of COVID-19, including various cost savings measures and an evaluation of available sources of liquidity and other resources. It is not currently possible to predict the impact on the Community associated with COVID-19, and therefore the

Plantation Village, Inc.
Notes to Financial Statements

accompanying financial statements do not reflect any adjustment as a result of this uncertainty. The Community's financial condition, liquidity, and results of operations could be adversely affected from the impact of COVID-19, and such impact could be material.

On March 27, 2020 the federal Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law, which is intended to provide economic relief and emergency assistance for individuals, families, and businesses affected by COVID-19. In addition to the CARES Act, the Community received approximately \$793,000 under the Paycheck Protection Program. Various state governments are also taking action to provide economic relief and emergency assistance. The impact on the Community and its operations from these new measures is currently uncertain.

2. Fair Value Measurements

Under U.S GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Community uses various methods including market, income, and cost approaches. Based on these approaches, the Community often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Community utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Community is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1:** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2:** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3:** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Community's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Assets Measured at Fair Value on a Recurring Basis

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy. Level 1 investments include money market funds, mutual funds, and exchange-traded funds which are valued based on prices readily available in the active markets in which those securities are traded, and money market funds which are based on their transacted value.

The Community does not have any financial assets or liabilities measured on a recurring basis categorized as Level 2 or Level 3, and there were no transfers in or out of Level 3 for years ended December 31, 2019 and 2018. There were no changes during 2019 or 2018 to the Community's valuation techniques used to measure asset fair values on a recurring basis.

Plantation Village, Inc.
Notes to Financial Statements

The tables below present the balances of assets measured at fair value on a recurring basis.

	December 31, 2019			Total
	Level 1	Level 2	Level 3	
Mutual funds:				
Fixed income	\$ 5,857,664	\$ -	\$ -	\$ 5,857,664
Equity	<u>4,647,676</u>	<u>-</u>	<u>-</u>	<u>4,647,676</u>
Total mutual funds	<u>10,505,340</u>	<u>-</u>	<u>-</u>	<u>10,505,340</u>
Exchange-traded funds	<u>430,957</u>	<u>-</u>	<u>-</u>	<u>430,957</u>
Total	<u>\$ 10,936,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,936,297</u>

The Community had \$10,130,644 and \$7,490 of cash and cash equivalents and accrued interest, respectively, included within cash and cash equivalents and assets limited as to use which are not included in the fair value hierarchy.

	December 31, 2018			Total
	Level 1	Level 2	Level 3	
Equity mutual funds	\$ 8,194,598	\$ -	\$ -	\$ 8,194,598
Money market funds	<u>131,360</u>	<u>-</u>	<u>-</u>	<u>131,360</u>
Total	<u>\$ 8,325,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,325,958</u>

The Community had \$9,160,807 of cash and cash equivalents included within cash and cash equivalents and assets limited as to use which are not included in the fair value hierarchy.

3. Assets Limited as to Use

The components of assets limited as to use consist of the following:

	2019	2018
Current portion:		
Deposits and advanced payments	\$ 654,793	\$ 362,968
Resident funds	62,913	57,340
By Board for debt repayment	<u>392,124</u>	<u>381,160</u>
	<u>1,109,830</u>	<u>801,468</u>
Noncurrent portion:		
Resident funds	80,426	70,353
Under regulatory requirement, operating reserve (Note 7)	3,365,500	3,397,100
By Board for future asset replacement	2,209,700	2,154,284
By Board for return of capital	2,226,083	1,973,106
By Board for future operations	<u>2,669,954</u>	<u>-</u>
	<u>10,551,663</u>	<u>7,594,843</u>
	<u>\$ 11,661,493</u>	<u>\$ 8,396,311</u>

In 2017, the Board designated amounts to fund current maturities of long-term debt, to fund one year of depreciation based on immediate capital expenditure needs, and 50% of the refundable fee balance for residents permanently assigned to a long-term care facility. These amounts may be invested in investment accounts and other cash and cash equivalent accounts. The Board may modify its policy for designated amounts from time to time.

Plantation Village, Inc.
Notes to Financial Statements

The Community invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could affect the amounts reported in the balance sheet.

A summary of net investment income for the years ended December 31 follows:

	<u>2019</u>	<u>2018</u>
Interest income	\$ 238,406	\$ 210,860
Net realized gains	113,864	160,088
Net unrealized gains (losses)	<u>969,266</u>	<u>(729,000)</u>
Net investment income (loss)	<u>\$ 1,321,536</u>	<u>\$ (358,052)</u>

4. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 517,935	\$ 503,935
Land improvements	1,902,799	1,766,300
Buildings	63,990,436	62,693,720
Fixed and movable equipment	2,385,939	2,219,172
Furniture and fixtures	1,688,683	1,679,267
Vehicles	<u>415,931</u>	<u>415,931</u>
	70,901,723	69,278,325
Less accumulated depreciation	<u>29,773,854</u>	<u>27,572,410</u>
	41,127,869	41,705,915
Construction-in-progress	<u>497,251</u>	<u>143,893</u>
Total property and equipment	<u>\$ 41,625,120</u>	<u>\$ 41,849,808</u>

5. Debt

Long-term debt at December 31, 2019 and 2018, consist of the following:

	<u>2019</u>	<u>2018</u>
Note payable to bank at 3.09%, due in 83 monthly installments including interest beginning September 5, 2017, and consecutive interest payments beginning September 5, 2013, due August 2023, collateralized by real estate.	\$ 8,079,755	\$ 8,336,617
Note payable to bank at 1.10% above one-month LIBOR, not to exceed 5.99% (2.75% at December 31, 2019), due in 83 monthly installments including interest beginning September 5, 2017, and consecutive interest payments beginning September 5, 2013, due August 2023, collateralized by real estate.	<u>3,828,060</u>	<u>3,937,808</u>
	11,907,815	12,274,425
Less current maturities	<u>392,124</u>	<u>381,160</u>
	<u>\$ 11,515,691</u>	<u>\$ 11,893,265</u>

Plantation Village, Inc.
Notes to Financial Statements

The proceeds of the above notes were used to finance the Phase II Facility Expansion, which was completed in January 2016. The original construction loan agreements provided for two interest only loans during construction. The combined balances were limited to 70% of the appraised value of the property collateralized by the loans. One loan was up to \$13,175,000 at the 3.09% fixed rate and the other was up to \$6,000,000 at the LIBOR variable rate shown above.

Aggregate maturities required on long-term debt as of December 31, 2019, are due in future years as follows:

2020	\$	392,124
2021		405,500
2022		418,264
2023		<u>10,691,927</u>
	\$	<u>11,907,815</u>

The construction loans include certain affirmative covenants regarding financial information provided to the lender bank. The Community was in compliance with all of the covenants as of December 31, 2019.

6. Management Agreement

The Community operates under a management agreement with Life Care Services, LLC ("LCS"). Under this agreement, LCS coordinates the ongoing project management of the Community. In consideration for these services, the Community pays LCS a base monthly management fee and an additional incentive fee based upon achieving prescribed operating criteria. The management fee is subject to annual adjustment for cost of living increases or facility expansion. Management fees, incentive fees and miscellaneous charges under agreements with LCS totaled approximately \$814,000, and \$771,000 for the years ended December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018, approximately \$50,000 and \$40,000, respectively, were included in accounts payable to LCS for various fees and charges under the agreement. The Community renewed their management agreement with LCS for five years beginning January 1, 2017.

7. Regulatory Matters

Continuing care retirement communities located in North Carolina are licensed and monitored by the State Department of Insurance under Article 64 of Chapter 58 of the North Carolina General Statutes. The Commissioner of Insurance has the authority to revoke or restrict the license of, or impose additional requirements on, any continuing care facility under certain circumstances specified in General Statute 58-64-10.

North Carolina General Statute 58-64-33 requires that continuing care retirement communities with occupancy levels in excess of 90 percent maintain an operating reserve equal to 25 percent of total operating costs forecasted for the twelve-month period following the most recent annual statement filed with the Department of Insurance upon approval of the Commissioner, unless otherwise instructed by the Commissioner. Continuing care retirement communities with less than 90 percent occupancy are required to maintain an operating reserve equal to 50 percent of forecasted total operating costs. Total operating costs shall include budgeted operating expenses plus debt service less depreciation and amortization expense and revenue associated with non-contractual expenses. The Community's occupancy was above 90 percent in 2019 and 2018. At December 31, 2019 and 2018, the Board of Directors had specifically designated \$3,365,500 and \$3,397,100, respectively, for the purpose of meeting this requirement (Note 3).

The operating reserve can only be released upon the submittal of a detailed request from the Community and must be approved by the North Carolina Department of Insurance.

8. Retirement Plan

The Community provides a retirement plan under Section 403(b) of the Internal Revenue Code. The Community matches 50 percent of the first 6 percent of employee contributions for a maximum match of 3 percent an employee's annual salary. Employees are eligible to participate in the plan after 90 days of service. An employee is eligible for the employer match after one year of service during which he or she has worked at least 1,000 hours (an average of 20 hours per week) and is at least age 21. Employees are subject to a six-year vesting schedule for the Community's contributions. For the years ended December 31, 2019 and 2018, the Community contributed approximately \$20,000 in 2018 and 2019.

9. Liquidity and Availability

Financial assets available for general expenditures in the next 12 months, classified as current assets were \$11,251,533 and \$12,329,732 as of December 31, 2019 and 2018, respectively.

The Community operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures, debt service and budgeted capital expenditures. The accompanying statement of cash flows on page 5, which identifies sources and uses of cash, indicates net cash provided by operating activities in 2019 and 2018. As explained in Note 3 at December 31, 2019 and 2018, \$10,471,237 and \$7,524,490, respectively, of noncurrent assets limited as to use is generally not available due to board designation and regulatory requirements but could be released to fund operations with appropriate Board and regulatory approval. The Community regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

10. Hurricane Florence

On September 14, 2018, Hurricane Florence made landfall as a Category 1 hurricane at Wrightsville Beach, North Carolina. On September 5, 2019 Hurricane Dorian made landfall as a Category 1 hurricane at Wrightsville Beach, North Carolina. Wrightsville Beach, North Carolina is a barrier island contiguous to Wilmington, North Carolina. The winds and heavy rain caused widespread damage at the Community.

Total hurricane expense of \$355,586 and \$2,848,794 are included in the Statement of Operations and Changes in Net Assets for the years ended December 31, 2019 and 2018, respectively, which are the incurred costs of repairs resulting from the hurricanes. Evaluation of hurricane repairs are in process and are being prioritized based on available funds and urgency.

Management anticipates that the hurricane related expenditures will be reimbursed by insurance proceeds subject to deductibles and limits of the policies. However, since the final amounts to be realized from insurance cannot be determined with certainty until collected, such proceeds are not recorded until collected. At December 31, 2019 and 2018, the Community recognized \$828,875 and \$2,153,982, respectively, in insurance proceeds in the Statement of Operations and Changes in Net Assets of which \$250,000 and \$1,453,634 were receivables on the Balance Sheets at December 31, 2019 and 2018, respectively, and were both collected subsequent to yearend.

Although the Community's operations and cash flows were impacted by the storm, in the opinion of management, there will be no permanent long-term effect on the operations of the Community.

Plantation Village, Inc.
Notes to Financial Statements

11. Schedule of Expenses by Natural Category and Function

The costs of providing the Community's program and other activities have been summarized on a functional basis below. Expenses that can be identified with a specific program or support service are charged directly to the program or support service. Costs common to multiple functions have been allocated using an objective basis, such as time spent, salaries, square feet, and other basis.

	<u>Expenses for year ended December 31, 2019</u>			
	<u>Health Care Services</u>	<u>Resident Services</u>	<u>General & Administration</u>	<u>Total</u>
Salaries and benefits	\$ 969,169	\$ 2,515,069	\$ 665,649	\$ 4,149,887
Dietary	-	794,071	-	794,071
Housekeeping	-	50,491	-	50,491
Plant facility costs	-	961,844	-	961,844
Supplies	7,769	303,289	35,540	346,598
Utilities	-	596,996	-	596,996
General and administrative	3,669,767	602,669	1,889,347	6,161,783
Hurricane loss	-	-	355,586	355,586
Depreciation	3,421	2,172,819	33,460	2,209,700
Interest	-	-	391,806	391,806
Total operating expenses	<u>\$ 4,650,126</u>	<u>\$ 7,997,248</u>	<u>\$ 3,371,388</u>	<u>\$ 16,018,762</u>

	<u>Expenses for year ended December 31, 2018</u>			
	<u>Health Care Services</u>	<u>Resident Services</u>	<u>General & Administration</u>	<u>Total</u>
Salaries and benefits	\$ 829,831	\$ 2,466,830	\$ 639,955	\$ 3,936,616
Dietary	-	732,003	-	732,003
Housekeeping	-	33,782	-	33,782
Plant facility costs	-	775,309	-	775,309
Supplies	7,826	325,506	32,843	366,175
Utilities	-	552,365	-	552,365
General and administrative	3,381,850	575,626	1,889,613	5,847,089
Hurricane loss	-	2,848,794	-	2,848,794
Depreciation	3,421	2,117,400	33,463	2,154,284
Interest	-	-	387,632	387,632
Total operating expenses	<u>\$ 4,222,928</u>	<u>\$ 10,427,615</u>	<u>\$ 2,983,506</u>	<u>\$ 17,634,049</u>

General and administrative expense include those costs that are not directly identifiable with any specific program, but which provide for all the overall support of the Community. General and administrative activities include those that provide governance, oversight, business management, financial recordkeeping, budgeting, legal services, human resources management, and similar activities that ensure an adequate working environment and an equitable employment program. Resources expended for fundraising from the general public are not significant.

Exhibit G

Forecasted Financial Statements for Plantation Village, Inc. for the Years Ending December 31, 2020 through 2024

Plantation Village, Inc.
Financial Projection
Five Years Ending December 31, 2024

(with Independent Accountants' Compilation Report thereon)

Plantation Village, Inc.

Compilation of Financial Projection

Five Years Ending December 31, 2024

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Independent Accountants' Compilation Report

Board of Directors
Plantation Village, Inc.
Wilmington, North Carolina

Management of Plantation Village, Inc. (the "Corporation") and the Corporation's third party manager, Life Care Services, LLC (collectively, "Management") is responsible for the accompanying financial projection of the Corporation, which comprises the projected balance sheets as of and for each of the five years ending December 31, 2024 and the related projected statements of operations, changes in net assets 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 Corporation is planning to expand the Corporation's existing retirement community with the construction of 44 independent living units and related common areas (the "Project").

The accompanying projection and this report were prepared to comply with the 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. Furthermore, even if the following hypothetical assumptions (the "Hypothetical Assumptions") occur during the projection period

- The Corporation issues new debt to construct the Project and refinances the existing debt of the Corporation during fiscal year 2021 at terms and rates similar to those reflected in the projection;
- Construction, development, marketing and other related costs for the Project occur in the assumed timeline and at the assumed costs; and
- The Project units are successfully marketed and occupied at the assumed occupancy levels.

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.

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

Dixon Hughes Goodman LLP

Atlanta, Georgia
April 8, 2020

Plantation Village, Inc.

Projected Statements of Operations and Changes in Net Assets For the Years Ending December 31, (In Thousands)

	2020	2021	2022	2023	2024
Revenue, gains and other support					
Amortization of earned entrance fees	\$ 1,856	\$ 2,005	\$ 2,324	\$ 3,062	\$ 4,016
Resident service fees-Existing Independent Living Units	12,341	12,711	13,093	13,486	13,890
Resident service fees-New Independent Living Units	-	-	671	2,867	3,111
Assisted living revenue	1,216	1,262	1,312	1,365	1,419
Skilled nursing services revenue	1,145	1,191	1,238	1,285	1,337
Home health revenue	584	598	613	629	644
Other	22	23	24	24	25
Investment income	295	371	494	511	577
Total revenues, gains, and other support	\$ 17,459	\$ 18,161	\$ 19,769	\$ 23,229	\$ 25,019
Expenses					
General and administrative	2,006	2,087	2,224	2,380	2,455
Project marketing costs	221	593	-	-	-
Plant and operations	2,151	2,215	2,355	2,569	2,653
Assisted living	1,684	1,747	1,817	1,890	1,965
Skilled nursing	1,820	1,889	1,965	2,042	2,125
Home health	551	568	585	602	620
Clinic	501	516	531	547	564
Dining services	2,281	2,349	2,735	3,132	3,245
Environment services	877	904	1,081	1,198	1,235
Resident services	333	343	389	435	449
Insurance	474	488	547	597	615
Management Fee	576	661	708	806	835
Existing Debt interest expense	375	61	-	-	-
Series 2021 Bonds interest expense	-	-	1,065	2,104	2,069
Entrance Fee Bank Loan interest expense	-	-	417	230	-
Amortization of deferred financing costs	-	29	58	58	58
Depreciation	2,311	2,479	2,539	2,711	2,829
Total Expenses	\$ 16,161	\$ 16,929	\$ 19,016	\$ 21,301	\$ 21,717
 Change in net assets	 1,298	 1,232	 753	 1,928	 3,302
 Net assets, beginning of year	 4,068	 5,366	 6,598	 7,351	 9,279
Net assets, end of year	\$ 5,366	\$ 6,598	\$ 7,351	\$ 9,279	\$ 12,581

See accompanying Summary of Significant Projection Assumptions and Rationale and
Independent Accountants' Compilation Report

Plantation Village, Inc.

Projected Statements of Cash Flows For the Years Ending December 31, (In Thousands)

	2020	2021	2022	2023	2024
Cash flows from operating activities					
Change in net assets	\$ 1,298	\$ 1,232	\$ 753	\$ 1,928	\$ 3,302
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	2,311	2,479	2,539	2,711	2,829
Amortization of deferred financing costs	-	29	58	58	58
Amortization of earned entrance fees	(1,856)	(2,005)	(2,324)	(3,062)	(4,016)
Entrance fees received-attrition (non-refundable)	1,998	2,112	2,164	2,219	2,702
Changes in current assets and current liabilities	81	37	82	60	37
Changes in accrued interest	31	688	63	(83)	(12)
Resident deposits	517	559	(1,076)	-	-
Net cash provided by operating activities	\$ 4,380	\$ 5,131	\$ 2,259	\$ 3,831	\$ 4,900
Cash flows from investing activities					
Routine capital additions	(1,562)	(1,609)	(1,657)	(1,707)	(1,783)
Project costs	(2,341)	(19,653)	(21,810)	-	-
Capitalized interest expense	-	(1,811)	(1,280)	-	-
Change in assets whose use is limited	(94)	(27,296)	5,445	18,913	(93)
Net cash provided by (used in) investing activities	(3,997)	(50,369)	(19,302)	17,206	(1,876)
Cash flows from financing activities					
Initial entrance fees received	-	-	15,005	7,761	-
Existing Debt principal payments	(382)	(11,523)	-	-	-
Series 2021 Bonds proceeds	-	43,315	-	-	-
Entrance Fee Bank Loan proceeds	-	20,515	-	-	-
Series 2021 Bond principal payments	-	(235)	(480)	(685)	(720)
Entrance Fee Bank Loan principal payments	-	-	-	(20,515)	-
Series 2021 Debt cost of issuance	-	(1,277)	-	-	-
Entrance fees received-attrition (refundable)	4,053	5,030	5,156	5,284	6,005
Entrance fees refunded	(3,221)	(3,031)	(3,145)	(3,256)	(3,940)
Net cash provided by (used in) financing activities	450	52,794	16,536	(11,411)	1,345
Change in cash and investments	\$ 833	\$ 7,556	\$ (507)	\$ 9,626	\$ 4,369
Cash and investments - beginning of year	9,413	10,246	17,802	17,295	26,921
Cash and investments - end of year ⁽¹⁾	\$ 10,246	\$ 17,802	\$ 17,295	\$ 26,921	\$ 31,290

(1) For purposes of the projection, Management did not present restricted cash or restricted cash equivalents on the statement of cash flows during the projection period.

See accompanying Summary of Significant Projection Assumptions and Rationale and
Independent Accountants' Compilation Report

Plantation Village, Inc.

Projected Balance Sheets For the Years Ending December 31, (In Thousands)

	2020	2021	2022	2023	2024
Assets					
Current assets					
Cash and investments	\$ 10,246	\$ 17,802	\$ 17,295	\$ 26,921	\$ 31,290
Accounts receivable, net	248	256	276	326	339
Other accounts receivable	535	535	535	535	535
Prepaid expenses and other current assets	545	566	614	666	689
Current portion of assets limited as to use-resident deposits	718	718	718	718	718
Current portion of assets limited as to use-Existing Debt	392	-	-	-	-
Current portion of assets limited as to use-Series 2021 Bonds	-	360	529	1,239	1,253
Total current assets	12,684	20,237	19,967	30,405	34,824
Assets limited as to use					
Debt sinking fund-Existing Debt	392	-	-	-	-
Bond fund-Series 2021 Bonds	-	360	529	1,239	1,253
Board designated asset replacement fund	2,210	2,210	2,210	2,210	2,210
Project Fund	-	21,810	-	-	-
Entrance Fee Fund	-	-	15,005	-	-
Funded Interest Account	-	3,980	1,280	-	-
Debt Service Reserve-Series 2021 Bonds	-	1,408	1,408	1,408	1,408
Board designated investments	4,896	4,896	4,896	4,896	4,896
Resident trust fund	80	80	80	80	80
Operating Reserve Fund	3,460	3,590	7,481	4,143	4,222
Resident deposits	718	718	718	718	718
Less: current portion	(1,110)	(1,078)	(1,247)	(1,957)	(1,971)
Total assets limited as to use	10,646	37,974	32,360	12,737	12,816
Property and equipment					
Property and equipment	75,302	98,375	123,122	124,829	126,612
Less: accumulated depreciation	(32,085)	(34,564)	(37,103)	(39,814)	(42,643)
Property and equipment, net	43,217	63,811	86,019	85,015	83,969
Total assets	\$ 66,547	\$ 122,022	\$ 138,346	\$ 128,157	\$ 131,609

See accompanying Summary of Significant Projection Assumptions and Rationale and
Independent Accountants' Compilation Report

Plantation Village, Inc.

Projected Balance Sheets (continued) For the Years Ending December 31, (In Thousands)

	2020	2021	2022	2023	2024
Liabilities and Net Assets					
Current liabilities					
Accounts payable	\$ 908	\$ 943	\$ 1,023	\$ 1,109	\$ 1,148
Accrued expenses and other current liabilities	799	830	900	976	1,010
Accrued interest-Existing Debt	31	-	-	-	-
Accrued interest-Series 2021 Bonds	-	718	710	699	687
Accrued interest-Entrance Fee Bank Loan	-	1	72	-	-
Current portion - Existing Debt	11,523	-	-	-	-
Current portion - Series 2021 Bonds	-	480	685	720	755
Current portion - Entrance Fee Bank Loan	-	-	20,515	-	-
Wait list and other deposits	428	428	428	428	428
Total current liabilities	13,689	3,400	24,333	3,932	4,028
Long-term debt, net of current portion					
Series 2021 Bonds	-	42,600	41,915	41,195	40,440
Entrance Fee Bank Loan	-	20,515	-	-	-
Deferred financing costs, net of amortization	-	(1,248)	(1,190)	(1,132)	(1,074)
Total long-term debt, net of current portion	-	61,867	40,725	40,063	39,366
Resident deposits					
Resident deposits	517	1,076	-	-	-
Refundable fees	4,497	4,542	4,587	4,633	4,679
Refundable entrance fees	29,223	30,462	33,182	35,123	36,234
Deferred revenue from entrance fees	13,255	14,077	28,168	35,127	34,721
Total liabilities	61,181	115,424	130,995	118,878	119,028
Net assets					
Without donor restrictions	5,366	6,598	7,351	9,279	12,581
With donor restrictions	-	-	-	-	-
Total net assets	5,366	6,598	7,351	9,279	12,581
Total liabilities and net assets	\$ 66,547	\$ 122,022	\$ 138,346	\$ 128,157	\$ 131,609

See accompanying Summary of Significant Projection Assumptions and Rationale and
Independent Accountants' Compilation Report

Plantation Village, Inc.

Summary of Significant Projection Assumptions and Rationale

For Each of the Five Years Ending December 31, 2024

Basis of Presentation

The accompanying financial projection presents, to the best of the knowledge and belief of management of Plantation Village, Inc. (the “Corporation”) and the Corporation’s third party manager, Life Care Services, LLC (the “Manager”) (collectively, “Management”) the expected financial position, results of operations, and cash flows of the Corporation as of and for each of the five years ending December 31, 2024. Accordingly, the accompanying projection reflects Management’s judgment as of April 8, 2020, the date of this projection, based on present circumstances and the expected course of action during the projection period assuming the hypothetical assumptions defined below. The assumptions disclosed herein are those that Management believes are significant to the projection.

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.

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. Furthermore, even if the following hypothetical assumptions (the “Hypothetical Assumptions”) occur during the projection period,

- The Corporation issues new debt to construct the Project (defined hereafter) and refinance the Existing Debt (defined hereafter) during fiscal year 2021 at terms and rates similar to those reflected in the projection;
- Construction, development, marketing and other related costs for the Project occur in the assumed timeline and at the assumed costs; and
- The Project units are successfully marketed and occupied at the assumed occupancy levels.

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.

Description of the Community

Plantation Village, Inc. (the “Community”), which opened in 1988, is a not-for-profit organization which principally provides housing, healthcare and other related services to residents through the operation of a retirement community in Wilmington, North Carolina.

The Community is located on approximately 56 acres and currently consists of 246 independent living residences, including 130 apartments, 48 villas, 2 cottages and 66 duplex homes (collectively the “Existing Independent Living Units”), along with two guest apartments and supportive common areas. The Community offers a modified lifecare or “Type B” contract in which residents transferring through the continuum of care receive priority access and a discounted rate for health care services at a non-related community. Residents receive priority access to healthcare and 30 free annual days of healthcare (non-cumulative). Entrance fee options at the Community include a Traditional Plan (non-refundable), 50% Return-of-Capital Plan and 90% Return-of-Capital Plan.

See Independent Accountants’ Compilation Report

**Summary of Significant Projection Assumptions
and Rationale, Continued**

Plantation Village, Inc.

The unit configuration, approximate square footages, entrance fees (“Entrance Fees”) and monthly fees (“Monthly Fees”) for the Existing Independent Living Units are summarized in the following table.

**Table 1
Existing Independent Living Units**

Independent Living Unit Type	Available Units	Square Footage	Traditional Plan Entrance Fee ⁽¹⁾⁽²⁾⁽⁴⁾	50% Return of Capital Entrance Fee Plan ⁽¹⁾⁽²⁾	90% Return of Capital Entrance Fee Plan ⁽¹⁾⁽²⁾	Monthly Fee ⁽²⁾
Studio	5	521	\$81,500	\$103,400	\$156,250	\$2,728
<i>One-Bedroom Units:</i>						
One Bedroom Traditional	35	721	\$103,000	\$130,700	\$197,950	\$3,022
One Bedroom Deluxe	21	856	\$121,300	\$153,300	\$231,700	\$3,307
One Bedroom Elmwood	3	917	n/a	\$220,750	\$281,750	\$3,314
One Bedroom Ashland	3	941-942	n/a	\$227,100	\$289,500	\$3,381
<i>Two-Bedroom Units:</i>						
Two Bedroom Traditional	15	996	\$134,700	\$177,250	\$267,550	\$3,603
Two Bedroom Lakeside	18	1,023	\$147,750	\$189,250	\$284,900	\$3,701
Two Bedroom Combo	1	1,300	\$156,150	\$197,950	\$298,050	\$3,786
Two Bedroom Deluxe	6	1,250	\$156,350	\$200,100	\$301,300	\$3,889
Two Bedroom Classic	2	1,325	\$159,100	\$202,300	\$304,500	\$4,286
Two Bedroom Ingleside	4	1,180	n/a	\$263,250	\$336,350	\$3,611
Two Bedroom Oatland	2	1,256	n/a	\$269,600	\$344,150	\$3,726
Two Bedroom Orton	6	1,359	n/a	\$336,550	\$429,900	\$4,242
Two Bedroom Woodlawn	3	1,397	n/a	\$324,900	\$414,300	\$4,213
Two Bedroom Waverly	1	1,450	n/a	\$341,200	\$436,150	\$4,414
Two Bedroom Carlisle	3	1,488	n/a	\$361,000	\$461,150	\$4,442
Two Bedroom Covington	2	1,491	n/a	\$354,100	\$451,750	\$4,471
Total Apartments ⁽³⁾	130	959	\$122,837	\$186,472	\$267,110	\$3,477
<i>Cottages/Homes/Villas:</i>						
Ashton Cottage	1	1,720	n/a	\$337,650	\$465,700	\$5,384
Baywater Cottage	1	1,690	n/a	\$325,950	\$454,100	\$5,259
Vista	4	1,260	\$190,000	\$243,450	\$367,150	\$4,645
Regency	4	1,375	\$199,000	\$255,000	\$385,450	\$4,655
Vista II	9	1,440	\$203,100	\$259,650	\$392,500	\$4,809
Regency II	9	1,460	\$211,200	\$270,150	\$406,450	\$4,839
Royale	5	1,480	\$218,050	\$278,400	\$421,550	\$4,878
Grande	5	1,510	\$221,800	\$284,200	\$428,600	\$4,940
Royale II	13	1,620	\$232,950	\$298,150	\$449,600	\$5,095
Grande II	13	1,690	\$237,600	\$304,000	\$457,700	\$5,187
Duplex A Meadowlark	2	1,720	n/a	\$331,800	\$459,950	\$5,384
Duplex B Meadowlark	2	1,690	n/a	\$320,100	\$448,300	\$5,259
Deluxe Villa	24	1,250	\$164,500	\$210,800	\$321,950	\$3,990
Custom/Traditional Villa	16	1,260 -1,350	\$185,500	\$237,600	\$358,750	\$4,156-\$4,570
Villa Special	8	1,433	\$206,050	\$263,250	\$398,300	\$4,666
Cottages/Homes/Villas	116	1,441	\$201,505	\$261,527	\$393,332	\$4,669
Total/wtd Averages	246	1,182	\$162,801	\$221,011	\$325,584	\$4,028

(1) Fees are effective as of January 1, 2020.

(2) The second person Monthly Fee is an additional \$1,409 for an Independent Living Units. The second person Entrance Fee is an additional non-refundable \$20,000.

(3) According to Management, there are 132 total Independent Living Unit apartments at the Community. However, two apartments are currently utilized as guest rooms and are not currently available for occupancy.

(4) Traditional Entrance Fee plan not offered on these unit types.

See Independent Accountants' Compilation Report

Assisted Living and Skilled Nursing Services

Assisted living and skilled nursing services for Community residents are provided through a transfer agreement between the Corporation and the Davis Community (the “Transfer Agreement”), a non-related healthcare provider located adjacent to the Community, consisting of Champions Assisted Living, an assisted living community with 123 units (“Champions”) and the Davis Health Care Center, a skilled nursing facility with 179 beds (“Davis HCC”). Pursuant to the Transfer Agreement, the Corporation pays the Davis Community the current Champions monthly fee for a one-bedroom suite (the “Champions Monthly Fee”) for each resident of the Community (“Resident(s)”) transferring to an assisted living bed at Champions (“Assisted Living Bed”). The Corporation pays the current Davis HCC daily fee for a shared suite (the “Davis HCC Daily Fee”) for each Resident transferring to a skilled nursing bed at Davis HCC (“Skilled Nursing Bed”). The Corporation also pays a Champions Monthly Fee and a Davis HCC Daily Fee to hold one additional Assisted Living Bed and Skilled Nursing Bed, respectively, on an ongoing basis.

Resident Care Center

Management provides emergency health care in the resident care center (the “Resident Care Center”), which is staffed by emergency personnel 24-hours a day, seven days a week. The Resident Care Center is utilized to respond to Resident's emergency calls and to provide temporary nursing care and outpatient services. Outpatient services are provided by a nurse during regularly scheduled office hours. Nurses are available for routine consultations and checks of weight, blood pressure or other preventive care services.

Description of the Project

Management is planning an expansion project (the “Project”) to consist of the construction of 44 independent living apartment units (“New Independent Living Units”). The following table shows the units and beds configuration of the Project.

Independent Living Unit Type	Unit Count	Square Footage	50% Return of Capital Entrance Fee Plan ⁽¹⁾	90% Return of Capital Entrance Fee Plan ⁽¹⁾	Monthly Fee
<i>2 Bedroom Apartments:</i>					
Type A - w/Den 2 Bath	4	1,370	\$336,609	\$431,550	\$4,350
Type A - w/Den 2.5 Bath	4	1,425	\$350,123	\$448,875	\$4,550
Type B - w/ Den 2.5 Bath	18	1,550	\$405,015	\$519,250	\$4,750
Type B - w/ Den 2.5 Bath	12	1,650	\$431,145	\$552,750	\$5,225
Type B - w/Den 2.5 Bath	6	1,930	\$504,309	\$646,550	\$5,700
Total Project ILUs /wtd average	44	1,601	\$414,473	\$531,375	\$4,955
Second person fee			\$ 20,000	\$ 20,000	\$1,409

Source: Management

(1) Entrance Fees and Monthly Fees shown are in 2020 dollars.

(2) The Traditional Entrance Fee plan is not assumed to be offered on the New Independent Living Units.

The Existing Independent Living Units and the New Independent Living Units are collectively defined as the “Independent Living Units”.

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Project Timeline

The following table illustrates the anticipated timeline for construction completion and fill-up of the Project.

Obtain permanent financing	March 2021
Construction commences on the Project	April 2021
New Independent Living Units available for occupancy	June 2022
New Independent Living Units achieve stabilized occupancy of 93.2%	May 2023

Source: Management

Management Agreement

The Corporation and the Manager have entered into a Management Agreement (the “Management Agreement”) renewable every five years. However, the Corporation or the Manager can terminate the Management Agreement without cause six months after formal notice is given. For purposes of the projection, management assumes the Management Agreement shall renew and be in effect throughout the projection period.

Under the Management Agreement, the Manager is responsible for recruiting and employing the Executive Director; supervising the licensing, equipping, and staffing of the Community; preparing annual budgets; establishing and operating a system of financial controls for the Community including comparative analyses with other facilities; and overseeing the food service and quality accommodations provided by the Community. In addition, the Manager is expected to facilitate the Corporation’s use of the Life Care Services Leads Management System (“LMS”) for relevant marketing efforts, provide training for the Corporation’s marketing personnel, regularly monitor the occupancy level of the Community, make specific recommendations with regard to marketing procedures and promotions, and arrange for a regular review of the Community marketing program by the Manager’s marketing specialists.

For its services provided under the Management Agreement, the Corporation is obligated to pay the Manager a monthly management fee of 3.0 percent of total gross operating revenue per month (the “Management Fee”) and an incentive fee of 1.0 percent of total gross operating revenue (the “Incentive Fee”) if the following criteria are met: 1) Resident satisfaction survey with overall Community average satisfaction at the Manager’s top quartile; 2) employee turnover at 25 percent or less; 3) net operating income goal achieved; and 4) monthly occupancy goal achieved. For purposes of the projection, Management assumes that the Management Fee and Incentive Fee combined shall approximate 3.5 percent to 4.0 percent of total gross operating revenue during the projection period.

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COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the highly contagious respiratory disease named “coronavirus disease 2019” (“COVID-19”) to be a pandemic, and on March 13, 2020, a national emergency was declared in the United States. The Centers for Disease Control and Prevention has confirmed the spread of COVID-19 to the United States, including North Carolina. In response, the federal government and a large number of state governments, including North Carolina, have imposed strict measures to curtail certain aspects of public life in an effort to contain COVID-19.

In addition to the direct impact to the health care industry, global investment and financial markets (including in the United States) have experienced substantial volatility, with significant declines attributed to COVID-19 concerns and associated economic impacts of the curtailment of public life described above. As with nearly all industries and companies operating through the COVID-19 pandemic, the Corporation expects to encounter further volatility and disruption in its operations and in the local, national and global economies.

An outbreak of an infectious disease, including the growth in the magnitude or severity of COVID-19 cases in the Corporation’s service area, could result in an abnormally high demand for health care services. Further, the changing global economic conditions or global health concerns surrounding the COVID-19 pandemic may also affect the Corporation’s partners, suppliers, distributors and payors, potentially disrupting or delaying the Corporation’s supply chain, Project construction progress and reimbursement by private payors.

The extent of COVID-19’s effect on the Corporation’s operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, the potential impact of the COVID-19 pandemic could materially adversely impact the Corporation’s financial condition, liquidity and results of operations, as well as national and local economies. Management has not estimated the potential impact of COVID-19 in its projection.

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Summary of Financing

Total financial requirements to complete the Project and refinance the Corporation's existing debt of approximately \$11,456,000 (the "Existing Debt") are assumed to approximate \$63,830,000. Management has assumed the following sources and uses of funds in preparing the financial projection based on information provided by Herbert J. Sims & Co., Inc. (the "Underwriter").

Table 4	
Sources and Uses of Funds	
(In Thousands)	
Sources of Funds:	
Series 2021 Bonds ⁽¹⁾	\$ 43,315
Entrance Fee Bank Loan ⁽²⁾	20,515
Total Sources of Funds	\$ 63,830
Uses of Funds:	
Direct construction costs ⁽³⁾	\$ 34,837
Marketing costs ⁽⁴⁾	814
Design fees ⁽⁵⁾	2,550
Furniture, fixtures and equipment ⁽⁶⁾	612
Miscellaneous costs ⁽⁷⁾	1,168
Development Fee ⁽⁸⁾	2,080
Contingency ⁽⁹⁾	2,556
Total Project related costs	\$ 44,617
Repayment of Existing Debt ⁽¹⁰⁾	11,456
Debt service reserve funds – Series 2021 Bonds ⁽¹¹⁾	1,408
Funded interest ⁽¹²⁾	5,072
Cost of issuance ⁽¹³⁾	1,277
Total Uses of Funds	\$ 63,830

Source: Management, the Developer, and the Underwriter

Notes:

- (1) According to the Underwriter, \$43,315,000 of tax-exempt fixed rate bonds are assumed to be issued for project related costs and to refinance Existing Debt (the "Series 2021 Bonds").
- (2) Bank loan proceeds of \$20,515,000 are anticipated to be repaid with initial Entrance Fees from the Project (the "Entrance Fee Bank Loan"). The Series 2021 Bonds and the Entrance Fee Bank Loan are collectively defined as the "Series 2021 Debt")
- (3) Direct construction costs for the Project are assumed to approximate \$34,837,000.
- (4) Marketing costs are assumed to approximate \$814,000.
- (5) The Design fees associated with the construction of the Project are estimated to approximate \$2,550,000.
- (6) Furniture, fixtures and equipment costs are assumed to approximate \$612,000.
- (7) Miscellaneous costs are assumed to approximate \$1,168,000 and consists of legal fees, filing fees, impact fees, etc.
- (8) The Corporation and LCS Development LLC (the "Developer") have entered into a development agreement under which the Developer shall provide development consulting services related to the Project. For its services, the Corporation shall pay the Developer a development fee of approximately \$2,080,000 (the "Development Fee").
- (9) Management has included a Project contingency of approximately \$2,556,000.
- (10) Proceeds of the Series 2021 Bonds are assumed to refund \$11,456,000 of an Existing Debt.
- (11) According to the Underwriter, a Debt Service Reserve Fund of \$1,408,000 is anticipated to be funded with proceeds of the Series 2021 Bonds. The Series 2021 Bonds Debt Service Reserve Fund is assumed to be funded at 50 percent of the maximum annual debt service on the Series 2021 Bonds.
- (12) Funded interest is assumed to approximate \$5,072,000, consisting of \$4,288,000 for the Series 2021 Bonds and \$784,000 for the Entrance Fee Bank Loan, respectively.
- (13) Cost of issuance for the Series 2021 Debt is assumed to approximate \$1,277,000.

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Description of the Residency Agreement

To be accepted for admission to an Independent Living Unit, a prospective Resident must be at least 62 years of age (in the case of double occupancy, at least one of the prospective Residents must be 62 years of age or older) at the time residency is established, meet health qualifications to live independently at the Community and exhibit an ability to meet their financial obligations as a Resident of the selected Independent living Unit.

Reservation Agreement

To reserve an Independent Living Unit, a prospective Resident is required to execute a reservation agreement (the "Reservation Agreement"), provide self-disclosure of his or her finances and place a deposit equal to 10 percent of the Entrance Fee (the "Entrance Fee Deposit") on the selected Independent Living Unit. The remaining 90 percent of the Entrance Fee is due on or before the occupancy date of the Independent Living Unit (the "Occupancy Date"). The Reservation Agreement reserves the right of the prospective Resident to choose the selected Independent Living Unit (the "Residence") and indicate his or her intent to execute a residence and services agreement (the "Residency Agreement").

It is assumed that upon approval to collect reservation deposits for the New Independent Living Units, prospective Residents would sign a reservation agreement (the "Reservation Agreement") and pay the applicable deposit amount ("Depositors"), which shall be held in an escrow account on behalf of Residents in accordance with North Carolina General Statute §58-64-35, earn market rate interest and is fully refundable, including the interest earned. Depositors for the New Independent Living Units would execute a Residency Agreement upon payment of the Entrance Fee at or prior to the Occupancy Date.

Residency Agreement

The Residency Agreement is a contract under which the Corporation is obligated, upon payment by the Resident of an Entrance Fee and ongoing payments of the Monthly Fee, to provide certain services to the Resident of the Independent Living Unit. Payment of the Entrance Fee and Monthly Fee entitles the Resident to occupy the Residence and receive the following services and amenities:

- Continental breakfast plus lunch or dinner per day;
- Weekly housekeeping and flat linen service;
- Utilities, including air conditioning, heating, electricity, water, sewer and trash disposal;
- Cable television, local and long-distance telephone service and internet access;
- Building and grounds maintenance;
- Scheduled local transportation;
- 24-hour security and emergency response system;
- Storage;
- Planned social, educational, cultural, spiritual and recreational activities;
- Use of the common areas; and
- Up to 30 annual days of care at the Davis Community or comparable healthcare facility.

Certain services are available to Residents for an additional charge. These services include, but are not limited to additional meals (including guest meals); guest accommodations, beauty/barber shop services; personal laundry service; additional outpatient services and special services; and extended home care services.

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Entrance Fee Plan

The Corporation offers three Entrance Fee plans under the Residency Agreement. The Entrance Fee options, and related amortization schedules are as follows:

Refund Options	Amortization Schedule
Traditional Plan (Non-Refundable)	If the Resident terminates the Residency Agreement prior to occupancy, the Resident is reimbursed the Entrance Fee, less a non-refundable fee. After occupancy, the Entrance Fee decreases two percent per month for 50 months.
50% Return-of-Capital Plan	If the Resident terminates the Residency Agreement prior to occupancy, the Resident is reimbursed the Entrance Fee, less a non-refundable fee. If the Resident terminates the Residency Agreement after occupancy, the Resident is reimbursed 50 percent of the Entrance Fee.
90% Return-of-Capital Plan	If the Resident terminates the Residency Agreement prior to occupancy, the Resident is reimbursed the Entrance Fee, less a non-refundable fee. If the Resident terminates the Residency Agreement after occupancy, the Resident is reimbursed 90 percent of the Entrance Fee.

Source: Management

Terminations Prior to Occupancy Date

The Resident may terminate the Residency Agreement within thirty (30) days of execution of the Residency Agreement or the receipt of a Disclosure Statement that meets the requirements of N.C.G.S. § 58-64-20 (the “Rescission Period”). In the event of rescission, the Resident shall receive a refund of all monies transferred less (i) periodic charges specified in the Residency Agreement and applicable only to the period a Residence was actually occupied by the Resident and (ii) any non-standard costs specifically incurred by the Corporation at the Resident’s request and described in the Residency Agreement or any amendment signed by the Resident. Any such refunds as described above will be paid by the Corporation within 30 days (or 60 days if the Resident has occupied a Residence) following the receipt of written notification of such termination.

The Resident may also voluntarily terminate the Residency Agreement after the Rescission Period and prior to the Occupancy Date upon 30-days written notice of such termination. Any such refund paid will equal the portion of the Entrance Fee paid by the Resident less (i) a non-refundable fee equal to \$2,500 and (ii) any costs specifically incurred by the Corporation at the Resident’s request. Any such refunds as described above will be paid by the Corporation within 60 days following the receipt of written notification of such termination.

Following expiration of the Rescission Period and after the Occupancy Date, the Residency Agreement may be terminated at any time upon 30-days written notice of such termination. The amount of refund due would be the Entrance Fee paid, without interest, less (i) four percent of the Entrance Fee for the Return-of-Capital Plans and (ii) less two percent (2%) per month of occupancy until the refund amount is reached. Any such refund due would be made within sixty (60) days of termination if a new Entrance Fee for the same Independent Living Unit vacated by the Resident is paid, or within 24 months, whichever is sooner.

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Health Care Benefit

A Resident may be temporarily or permanently assigned to an Assisted Living Bed or Skilled Nursing Bed, if the Resident is determined to need such care. Accommodations shall be in a private one-bedroom suite or special care suite, depending on the level of care required by the Resident. If the Resident wishes to occupy a larger suite, the Resident shall be assessed the incremental fee for the larger unit.

The Corporation covers the charges for temporary assisted living or nursing care for up to 30 calendar days for each Resident each fiscal year (the "Health Care Benefit"). If there are two Residents under the Residency Agreement, the Community shall allow the Residents to combine the Health Care Benefit to be used by only one Resident. During such time, the Resident shall continue to pay the Monthly Fee for their Independent Living Unit (first and second person as applicable), the charges for additional meals per day not covered by the Monthly Fee, and the charges for any additional services and supplies incurred by the Resident.

If the Resident utilizes more than the Health Care Benefit during a temporary stay, then they shall be responsible for paying the full daily rate charged by the Davis Community or another facility, as well as the Monthly Fee for their Independent Living Unit (first and second person as applicable) and the charges for any additional services and supplies incurred by the Resident.

Once permanently assigned to Champions, Davis HCC, or another facility, the Resident no longer qualifies for the Health Care Benefit and he or she shall be required to vacate and release the Independent Living Unit. Any unused Health Care Benefit days shall not be carried over to the next year. The Monthly Fee shall continue until removal of the Resident's personal property from the Independent Living Unit.

Once a Resident is permanently assigned to Champions, Davis HCC, or another facility the Resident shall pay a monthly or a per diem charge to the assisted living or nursing facility in lieu of the Monthly Fee (the "HC Per Diem Charge"), in an amount equal to 75 percent of the monthly or daily private pay rate then being charged.

In the case of couples, should only one Resident require permanent care at Champions, Davis HCC, or another facility, the other Resident would continue to occupy the Residence under the terms of the Residency Agreement and pay the first person Monthly Fee. The Resident at Champions, Davis HCC, or another facility would pay the HC Per Diem Charge, plus the charges for any additional services and supplies.

Summary of Significant Accounting Policies

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

Use of Estimates – The preparation of prospective financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts reported in the prospective financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Investments – Cash and investments includes cash on hand, amounts on deposit in banks and highly liquid debt instruments with a maturity of 90 days or less when purchased, excluding amounts whose use is limited. Financial instruments that potentially subject the Corporation to credit risk consist principally of cash, accounts receivable and investments. The Corporation maintains its cash in bank accounts which, at times, may exceed federally depository insurance (“FDIC”) limits. Management believes the credit risk associated with these deposits is minimal.

Assets Limited as to Use – Assets limited as to use represent funds required by the Corporation’s bond documents or other regulatory requirements to be held by a trustee (the “Trustee”) and include a statutory operating fund, various bond interest accounts, and a debt service reserve account. Management assumes no material changes in fair values that would result in material net realized or unrealized gains or losses during the projection period. North Carolina General Statute Section 58-64-33 requires CCRCs to maintain an operating reserve equal to 50 percent of the total budgeted operating expenses (adjusted for non-cash items) in a given year, or 25 percent of such total operating expenses (adjusted for non-cash items) if Independent Living Units and Assisted Living Units occupancy exceeds 90 percent.

Accounts Receivable – The Corporation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. Generally, no finance charges are assessed on trade receivables.

Property and Equipment – Property and equipment are stated at cost less accumulated depreciation. Donated property is recorded at its estimated fair value at the time of receipt. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Land improvements	20 years
Buildings	20 to 40 years
Furniture and equipment	3 to 20 years

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

Refundable Fees – Refundable Entrance Fees related to Residents who have been permanently assigned to a skilled nursing or assisted living facility are classified as noncurrent liabilities due to the indeterminable timing of the ultimate payment.

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Deferred Revenue from Entrance Fees – Entrance Fees paid by a Resident upon entering into a Residency Agreement are recorded as deferred revenue and amortized into income using the straight-line method over the estimated remaining life expectancy of the Resident, adjusted on an annual basis. The estimated amount of the contractual refund obligations that are expected to be refunded in a subsequent year are classified as a current liability on the balance sheet.

Refundable Entrance Fees – Resident refunds payable include estimated Entrance Fee refunds due to Residents that have the 50 percent refundable Return-of-Capital Plan and the 90 percent refundable Return-of-Capital Plan. The Corporation's contracts stipulate that the Entrance Fee is refundable within 60 days after the Resident's Independent Living Unit is reserved by a new Resident and such new Resident has paid the full amount of the Entrance Fee.

Resident Deposits – Potential Residents sign a nonbinding reservation agreement with the Corporation and pay a deposit (the "Deposit"). The Deposits from Residents are kept in an escrow account in the Resident's name. Any interest earnings accumulate to the benefit of the various Residents.

Net Assets – The Corporation conforms to the requirements of generally accepted accounting principles for external reporting by non-profit organizations and requires these resources be classified for accounting and reporting purposes into two net asset categories. The Corporation classifies its net assets for accounting and reporting purposes as Net Assets without Donor Restriction or Net Assets with Donor Restriction:

- *Net Assets with Donor Restriction* – resources of the Corporation that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and the investment in property and equipment.
- *Net assets without donor restriction* - resources that carry a donor-imposed restriction that stipulates that donated assets be maintained in perpetuity, but may permit the Corporation to use or expend part or all of the income derived from the donated assets.

Income Taxes – The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. For purposes of the projection, the Corporation has assumed no material unrecognized tax benefits or obligations during the projection period.

Obligation to Provide Future Services to Residents – The Corporation enters into continuing care contracts with various Residents. A continuing-care contract is an agreement between a Resident and the Corporation specifying the services and facilities to be provided to a Resident over his or her remaining life. Under the Residency Agreements, the Corporation has the ability to increase fees as deemed necessary.

The Corporation calculates annually the present value of the net cost of future services and the use of facilities to be provided to current Residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and the use of the facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. For purposes of the projection, Management has assumed no future service obligation liability.

Revenue Recognition – The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers, which establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. ASU No. 2014-09 is effective for fiscal year beginning after December 15, 2018 and interim periods within annual periods beginning after December 15, 2019. For purposes of the projection the Corporation has implemented ASU No. 2014-09.

Restricted Cash – During 2019 the Corporation adopted FASB ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The amendments in this update require 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. As of December 31, 2019, the Corporation had approximately \$10,131,000 invested in cash, cash equivalents, and restricted cash and cash equivalents on the statement of cash flows. For purposes of the projection, Management has not presented restricted cash or restricted cash equivalents on the statement of cash flows.

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Summary of Revenue and Entrance Fee Assumptions*Independent Living Unit Revenue*

Service fee revenue for Residents living in the Independent Living Units is based upon the assumed occupancy and the Monthly Fee of the respective units. The Independent Living Unit Monthly Fees are assumed to increase 3.0 percent annually during the projection period.

The Existing Independent Living Units are assumed to maintain a 93.5 percent occupancy level throughout the projection period and the New Independent Living Units are assumed to achieve a 93.2 percent occupancy level in May 2023 and remain at that level throughout the projection period. The following table summarizes the assumed utilization of the Existing Independent Living Units and the New Independent Living Units during the projection period:

Table 5
Utilization of the Independent Living Units

Years Ended December 31,	Existing Independent Living Units			New Independent Living Units			Total ILU Occupancy
	Average Units Occupied	Average Units Available	Average Occupancy	Average Units Occupied	Average Units Available	Average Occupancy	
<i>Historical:</i>							
2017	229.0	246.0	93.1%	-	-	-	93.1%
2018	232.0	246.0	94.3%	-	-	-	94.3%
2019 ⁽¹⁾	231.9	246.0	94.3%	-	-	-	94.3%
<i>Projected:</i>							
2020 ⁽²⁾	230.0	246.0	93.5%	-	-	-	93.5%
2021	230.0	246.0	93.5%	-	-	-	93.5%
2022	230.0	246.0	93.5%	9.4	44.0	21.3%	82.5%
2023	230.0	246.0	93.5%	38.9	44.0	88.5%	92.7%
2024	230.0	246.0	93.5%	41.0	44.0	93.2%	93.4%

Source: Management

- (1) Average occupancy for the Existing Independent Living Units as of February 29, 2020 was 226 units occupied, or 91.9 percent.
- (2) The 44 New Independent Living Units are assumed to be available for occupancy in June 2022 and fill to an approximately 93.2 percent occupancy level over a 12-month period at an average of 3.4 move-ins per month.

The double occupancy percentage for the Existing Independent Living Units is assumed to approximate 30.0 percent throughout the projection period. The double occupancy percentage for the New Independent Living Units is assumed to approximate 45.0 percent throughout the projection period.

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New Independent Living Monthly Unit Move-in Schedule

Residents are assumed to begin moving into the New Independent Living Units in June 2022. The assumed monthly move-in pattern (net of move-outs) is summarized below.

Fiscal Year/Month	New Independent Living Units	Cumulative Occupancy Total	Cumulative Occupancy Percentage ⁽¹⁾
2022			
June	5.0	5.0	11.4%
July	5.0	10.0	22.7%
August	5.0	15.0	34.1%
September	4.0	19.0	44.2%
October	4.0	23.0	52.3%
November	3.0	26.0	59.1%
December	3.0	29.0	65.9%
2023			
January	3.0	32.0	72.7%
February	3.0	35.0	79.6%
March	3.0	38.0	86.4%
April	2.0	40.0	90.9%
May	1.0	41.0	93.2%
Total	41.0	44.0	93.2%

Source: Management

(1) The cumulative occupancy is based on 44 Independent Living Units.

Assisted Living Beds and Skilled Nursing Beds Revenue

Assisted Living Beds and Skilled Nursing Beds revenue is derived from gross Champions Monthly Fees and Davis HCC Daily Fees charged to the Community by the Davis Community, adjusted for the Resident's HC Per Diem Charge, plus the charges for any additional services and supplies. Residency Agreements set fees for Assisted Living Beds and Skilled Nursing Beds paid by the Residents equal to 75 percent of the Champions Monthly Fee or the Davis HCC Daily Fee. Champions Monthly Fees and Davis HCC Daily Fees are assumed to increase 4.0 percent beginning January 1, 2021 and annually thereafter.

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Assisted Living Beds and Skilled Nursing Beds Utilization

The following table summarizes the historical and projected utilization of Assisted Living Beds and Skilled Nursing Beds at Champions and Davis HCC, respectively.

Years ended December 31,	Average Assisted Living Beds	Average Skilled Nursing Beds	Total
Historical:			
2017	17.0	23.4	40.4
2018	23.8	20.0	43.8
2019	28.8	17.4	46.2
Projected:			
2020	27.0	19.0	46.0
2021	27.0	19.0	46.0
2022	27.0	19.0	46.0
2023	27.0	19.0	46.0
2024	27.0	19.0	46.0

Source: Management

Resident Care Center

Some routine outpatient services are included in the Monthly Fee. However, special services such as injections and medication management are governed by North Carolina regulations and are subject to an additional charge. Delivery service from several pharmacies to the Resident Care Center is provided for the Residents' convenience. Other Resident Care Center services are available for an extra charge.

Other Revenue

Management assumes meal revenue and other miscellaneous revenue to increase approximately 3.0 percent annually throughout the projection period.

Investment Income

Interest earnings are assumed to approximate 1.5 percent annually throughout the projection period on the Corporation's cash and investments, Debt Service Reserve Fund, Entrance Fee Fund, Statutory Operating Reserve Fund and funds restricted by the board of directors.

Entrance Fees

The assumed number of Existing Independent Living Units and New Independent Living Units becoming available due to Resident turnover, the double occupancy rate, the number of annual Resident Entrance Fee refunds, and the movement of Existing and New Independent Living Unit Residents into the Assisted Living Units or Skilled Nursing Beds due to death, withdrawal or transfer are provided by Management.

Inflation of the initial New Independent Living Units Entrance Fees are assumed to remain constant during the projection period, while New Independent Living Units Entrance Fees collected from attrition are assumed to increase 3.0 percent annually throughout the projection period. The following table presents the assumed initial and attrition Entrance Fees received and the total Entrance Fees refunded.

Table 8
Entrance Fees Receipts and Entrance Fees Refunds (In Thousands)

	2020	2021	2022	2023	2024
<i>Number of Entrance Fees Received</i>					
New Independent Living Units – Initial ⁽¹⁾	-	-	29.0	15.0	-
Existing Independent Living Units – Attrition ⁽²⁾	24.0	30.0	30.0	30.0	30.0
New Independent Living Units – Attrition	-	-	-	-	1.8
Total Number of Entrance Fees Received	24.0	30.0	59.0	45.0	31.8
<i>Entrance Fees Received</i>					
New Independent Living Units – Initial	\$ -	\$ -	\$ 15,005	\$ 7,761	\$ -
Existing Independent Living Units – Attrition	6,051	7,142	7,320	7,503	7,690
New Independent Living Units – Attrition	-	-	-	-	1,017
Total Entrance Fees Received	\$ 6,051	\$ 7,142	\$ 22,325	\$ 15,264	\$ 8,707
Total Entrance Fees Refunded	(3,221)	(3,031)	(3,145)	(3,256)	(3,940)
Entrance Fees Received, Net of Refunds	\$ 2,830	\$ 4,111	\$ 19,180	\$ 12,008	\$ 4,767

Source: Management

- (1) For purposes of the projection, Management assumes initial Entrance Fees are received on all 44 New Independent Living Units. Due to vacancies and attrition, Management assumes an average stable occupancy for the New Independent Living Units of 93.2 percent.

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Summary of Operating Expense Assumptions

Management assumes salary related expenses to increase approximately 3.0 percent annually throughout the projection period. Employee benefits consisting of payroll taxes, insurance, and other costs for the Corporation's employees is assumed to approximate 20 percent of salaries during the projection period.

Table 9
Schedule of Assumed Staffing Levels (FTEs) (2024)

Department	Existing	Project	Total
Administration and general	10.9	0.0	10.9
Activities	4.8	1.1	5.9
Clinic	8.5	0.0	8.5
Laundry and housekeeping	22.5	6.8	29.3
Home health	15.2	0.0	15.2
Dietary	33.9	10.4	44.3
Facilities	10.9	1.0	11.9
Total FTE's	106.7	19.3	126.0

Source: Management

The rate paid to the Davis Community for Residents assigned to the Assisted Living Beds at Champions and the Skilled Nursing Beds at Davis HCC is assumed to increase 4.0 percent annually throughout the projection period. Other non-salary operating expenses are assumed to include ongoing marketing costs, raw food costs, utilities, supplies, maintenance and security contracts, building and general liability insurance, legal and accounting fees, and other miscellaneous expenses and are assumed to increase 3.0 percent annually throughout the projection period.

Property and Equipment and Depreciation Expense

The Corporation is to incur routine capital additions during the projection period that are to be capitalized as property and equipment. Depreciation expense for all capital assets is computed based on the straight-line method for buildings and equipment over estimated average useful lives of 3 to 20 years, respectively. The Corporation's property and equipment costs, during the projection period are summarized in the table below.

Table 10
Schedule of Property and Equipment
(In Thousands)

Years Ended March 31,	2020	2021	2022	2023	2024
Beginning balance	\$71,399	\$75,302	\$98,375	\$123,122	\$124,829
Project costs	2,341	19,653	21,810	-	-
Capitalized interest, net	-	1,811	1,280	-	-
Routine capital additions	1,562	1,609	1,657	1,707	1,783
Property and equipment, gross	\$75,302	\$98,375	\$123,122	\$124,829	\$126,612
Accumulated depreciation	(32,085)	(34,564)	(37,103)	(39,814)	(42,643)
Property and equipment, Ending balance, net	\$43,217	\$63,811	\$86,019	\$85,015	\$83,969

Source: Management

See Independent Accountants' Compilation Report

Assets Limited as to Use

Assets limited as to use represents funds required by the Corporation's debt documents to be held by a trustee, statutory required funds, and board of directors designated funds. Amounts required to meet current liabilities of the Corporation have been classified as current assets in the balance sheet.

- (1) Debt sinking fund-Existing Debt, to contain debt service payments to be used for payment of the Existing Debt.
- (2) Bond Fund-Series 2021 Bonds, to contain the bond principal and interest payments to be used for payment of debt service on the Series 2021 Bonds.
- (3) Board designated asset replacement funds are restricted by the board of directors and are designated for the replacement of Community assets.
- (4) Project Fund assumed to be funded with proceeds of the Series 2021 Bonds and the Entrance Fee Bank Loan to be used to pay construction costs to complete the Project.
- (5) Entrance Fee Fund assumed to be funded with initial New Independent Living Units Entrance Fees and to be released for the repayment of the Entrance Fee Bank Loan.
- (6) Funded Interest Account assumed to be funded with proceeds from the Series 2021 Bonds and the Entrance Fee Bank Loan to be used to pay interest on the Series 2021 Bonds and the Entrance Fee Bank Loan during construction of the Project.
- (7) Debt Service Reserve Fund-Series 2021 Bonds, assumed to be funded from proceeds of the Series 2021 Bonds.
- (8) Board designated investments are restricted by the board of directors and are designated to refund advance fees.
- (9) Resident trust fund consists of restricted cash held for Residents.
- (10) Designated for Statutory Operating Reserve Fund, required by the North Carolina General Statute Section 58-64-33 maintain an operating reserve equal to 50 percent of the total operating expenses (adjusted for non-cash items) in a given year, or 25 percent of such total operating expenses (adjusted for non-cash items) if the Community's occupancy exceeds 90 percent. The Statutory Operating Reserve Fund requirement as of December 31, 2019 was approximately \$3,366,000.
- (11) Resident deposits consist of resident funds and deposits of advance payments to the Community.

Long-Term Debt and Interest Expense*Existing Debt*

As of December 31, 2019, \$11,908,000 of the Existing Debt was related to two bank loans of approximately \$8,079,000 and 3,829,000, respectively, with an average interest rate of 3.09 percent and 1.10 percent above LIBOR (3.44 percent at December 31, 2019), respectively. The Existing Debt is payable in monthly installments, including principal and interest. The Existing Debt is assumed to be repaid with proceeds from the Series 2021 Bonds in March 2021.

Series 2021 Bonds

The Series 2021 Bonds are assumed to consist of \$43,315,000 of tax-exempt fixed rate bonds with an average interest rate of 5.00 percent per annum. Interest on the Series 2021 Bonds is assumed to be payable semi-annually on April 1 and October 1 of each year beginning April 1, 2021. Principal on the Series 2021 Bonds is assumed to be payable annually commencing April 1, 2021.

See Independent Accountants' Compilation Report

Entrance Fee Bank Loan

The Entrance Fee Bank Loan of \$20,515,000 is assumed to have an interest rate of 4.25 percent per annum, Interest on the Entrance Fee Bank Loan is assumed to be payable monthly beginning April 1, 2021. Principal on the Entrance Fee Bank Loan is assumed to be repaid with initial New Independent Living Unit Entrance Fees in April and July 2023.

The following table presents the projected debt service for the Existing Debt, the Series 2021 Bonds and the Entrance Fee Bank Loan.

Table 11
Principal and Interest Payments – Existing Debt, Series 2021 Bonds and Entrance Fee Bank Loan
(In Thousands)

Years Ending December 31,	<u>Existing Debt</u>		<u>Series 2021 Bonds</u>		<u>Entrance Fee Bank Loan</u>		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2020	\$ 382	\$ 376	\$ -	\$ -	\$ -	\$ -	\$ 758
2021	11,523	92	235	1,078	-	13	12,941
2022	-	-	480	2,144	-	556	3,180
2023	-	-	685	2,116	20,515	302	23,618
2024	-	-	720	2,081	-	-	2,801
Thereafter	-	-	41,195	33,906	-	-	75,101
Total	\$ 11,905	\$ 468	\$ 43,315	\$ 41,325	\$ 20,515	\$ 871	\$ 118,399

Source: Management and the Underwriter

Current Assets and Current Liabilities

Operating revenue, as used below, includes resident service fees, assisted living, skilled nursing services, home health, and other revenues. Operating expenses exclude amortization, depreciation and interest expense. Management has assumed the following working capital components based on the Corporation's historical trends:

Table 12
Working Capital – Days on Hand

Accounts receivables, net ⁽¹⁾	7 days of operating revenues
Prepaid expenses and other current assets	15 days of operating expenses
Accounts payable	25 days of operating expenses
Accrued expenses and other current liabilities	22 days of operating expenses

Source: Management

(1) Operating revenues, excluding assisted living and skilled nursing services revenue.

See Independent Accountants' Compilation Report

Exhibit H

Charges for Additional Services

Cost of a **Resident** Meal:

Breakfast \$7.00

Lunch/ Dinner \$7.00

Cost of a **Guest** Meal:

Breakfast \$8.00

Lunch/Dinner \$16.00

Children's Menu \$7.50

One meal consists of one of each: Soup, Salad, Entree, Dessert, Beverage. There is a charge for any additional items; please see your server for details.

Alcoholic Beverages

Beer - Bottled/Draft	\$3.00
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Wine-House	\$4.00 / 6oz	\$6.00/long pour
Wine - Premium	\$5.00 / 6oz	\$7.00/long pour

Tier 1 Liquor	Tier 2 Liquor	Tier 3 Liquor
\$4.00	\$5.50	\$6.50

Miscellaneous Charges

Brown Bread	\$4.00
Mini Brown Bread	\$2.00
Cookies	\$0.50
Birthday Cake (Round)	\$15.00
Yi Sheet Cake	\$25.00
Full Sheet Cake	\$35.00

Server/Bartender resident requested events: \$18/hour per associate

Last Updated January 2017

Work Orders

MAINTENANCE/LANDSCAPING
VALET & TRANSPORTATION
910-772-3160

8:30 am & 4:00pm - Monday- Friday

- Emergencies will take precedence
- If an emergency is encountered after normal business hours please call the Resident Care Center at 772-3124 or Security at 228-4118

Non- Routine Maintenance and Environmental Services:
\$18.00 per hour

Keys/ Remote Openers/ Medical Alert

Keys	Openers	Medical Alert Pendant/Bracelet
Front Door - \$150	Gate - \$50	\$150
Mail Box - \$10	Garage Door - \$70	

Plantation Village Home Care-Services

Mileage Costs

Mileage {Federal Rate) \$0.535/ mile

Billable Nursing Assistant Time

Weekda

Weekend

CNA: FLATFEE

\$20.50/hour

\$20.50/hour

(Weekend for billing is: 11:01pmFriday- 11pm Sunday)

In the 2016 pricing structure, we have eliminated the weekend premium as well as the premium for fewer than 3 hours. We feel that a flat fee will make the home care pricing much easier to understand.

Skilled Nursing Fees:

In the 2016 pricing structure, we have made the decision to eliminate the charges for Case Management Visits, Medical Management Initial Visits, Nurse Care Plan Visits, and Nurse Return Visits. We hope that the elimination of these fees will lead to more clarity around the home care program.

Nurse Medication Management with CNA Reminder

Box filled every week	\$250.00/month
Box filled every week with 1/day reminder by CNA	\$300 .00/ month
Box filled every week with 2/day reminder by CNA	\$350 .00/ month
Box filled every week with 3/day reminder by CNA	\$400 .00/ month
Box filled every week with 4/day reminder by CNA	\$450.00/month
There are no pricing changes to the medication management program at this time.	

Laundry Services

Personal laundry service is available to you for an additional charge. Place the laundry bag outside your front door by 9:30am on the day designated for laundry. Finished laundry will be returned to your door the following day. Laundry bags can be purchased at Wal-Mart, Target, Big Lots, etc.

Wash & press man's shirt	\$2.25
Wash & press blouse	\$2.25
Wash & press slacks/trousers	\$1.75
Wash & press dress	\$2.75
Wash & fold t-shirt	\$0.75
Wash & fold socks	\$0.25
Wash & fold underwear	\$0.50
Press only- pants	\$1.00
Press only- dress	\$1.50
Press only blouse & shirt	\$1.50
Pajamas	\$1.00
Handkerchief	\$0.25

Salon 1200:

The salon is located in the Wellness Center and offers a variety of services. **Salon 1200** maintains high standards and retains first class licensed cosmetologist. They also utilize professional salon products and are in compliance with the Board of Cosmetology. Should you need a hair cut or would like to enjoy spa treatments, **please call 772-3122 to schedule an appointment.**

Hours: Wednesday, Thursday, and Friday- 9:00am - 3:00pm

Men

Haircut	\$15.00
Cut & Shampoo Package	\$23.00
Beard and Neck Trim	\$6.00

Women

Haircut	\$18.00
Shampoo, Blow Dry, Style	\$20.00
Shampoo, Hair Cut, Style	\$35.00
Deep Condition	\$10.00
Updo's	\$35.00 (start at)

Chemicals

Color	\$50.00
Color, Cut, Style	\$62.00
Partial Highlights	\$50.00
Partial Lowlights, Cut, Style	\$65.00
Full Highlights	\$65.00
Highlights, Cut, Style	\$72.00
Full Highlights and Lowlights	\$72.00
Highlights, Lowlights, Cut, Style	\$85.00
Permanents	\$65.00

Waxing Services

Eyebrow Shaping	\$12.00
Chin or Lip	\$10.00

Nail Care

Manicure	\$24.00
Spa Manicure	\$28.00
Pedicure	\$35.00
Spa Pedicure	\$55.00

Last Updated May 2019

Valet Services:

\$9.00 minimum cost \$18.00 per hour

Transportation Services:

Monday- Friday 6:00am -6:00pm

\$7.00 minimum/ \$28.00 per hour

- In- town driving - Special arrangements can be made for personal trips. The time charged is calculated from the time of pick up at Plantation Village, to the time of return to Plantation Village; whether accompanied by the resident or not.
- Out-of -town driving - This service is limited to trips within 175 miles of Wilmington and subject to limited availability of drivers. Arrangements for drivers for out-of-t own trips or airport drop-offs & pick-ups should be made as soon as possible after you have made reservations or appointments.

Driving after hours & weekends:

Monday- Thursday: 6:00pm to 6:00am

Friday: 6:00pm- Monday 6:00am

\$56.00 / per hour (2 hour minimum)

Reservation Process:

- Call the Dispatcher (772-3160) between the hours of 8:30am - 4:00pm; Monday - Friday. Please give a 48 hour notice when scheduling your appointment.
- Taxi Service - Plantation Village has set up accounts with 2 local cab companies; Lett's Taxi Service (343-3335) & Port City Taxi (762-1165). When calling for service, tell them you are a Plantation Village resident & give them your address. Plantation Village is billed for your trip, & you will be billed on your monthly statement. Tipping is allowed.

Emergency transportation - call the Resident Care Center (772-3124)

Activity Transportation - See the Leisure Services Director.

Guest Accommodations

A-208 (studio) - \$90.00/night(unitsubject to change)

- 1 Queen bed, 1 Full-size pull out couch, 1 bathroom, full kitchen

8-105 (studio) - \$90.00/ night(unit subject to change)

- 1 Queen bed, 1 Full-size pull out couch, 1 bathroom, full kitchen

(Guest Accommodations have been upgraded with new furnishings)

- Residents may reserve our furnished studio apartment for up to 7 consecutive nights.
- Reservations are to be made in person with the receptionist; and can be made 90 days in advance of desired date. If you or your guests have not filled out the Guest Reservation form, please do so at the receptionist desk.
- A pet is allowed in the guest apartment with a onetime fee of \$50.00. Guests must follow our pet policy.

The charges for the guest room will appear on the resident's monthly bill. Guests may check in and pick up the key at the Hospitality Desk from 3:00pm to 4:30pm or in the Resident Care Center if the Hospitality Desk is closed. When departing, return the key to the Hospitality Desk by 11:00am so we can prepare the room for the next guest.

Last Updated September 2016