

# ***Disclosure Statement***

**DATE: May 31, 2023, amended as of July 21, 2023**

**Name of Facility: Windsor Run**

**Located at: 2030 Windsor Run Lane  
Matthews, North Carolina 28105**

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

- **This Disclosure Statement may be delivered until revised, but not after May 29, 2024**
- **Delivery of the Disclosure Statement to a contracting party before execution of a contract for continuing care is required; and**
- **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.**

**Note: Windsor Run, LLC believes this information is accurate and complete in all material respects, so far as compliance with the disclosure requirements for Continuing Care Facilities in the State of North Carolina.**

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**WINDSOR RUN  
DISCLOSURE STATEMENT**

**A. THE COMMUNITY PROVIDER, PERSONNEL INVOLVED, BUSINESS EXPERIENCE & INVOLVED ENTITIES:**

**A.1. Continuing Care Provider.** The names and addresses of the Provider for Windsor Run Retirement Community is Windsor Run, LLC (sometimes referred to as “Provider,” “Windsor Run” or “Community”) a limited liability company organized under the laws of the State of Maryland and qualified to do business in North Carolina. Windsor Run is not affiliated with any religious organizations and is not intended to be a tax-exempt, charitable entity. The corporate address for the Provider is: 701 Maiden Choice Lane, Baltimore, Maryland 21228. The address of the Community is 2030 Windsor Run Lane, Matthews, North Carolina 28105.

Residents will enter into a Residence and Care Agreement (attached as Exhibit 1) with Windsor Run which will provide services to residents and receive the entrance deposits and Monthly Service Packages. Windsor Run offers two different models for the Residence and Care Agreement. Windsor Run entered into a Management and Marketing Agreement with Erickson Senior Living, LLC (referred to as “Erickson Senior Living” or “Manager”), formerly known as Erickson Living Management, LLC, to provide certain services for the Community. Erickson Senior Living is organized as a limited liability company under the laws of the State of Maryland and is qualified to do business in the State of North Carolina.

**A.2. Officers, Directors, Trustees, Managing and General Partners, and Certain Persons who Hold Equity or Beneficial Interests.** The Provider Windsor Run, LLC is a limited liability company. Erickson Living Properties II, LLC (ELP II) owns 90% of the interests in Windsor Run, LLC and ELP II itself is wholly owned by Erickson Living Holdings, LLC, a Maryland limited liability company. The remaining 10% interest in Windsor Run, LLC is owned by NSC- Windsor Run, LLC. NSC- Windsor Run, LLC, is a single member limited liability company the sole member of which is National Senior Communities, Inc. (formerly National Senior Campuses, Inc.), a nonprofit 501(c)(3) supporting organization.

The officers of Windsor Run are listed below with their executive biographies. The business address for all of the directors and officers of Windsor Run and Erickson Senior Living is 701 Maiden Choice Lane, Baltimore, Maryland 21228.

**Officers of Windsor Run, LLC**

R. Alan Butler:	Chief Executive Officer
Debra B. Doyle:	Chief Operating Officer
Christian Sweetser:	Chief Financial Officer
John Hall:	Treasurer
Susan L. Oliveri:	Secretary

**Executive Director:** Michael Wehrle (as of June 2023)

## **BIOGRAPHIES**

### **Alan Butler, Chief Executive Officer**

Mr. Butler joined Erickson Senior Living in 2010 as Chief Operating Officer and assumed his current position in 2011. As CEO, he focuses on the company's strategic growth. He spent 14 years as Treasurer of Allegis Group, Inc., the largest provider of staffing in the United States with 8,000 employees and 2009 revenue of \$6 billion. Mr. Butler was responsible for all debt placement and syndicated credit facilities, cash management activities, and advised on all mergers and acquisitions. He is currently CEO of Erickson Senior Living and President of Redwood Capital Investments, LLC, a private investment company.

Prior to joining Allegis Group and Redwood, Mr. Butler held various credit and lending positions at Bank of America and its predecessor banks from 1986 to 1996.

Mr. Butler currently serves on the Board of Redwood portfolio companies and on the Executive Board of the Boy Scouts of America. He graduated magna cum laude from the University of Maryland, College Park with a bachelor's degree in finance and received his master's degree in business administration from Loyola College in Maryland.

### **Debra B. Doyle, Chief Operating Officer**

Ms. Doyle is the Chief Operating Officer for Erickson Senior Living. She is responsible for community operations and for developing and defining standards for new program initiatives, productivity and process improvement standards for all campuses. Ms. Doyle's current roles and responsibilities include delivering high-quality services to more than 23,000 residents with the support of fourteen thousand employees, who deliver through the Erickson Way Values the core programs and services that comprise the Erickson Senior Living Lifestyle.

Previous positions at Erickson Senior Living include Executive Vice President of Health and Operations and Associate Executive Director of Oak Crest in Parkville, Maryland. She also served as Senior Regional Health Services Director for the following Erickson Senior Living communities: Oak Crest, Charlestown, Riderwood, and Greenspring. Before coming to Erickson Senior Living, she was Chief Nursing Officer and executive director of medical services for the Greater Baltimore Medical Center.

Ms. Doyle earned an M.B.A. and a B.S. in business administration from Loyola College. She received her R.N. from St. Joseph's Hospital School of Nursing and a certification in senior living care from Johns Hopkins University. She is a member of the American College of Healthcare Executives and the American Nurses Association.

Ms. Doyle also serves as the Chairman of the Board for Franklin Square Hospital Center Operating Board and the Medstar Health – Quality, Safety and Professional Affairs Committee.

### **Christian Sweetser, Chief Financial Officer**

Christian Sweetser plans, develops, implements, and directs Erickson Senior Living's fiscal function and performance. He participates in the development of the company's strategic plans and programs, evaluates and advises on long-range plans, and provides financial and trending analysis.

Previously, Christian was chief financial officer at Silverado Senior Living in Irvine, California. Under his leadership, Silverado enjoyed its most profitable financial performance in consolidated company history. Before joining Silverado, Christian was a vice president at Welltower, the world's largest health care real estate investment trust.

Mr. Sweetser holds a bachelor of science degree in economics from Cornell University and an MBA from the University of Chicago. He is also a chartered financial analyst and a member of the CFA Institute.

### **John D. Hall, Treasurer**

Mr. Hall is responsible for treasury, internal audit, insurance and tax for Erickson Senior Living and all communities that Erickson Senior Living manages since May 2010. During this time, he has redesigned or built all four areas' primary function and focus, led the successful efforts to refinance existing bond deals, improved visibility and reporting for cash activity and treasury services within the communities and to the boards, and is instrumental in Erickson Senior Living's tax planning efforts.

Mr. Hall spent the prior 10 years as Chief Accounting Officer of Allegis Group, Inc., the largest provider of staffing in the United States. Mr. Hall was responsible for all financial reporting, tax, insurance and risk management for Allegis Group and advised on financings and mergers and acquisitions, including the Erickson Senior Living transaction and many others involving Redwood Capital Investments LLC. Prior to joining Allegis Group, Mr. Hall was in public accounting for 15 years, leaving a partnership position with a national firm to join Allegis Group in 1999.

Mr. Hall graduated from the Loyola College in Maryland in 1985 with a bachelor's degree in business administration, with a concentration in accounting. He received his CPA certificate in 1985. Mr. Hall also holds a master's degree in business administration, with a concentration in income tax, from the University of Baltimore, which he received in 1992.

### **Susan Oliveri, Secretary**

Susan Oliveri is General Counsel and Corporate Secretary of Erickson Senior Living and is responsible for directing the legal affairs of the Company as well as maintaining the official records of the Company. Prior to joining Erickson Senior Living, Ms. Oliveri practiced law with Miles & Stockbridge, PC and Smith, Somerville & Case, LLC in Baltimore, MD. Her practice focused primarily on commercial finance and real estate acquisition, development and construction. She also completed a clerkship for the Honorable Lawrence Rodowsky on the Court of Appeals of Maryland.

Ms. Oliveri is a member of the American Bar Association and the Maryland State Bar Association. Ms. Oliveri has a J.D. from the University of Baltimore School of Law where she

graduated magna cum laude. She also holds a Bachelor of Business Administration in Finance and Marketing from the University of Texas at Austin.

### **Executive Director for Windsor Run**

#### **Michael Wehrle**

Michael Wehrle is the Executive Director of Windsor Run and oversees the operation of the community.

Mr. Wehrle has been with Erickson Senior Living since 2011. He started his career with as a member of the continuing care sales team at Riderwood Village. He obtained his nursing home administrator license while working at Riderwood. After becoming a licensed administrator, Mr. Wehrle held assistant administrator positions at several Erickson Living communities before his promotion to director of continuing care at Ashby Ponds in 2017. Under his leadership, Ashby Ponds achieved financial and quality metrics year over year and strong resident satisfaction and employee engagement results. In January, 2021, he was promoted to the associate executive director role for Fox Run.

Mr. Wehrle has a passion for quality and service, as well as a natural ability to connect with residents and staff. He holds a bachelor of science degree in health care management and a master's in health care administration.

#### ***A.3. Business Experience of, Acquisition of Goods and Services from, and Criminal, Civil, or Regulatory Proceedings against Provider, its Officers, Directors, Trustees, Managing and General Partners, Certain Persons who Hold Equity or Beneficial Interests, and the Management.***

##### ***(a) Business Experience in the Operation or Management of Similar Facilities.***

The Provider, Windsor Run, is a new entity formed for the purpose of operating this Community.

Erickson Senior Living was formed in 2009 and is the manager of the Community. The officers of Erickson Senior Living have experience in managing and developing retirement communities through their work with the prior manager which built an innovative network of communities that combine a maintenance-free active lifestyle with a host of amenities, social activities, and wellness and medical centers.

Erickson Senior Living currently manages the Charlestown Retirement Community in Catonsville, Maryland, Oak Crest Village in Parkville, Maryland, Greenspring Village in Springfield, Virginia, Seabrook Village in Tinton Falls, New Jersey, Riderwood Village in Silver Spring, Maryland, Brooksby Village in Peabody, Massachusetts, Cedar Crest Village in Pompton Plains, New Jersey, Ann's Choice in Warminster, Pennsylvania, Fox Run Village in Novi, Michigan, Linden Ponds in Hingham, Massachusetts, Eagle's Trace in Houston, Texas, Highland Springs in Dallas, Texas, Maris Grove in Concordville, Pennsylvania, Wind Crest in Denver, Colorado, Tallgrass Creek in Overland Park, Kansas, Ashby Ponds in Ashburn, Virginia, Lantern Hill in New Providence, New Jersey, Devonshire in West Palm Beach, Florida, Windsor Run in Matthews, North

Carolina, Siena Lakes in Naples, Florida, Avery Point in Richmond, Virginia and Woodleigh Chase in Fairfax, Virginia.

**(b) Acquisition of Goods and Services.** The Provider does not have any interest in any other professional service firm, association, foundation, trust, partnership, or corporation or any business or legal entity which presently intends or may provide goods, or services to the Provider at a value of \$500 or more within any year. The Provider's members, Erickson Living Properties II and NSC – Windsor Run, LLC, will not provide goods or services to the Community at a value of \$500 or more within a year. The Executive Director, an individual, does not have a 10% or greater interest in any the Provider or in any company that will provide goods or services annually of \$500 or more to the provider, facility, or residents to the Provider.

The officers named in Section A.2 are also officers of related companies, Erickson Senior Living, LLC and Erickson Living Development, that will provide certain goods or services to the Community at a value of \$500 or more within any year.

Windsor Run has entered into a Management and Marketing Agreement with Erickson Senior Living to provide certain services for the retirement community. Windsor Run will pay a base management fee to Erickson Senior Living currently calculated at 5% of net occupancy fees for independent living units and 5% of occupancy fees for healthcare units.

Windsor Run has engaged development services through Erickson Living Development, LLC for the construction of the Community. Erickson Living Development, LLC is also a wholly owned subsidiary of Erickson Living Holdings, LLC, which is one of the members of Erickson Senior Living. The cost of construction will be competitively bid. These companies will not have any equitable or beneficial interests in the Provider.

**(c) Status of any Criminal, Civil, or Regulatory Proceedings.** The Provider, its officers, directors, trustees, managing and general partners and persons holding equity or beneficial interests: a) have not been convicted of a felony or pleaded nolo contendere to a felony charge and have not been held liable or enjoined in a civil action by final judgment in any felony or civil charge involving fraud, embezzlement, fraudulent conversion, or misappropriation of property or moral turpitude; b) are not subject to an injunctive or restrictive order of a court, or within the past five years have not had a state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or healthcare, including without limitation, actions affecting a license to operate a nursing home, retirement home, home for the aged or facility registered under this chapter or similar laws in another state; and c) are not currently the subject of any state or federal prosecution, or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.



## **B. COMMUNITY DESCRIPTION**

**B.1. Ownership of Real Property.** The property on which the Community is located is currently owned by Windsor Run, LLC. It is possible that, in connection with future financings, a mortgage in favor of the lender, will be placed on the property.

**B.2. Location and Description of Real Property.** The site of Windsor Run is located on approximately 85 acres in Matthews, North Carolina located on McKee Road, near the intersection with Weddington Road. The community address is 2030 Windsor Run Lane, Matthews, North Carolina 28105.

Erickson Senior Living communities are designed to emulate a college campus atmosphere for senior citizens. The Community will be comprised of small clusters of buildings of various sizes and shapes. Buildings may be interconnected with bridges and walkways or may be free-standing. Residential buildings will have balconies, awnings, and patios and will be interspersed with clubhouse-style community centers that feature expansive windows and welcoming entrances.

The Community currently includes 431 independent living apartments within 4 residential buildings, in a variety of styles, and a club house. The club house contains dining options such as a restaurant and café as well as classrooms, activity spaces, and other common areas. The club house includes a beauty salon, an aquatic center and fitness center. The Community features an on-site medical center with services provided by both primary care practitioners and sub-specialists.

The Community also includes Continuing Care at Windsor Run, the healthcare neighborhood for the campus. The first phase of the Continuing Care facility includes 7 assisted living units (10 beds) and 22 nursing units (36 beds), some of which will be used for memory care services. The facility includes dining rooms, resident lounges, an activity room, a bathing core, space for on-site therapy and a beauty salon.

As shown in Exhibit 2, the first independent living buildings opened in May 2018. The first phase of Continuing Care at Windsor Run, including assisted living and skilled nursing units, opened in August 2021.

Windsor Run may also include future development with additional independent living apartments and a second phase of Continuing Care. However, Windsor Run builds in response to market demand and future development depends on future market conditions.

As the Community is built, Windsor Run will be responsible for maintaining the open spaces and travel ways within the Community. The approximate construction schedule for Windsor Run is attached to this Disclosure Statement as Exhibit 2. Construction may be delayed depending upon finalization of plan approvals and permits and due to unforeseen weather-related delays.

## C. SERVICES PROVIDED & PROPOSED FEES

**C.1. Services provided under Continuing Care Contracts.** Windsor Run offers a wide array of services to its residents, depending on the setting and level of care of the resident. In independent living, Windsor Run provides use of the selected Living Unit, a Monthly Meal Credit Plan, 24 hour on-site staff and emergency alert system, all Living Unit utilities including these cable/ telephone/ data services: basic cable television service (premium channels additional charge), local, long distance and international landline phone service, and wireless internet service, on-site Fitness Center basic membership (includes standard weekly classes as scheduled), one reserved Parking Space (note: reserved Parking Space terminates if resident no longer owns or uses a personal vehicle), maintenance and insurance of buildings, grounds and equipment, insurance for the Independent Living Unit and all items in such unit, except items owned by Resident, sewage, trash and general snow removal from common areas, and use of all public rooms and common areas of the Community.

For residents in Assisted Living, Windsor Run provides several packages for Assisted Living residents to serve different care needs. Further details on the services available at each level of Assisted Living and additional rights and obligations in Assisted Living will be set forth in the Assisted Living Addendum to the Residence and Care Agreement. The package generally includes provision of supervision, verbal cuing and physical assistance, as appropriate for the Resident's designated care package, in the performance of activities of daily living ("ADLs"), including ambulation, personal hygiene, dressing, toileting and eating, prescription evaluation and planning, a service plan designed by a care team, medication administration, at least three meals per day, regularly scheduled Registered Nurse review and assessment, personal laundry service, weekly light house-keeping (generally includes vacuuming carpet/ floors, light dusting and wiping down bathrooms and kitchenette if available), assistance with Incontinence Care, regular social work team services related to cognitive, behavioral and safety issues, licensed nurse management of chronic/ stable conditions on a regular basis, 24 hour on-site staff and emergency alert system, all Living Unit utilities including these cable/ telephone/ data services: basic cable television service (premium channels additional charge), local, long distance and international landline phone service, and wireless internet service, enriching activities program, daily bed-making, one load of laundry per week, washers and dryers available free of charge, assistance with additional care points identified in the holistic assessment, maintenance and insurance of buildings, grounds and equipment, sewage, trash removal and general snow removal from common areas, and use of all public rooms and common areas of the Community.

For residents needing Memory Care Services, Windsor Run provides packages for residents to serve different memory care service needs in designated units. Further details on the services available at each level of memory care services and additional rights and obligations in memory care services will be set forth in the appropriate memory care services Addendum to the Residence and Care Agreement. The package generally includes provision of supervision, verbal cuing and physical assistance, as appropriate for the Resident's designated care package, in the performance of activities of daily living ("ADLs"), including ambulation, personal hygiene, dressing, toileting and eating, prescription evaluation and planning, memory care services or programming, a service plan designed by a care team, medication administration, at least three meals per day, regularly scheduled

Registered Nurse review and assessment, personal laundry service, weekly light house-keeping (generally includes vacuuming carpet/ floors, light dusting and wiping down bathrooms and kitchenette if available), assistance with Incontinence Care, regular social work team services related to cognitive, behavioral and safety issues, licensed nurse management of chronic/ stable conditions on a regular basis, 24 hour on-site staff and emergency alert system, all Living Unit utilities including these cable/ telephone/ data services: basic cable television service (premium channels additional charge), local, long distance and international landline phone service, and wireless internet service, enriching activities program, daily bed-making, one load of laundry per week, washers and dryers available free of charge, assistance with additional care points identified in the holistic assessment, maintenance and insurance of buildings, grounds and equipment, sewage, trash removal and general snow removal from common areas, and use of all public rooms and common areas of the Community.

For residents in Nursing Units, Windsor Run will provide the listed services. Further details on the services available and additional rights and obligations in nursing care will be set forth in a Nursing Admission Addendum to the Residence and Care Agreement. The package generally includes provision of three meals a day, tray service, individual care plans, planned activities, social work services, laundry services for linens and towels owned by Windsor Run, housekeeping, Nurse/ Resident communication system, security/safety Officers on duty 24 hours, all Living Unit utilities including these cable/ telephone/ data services: basic cable television service (premium channels additional charge), local, long distance and international landline phone service, and wireless internet service, maintenance of buildings, grounds and equipment, insurance on buildings, grounds and equipment, insurance of the Nursing Unit and all items in the unit, except items owned by Resident, sewage, trash and general snow removal from common areas, and use of all public rooms and common areas of the Community.

Additional services that may be available to residents include meal delivery service, housekeeping and laundry service for residents in Independent Living, additional housekeeping or additional laundry service for residents in Assisted Living or Nursing Units, extra meals for residents in Independent Living (unless covered by Monthly Meal Credit as defined in the Residence and Care Agreement, guest meals, on-site Fitness Center premium services or classes, personal storage space (limited availability), second reserved parking space (limited availability), off-campus transportation within a radius determined by the Provider, and home support services.

Windsor Run currently includes an on-site Medical Center with primary care practitioners and sub-specialists. Windsor Run also intends to contract with third parties to provide additional services such as laboratory services, medical supplies, prescription drugs, and home health, therapy or rehab services.

Windsor Run will not provide hospice care, acute hospital care, or any institutional care other than care that is appropriate in an Assisted Living Unit or a Nursing Unit. Windsor Run does not provide for funeral arrangements for residents.

**C.2. A Description of All Fees Required of Residents Subject to the Residence and Care Agreement, Periodic Adjustment of Such Fees and Miscellaneous Provisions regarding Residency.**

**C.2. (a) Application Fee.** Prospective residents will pay a one-time application fee to Windsor Run. This fee is used to offset the costs of performing financial and health screenings and other paperwork requirements for the prospective resident. Upon submitting an application for residency in Windsor Run, each prospective resident must pay an application fee of \$150.00. Application fees collected from applicants will not be escrowed by Windsor Run.

If the Residence and Care Agreement is canceled or rescinded prior to occupancy (See Section D.3 (a) below), the Provider may retain the application fee as a reasonable service charge.

**C.2. (b) Customized Improvements Charge.** Prospective residents who desire to make customized improvements to a unit prior to moving in will pay a charge to Windsor Run for such improvements. This fee is used to offset the cost of material and labor for installing the specified improvement to the unit. The cost of any customized improvement to a unit will depend upon the improvement desired, including labor charges, and will be payable at the time of signing an agreement to install such improvements with Windsor Run. Fees paid for improvements to a unit will not be escrowed and will not be refunded.

**C.2. (c) Entrance Deposit.**

(c) (i) Payment of Entrance Deposit. Prospective residents will pay a one-time Entrance Deposit to Windsor Run. Payment of an Entrance Deposit provides a resident with the lifetime use of the Living Unit and the services and amenities available at the Community as long as the Resident complies with the Residence and Care Agreement. The Entrance Deposit to be paid by residents depends upon the size, features, and level of care provided in the living unit selected. The current price list is included below. Prospective residents will pay the Entrance Deposit in a series of deposits generally as follows: 1) A \$1000.00 Priority Deposit will be due when the prospective resident first submits an application for an actual living unit or to join the waiting list for a living unit at Windsor Run; 2) An additional \$4000.00 Reservation Deposit will be due when the prospective resident reserves a unit type in a particular residential building which deposit may be paid in two installments; 3) A Signing Deposit, bringing the total to 10% of the total Entrance Deposit, is due when resident signs the Residence and Care Agreement; and 4) A Final Deposit, which is the remainder of the Entrance Deposit after the prior deposits are paid, is due when the resident takes possession of the living unit.

At its sole discretion, Windsor Run may offer residents a short-term option for payment of the Entrance Deposit with a promissory note. The promissory note is typically used for a short-term loan for a delayed home sale. The form of the promissory note is included in Schedule II of the Residence and Care Agreement.

The current schedule of Entrance Deposits and Monthly Service Packages are shown in the following table.

**Current Entrance Deposit Schedule  
And Monthly Service Packages**

<b>Apartment Style</b>	<b>Approx Square Footage</b>	<b>2023 Monthly Fee</b>	<b>90% Refund Entrance Deposit</b>	<b>Declining Balance Refund Entrance Deposit</b>
1Bedroom 1.5 Bath	800 - 967	\$2,620 - \$2,837	\$238,000- \$330,000	\$155,000 - \$215,000
1Bedroom 1.5 Bath	959 - 1049	\$2,805 - \$3,032	\$274,000 - \$369,000	\$179,000 - \$240,000
1Bedroom 1.5 Bath	1040 - 1171	\$3,102 - \$3,248	\$308,000 - \$398,000	\$201,000 - \$259,000
2Bedroom 2 Bath	1106 - 1277	\$3,190 - \$3,555	\$342,000 - \$496,000	\$223,000- \$323,000
2Bedroom 2+ Bath	1241-1306	- \$3,464	\$384,000 - \$485,000	\$250,000 - \$316,000
2Bedroom 2 Bath	1280 - 1391	\$3,555 - \$3,782	\$426,000 - \$554,000	\$277,000 - \$360,000
2Bedroom 2 Bath	1392 - 1481	\$3,782 - \$3,902	\$474,000 - \$545,000	\$309,000 - \$355,000
2Bedroom 2 Bath	1463 - 1685	\$3,993 - \$4,246	\$514,000 - \$605,000	\$335,000 - \$394,000
2Bedroom 2+ Bath	1730 - 1926	\$4,323 - \$4,743	\$608,000 - \$727,000	\$662,000 - \$473,000
Second Person Fee		\$1,026		

Windsor Run opened assisted living and skilled nursing units in its Continuing Care facility in September 2021. Below is the pricing for the Continuing Care facility.

Assisted Living, Memory Care Services and Long Term Care

Care level packages, shown below, are added to the base monthly service package for the full Assisted Living monthly fee. Care levels are determined based on points assigned as a result of initial and periodic resident assessments.

<b>Living Unit Description</b>	<b>2023 Monthly Base Fee</b>
Studio – Brodie Avery	From \$5,885 From \$6,604
Studio Suites	From \$6,203
One Bedroom	From \$9,173

Care Package Description	2023 Monthly Rate
Care Package	\$1,156
Premium Care Package	\$2,312
Deluxe Care Package	\$3,468
Custom Care Package	\$5224

Assisted Living, Memory Care Services, Long Term Care – External Admission

Non-Refundable Community Fee	\$2,500
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(c) (ii) Escrow of Entrance Deposit. Prior to occupancy, all Entrance Deposits paid by a resident to Windsor Run will be placed in an escrow account with a bank or other escrow agent. Funds held in escrow are the property of prospective residents until released to Windsor Run. Any interest earned on funds in the escrow account will be for the benefit of Windsor Run. On the date that the resident either occupies the unit or the unit is available for immediate occupancy by the resident, the escrow agent may release the Entrance Deposit for that unit from the escrow account to Windsor Run.

Prior to occupancy, deposits in escrow will be returned by the escrow agent to the prospective resident in the following circumstances: (i) within 30 days of the written request of the prospective resident; (ii) if the prospective resident dies before occupying a unit; (iii) if the prospective resident is determined to be ineligible for entrance into the Community or due to the prospective resident’s illness, injury, or incapacity that would preclude the applicant from occupying a living unit as well as upon death; or (iv) upon rescission of the Residence and Care Agreement pursuant to the terms of the Residence and Care Agreement. If the resident rescinds the Residence and Care Agreement within the 30 day period, Windsor Run will refund 100% of the Entrance Deposit to the resident. If the resident or Windsor Run terminate the Residence and Care Agreement after the 30 day rescission period and prior to occupancy, the Entrance Deposit is still refundable per the terms of the Residence and Care Agreement.

As new buildings are developed, the Escrow Agent will release 25% of escrow monies to Windsor Run when 50% of independent living units in a building are pre-sold, permanent financing is secured, and entrance deposits plus proceeds of financing equals 90% or more of the costs to construct and equip the facility and provide cash flow funds equal 90% or more of funds needed to fund start-up losses and assure full performance of obligations. The remaining seventy-five (75%) percent of funds for a building can be released to Windsor Run when 75% of independent living units are presold, having received a minimum ten percent (10%) deposit, or has maintained an independent living unit occupancy minimum of seventy-five percent (75%) for at least 60 days, construction is complete and units available for occupancy.

When deposits are released to Windsor Run after occupancy and the expiration of the right of rescission, residents who sign the 90% Refund Residence and Care Agreement will receive the 90% Refund Amount as described below in Section C.2.c (iv). Residents who sign the Fully Declining Refund Residence and Care Agreement may receive a declining refund as described below in Section C.2.c (v)

(c) (iii) Changes to Entrance Deposit. The Entrance Deposit paid by a resident will normally not increase or decrease during residency unless the resident moves to a living unit with a higher Entrance Deposit than the unit previously occupied by the resident. If the resident requests a permanent transfer from one Living Unit to another Living Unit with a higher Entrance Deposit and Windsor Run approves the transfer, the resident will pay an additional deposit for the new Living Unit. The amount of the additional deposit will vary, depending on market conditions for the resident's current Living Unit and for the desired new Living Unit at the time of the transfer and may be a full second Entrance Deposit. Windsor Run will advise the resident of the additional deposit prior to the transfer and the resident may then decide whether or not to proceed with the transfer. For residents with a 90% refund Care Agreement, ten percent (10%) of the additional deposit paid will be added to the Community Fee (see Residence and Care Agreement) and will be non-refundable. For residents with the Fully Declining Refund Care Agreement, the new deposit will be presumed to have been paid on the original occupancy date for that resident and subject to the same amortizing schedule. Residents are normally not entitled to a refund or decrease of the Entrance Deposit due to any temporary or permanent transfer, for whatever reason, during the Term of the Agreement. However, Windsor Run may make a partial refund of the Entrance Deposit, minus the Community Fee, in the following circumstances: 1) the Resident transfers to a smaller Independent Living Unit than the Independent Living Unit currently occupied; and 2) the Entrance Deposit for the smaller Independent Living Unit is currently lower than the Entrance Deposit paid for the original Independent Living Unit. In these specific circumstances, Windsor Run may elect to refund the difference between the current Entrance Deposit for the new Independent Living Unit and the original Entrance Deposit paid but minus the Community Fee. See Section D.1 below for discussion of any additional deposit in the event that a resident marries after coming to the Community.

(c) (iv) Refund of Entrance Deposit – 90% Refund Care Agreement. The following sections describe how the Entrance Deposit is refunded after occupancy and the expiration of the right of rescission:

- If the Resident terminates the Residence and Care Agreement during their lifetime after the Occupancy Date and the expiration of the right of rescission (See Section D.3.(b) below), Windsor Run will pay the 90% Refund Amount within sixty (60) days of the date that the Resident becomes eligible for refund from the Refund Account as described in this sub-section C.2.(c) (iv) below. The refund is paid to the duly designated beneficiaries named in the Resident's refund form or, if there is no refund form, then to the resident.

- If the Resident dies after the Occupancy Date and the expiration of the right of rescission (See Section D.3.(d) below), Windsor Run will pay the 90% Refund Amount within sixty (60) days of the date that the Resident becomes eligible for refund from the Refund Account (see below). Windsor Run will pay the 90% Refund Amount to the duly designated beneficiaries named in a refund form or, if there is no refund form, then to the Resident's estate. If one joint resident dies, there will be no refund of any portion of the 90% refund amount; instead, so long as a surviving resident continues to reside at the community, the Entrance Deposit (minus the Community Fee) shall be deemed to have been paid entirely on behalf of the surviving resident to be used for the survivor's care if necessary, and the 90% Refund Amount will eventually be paid to the survivor, to the beneficiaries named in the survivor's refund form, or to the survivor's estate.
- If Windsor Run terminates the Residence and Care Agreement for good cause (see Section D.3.(c), then Windsor Run shall pay the 90% Refund Amount within sixty (60) days of the date that the Resident becomes eligible for refund from the Refund Account as described in the section immediately below. Windsor Run will pay the 90% Refund Amount to the duly designated beneficiaries named in the refund form or, if there is no refund form, then to the resident.
- Windsor Run has established a Refund Account for paying the 90% refund amount per the terms of the Agreement. The Refund Account is funded by the receipt of all or a portion of new Entrance Deposits from new residents who subscribe previously occupied Independent Living Units. When the Agreement terminates for any reason, the Resident or his/ her representative must promptly vacate and remove all possessions from the Living Unit, turn in the keys, sign a Unit Release for the Living Unit, and pre-approve the final bill. If the Resident occupied any other Living Units at the Community, all previous units also must be vacated and released. When the foregoing steps are completed, Windsor Run then assigns a refund number for the Refund Account. Windsor Run pays the 90% Refund Amount based on assigned refund numbers generally proceeding in sequential order. If the Resident has the next assigned refund number in sequence, then the Resident is eligible for the 90% Refund Amount when: (i) the Resident or his/ her representative pays the final bill, and (ii) the funds in Refund Account are sufficient to fully pay the 90% Refund Amount to the Resident.
- The Refund Account is funded only when Windsor Run receives all or a portion of new Entrance Deposits from new residents who subscribe previously occupied Independent Living Units. The new resident's right of rescission must also be expired for the Refund Account to receive all or a portion of the Entrance Deposit. Windsor Run makes continued refunds from the Refund Account as new available funds are received into the Refund Account. Windsor Run has the right to temporarily suspend refunds if the Refund Account has insufficient funds to pay the next sequential refund that is due. Windsor Run pays the 90% Refund Amount based on assigned Refund Numbers generally proceeding in sequential order.



(c) (v) Refund of Entrance Deposit – Fully Declining Refund Residence and Care Agreement. The following sections describe how the Entrance Deposit is refunded after occupancy and the expiration of the right of rescission:

- If the Agreement is terminated at the election of all Residents in the Living Unit during their lifetime following the thirty day rescission period and within and including the first forty-eight (48) months from the Occupancy Date, Windsor Run will refund an amount equal to the Entrance Deposit (i) minus a processing fee of 4% of the Entrance Deposit, and (ii) minus a fee equal to 2% of the Entrance Deposit per month for each month following the Occupancy Date, including the final month of the term of the Agreement (even if such final month is only a partial month).
- If (a) either a single Resident or both Joint Residents pass away after the expiration of the thirty day rescission period and within and including the first forty-eight (48) months from the Occupancy Date, or (b) One Joint Resident passes away and the surviving Joint Resident terminates the Agreement after the expiration of the thirty day rescission period and within and including the first forty-eight (48) months from the Occupancy Date, Windsor Run will refund an amount equal to the Entrance Deposit (i) minus a processing fee of 4% of the Entrance Deposit, and (ii) minus a fee equal to 2% of the Entrance Deposit per month for each month following the Occupancy Date, including the final month of the term of the Agreement (even if such final month is only a partial month).
- If the resident is entitled to a refund of a portion of the Entrance Deposit per the sections above, other than a termination by the Community, Windsor Run will pay the refund within one-hundred twenty (120) days after the resident or representative turns in keys and vacate any Living Unit(s), including parking or storage spaces, which the resident was occupying on the Departure Date.
- If the Community terminates the Agreement for good cause, Windsor Run will pay the resident on the Departure Date any refund to which the resident is entitled depending on the resident's months of residency, less a reasonable offset of fees as described in Section D.3(c) hereof. Any funds that Windsor Run retains and does not use for such purposes will be refunded to the resident within 45 days after the resident turns in keys and vacates any Living Unit(s), including parking or storage spaces, which the resident was occupying on the Departure Date.
- If the Agreement terminates after the first forty-eight (48) from the Occupancy Date or later, whether due to the election of resident or Windsor Run, or due to resident's death, the resident will not be entitled to any refund of the Entrance Deposit.

**C.2. (d) *Monthly Service Packages*.** Residents pay a Monthly Service Package during the term of their residency. Monthly Service Packages are used by Windsor Run to cover operating expenses of the Community. The amount of the Monthly Service Package depends upon the size,

features, and, for Assisted Living and Nursing Units, the level of care provided within the living unit selected. If two or more joint residents occupy a unit together, the joint residents will pay only one (1) Monthly Service Package and one (1) double occupancy fee for each additional joint resident. Joint residents who occupy separate units must each pay the full Monthly Service Package for their respective units. Joint residents include residents who move to the Community together as well as residents who marry after moving to the Community. Please see Section C.1 for services provided in the current Monthly Service Package.

If a Resident transfers temporarily to another unit or to an outside facility, the Resident must pay the Monthly Service Package for your permanent Living Unit in addition to the Monthly Service Package for the temporary Living Unit or the Off-Site Facility, as the case may be. The Monthly Service Package for a temporary Living Unit at the Community shall be prorated on a daily basis for the period of the temporary transfer. During the period of the temporary transfer, the Resident's Monthly Service Package for the permanent Living Unit are adjusted as follows: (1) if a single Resident or one Joint Resident transfers, the Monthly Service Package will be reduced by a single Non-Occupancy Credit if applicable and defined in Section 15 of the Resident and Care Agreement, (2) if both Joint Residents transfer from a double occupancy Unit, the Monthly Service Package will be reduced by the two-person Non-Occupancy Credit if applicable, (3) if both Joint Residents transfer, one from a Living Unit and one from another Living Unit, each Resident's Monthly Service Package shall be reduced by the respective Non-Occupancy Credit if applicable. Policies and adjustments to the Non-Occupancy Credit are made by Windsor Run in its sole discretion.

If a Resident permanently transfers from one Living Unit to another Living Unit at the Community, the Resident is responsible for payment of the Monthly Service Package, pro-rated and less the Non-Occupancy Credit if applicable, for the vacated Living Unit until the Resident completely vacates, removes all possessions from the vacated Living Unit, and returns the keys for the vacated Living Unit to Windsor Run.

If the Residence and Care Agreement terminates for any reason, the Resident or his/her representative is be responsible for the payment of the Monthly Service Package for the vacated Living Unit, less the Non-Occupancy Credit if applicable, for a period of up to and including ninety (90) days from the date that both of these conditions are fulfilled: (i) the Resident or his/ her representative vacates the Living Unit and remove all possessions, and (ii) the Resident or his/ her representative signs a Unit-Release Form for the Living Unit and return the keys. If the vacated Living Unit is re-subscribed by another new resident in less than 90 days, then the Monthly Service Package will end on the Occupancy Date for that new resident.

The Monthly Service Package is due and payable each month, in advance, within five (5) days from the date of the monthly statement. Each resident will receive a monthly statement from Windsor Run showing the Monthly Service Package charges and charges for any ancillary services. The Monthly Service Packages may be adjusted by Windsor Run upon 30 days written notice to the residents.

Monthly Service Packages are not escrowed by Windsor Run. In general, the Monthly Service Packages are not refundable. However, if the resident transfers from the living unit to another unit or leaves the Community during a month, the resident may receive a non-occupancy, as applicable, credit towards the Monthly Service Package for the days in which the living unit was not occupied.

**C.2. (e) Ancillary Fees.** The resident may be charged fees by Windsor Run for ancillary services. Ancillary fees are used by Windsor Run to offset the cost of performing the ancillary services. The amount of the ancillary fee depends upon the additional services selected. Payment for ancillary services is generally due in arrears the month after services are rendered.

Ancillary fees are not escrowed by Windsor Run. Fees for ancillary services which are actually rendered are not refundable. The ancillary fees may be adjusted by Windsor Run upon 30 days written notice to the residents. The Current Ancillary Fee Schedule is shown in the table below.

**ANCILLARY FEE SCHEDULE**

Service	2023 Rate
Non-Occupancy (Independent Living) Credit for Absences per resident, per day (starting on 31st consecutive night)  Note: the Non-Occupancy Credit does not apply to residents in Assisted Living, Memory Care or Nursing Care.	\$12.00
Additional Mailbox Key	\$15.00
Additional car transponder	\$35.00
Additional or replacement Apartment Badge	\$25.00
Badge for Resident Family & Friends Program	\$25.00
Badge for Resident Guest	\$30.00
First Car Reserved Parking Space (Ind. Living) (resident registered car only)	No. Add. Fee
Second Car Reserved Parking Space (Monthly if available) (resident registered car only)	\$75.00
Reserved Carport parking (Monthly if available) (resident registered car only)	\$50.00
Storage Bin (Monthly if available)	\$15.00
Maintenance Service per hour	\$56.00
Grounds Service per hour	\$56.00
Housekeeping per hour	\$50.00

Service	2023 Rate
Computer Services (first 30-minutes) Each additional 15 minutes	\$45.00 \$15.00
Emergency Pendant (1-time fee) Emergency Pendant Monthly Fee	\$50.00 \$20.00
Guest Suite	\$130.00
Transportation	
Premium TV Service	No add Fee
Personal Training 30 minute	\$20.00
Personal Training 30 minute – in apartment	\$25.00
Personal Training five 30 minute sessions	\$75
Virtual Fitness Programs (digital)	Included
Specialty Health Club Group Fitness Classes	Add Fees Apply
Sales Tax	When Applicable

Ancillary fees in continuing care are available on request.

**C.2. (f) Refurbishing Charges.** Each time that a resident permanently vacates an Independent Living Unit or Assisted Living or unit providing Memory Care Services, irrespective of the length of time of occupancy, Windsor Run will perform work to clean, refurbish, and restore that Living Unit. This work will generally include, but is not limited to, cleaning or replacement of carpeting and flooring, spackling and/or painting of walls, removing any customized improvements, replacement of fixtures, or any other appropriate repairs repairing any extraordinary damage, in the sole discretion of Windsor Run, to bring the Living Unit back to a like-new condition. The reasonable costs and expenses of this work (the “Refurbishing Charges”) are charged to and paid by the resident but in some situations, Windsor Run will cover some or all of the Refurbishing Charges for the Living Unit. The amount of the Refurbishing Charges will vary depending on the type of extraordinary damage incurred. Refurbishing Charges are not escrowed and are not refunded by Windsor Run and may be adjusted by Windsor Run. The sections below describe when the resident is responsible for Refurbishing Charges and what portions are covered by Windsor Run:

- If the Resident first entered the Community in an Independent Living Unit and then permanently transfers from that Independent Living Unit to an Assisted Living, to a unit providing Memory Care Services or to a Nursing Unit, Windsor Run will cover any portion of the Refurbishing Charges for work that is due to ordinary wear and tear. The Resident will only be responsible to pay the portion of the Refurbishing Charges for work needed to repair any extraordinary damage to the Living Unit. By way of example, such extraordinary damage may include, but is not limited to, material damage to the walls,

structures, or fixtures, material damage caused by pets, or material odors, stains, or damage due to smoking in the Living Unit. The Resident must also pay the reasonable costs and expenses of removing any customized improvements that he/ she made to the Living Unit unless Windsor Run specifically agrees in writing to accept those improvements for re-subscription to a new resident.

- If the Resident first entered the Community in an Independent Living Unit and then permanently leaves the Community from an Independent Living Unit, Windsor Run will cover the Refurbishing Charges for work that is due to ordinary wear and tear. The Resident will only be responsible to pay the portion of the Refurbishing Charges for work needed to repair any extraordinary damage to the Living Unit. By way of example, such extraordinary damage may include, but is not limited to, material damage to the walls, structures, or fixtures, material damage caused by pets, or material odors, stains, or damage due to smoking in the Living Unit, or removing customized improvements. The Resident must also pay the reasonable costs and expenses of removing any customized improvements that he/ she made to the Living Unit unless Windsor Run specifically agrees in writing to accept those improvements for re-subscription to a new resident.
- If the Resident transfers from one Independent Living Unit to another Independent Living Unit, or if the Resident transfers from an Assisted Living or unit providing Memory Care Services to any other Living Unit, or if the Resident permanently leave the Community from an Assisted Living or unit providing Memory Care Services, the Resident is responsible to pay the full Refurbishing Charges.
- If the last residence at the Community is a Nursing Unit and the Resident either permanently leaves the Community from that unit or passes away while residing in the Nursing Unit, Windsor Run will cover the full Refurbishing Charges for the Nursing Unit.

**(g) *Miscellaneous Costs.*** According to the Residence and Care Agreement, residents are also responsible for procuring and maintaining Medicare insurance, Parts A and B and for Medigap insurance. Residents are also responsible for their own funeral arrangements. Windsor Run does not assist with such arrangements. Residents must also purchase renter's insurance to cover their personal property within their designated living unit, including liability insurance.

**C.3. *Fees and Adjustments.*** The Monthly Service Packages for each level of care may be revised from time to time. Windsor Run generally adjusts fees on an annual basis after having evaluated such factors that it perceives to be relevant to the costs associated with operating the Community and other financial requirements. Normally such changes will be made to become effective on January 1 of the next calendar year. However, Windsor Run reserves the right at any time with thirty (30) days' notice to residents, to adjust the Monthly Service Packages or fees for Ancillary Services to reflect any additional cost or liability for which there is no adequate, budgeted reserve, including, but not limited to, tax liability for real estate taxes relating to the Community, increased operating expenses, and inflation. Notice to residents in assisted living may be less than

thirty (30) days only if the adjustment is due to change in levels of care. Please refer to Section 7.3 of the Residence and Care Agreement.

**C.4. Number of Residents under Care Agreements.** The Community opened in the spring of 2018. There are currently 590 residents under Residence and Care Agreements.

## **D. SPECIFIC COMMUNITY POLICIES**

Many of these policies are re-printed from the Residence and Care Agreement (Exhibit 1) for Windsor Run.

**D.1. Marriage After Occupancy.** Joint Residents, including married couples, who occupy the same Living Unit pay one Entrance Deposit and also pay the Monthly Service Package for the selected Living Unit and the double occupancy fee. If two current single residents marry or otherwise co-habitate, they will then be treated as Joint Residents and will pay the fee structure described above. If during the term of residency, the Resident marries or co-habitates with a person who is not a resident of the Community, the new spouse or other proposed co-resident will be required to meet the Community's financial and health-related qualifications for entrance into the Community. If accepted, the fee structure for Joint Residents described above will apply for the new Resident. If the spouse or proposed co-resident is not accepted by Windsor Run, the Resident may terminate the Residence and Care Agreement in accordance with applicable provisions. If a new spouse or proposed Joint Resident is accepted as a resident in the Community but is placed in a Living Unit, the new spouse or Resident must pay a new Entrance Deposit for the second Living Unit and must sign a separate Residence and Care Agreement for the second Living Unit and pay the Monthly Service Package for the unit.

**D.2 Financial Inability to Pay.** It is the policy of the Community not to terminate a resident's occupancy for the resident's financial inability to pay provided that the resident is otherwise in compliance with the terms of the Residence and Care Agreement. To the extent that it is financially feasible, the Community will assist residents who are unable to pay full Monthly Service Packages. The Community requires that, in the event that Resident claims to be unable to make full monthly payment by reason of financial inability, Resident must take any or all of the actions listed below:

(a) The Resident must take any or all of the following actions, as directed by the Executive Director. To qualify for assistance, a resident must otherwise be in compliance with the terms of such resident's Residence and Care Agreement.

(b) The Resident must file with the Executive Director, on appropriate forms provided by the Executive Director, a Statement of Financial Inability to Pay. As part of the Statement of Financial Inability, the Resident must disclose remaining available assets and income. The Executive Director will review the financial position to determine the existence of any outside assets, including any guaranty agreements, which may first be spent for the Resident's care.

(c) If the Resident has outside assets other than the Entrance Deposit, the Executive Director will establish a Spending Plan for the Resident to spend the outside assets and to obtain assistance from other available means. As part of the Spending Plan, the Resident shall assign to Provider any health-related insurance benefits and any benefits under any governmental insurance or assistance program (including Medicare), until the amount the Provider receives equals the aggregate charges for the care and services that the Resident has received from the Provider, based upon the Community's standard rates. If the Resident fails to cooperate with the Spending Plan for the outside assets, such failure may constitute good cause for termination of the Agreement due to non-payment of fees per Section D.3(c) below.

(d) For residents who have a 90% Refund Residence and Care Agreement, after the Resident completes the Spending Plan or if there are no available assets other than the Entrance Deposit, the Provider will spend-down an amount up to the Entrance Deposit minus the Community Fee. After depletion of outside assets, the Entrance Deposit (less the Community Fee) is considered available for the Resident's maintenance and support to pay any and all fees at the Community. For residents who have a Fully Declining Refund Residence and Care Agreement, spend-down of the Entrance Deposit is not available.

(e) If requested by the Provider, the Resident will transfer to an alternate Living Unit at the Community if and when available.

(f) The Resident will provide periodic statements of financial condition and copies of income tax returns as the same may be requested from time to time by the Provider and will notify the Provider of any and all assets acquired through any means thereafter, and will assign or pay such property received to the Provider in an amount equivalent to the total outstanding charges and fees, owed by the Resident.

(g) Upon completion of the Spending Plan (including spend-down of the Entrance Deposit or fully earning the Entrance Deposit for a Fully Declining Refund Residence and Care Agreement), the Resident may qualify for assistance from the resident benevolent care fund when established and to the extent that it is financially feasible. If a Resident is approved for such assistance, the Executive Director shall inform the Resident of the amount which the resident care fund will contribute to the monthly fees and the amount which the Resident must contribute to the Monthly Service Package.

(h) The Provider is not currently authorized to accept Medicaid for payment of Monthly Service Packages for any Living Units. If in the future the Provider is able to accept Medicaid as a payment source, then the Resident agrees to also apply for Medicaid if he/ she can qualify.

### ***D.3 Termination.***

***(a) Termination Within Rescission Period or Prior to Occupancy.*** The Residence and Care Agreement may be rescinded regardless of occupancy or terminated prior to occupancy in the following circumstances: (1) Resident rescinds the Residence and Care Agreement within the

later of thirty (30) days of receipt of the Disclosure Statement or execution of the Residence and Care Agreement (Resident is not required to move into the Living Unit before the expiration of the later thirty (30) day period); or (2) the Residence and Care Agreement is automatically canceled if Resident dies before occupying the Living Unit or is precluded from occupying the Living Unit as a result of illness, injury or incapacity; or (3) Windsor Run elects to terminate the Residence and Care Agreement prior to occupancy if it is determined that Resident is ineligible for entrance into the Community.

If the Residence and Care Agreement is rescinded or terminated as described in this Section D.3(a), Resident shall receive a refund of the Entrance Deposit paid, as described in Section C.2.(c) (ii), but will not receive a refund of the \$150.00 Application Fee. Resident shall not receive a refund of any costs specifically incurred by Windsor Run at Resident's request as set forth in a separate written addendum, signed by both parties. Resident shall not receive a refund of any Monthly Service Package related to actual occupancy of the Living Unit.

**(b) Termination by Resident.** After occupancy and after expiration of the rescission period described in Section 12.1 of the Residence and Care Agreement, Resident may terminate the Residence and Care Agreement at any time and for any reason by giving 60 days' notice to Windsor Run of his or her intention to terminate.

**(c) Termination by Windsor Run.** A decision by Windsor Run to terminate the Residence and Care Agreement shall be made by the Executive Director of the Community. Windsor Run may not terminate the Agreement without good cause. "Good Cause" is defined as: i) Non-payment of Fees; ii) Proof that the Resident is a danger to himself/herself or others as determined by the Executive Director and Medical Director (or their designees) in writing; iii) Repeated conduct by the Resident that interferes with other Residents' quiet enjoyment of the Community; iv) Persistent refusal to comply with reasonable written rules and regulations of the Community; v) A material misrepresentation made intentionally or recklessly by the Resident in his or her application for residency, or related materials, regarding information which, if accurately provided, would have resulted in either a failure of the Resident to qualify for residency or a material increase in the cost of providing to the Resident the care and service under the Residence and Care Agreement; or vi) A material breach by the Resident of the terms and conditions of the Agreement.

Except for termination due to non-payment of fees, Windsor Run will give Resident sixty (60) days written notice of the termination and the reason for termination. In the event of non-payment of fees, Windsor Run will give written notice to the Resident that the Resident is in default under the Residence and Care Agreement for non-payment of fees. Windsor Run may charge Resident interest on the overdue amount of one and one-half percent (1 1/2%) per month. If Resident fails to make full payment of all outstanding fees and charges within thirty (30) days of receipt of the notice, Windsor Run may, at its election, either terminate the Residence and Care Agreement upon an additional thirty (30) days' notice or may require a spend-down of the Entrance Deposit, in accordance with the Community's spend-down procedures as generally set forth in Section 10 of the Residence and Care Agreement, to offset the overdue fees and charges. Acceptance by Windsor Run of partial payment of the fees does not constitute a waiver of the outstanding fees and charges unless Windsor Run agrees to a waiver in writing.



**(d) Refund of Entrance Deposit.** If the resident signs the 90% Refund Residence and Care Agreement and the Agreement is terminated by either the Resident or Windsor Run during the Resident's lifetime after the Occupancy Date and the expiration of the right of rescission, then Windsor Run will pay the 90% Refund Amount within sixty (60) days of the date that the Resident becomes eligible for refund from the Refund Account (see Section C.2.(c) (iv) above). Windsor Run will pay the 90% Refund Amount to the duly designated beneficiaries named in the Resident's refund form or, if there is no refund form, then to the Resident. If the Resident dies after the Occupancy Date and the expiration of the right of rescission, then Windsor Run will pay the 90% Refund Amount within sixty (60) days of the date that the Resident becomes eligible for refund from the Refund Account (see Section C.2.(c) (iv) above). Windsor Run will pay the 90% Refund Amount to the duly designated beneficiaries named in a refund form or, if there is no refund form, then to the Resident's estate. If one joint resident dies, there will be no refund of any portion of the 90% refund amount; instead, so long as a surviving resident continues to reside at the community, the Entrance Deposit (minus the Community Fee) shall be deemed to have been paid entirely on behalf of the surviving resident to be used for the survivor's care if necessary, and the 90% Refund Amount will eventually be paid to the survivor, to the beneficiaries named in the survivor's refund form, or to the survivor's estate.

If the resident signs the Fully Declining Refund Residence and Care Agreement and the Agreement is terminated by either the Resident or Windsor Run within 48 months of occupancy during the Resident's lifetime after the Occupancy Date and the expiration of the right of rescission, then Windsor Run will pay the declining balance refund within 120 days from the resident's Departure Date (see Section C.2.(c) (v) above). Windsor Run will pay the refund to the duly designated beneficiaries named in the Resident's refund form or, if there is no refund form, then to the Resident. If the Resident dies after the Occupancy Date within 48 months from the Occupancy Date and the expiration of the right of rescission, then Windsor Run will pay the declining balance refund to the duly designated beneficiaries named in a refund form or, if there is no refund form, then to the Resident's estate. If one joint resident dies, there will be no refund of any portion of the refund; instead, so long as a surviving resident continues to reside at the community, the Entrance Deposit shall be deemed to have been paid entirely on behalf of the surviving resident to be used for the survivor's care if necessary, and any refund will eventually be paid to the survivor, to the beneficiaries named in the survivor's refund form, or to the survivor's estate. If the Agreement is terminated by the election of the resident or Windsor Run after 48 months of occupancy or if the Agreement terminates due to the resident's death after 48 months of occupancy, there will be no refund.

**D.4 Vacating the Unit.** Upon termination of the Residence and Care Agreement either by election of Resident, election of Windsor Run, or due to the death of the Resident, Resident or his or her representative shall sign and give to Windsor Run a Unit Release form, advising Windsor Run of the Departure Date for the Resident. Resident or his or her representative shall then be responsible to vacate the Living Unit and to remove all personal possessions from the Living Unit. Windsor Run shall have the right to show the Living Unit to interested applicants as of the date indicated in the Unit Release Form.

If Resident fails to vacate the Living Unit by the indicated Departure Date or, in the event of a termination by Windsor Run, within the required time from the notice of termination as provided in Section 12.3 of the Residence and Care Agreement, Windsor Run shall have the right to store the Resident's possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at Resident's expense until disposition can be made. Windsor Run assumes no responsibility for Resident's stored possessions

**D.5 Availability of Living Unit.** A permanent transfer is a transfer of indeterminate duration. During a permanent transfer, Resident will be requested to release the Living Unit. After a permanent transfer, if Resident is able to qualify to return to the Living Unit previously occupied at the Community or to a different, medically appropriate Living Unit at the Community, Resident will have the right to occupy the Unit subject to availability of such Unit and Resident will be given priority over non-residents on the waiting list for the Community.

**D.6 Admission of New Residents.** In order to become a resident, an applicant must be 62 years of age or older. From a financial standpoint, Windsor Run generally requires that a prospective resident have a net asset value being sufficient to pay 35 months of a blended rate based on projected fees in the Continuing Care Units and also monthly income of 1.4 times the Monthly Service Package for the desired living unit. If the prospective resident is not able to financially qualify, Windsor Run may consider a guaranty to financially qualify the resident by guarantying payment to Windsor Run in the form of additional assets or income. The guaranty is an addendum to the Residence and Care Agreement and sample forms are included in Schedule II of the Agreement. Windsor Run will also review the prospective resident's profile and will conduct a pre-residency meeting with the prospective resident. Pre-residency meetings are meant to assist Windsor Run in determining the appropriate care and services to support the prospective resident, whether independent living, assisted living, or nursing care. If Windsor Run does not have an appropriate level of care for the individual, it will so inform the applicant and will refund any portions of the Entrance Deposit paid. In the event an applicant's health status or financial situation changes between entering into the Residence and Care Agreement and initial occupancy at Windsor Run, Windsor Run reserves the right to review the changed circumstances and reconsider admission.

**D.7 Access to Facility by Non-Residents.** Residents are welcome to have family and friends visit their new home. Guests of residents may take meals at the Community for an additional fee. All visitors are subject to Windsor Run's reasonable rules and regulations for use of the Community. Residents may not assign the right to occupy the living unit to any other person and may not have other persons live in the unit on a permanent basis. Windsor Run may also make certain meeting rooms and the planned conference center available for public meetings.

**D.8 Transfers.**

**(a) Transfer at Resident's Election.** A Resident may elect to transfer, on a temporary or permanent basis, to an alternate Independent Living Unit, an Assisted Living Unit, Nursing Unit or an Off-Site Facility by giving notice to Windsor Run. All transfers within the Community shall be subject to the availability of the elected alternate Living Unit and subject to Windsor Run's approval which may include a financial review.

**(b) Non-Emergency Transfer at Windsor Run's Election.** All decisions regarding a transfer of any resident, except for emergency transfers, shall be made by a committee consisting of the Executive Director (or his or her designee) and the Medical Director (or his or her designee) (collectively referred to as the "Committee"). The Committee will consult with Resident or his/ her legal representative and with a Guarantor or ombudsman, if requested. Windsor Run attempts to interact with Resident / representative with the goal of achieving a consensus on the need for a transfer although a consensus is not always achieved. A Resident will not be transferred, temporarily or permanently, to a different Living Unit unless (1) in the opinion of the Committee, such transfer is deemed appropriate for the protection of the Resident's health and/or safety or the general and/or economic welfare of other residents, (2) in the opinion of the Committee, the transfer is deemed necessary due to financial inability to pay the Monthly Service Package, or (3) in the case of a permanent transfer to an Off-Site Facility that provides treatment for mental disorders, the need for such transfer is certified by two physicians or one physician and one psychologist. If the transfer is due to event (1) or (3) listed above and the Living Unit is occupied by a Joint Resident, the remaining Joint Resident may continue to occupy the Living Unit. The Committee shall give thirty (30) days advance written notice of the proposed transfer. The Resident/ representative shall notify Windsor Run of any objection to the permanent transfer within ten (10) days of receipt of the notice. If the Resident/ representative do not consent to the transfer, the Committee may, in its discretion and in lieu of a transfer, require Ancillary Services be provided. If the Resident/ representative do not consent to either the transfer or the provision of Ancillary Services, Windsor Run may consider such refusal to constitute good cause to terminate the Agreement (see Section D1 above).

**(c) Emergency Transfer at Windsor Run's Election.** If the Resident's health and safety or the health and safety of other residents require immediate action, the Executive Director with the approval, if reasonably obtainable, of the Medical Director, may transfer the Resident from the current Living Unit to a different Living Unit or an Off-Site Facility, on a temporary or permanent basis. Emergency circumstances arise when there is a danger of immediate, irreparable harm to the Resident's health and safety or to the health and safety of other people at the Community. In the event that the Resident is required to be transferred to Continuing Care at Windsor Run during a period that he/ she is suffering from legal incompetency, the Resident agrees to be bound by the terms of the Agreement in effect at the time of such transfer.

#### ***D. 9 Other Community Policies.***

**(a) Rules.** Windsor Run has the right to promulgate reasonable rules and regulations governing the conduct of the residents. Residents enjoy the fullest measure of independence consistent with their accommodation, subject, however, to the limitations of the Community's reasonable rules and regulations now or hereafter adopted for the conduct and care of all residents including those in the Resident Handbook which residents acknowledge receiving. Residents agree to abide by all such rules and regulations, and generally to conduct themselves in such a manner as to promote the peace and harmony of the Community. Residents accept Windsor Run's ability and authority to enter the Living Unit in order to carry out the purpose and intent of the Residence and Care Agreement including (1) performance of authorized housekeeping duties; (2) response to medical emergencies; (3) responses to fire protection systems; (4) entry by authorized personnel in

the event that a Resident is reported missing or have not responded to a call; (5) scheduled maintenance activities; (6) to fix, repair, maintain or update building elements in common which would include plumbing, drywall, electrical system, HVAC or similar and (7) enforcement of the Community's policies and procedures. Windsor Run acknowledges and respects the Resident's right to privacy and agree to limit uninvited entry into the Living Unit at the Community to the situations set forth in this paragraph.

**(b) Property Rights.** The Resident acknowledges that, except as expressly set forth in the Residence and Care Agreement, the rights and privileges granted by the Agreement do not include any right, title, lease, or any other interest in any part of the personal property or real property - including land, buildings and improvements - owned, leased or administered by us. The resident's rights are limited to the rights provided in the Agreement for services and the occupancy of the Living Units. Except for resident's right to occupy the Living Unit, any rights, privileges or benefits under the Agreement shall be subordinate to any mortgage or deed of trust or leasehold interest on any of the premises or interest in Windsor Run's real and personal property, to all amendments, modifications, replacement or refunding, of any such mortgage or deed of trust or leasehold interest, and to such reasonable rules and regulations governing the use of the property as shall from time to time be imposed by us. The resident agrees, upon request, to execute and deliver any document which is required to this effect by us, or by the holder of such mortgage or deed of trust or leasehold interest to effect such subordination or to evidence the same, and appoint Windsor Run as his/ her attorney-in-fact to accomplish that purpose.

**(c) Unauthorized Transfers of Property.** The financial information which a Resident submitted is a material aspect upon which Windsor Run reasonably relied in determining the qualifications for becoming a resident of the Community. Being able to meet the financial criteria to become a resident helps assure the financial stability of this Community. In determining financial criteria for residency, Windsor Run considers the applicant's reported income and assets in light of the Community's current and future commitments and obligations. Furthermore, Windsor Run will take every reasonable step to assist residents who have depleted those assets through normal living expenditures so that he or she may continue to remain as a resident of the Community. However, in order to protect the Community from a situation wherein a resident divests him/herself of those assets for the purpose of qualifying for assistance or reduction of Monthly Service Packages, the Resident agrees not to divest himself/ herself of, to sell, or transfer any assets or property interests (excluding expenditures for normal living expenses) that reduces the assets that the Resident or his/ her representative disclosed as available assets for Resident on admission, without having first obtained the Community's written consent.

**(d) Non-Smoking Policy.** The Resident must agree to abide by the Community's prohibition against smoking, e-smoking or vaping in the Living Unit, including balconies or patios, and in common areas. Resident guests, or contractors are also prohibited from smoking, e-smoking or vaping in the Living Unit or in the common areas of the Community. Failure to abide by the non-smoking policy may be viewed as cause to terminate the Residence and Care Agreement.

## **E. FINANCIAL INFORMATION**

***E.1. Reserve Funding & Investments.*** In accordance with the provisions set forth in the North Carolina Continuing Care Retirement Communities Act, Windsor Run maintains reserves in an amount equal to 25% of the total operating costs of the facility forecasted for the 12 month period following the period covered by the most recent Disclosure Statement filed with the Department of Insurance. The amount will be calculated per agreement with the Insurance Commissioner. Until such time as the Provider achieves positive cash flow, the source of these reserve funds shall be funding from one of the owners, Erickson Living Holdings, LLC. The reserve funds for the current forecast are \$7,900,000 and will be secured by a surety bond held by the North Carolina Department of Insurance. The operating reserve shall only be released upon the submittal of a detailed request from the provider or facility and must be approved by the Commissioner. Such requests must be submitted in writing for the Commissioner to review at least 10 business days prior to the date of withdrawal. Investments for Windsor Run will be managed by John Hall, Treasurer for the company. Mr. Hall's biography is included in Section A.2.

***E.2. Certified Financial Statements.*** Certified financial statements for the Provider is included in Exhibit 3 of this Disclosure Statement.

***E.3. Pro Forma Income Statements.*** The 5 year financial forecast is attached to this Disclosure Statement as Exhibit 4 including the balance sheet, income statement and cash flow forecast.

## **TABLE OF EXHIBITS**

Exhibit 1:	Residence and Care Agreement
Exhibit 2:	Anticipated Project Schedule
Exhibit 3:	Certified Financial Statements of Provider
Exhibit 4:	Forecasted Financial Statements including Balance Sheet, Income Statement and Statement of Cash Flows
Exhibit 5:	Explanation of Material Differences

## **EXHIBIT 1**

### **RESIDENCE AND CARE AGREEMENT**

Summary: The Residence and Care Agreement details the services the resident will receive, the facilities the resident will use, the rights and responsibilities the resident will accept, and the costs associated with living at the community. In addition to the Residence and Care Agreement, there are various sample ancillary forms such as refund forms, the promissory note, etc. These are samples only and every form does not necessarily apply to every resident.

Windsor Run offers two different models: the 90% Refund Residence and Care Agreement and the Fully Declining Refund Residence and Care Agreement. Both models are included in this Exhibit 1 with one set of common attachments.

***WINDSOR RUN  
RESIDENCE AND CARE AGREEMENT***

May 2023

**THIS MATTER INVOLVES A SUBSTANTIAL FINANCIAL INVESTMENT AND A LEGALLY BINDING CONTRACT. IN EVALUATING THE DISCLOSURE STATEMENT AND THE CONTRACT PRIOR TO ANY COMMITMENT, IT IS RECOMMENDED THAT YOU CONSULT WITH AN ATTORNEY AND FINANCIAL ADVISOR OF YOUR CHOICE, IF YOU SO ELECT, WHO CAN REVIEW THESE DOCUMENTS WITH YOU.**



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SCHEDULE II-       DOCUMENTS INCORPORATED

**WINDSOR RUN  
RESIDENCE AND CARE AGREEMENT**

This Residence and Care Agreement (the “Agreement”) is made and entered into the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between WINDSOR RUN, LLC. (referred to in this Agreement as “We”, “us” or “Windsor Run”) and \_\_\_\_\_ (referred to in this Agreement as “You” or the “Resident(s)”).

**RECITALS**

R.1 Windsor Run Retirement Community (the “Community”) is a continuing care retirement community located in Matthews, North Carolina, offering various living accommodations and services to seniors, as described herein.

R.2 WINDSOR RUN is a certified continuing care provider under the laws of the State of North Carolina. WINDSOR RUN desires to provide certain services listed in this Agreement to Resident and Resident desires to receive such services.

**AGREEMENT**

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**Section 1. DESCRIPTION OF COMMUNITY**

The Community is planned to include Independent Living Units, Assisted Living Units, and Nursing Units. The Community is a smoke-free, tobacco-free campus and you agree to abide by our rules restricting smoking and use of tobacco products.

**1.1 Independent Living Units.** The Community currently include over 300 Independent Living Units in the first phase of development with the potential for additional Independent Living Units in future phases. The Community will also include community spaces such as dining areas, a beauty salon, classrooms, card rooms, lounges and other common areas. We also plan to feature amenities such as a center for on-site physician visits, a pool, and fitness center.

**1.2 Continuing Care at Windsor Run.** Continuing Care at Windsor Run refers to our on-site health care neighborhood. Each floor of the facility is planned to include a dining room, a resident lounge, activity rooms and a bathing core. The initial phase of Continuing Care at Windsor Run is planned to include approximately 7 Assisted Living Units and 22 Nursing Units, with different service packages including Memory Care Services in selected units. We anticipate that the aggregate number of Living Units will adequately serve the needs of Community residents. However, in the unusual circumstance that the Assisted Living Units are fully occupied, our Medical Director, or his or her designee, first will arrange for Ancillary

Services to be offered in Resident's Independent Living Unit and second, if necessary, will assist in arranging for a transfer to an Off-Site Facility in the immediate area. See Section 8.4 for fees payable by you in the event of such a transfer. Continuing Care at Windsor Run is anticipated to open in 2021 but the opening date and number of units are approximate and may change according to regulatory requirements, weather conditions, market demands, etc. Until the facility is opened, we will enter into transfer agreements for residents with outside assisted living, memory care services, and nursing care.

**Section 2. TERM**

The Term of this Agreement shall commence on the date on which this Agreement is executed by you and us and shall continue for your lifetime unless the Agreement is terminated earlier per Section 12 of this Agreement.

**Section 3. LIVING ACCOMMODATIONS**

**3.1 Your Right to Occupy.** You have the right to occupy and to use the following Living Unit: \_\_\_\_\_, as-is, from the Occupancy Date to the Departure Date, subject to provisions for a change in accommodations as provided in Section 11 of this Agreement. You may not assign or sublet the right to occupy a Living Unit to any other person. We will provide the Living Unit, in good condition, with neutral painted walls, and with standard carpeting/ and or floors in Independent Living Units and Assisted Living Units.

**3.2 Joint Residents.** When two (2) or more residents reside together in a selected Living Unit, they are considered to be Joint Residents. Each Joint Resident is required to meet our financial requirements for entrance into the Community, as well as our health qualifications for occupancy of a selected Living Unit, whether the prospective Joint Residents move to the Community together or on different dates.

**3.3 Rights of New Spouse.** If during the term of residency, you marry a person who is not a resident of the Community, your new spouse will be required to meet our financial and health-related qualifications for entrance into the Community. The financial qualifications are meant to serve as a financial protection for our larger community of residents. We reserve the right to determine the appropriate level of care within the Community for the spouse or to determine that there is not an appropriate level of care within the Community for the spouse. If your spouse is not accepted, you may terminate this Agreement per Section 12.2 hereof. If your spouse is accepted for residency, the fee structure described in Sections 7.3.2 and 8.2 for Joint Residents will apply.

**3.4 Resident's Obligation to Furnish & Maintain Unit.** You are responsible for furnishing the Independent Living Unit or the Assisted Living Unit, or for procuring insurance for personal possessions and furnishings. We will provide furnishings and equipment, if required by law, for Assisted Living Units. We will provide furnishings and equipment, as required by law, for Nursing Units. You are also responsible to maintain any Living Unit in which you reside in reasonably clean and habitable condition.

**3.5 Customized Improvements.** You may decorate the Living Unit to your personal taste with pictures, window treatments, and the like, so long as such decorations are not permanent fixtures to the Unit or can be easily removed without damaging the structural integrity of the Unit. All other customized improvements to any Independent Living Unit or Assisted Living Unit that you want to undertake either before or after the Occupancy Date must be approved in writing by the Executive Director. If you contract with an outside contractor, the selection of your contractor and the proposed plans or work must be approved by the Executive Director. If you contract with us to do the work, we will sign a contract to agree upon the extent of work and the charges related to the work to be done. For charges related to the removal of any improvements, please see Section 9.4. No customized improvements may be made to a Nursing Unit.

**Section 4. SERVICES TO RESIDENTS**

We will make available the following services to you, as applicable, for the appropriate Monthly Service Package, during your residency here, unless the Agreement is terminated earlier per Section 12. We may change your Monthly Service Package or the scope of services or care only after we provide you with thirty (30) days advance notice of the change, except for changes required by State or Federal assistance programs.

**4.1 Independent Living Services.** We provide the following Covered Services included in the Monthly Service Package for Independent Living:

- Monthly Meal Credit Plan (see Section 15);
- 24 hour on-site staff and emergency alert system;
- All Living Unit utilities including these cable/ telephone/ data services:
  - Basic Cable television service (premium channels additional charge);
  - Local, Long Distance and International landline phone service;
  - Wireless internet service;
- On-site Fitness Center basic membership (includes standard weekly classes as scheduled);
- One Reserved Parking Space per Living Unit (see Section 15)
- Maintenance and insurance of buildings, grounds and equipment;
- Insurance for the Independent Living Unit and all items in such unit, except items
  - Owned by Resident;
- Sewage, trash and snow removal from common areas only; and
- Use of all public rooms and common areas of the Community.

**4.2 Assisted Living Services.** Upon the opening of our Continuing Care building, we will provide several packages for Assisted Living residents to serve different care needs. The services listed below are included in most care packages but some services may not be available for certain care packages. Further details on the services available at each level of Assisted Living and additional rights and obligations in Assisted Living will be set forth in the Assisted Living Addendum to the Residence and Care Agreement:

Provision of supervision, verbal cuing and physical assistance, as appropriate for the Resident's designated care package, in the performance of activities of daily living ("ADLs"), including ambulation, personal hygiene, dressing, toileting and eating;  
 Prescription evaluation and planning;  
 Service plan designed by a care team;  
 Medication administration;  
 At least three meals per day;  
 Regularly scheduled Registered Nurse review and assessment;  
 Personal laundry service;  
 Weekly Light House-keeping (See Section 15);  
 Assistance with Incontinence Care;  
 Regular social work team services related to cognitive, behavioral and safety issues;  
 Licensed nurse management of chronic/ stable conditions on a regular basis;  
 24 hour on-site staff and emergency alert system;  
 All Living Unit utilities including these cable/ telephone/ data services:  
     Basic Cable television service (premium channels additional charge);  
     Local, Long Distance and International landline phone service;  
     Wireless internet service;  
 Maintenance and insurance of buildings, grounds and equipment;  
 Sewage, trash and snow removal from common areas only; and  
 Use of all public rooms and common areas of the Community.

**4.3 Memory Care Services.** Upon the opening of our Continuing Care building, we will provide memory care services for residents to serve different care needs. The services listed below are included in most care packages but some services may not be available for certain care packages. Further details on the services available and additional rights and obligations will be set forth in a contract Addendum to the Residence and Care Agreement:

Provision of supervision, verbal cuing and physical assistance, as appropriate for the Resident's designated care package, in the performance of activities of daily living ("ADLs"), including ambulation, personal hygiene, dressing, toileting and eating;  
 Memory Care services/ programming  
 Prescription evaluation and planning;  
 Service plan designed by a care team;  
 Medication administration;  
 At least three meals per day;  
 Regularly scheduled Registered Nurse review and assessment;  
 Personal laundry service;  
 Weekly Light House-keeping (See Section 15);  
 Assistance with Incontinence Care;  
 Regular social work team services related to cognitive, behavioral and safety issues;  
 Licensed nurse management of chronic/ stable conditions on a regular basis;  
 24 hour on-site staff and emergency alert system;  
 All Living Unit utilities including these cable/ telephone/ data services:  
     Basic Cable television service (premium channels additional charge);

Local, Long Distance and International landline phone service;  
Wireless internet service;  
Maintenance and insurance of buildings, grounds and equipment;  
Sewage, trash and snow removal from common areas only; and  
Use of all public rooms and common areas of the Community.

**4.4 Nursing Care Services.** Upon the opening of our Continuing building, we will provide the following Covered Services included in the Nursing Fee. Further details on the services available for nursing care will be set forth in the Nursing Admission Addendum to the Residence and Care Agreement:

Nursing care;  
Three meals a day;  
Tray service;  
Individual care plans;  
Planned activities;  
Social work services;  
Laundry services for linens and towels owned by us;  
Housekeeping;  
Nurse/ Resident communication system;  
Security/Safety Officers on duty 24 hours;  
Basic Cable Service (premium channels additional charge);  
All Living Unit utilities including these cable/ telephone/ data services:  
    Basic Cable television service (premium channels additional charge);  
    Local, Long Distance and International landline phone service;  
    Wireless internet service;  
Maintenance of buildings, grounds and equipment;  
Insurance on buildings, grounds and equipment;  
Insurance of the Nursing Unit and all items in the unit, except items owned by Resident;  
Sewage, trash and snow removal from common areas only; and  
Use of all public rooms and common areas of the Community.

## **Section 5. ANCILLARY SERVICES**

**5.1 Services Available through WINDSOR RUN.** In addition to the Covered Services described earlier in Sections 4.1, 4.2, 4.3, and 4.4, we expect to also make the following services available to you subject to availability as noted below. Other services that are not currently listed may also be available. Some of these services may be arranged and coordinated by Windsor Run but delivered by an outside provider depending on demand. We may change the scope of or fees charged for such Ancillary Services only after providing you with thirty (30) days advance notice, except for changes required by State or Federal assistance programs.

Meal Delivery service;  
Housekeeping and laundry service for residents in Independent Living  
Additional housekeeping or additional laundry service for residents in Assisted Living or units providing Memory Care Services;

Extra meals for residents in Independent Living (unless covered by Monthly Meal Credit as defined);  
Guest meals (unless covered by Monthly Meal Credit as defined);  
On-site Fitness Center premium services or classes;  
Personal storage space (limited availability);  
Second Reserved parking space (limited availability);  
Off-campus transportation within a radius determined by us;  
Home support services

**5.2 Services Available through Outside Providers.** We expect to contract or make arrangements with outside providers to provide the following services to you at the Community: visiting physician services through an on-site center; laboratory services; medical supplies; prescription drugs, home health, therapy or rehab services. These services will be provided at an additional fee and will be billed separately by the outside provider. Such services may be covered by Medicare or by resident's other medical insurance. We do not charge any additional fee for use of or access to these outside providers. These services will be phased in as the Community is developed and some services may not be immediately available.

**5.3 Services Not Provided.** We do not provide hospice care, acute hospital care, or any institutional care other than care that is appropriate in an Assisted Living Unit, a unit providing Memory Care Services, or a Nursing Unit, or otherwise covered under the terms of this Agreement. We will assist with any necessary transfers to such facilities; however, you will be responsible for the cost of such care.

## **Section 6. OTHER RESIDENT RIGHTS**

**6.1 Residents' Association.** You have the right to participate fully in a Residents' Association, or other organization of residents by whatever name designated and to meet privately to conduct business.

**6.2 Resident Guests.** You have the right to receive guests and visitors at the Community and to allow such guests and visitors to stay in an Independent Living Unit on a temporary basis, subject to our reasonable policies and procedures for use of the Community. Guest meals (unless covered by the Flex Monthly Meal Plan as defined) will be treated as an Ancillary Service, the costs of which are chargeable to you.

**6.3 Physicians and Other Professionals.** You have the right to select attending physicians and other health care professionals, provided such physicians or other health care professionals shall agree to follow our reasonable policies and procedures and applicable federal and state laws, rules and regulations. You are not required to use any of the on-site physician services.



## **Section 7. ENTRANCE DEPOSIT**

**7.1 Payment of Entrance Deposit.** You will pay or have paid to us a total Entrance Deposit as shown in Section 16 of this Agreement. The payment of the Entrance Deposit may be made in a series of deposits on or before taking occupancy of your Living Unit at the Community. For Joint Residents, the total Entrance Deposit shall be deemed to be a joint asset of the Joint Residents with a right of survivorship and may be used for the care of either Joint Resident. Ten percent (10%) of the Entrance Deposit is designated as the non-refundable Community Fee.

**7.2 Escrow of Deposit and Release from Escrow.** The deposits made by you towards the total Entrance Deposit will be held in escrow in a banking institution in North Carolina, acting as an escrow agent. While held in escrow, Entrance Deposits are considered the property of the prospective resident but any interest earned will be for the benefit of Windsor Run. Prior to occupancy of a Living Unit, Entrance Deposits deposited in escrow will be returned to a prospective resident before occupancy: (i) within thirty days of the written request of the Resident; ii) if Resident is precluded from occupying a unit due to death, injury, incapacity, or illness; iii) if Resident is determined to be ineligible for entrance into the community; or iv) upon rescission of the Residence and Care Agreement pursuant to Section 12 of this Agreement.

As new buildings are developed, the escrow agent will release 25% of escrow monies to Windsor Run when 50% of independent living units in a building are pre-sold, permanent financing is secured, and entrance deposits plus proceeds of financing equals 90% or more of the costs to construct and equip the facility and provide cash flow funds equal 90% or more of funds needed to fund start-up losses and assure full performance of obligations. Seventy-five (75%) percent of funds can be released to Windsor Run when 75% of independent living units in the building are presold with at least a 10% deposit, construction is complete and units available for occupancy.

When the Entrance Deposit is released in full, we can fully use the Entrance Deposit including the Community Fee. We normally use the Entrance Deposits for financing, operational costs, or future refunds for the Community. Appreciation in new Entrance Deposits can generally be used for capital repairs or improvements for the Community, equity distributions, operational costs including rent, and for any reserve funds, but the Entrance Deposits, including refundable, non-refundable and appreciation amounts, may be used for any required purpose. However, you will retain the right to the 90% Refund Amount as discussed in this Section 7. No interest shall be accrued or paid to you on your Entrance Deposit.

**7.3 Adjustments to Entrance Deposit.** You will not be required to pay an additional or increased Entrance Deposit as long as you reside in your original Living Unit. You retain the right to the 90% Refund Amount, upon the termination of this Agreement, as discussed in Sections 7.4, 7.5, and 7.6 of this Agreement. Your Entrance Deposit, minus the Community Fee, is also available for your maintenance and support as provided in Section 10.

**7.3.1** If you request a permanent transfer from one Living Unit to another Living Unit with a higher Entrance Deposit and we approve the transfer, you must pay to us an additional deposit for the new Living Unit to which you are transferring. The amount of the additional deposit will vary, depending on market conditions for your current Living Unit and for the desired new Living Unit at the time of the transfer and may be a full second entrance deposit. We will advise you of the additional deposit prior to the transfer and you may then decide whether or not to proceed with the transfer. Ten percent (10%) of the additional deposit paid will be added to the Community Fee and will be non-refundable.

**7.3.2** If your new spouse is accepted as a resident in the Community and is placed in a Living Unit other than your current Living Unit (see Section 3.2 of this Agreement), you and your new spouse must pay us an additional Entrance Deposit for the spouse's Living Unit and the new spouse must sign a separate Residence and Care Agreement for the new Living Unit.

**7.3.3** You will normally not be entitled to a refund or decrease of the Entrance Deposit due to any temporary or permanent transfer, for whatever reason, during the Term of this Agreement. However, we may make a partial refund of the Entrance Deposit, minus the Community Fee, to you in the following circumstances: 1) You transfer to a smaller Independent Living Unit than the Independent Living Unit which you currently occupy; and 2) the Entrance Deposit for the smaller Independent Living Unit is currently lower than the Entrance Deposit that you originally paid for an Independent Living Unit. In these specific circumstances, we may elect to refund the difference between the current Entrance Deposit for your new Independent Living Unit and the original Entrance Deposit paid by you but minus the Community Fee.

**7.4 Refund of Entrance Deposit Within Rescission Period or Prior to Occupancy.** We shall pay a refund of the Entrance Deposit to you or your representative, as appropriate, if the agreement is terminated within the thirty (30) day rescission period as described in section 12.1 hereof, regardless of whether you occupy the unit. In addition, we shall pay a refund of the Entrance Deposit to you if the agreement is terminated after the rescission right expires but prior to the Occupancy Date as described in section 12.1. We will refund the Entrance Deposit within thirty (30) days following the rescission or the pre-occupancy termination, as the case may be. If one joint resident dies prior to occupancy, the remaining resident may, but is not required to, rescind this agreement. The surviving resident may also request a different living unit and we will refund or charge any difference in the Entrance Deposit between the living units; provided, however, that this election is made in writing at least thirty (30) days prior to occupancy. Per Section 9.1 of this Agreement, we may keep the Application Fee as a reasonable processing charge.

**7.5 Refund of Entrance Deposit after Occupancy.** If you do not rescind the Agreement per Section 12.1 and you occupy the Living Unit after expiration of the rescission period and subject to the terms and conditions of this Agreement, then we shall pay the 90% Refund Amount as provided in this Section 7.5 and Section 7.6. Your refund will be equal to ninety percent (90%) of the total Entrance Deposit unless: (i) the Entrance Deposit, minus the

Community Fee, has been partially or fully spent down for your care and maintenance per Section 10 of this Agreement, or (ii) you or your representative, as the case may be, elect to deduct any outstanding fees and charges from the 90% Refund Amount for your convenience.

**7.5.1 Termination By Resident During Lifetime.** If you terminate the Agreement at any time after the Occupancy Date and the expiration of the right of rescission, we will pay the 90% Refund Amount within sixty (60) days of the date that you become eligible for refund from the Refund Account per Section 7.6. We will pay the 90% Refund Amount to the duly designated beneficiaries named in your refund form or, if there is no refund form, then to you as the resident.

**7.5.2 Termination Due To Death of Resident.** If you die after the Occupancy Date and the expiration of the right of rescission, we will pay the 90% Refund Amount within sixty (60) days of the date that you become eligible for refund from the Refund Account per Section 7.6. We will pay the 90% Refund Amount to the duly designated beneficiaries named in a refund form or, if there is no refund form, then to your estate. If one joint resident dies, there will be no refund of any portion of the 90% refund amount; instead, so long as a surviving resident continues to reside at the community, the Entrance Deposit (minus the Community Fee) shall be deemed to have been paid entirely on behalf of the surviving resident to be used for the survivor's care if necessary, and the 90% Refund Amount will eventually be paid to the survivor, to the beneficiaries named in the survivor's refund form, or to the survivor's estate.

**7.5.3 Termination by WINDSOR RUN.** If we terminate the agreement for good cause (see subsection 12.3 of this Agreement), we shall pay the 90% Refund Amount within sixty (60) days of the date that you become eligible for refund from the Refund Account per Section 7.6. We will pay the 90% Refund Amount to the duly designated beneficiaries named in your refund form or, if there is no refund form, then to you as the resident.

**7.6 Refund Account & Refund Eligibility.** These provisions describe how we pay the 90% Refund Amount to you, your representative, or beneficiaries, as the case may be:

7.6.1 We have established a Refund Account for paying the 90% refund amount per the terms of this agreement. The Refund Account is funded by the receipt of all or a portion of new Entrance Deposits from new residents who subscribe Participating Independent Living Units. Please see the definition of "Refund Account" in Section 15 for explanation on funding the Refund Account and Participating Independent Living Units. When the Agreement terminates during your lifetime for any reason or if the Agreement terminates due to your death, you or your representative must promptly vacate and remove all possessions from the Living Unit, turn in the keys, sign a Unit Release for the Living Unit, and pre-approve the final bill. If you occupied any other Living Units at the Community, all previous units also must be vacated and released. When the foregoing steps are completed, we then assign you a refund number for the Refund Account.

7.6.2 We pay the 90% Refund Amount based on assigned refund numbers generally proceeding in sequential order. If you have the next assigned refund number in sequence, you are eligible for your 90% Refund Amount when: (i) you or your representative pay your final bill, and (ii) the funds in Refund Account are sufficient to fully pay the 90% Refund Amount to you.

## **Section 8. MONTHLY SERVICE PACKAGES**

**8.1 Monthly Service Package.** During the term of this Agreement, you must pay the applicable Monthly Service Package for the Living Unit. As of the date of this Agreement, the applicable Monthly Service Package for Resident's current Living Unit is shown in Section 1 of this Agreement. The Monthly Service Package is due and payable each month, in advance, within five (5) days from the date of the monthly statement; provided, however, that the Monthly Service Package for the month during which you first take occupancy of the Living Unit shall be payable in arrears on a pro-rated basis with the payment of the Monthly Service Package for the first full calendar month occurring during the term of this Agreement. Our acceptance of partial payment of the Monthly Service Package does not constitute a waiver of such outstanding fees and charges unless we agree to a waiver in writing. We may charge interest at a rate of one and one-half percent (1.5%) per month on any overdue amounts.

**8.2 Monthly Service Package for Joint Residents.** Joint Residents occupying the same Living Unit shall pay the appropriate Monthly Service Package for double occupancy of the Living Unit. If Joint Residents occupy different Living Units, both Residents shall each pay the full Monthly Service Package for their respective Living Unit. This fee structure applies to Joint Residents who move to the Community together and to a Resident and a non-resident who are accepted to the Community on different dates.

**8.3 Adjustments to the Monthly Service Package.** The Monthly Service Package or Nursing Fees may be revised from time to time. We normally use the Monthly Service Package to cover the expenses of providing covered services to Residents but we may use the Monthly Service Package for any other purpose. We generally adjust fees on an annual basis after having evaluated those factors that we perceive to be relevant to the costs associated with operating the Community and other financial requirements. Normally such changes will be made to become effective on January 1 of the next following calendar year. However, except for changes required by State or Federal assistance programs, we reserve the right, at any time, upon thirty (30) days' notice to you, to adjust the independent living Monthly Service Packages and upon sixty (60) days' notice to adjust the Monthly Service Package or daily rates in Continuing Care to reflect any additional cost or liability for which there is no adequate, budgeted reserve, including, but not limited to, tax liability for real estate taxes relating to the Community, increased operating expenses and inflation. Notice to residents in Assisted Living or units providing Memory Care Services may be less than thirty (30) days only if the adjustment is due to change in your level of care.

**8.4 Monthly Service Package in the Event of a Temporary Transfer.** In the event that you temporarily transfer to another Living Unit in the Community or to an Off-Site Facility, you must pay the Monthly Service Package for your permanent Living Unit in addition to the

Monthly Service Package for the temporary Living Unit or the Off-Site Facility, as the case may be. Payment of the Monthly Service Package for your permanent Living Unit assures that such permanent Living Unit will remain available to you during the time of the temporary transfer. The Monthly Service Package for a temporary Living Unit at the Community shall be prorated on a daily basis for the period of the temporary transfer.

During the period of the temporary transfer, your Monthly Service Package for the permanent Living Unit is adjusted as follows: (1) if a single Resident or one Joint Resident transfers, the Monthly Service Package will be reduced by a single Non-Occupancy Credit if applicable and defined in Section 15 of this Agreement, (2) if both Joint Residents transfer from a double occupancy Unit, the Monthly Service Package will be reduced by the two-person Non-Occupancy Credit if applicable, (3) if both Joint Residents transfer, one from a Living Unit and one from another Living Unit, each Resident's Monthly Service Package shall be reduced by the respective Non-Occupancy Credit if applicable.

Upon your return to the permanent Living Unit, you must continue to pay the current Monthly Service Package associated with such Living Unit.

**8.5 Monthly Service Package in the Event of a Permanent Transfer to a Different Living Unit.** If you permanently transfer from one Living Unit to another Living Unit at the Community, you are responsible for payment of the Monthly Service Package, pro-rated and less the Non-Occupancy Credit as applicable, for the vacated Living Unit until you completely vacate, remove all possessions from the vacated Living Unit, and return the keys for the vacated Living Unit to us.

**8.6 Monthly Service Package in the Event of a Termination of Agreement.** If you terminate this Agreement, or if we terminate this Agreement for just cause in accordance with Section 12.3, or if this Agreement should terminate by reason of your death, then you or your estate, as the case may be, shall be responsible for the payment of the Monthly Service Package for the vacated Living Unit, less the Non-Occupancy Credit if applicable, for a period of up to and including ninety (90) days from the date that both of these conditions are fulfilled: (i) you vacate the Living Unit and remove all possessions, and (ii) you sign a Unit-Release Form for the Living Unit and return your keys. If your vacated Living Unit is re-subscribed by another new resident in less than 90 days, then the Monthly Service Package will end on the Occupancy Date for that new resident. We do not automatically deduct the remaining Monthly Services Fees, Ancillary Fees, or other fees from the Refund of the Entrance Deposit, minus the Community Fee, unless you or your representative so direct.

## **Section 9. OTHER FEES, PERIODIC CHARGES, AND COSTS**

**9.1 Application Fee.** You shall pay or have paid us an Application Fee, as indicated in Section 16, in connection with your application for residence at the Community. If the Agreement is rescinded or canceled prior to occupancy as described in Section 12.1, we will retain the Application Fee as a reasonable service charge, not to exceed the greater of \$1000.00 or two percent (2%) of the Entrance Deposit.

**9.2 Ancillary Services.** During the term of this Agreement, you must pay us the periodic charges for any Ancillary Services (as described in Section 5) provided to you by us. The current periodic charges for Ancillary Services are attached in Schedule I. Ancillary Services charges are normally used by us to cover the expense of providing such Ancillary Services but we may use the Ancillary Services charges for any other purpose. We may revise the periodic charges for Ancillary Services that we provide from time to time, and such change shall take effect upon our giving you thirty (30) days' notice of such increase. The charges which are based on published rates for State or Federal assistance programs (for example, Medicare rates) shall be revised upon the effectiveness of changes to such rates. All Ancillary Services provided by us shall be billed on your monthly statement, and payment is due within five (5) days of your receipt of the monthly statement. Our acceptance of partial payment of the charges shall not constitute a waiver of the outstanding charges unless we agree to a waiver in writing. We may charge interest at a rate of one and one-half percent (1.5%) per month on any overdue amounts.

**9.3 Other Services.** Ancillary Services not provided by us and any other services that you arrange independently shall be billed directly to you, and we are not responsible for payment of or collecting payment for such services.

**9.4 Refurbishing a Vacated Living Unit and Repairing Extraordinary Damage.** Each time that you permanently vacate an Independent Living Unit or Assisted Living or unit providing Memory Care Services, irrespective of the length of time of occupancy, we will perform work to clean, refurbish, and restore that Living Unit. This work will generally include, but is not limited to, cleaning or replacement of carpeting and flooring, spackling and/or painting of walls, removing any customized improvements, replacement of fixtures, or any other appropriate repairs repairing any extraordinary damage, in our sole discretion, to bring the Living Unit back to a like-new condition. The reasonable costs and expenses of this work (the "Refurbishing Charges") are charged as follows:

**9.4.1** If you first entered the Community in an Independent Living Unit and you then permanently transfer from that Independent Living Unit to an Assisted Living Unit, to a unit providing Memory Care Services, or to a Nursing Unit, we will cover any portion of the Refurbishing Charges for work that is due to ordinary wear and tear. You will only be responsible to pay the portion of the Refurbishing Charges for work needed to repair any extraordinary damage to the Living Unit. By way of example, such extraordinary damage may include, but is not limited to, material damage to the walls, structures, or fixtures, material damage caused by pets, or material odors, stains, or damage due to smoking in the Living Unit. You must also pay the reasonable costs and expenses of removing any customized improvements that you made to the Living Unit unless we specifically agree in writing to accept those improvements for re-subscription to a new resident.

**9.4.2** If you first entered the Community in an Independent Living Unit and you then permanently leave the Community from an Independent Living Unit, we will cover the Refurbishing Charges for work that is due to ordinary wear and tear. You will only

be responsible to pay the portion of the Refurbishing Charges for work needed to repair any extraordinary damage to the Living Unit. By way of example, such extraordinary damage may include, but is not limited to, material damage to the walls, structures, or fixtures, material damage caused by pets, or material odors, stains, or damage due to smoking in the Living Unit, or removing customized improvements. You must also pay the reasonable costs and expenses of removing any customized improvements that you made to the Living Unit unless we specifically agree in writing to accept those improvements for re-subscription to a new resident.

**9.4.3** If you transfer from one Independent Living Unit to another Independent Living Unit, or if you transfer from an Assisted Living Unit or from a unit providing Memory Care Services to any other Living Unit, or if you permanently leave the Community from an Assisted Living Unit or from a unit providing Memory Care Services, you are responsible to pay the full Refurbishing Charges.

**9.4.4** If your last residence at the Community is a Nursing Unit and you either permanently leave the Community from that unit or you pass away, we will cover the full Refurbishing Charges for the Nursing Unit.

**9.5 Medical and Other Insurance.** You must procure and maintain in force at your own cost, the maximum coverage available under Medicare Parts A and B. We may accept documented equivalent coverage if you are not qualified for Medicare or are insured under other adequate programs. We do not provide supplemental insurance. You must also procure and maintain, at your own expense, sufficient renter's insurance coverage against damage or, loss to, or theft of, your personal property maintained at the Community and coverage for personal liability and medical payments should a claim be made or suit brought against you for damages because of a bodily injury or property damage caused. You must provide evidence of such insurance prior to occupancy at our request.

**9.6 Funeral Arrangements and Burial Expenses.** Funeral arrangements and burial expenses are your responsibility. We will not make such arrangements or provide such services.

**9.7 Non-Solicitation of Employees.** We expend significant resources on the hiring, training and development of our employees. Recognizing this expenditure, during the Term of the Agreement, you agree not to employ any person currently employed by us, either directly or indirectly by hiring the services of any such person through a third party. You also agree not to employ any person formerly employed by us, either directly or indirectly by hiring the services of any such person through a third party, until two years have elapsed from the employee's last date of employment with us. You further agree not to solicit any person employed by us to terminate his or her employment in order to work for you directly or indirectly through a third party.

## **Section 10. FINANCIAL INABILITY TO PAY**

It is our policy not to terminate a resident's occupancy for the resident's financial inability to pay provided that the resident is otherwise in compliance with the terms of such resident's Residence and Care Agreement. To the extent that it is financially feasible, we will assist residents who are unable to pay full Monthly Service Packages by providing financial assistance as described in this Section 10.

To insure that our charitable intentions are equitably allocated for the benefit of as many residents as possible, we require that, in the event that you claim to be unable to make full monthly payment by reason of financial inability, you must take any or all of the following actions, as directed by the Executive Director. We have the right, but not the obligation, to initiate financial assistance if we independently determine that you need financial assistance.

**10.1** If your sources of funds, including expenditures of principal and the guaranty, if any, are inadequate for you to make the payments required under this Agreement, you must file with the Executive Director, on appropriate forms provided by the Executive Director, a Statement of Financial Inability to Pay. As part of the Statement of Financial Inability, you must disclose your remaining available assets and income. The Executive Director will review your financial position to determine the existence of any outside assets, including any guaranty agreements, which may first be spent for your care.

**10.2** If you have outside assets other than the Entrance Deposit, the Executive Director will establish a Spending Plan for you to spend the outside assets and to obtain assistance from other available means. If you can qualify, you will take the necessary steps to obtain county, state, and federal aid or assistance including Medicare, public assistance and any other public benefit program. You agree to execute any and all documents necessary to make and perfect such claims or rights. If you fail to cooperate with the Spending Plan for the outside assets, such failure may constitute good cause for termination of the Agreement due to non-payment of fees in accordance with Section 12.3 of this Agreement.

**10.3** After you complete the Spending Plan or if you have no available assets other than the Entrance Deposit, we will spend-down an amount up to the Entrance Deposit minus the Community Fee. After depletion of outside assets, the Entrance Deposit (less the Community Fee) is considered available to you for your maintenance and support. You may access these amounts, without moving from the Community, to pay any and all fees at the Community including any Monthly Service Packages or to pay another provider for support and maintenance if your income and other resources are insufficient to pay for support and maintenance. The Executive Director will notify you when spend-down is available and will give the effective date. You will receive periodic statements reflecting the remaining balance of the Entrance Deposit (less the Community Fee).

**10.4** Upon completion of the spend-down, you may qualify for assistance from a resident benevolent care fund, when established and to the extent that it is financially feasible. If you are approved for such assistance, the Executive Director shall inform you of the amount



which the resident benevolent care fund will contribute to the monthly fees and the amount which you must contribute to the Monthly Service Package.

**10.5** If requested by us, you will transfer to an alternate Living Unit at the Community if and when available.

**10.6** You will provide periodic statements of financial condition and copies of income tax returns as the same may be requested from time to time by us. You will notify us of any and all assets acquired by you through any means thereafter, and you will assign or pay such property received to us in an amount equivalent to the total outstanding charges and fees, owed by you.

**10.7** At present, we are not authorized to accept Medicaid for payment of Monthly Service Packages for any Living Units. If in the future we are able to accept Medicaid as a payment source, then you agree to also apply for Medicaid if you can qualify. When you are notified by the Executive Director approximately three months before the projected depletion of your remaining Entrance Deposit (less the Community Fee), you agree to immediately apply for Medicaid if available. You also agree to execute any and all documents necessary to make and perfect such claims or rights.

## **Section 11. TRANSFERS**

**11.1 Temporary and Permanent Transfers.** For purposes of this Agreement, a temporary transfer is a transfer of an anticipated finite duration. During a temporary transfer, your permanent Living Unit shall remain available to you as long as you continue to pay the Monthly Service Package in accordance with Section 8.4. A permanent transfer is a transfer of indeterminate duration. During a permanent transfer, you will be requested to release the Living Unit. After a permanent transfer, if you are able to qualify to return to the Living Unit previously occupied at the Community or to a different, medically appropriate Living Unit at the Community, you shall have the right to occupy the Living Unit subject to the availability of such Living Unit, subject to our approval.

**11.2 Transfer at the Election of Resident.** You may elect to transfer, on a temporary or permanent basis, to an alternate Independent Living Unit, an Assisted Living Unit, to a unit providing Memory Care Services, Nursing Unit, or an Off-Site Facility by giving notice to us. All transfers within the Community shall be subject to the availability of the elected alternate Living Unit and subject to our approval.

**11.3 Transfer at the Election of WINDSOR RUN - Non-Emergency.** All decisions regarding a transfer of any resident, except for emergency transfers, shall be made by a committee consisting of the Executive Director (or his or her designee) and the Medical Director (or his or her designee) (collectively referred to as the "Committee"). The Committee will consult with you or your legal representative. If you have a Guarantor or ombudsman, such person also will be consulted if you so request. We attempt to interact with you or your representative with the goal of achieving a consensus on the need for a transfer although a consensus is not always achieved.

You will not be transferred, temporarily or permanently, to a different Living Unit unless (1) in the opinion of the Committee, such transfer is deemed appropriate for the protection of your health and/or safety or the general and/or economic welfare of other residents, (2) in the opinion of the Committee, the transfer is deemed necessary due to financial inability to pay the Monthly Service Package, or (3) in the case of a permanent transfer to an Off-Site Facility that provides treatment for mental disorders, the need for such transfer is certified by two physicians or one physician and one psychologist. If you are transferring due to event (1) or (3) listed above and the Living Unit is occupied by a Joint Resident, the remaining Joint Resident may continue to occupy the Living Unit.

The Committee shall give you thirty (30) days advance written notice of the proposed transfer. You or your representative shall notify us of any objection to the permanent transfer within ten (10) days of receipt of the notice. If you or your representative do not consent to the transfer, the Committee may, in its discretion and in lieu of a transfer, require Ancillary Services be provided to you if a higher level of care is deemed appropriate in the opinion of the Committee for the protection of your health and safety or the welfare of other residents. If you or your representative do not consent to either the transfer or the provision of Ancillary Services, we may consider such refusal to constitute just cause to terminate the Agreement in accordance with Section 12.3 hereof.

**11.4 Transfer at the Election of WINDSOR RUN - Emergency.** If your health and safety or the health and safety of other residents require immediate action, the Executive Director with the approval, if reasonably obtainable, of the Medical Director, may transfer you from your current Living Unit to a different Living Unit or an Off-Site Facility, on a temporary or permanent basis. Emergency circumstances arise when there is a danger of immediate, irreparable harm to your health and safety or to the health and safety of other people at the Community. In the event that you are required to be transferred to Continuing Care at Windsor Run during a period that you are suffering from legal incompetency, you agree to be bound by the terms of the Agreement in effect at the time of such transfer.

**11.5 Use of Living Unit.** In the event of a temporary transfer, whether at your election or at our election, your prior Living Unit will remain available to you as long as you continue to pay the Monthly Service Package for the permanent Living Unit in accordance with Section 8.4 hereof.

In the event of a permanent transfer, whether at your election or our election, you or your representative shall sign Living Unit Release Transfer form unless you are one of Joint Residents and the other Joint Resident remains in the Living Unit. After receipt of notice of permanent transfer, you shall take all reasonable steps to vacate the Living Unit before the date set for the transfer. You or your representative shall then be responsible for vacating the Living Unit and removing all personal possessions from the Living Unit. We shall have the right to show the Living Unit to interested applicants as of the Departure Date indicated in the Unit Release Form.

If you fail to vacate the Living Unit by the indicated Departure Date or, in the event of a transfer by us, within sixty (60) days from the notice of transfer, we shall have the right to store

your possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at your expense, until disposition thereof can be made. We assume no responsibility for your stored possessions.

**Section 12. TERMINATION**

**12.1 Termination Within Rescission Period or Prior to Occupancy.** Either party may terminate the Agreement in the following circumstances:

**12.1.1** You may rescind this Agreement within thirty (30) days of the later of the date you received the Windsor Run Disclosure Statement or the date you executed this Agreement (you are not required to move into the Living Unit before the expiration of the later thirty (30) day period). However, should you elect to occupy the Living Unit prior to the expiration of the thirty (30) day rescission period, such occupancy shall not be considered a waiver of the rescission period;

**12.1.2** Your Agreement will be automatically canceled if you die before occupying the Living Unit or are precluded from occupying the Living Unit due to illness, injury, or incapacity; or

**12.1.3** We elect to terminate the Agreement if it is determined that you are ineligible for entrance into the Community.

If the Agreement is rescinded or terminated as provided in this Section 12.1, you shall receive a refund of the Entrance Deposit as described in Section 7.4. You will not receive a refund of any costs specifically incurred by us at your request as set forth in a separate written addendum, signed by both parties. You shall not receive a refund of any Monthly Service Package related to your actual occupancy of the Living Unit.

**12.2 Termination by Resident.** After occupancy and after the expiration of the rescission period described in Section 12.1, you may terminate this Agreement at any time and for any reason by giving sixty (60) days' notice to us of your intention to terminate.

**12.3 Termination by WINDSOR RUN.** Our decision to terminate this Agreement shall be made by the Executive Director of the Community. We may not terminate this Agreement without good cause. "Good cause" is defined as: (i) non-payment of Fees including non-payment of the Entrance Deposit; (ii) a good faith determination in writing, signed by the Executive Director and Medical Director of the Community, that you are a danger to yourself or others while remaining in the Community; (iii) repeated conduct by you that interferes with other residents' quiet enjoyment of the Community; (iv) persistent refusal to comply with reasonable written rules and regulations of the Community; (v) a material misrepresentation made intentionally or recklessly by you in your application for residency, or related materials, regarding information which, if accurately provided, would have resulted in either your failure to qualify for residency or a material increase in the cost of providing care and service to you under the Agreement; or (vi) your material breach of the terms and conditions of this Agreement.

Except for termination due to non-payment of fees, we will give you sixty (60) days written notice of the termination and the reason for termination. In the event of non-payment of fees, we will give you written notice that you are in default under this Agreement for non-payment of fees. We may charge you interest on the overdue amount of one and one-half percent (1 ½ %) per month. If you fail to make full payment of all outstanding fees and charges within thirty (30) days of receipt of the notice, we may, at our election, either terminate the Agreement upon an additional thirty (30) days' notice or may require a spend-down of the Entrance Deposit, in accordance with the Community's spend-down procedures as generally set forth in Section 10 of this Agreement, to offset the overdue fees and charges. Our acceptance of partial payment of the fees does not constitute a waiver of the outstanding fees and charges unless we agree to a waiver in writing.

**12.4 Vacating the Living Unit.** Upon termination of the Agreement either at your election, our election, or due to your death, you or your representative, shall sign and give to us Unit Release Form advising of your Departure Date. You or your representative shall then be responsible to vacate the Living Unit and to remove all personal possessions from the Living Unit. We shall have the right to show the Living Unit to interested applicants as of the date indicated in the Unit Release Form.

If you fail to vacate the Living Unit by the indicated Departure Date or, in the event of a termination by us within the required time for the notice of termination as provided in Section 12.3, we shall have the right to store your possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at your expense, until disposition thereof can be made. We assume no responsibility for your stored possessions.

## **Section 13. RIGHTS OF WINDSOR RUN**

**13.1 Community Rules and Regulations.** We shall have the right to promulgate reasonable rules and regulations governing the conduct of the residents. You agree and acknowledge that you have received such rules and regulations including those in our current Resident Handbook (as they may be further amended). You will enjoy the fullest measure of independence consistent with the accommodation in which you live, subject, however, to the limitations of our reasonable rules and regulations now or hereafter adopted for the conduct and care of all residents. You hereby agree to abide by all such rules and regulations, and generally to conduct yourself in such a manner as to promote the peace and harmony of the Community.

**13.2 Access to Living Units at the Community.** You acknowledge and accept our ability and authority to enter the Living Unit in order to carry out the purpose and intent of this Agreement and you hereby authorize such entry. Such entry includes (1) performance of authorized housekeeping duties; (2) response to medical emergencies; (3) responses to fire protection systems; (4) entry by authorized personnel in the event that you are reported missing or have not responded to a call; (5) scheduled maintenance activities; (6) to fix, repair, maintain, or update building elements in common which would include plumbing, drywall, electrical system, HVAC, or similar and (7) enforcement of the Community's policies and procedures. We acknowledge and respect your right to privacy and agree to limit uninvited entry into the Living Unit at the Community to the situations set forth in this paragraph.

**13.3 Property Rights.** You acknowledge that, except as expressly set forth in this Agreement, the rights and privileges granted by this Agreement do not include any right, title, lease, or any other interest in any part of the personal property or real property - including land, buildings and improvements - owned, leased or administered by us. Your rights are limited to the rights provided in this Agreement for services and the occupancy of the Living Units. Except for your right to occupy the Living Unit, any rights, privileges or benefits under this Agreement shall be subordinate to any mortgage or deed of trust or leasehold interest on any of the premises or interest in our real and personal property, to all amendments, modifications, replacement or refunding, of any such mortgage or deed of trust or leasehold interest, and to such reasonable rules and regulations governing the use of the property as shall from time to time be imposed by us. You hereby agree, upon our request, to execute and deliver any document which is required to this effect by us, or by the holder of such mortgage or deed of trust or leasehold interest to effect such subordination or to evidence the same, and appoint WINDSOR RUN as your attorney-in-fact to accomplish that purpose.

**13.4 Limitation of Liability.** We will not be responsible for the loss of any of your personal property due to theft or any other cause. Our liability for damage to or loss of your personal property shall be limited to damage or loss caused by negligent acts or omissions of us or our employees acting within the scope of their employment.

**13.5 Unauthorized Transfers of Property.** The financial information which you submitted is a material aspect upon which we reasonably relied in determining your qualifications for becoming a resident of the Community. Being able to meet the financial criteria to become a resident helps assure the financial stability of this Community. In determining financial criteria for residency, we consider the applicant's reported income and assets in light of the Community's current and future commitments and obligations. Furthermore, we are committed to take every reasonable step to assist residents who have depleted those assets through normal living expenditures so that he or she may continue to remain as a resident of the Community. However, in order to protect us from a situation wherein a resident divests him/herself of those assets for the purpose of qualifying for assistance or reduction of Monthly Service Packages, you hereby agree not to divest yourself of, to sell, or transfer any assets or property interests (excluding expenditures for your normal living expenses) that reduces the assets that you or your representative disclosed as available assets for you on admission, without having first obtained our written consent.

**13.6 Religious Affiliation and Sponsorship.** Windsor Run is a for-profit limited liability company. Windsor Run is not affiliated with any religious organization.

**13.7 Non-Smoking Policy.** You agree to abide by our prohibition against smoking including vaping or e-smoking in the Living Unit, including balconies or patios, and in common areas. Your guests, or contractors are also prohibited from smoking, including vaping or e-smoking in the Living Unit or in the common areas of the Community. You further understand that we may consider your failure to abide by the non-smoking policy as cause to terminate the Residence and Care Agreement.

## **Section 14. MISCELLANEOUS PROVISIONS**

**14.1 Documents Incorporated by Reference.** This Agreement includes the Priority List Application for residence, the Financial Information Form, the Resident Profile, including Resident's medical records, if any, the Key Receipt Form, the Refund Form, and the Club Membership application. This Agreement may include a Promissory Note, a Guaranty Agreement, a Power of Attorney for property disposition, an Advance Directive, Appointment of Health Care Agent, or Living Will, and your medical insurance documentation, all of which documents are incorporated by reference and made a part of this Agreement (see Schedule II attached hereto). You acknowledge that we will rely on your statements in these documents and you warrant that all statements are true and complete to the best of your knowledge, information and belief.

**14.2 Rules of Construction.** In this Agreement, the masculine, feminine and neuter genders shall be construed to be interchangeable and shall include one another to the extent that such context is necessary to provide a logical or meaningful construction of the text. Similarly, the singular and plural shall be interchangeable and shall include one another to the extent that such context is necessary to provide a logical or meaningful construction of the text. Section captions are for ease of reference only.

**14.3 Non-waiver.** The failure of any party in any one or more instances to insist on the strict performance, observance or compliance by the other party with any of the terms or provisions of this Agreement, shall not be a continuing waiver thereof nor construed to be a waiver or relinquishment by a party of its rights to insist upon strict compliance by the other party with all of the terms and provisions of this Agreement.

**14.4 Entire Agreement.** This Agreement, the documents referenced in Section 14.1, and the terms of the Disclosure Statement in effect for the Community, represents the entire agreement between us, you and Guarantor, if any, and supersedes all prior Agreements and negotiations. Except as contained herein or in any contemporaneous, written agreements, there are no promises or agreements between the parties.

**14.5 Amendment.** This Agreement shall be amended only in writing, signed by you and us.

**14.6 Disclosure Statement.** You hereby acknowledge that you received the latest disclosure statement of Windsor Run prior to signing this Agreement or before transferring any money to Windsor Run, whichever is earlier, and that you have reviewed such statement.

**14.7 Severability.** The invalidity or unenforceability of any provision of this Agreement or the application of any such provision, shall not affect or impair any other provisions or the validity or enforceability of the remainder of this Agreement, or any application of any other provision of the remainder of this Agreement; however, you, to the extent provided by law, retain the right to rescind this Agreement if any provision is in violation of the laws of the State of North Carolina, as amended from time to time.

**14.8 Paragraph Headings.** Paragraph headings are added solely to aid in the review of this Agreement and are not to be construed to affect the interpretation of this Agreement.

**14.9 Venue.** All parties to this Agreement, including you, us, and any Guarantor(s), if any, agree that venue for any action for the enforcement, construction, rescission, termination of, or any action arising out of this Agreement shall only be in Mecklenburg County, North Carolina. All parties agree that the filing of any action may include a request for an expedited hearing.

**14.10 Assignment.** In the event that we or any of our successors or assigns shall give Resident notice that any or all of our rights, duties and obligations have been assigned to a new person or entity certified as a continuing care provider under the laws of North Carolina by the North Carolina Department of Insurance to provide services to residents of the Community, you agree to recognize such new person or entity as the provider under this Agreement, to the extent of such assignment.

**14.11 Electronic Signatures & Counter-Parts.** Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Agreement shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Agreement may sign separately in several counter-parts, all of which together shall constitute one and the same Agreement.

## **Section 15. DEFINITIONS**

Whenever the following words or phrases appear in this Agreement beginning with a capital letter, these definitions shall apply:

**Act:** The North Carolina Continuing Care Retirement Community Regulation and Financial Disclosure Act, as the same shall be amended and in effect from time to time hereunder.

**Agreement:** This document, including all exhibits, supplements, amendments or addenda, as signed by us, you, and Guarantor, if any.

**Ancillary Services:** Those services specified in Section 5 of this Agreement which either we provide or are provided by approved outside providers, the cost of which is not included in the Monthly Service Package or Nursing Fees. Periodic charges for Ancillary Services may be changed from time to time by us as specified in Section 9.2 or by the outside providers.

**Application Fee:** The fee payable when you submit an application for residency at the Community or for a position on the futures or standby list.

**Assisted Living Unit:** Accommodations for residents who need a higher level of care and more daily assistance than is available in an Independent Living Unit, but who need a lesser degree of medical care, personal care and service than is provided in a Nursing Unit.

**Community:** The physical site and structures which we operate as a retirement community in Matthews, North Carolina.

**Community Fee:** The Community Fee is defined as ten percent (10%) of the original Entrance Deposit paid by you at admission. If you later transfer to a Living Unit with a larger Entrance Deposit and paid an additional sum towards the larger Entrance Deposit, then the Community Fee is defined as ten percent (10%) of your original Entrance Deposit paid at admission plus ten percent (10%) of the incremental Entrance Deposit paid by you on transfer to the Living Unit with the larger Entrance Deposit. The Community Fee does not decrease if you move to a Living Unit with a lower Entrance Deposit.

**Continuing Care at Windsor Run:** The Community building in which the Assisted Living Units, units providing Memory Care Services, and Nursing Units will be situated. The Continuing Care facility will be licensed on completion for assisted living and memory care but will not be licensed to provide skilled nursing, long-term care nursing, chronic or acute hospital care or other institutional care. Such services, if required by you, are not services covered under the scope of this Agreement.

**Covered Services:** Those services specified in Section 4 of this Agreement which we make available for the applicable Monthly Service Package or Nursing Fees.

**Departure Date:** The date on which you or, in the event of your death, your personal representative or family, vacates the Living Unit after providing us with a signed Unit Release Form, removing all possessions from such Living Unit, and turning in the Living Unit keys. If you or your personal representative or family do not timely provide us with a signed Unit Release Form, remove the possessions, or turn in the keys, the Departure Date shall be the date on which we remove all possessions from the Living Unit and places them in a general storage area at the Community or in a commercial storage facility, all at your expense, until disposition thereof can be made. We assume no responsibility for your stored possessions.

**Entrance Deposit:** The Entrance Deposit required to be paid to us on or before the Occupancy Date as set forth in Section 7.1 of this Agreement, as may be modified, which Entrance Deposit is generally paid in a series of deposits. The 10% Community Fee is deducted from the Entrance Deposit.

**Executive Director:** The chief administrative officer of the Community appointed as such by Windsor Run.

**Guarantor:** Any person or persons who guarantee your obligations to pay the Monthly Service Package or any other fees or periodic charges payable by you under the terms of this Agreement.



**Independent Living Unit:** Living accommodations at the Community for a resident who is able to live independently within our guidelines.

**Joint Residents:** Two or more residents who reside together in a particular Living Unit.

**Living Unit:** An Independent Living Unit, Assisted Living Unit, a unit providing Memory Care Services, or Nursing Unit.

**Medical Director:** A licensed physician whom we officially designate as the person responsible for the direction and control of medical services offered at the Community.

**Memory Care Services:** Services or programming for a resident who is unable to perform normal functions necessary to live in an Independent Living Unit and needs programming for dementia or similar memory care disorders but who needs a lesser degree of medical care, personal care and service than is provided in a Nursing Unit.

**Monthly Meal Credit Plan:** The standard meal plan for residents in Independent Living Units. Each Resident has a monthly meal credit which allows purchase of one standard meal per day in the calendar month with a declining monetary balance as the credit is used. In addition to offering premium meals, the community will always have a selection of meal offerings at the standard daily credit amount. You may use the meal credit on a daily basis or as otherwise desired through the calendar month until the allowance is exhausted for that calendar month. The meal credit may also be used by you for guest meals during the calendar month. At the beginning of each calendar month, you receive a new credit balance for that new month. If you do not use the all of the meal credit within the calendar month, any unused portion is forfeited, does not carry over to the next month, and no credit will be due to you.

**Monthly Service Package:** The fee payable with respect to a particular Living Unit as specified in Section 8.1 hereof, which fee includes the Covered Services specified in Section 4 hereof. Monthly Service Packages may be adjusted as provided in Section 8.3 hereof.

**(Ninety Percent) 90% Refund Amount:** The refund payable to you or your beneficiaries, as the case may be, upon termination of this Agreement. Your refund will be equal to ninety percent (90%) of the total Entrance Deposit unless: (i) the Entrance Deposit, minus the Community Fee, has been partially or fully spent down for your care per Section 10 of this Agreement, or (ii) you or your representative, as the case may be, elect to deduct the outstanding fees and charges from the 90% Refund Amount for your convenience.

**Non-Occupancy Credit:** You may receive a Non-Occupancy Credit to reduce your Monthly Service Package when you are, or if one of Joint Residents, then the Joint Residents are, transferred temporarily to a different Living Unit. You may receive a Non-Occupancy Credit upon request in other circumstances in the sole discretion of the Executive Director. The current Non-Occupancy Credit is provided on Schedule I, Ancillary Fee Schedule. Adjustments to and

policies concerning the Non-Occupancy Credit are made by us in our sole discretion. Credit is given based on the required consecutive days of absence.

**Notice:** For the purposes of this Agreement, notice shall be deemed to have been given to you when deposited in your community mailbox or personally delivered to you, and given to Windsor Run when either personally delivered or delivered with return receipt to the office of the Executive Director at the Community and to General Counsel at the corporate office situated at 701 Maiden Choice Lane, Baltimore, Maryland 21228. If you have not yet taken possession of the Living Unit, then notice to you shall be given by first-class mail, postage pre-paid, to your last known address and such notice shall be deemed to be effective on the third day following such mailing. If you have been transferred to an Off-Site Facility, notice shall be given by first-class mail, postage pre-paid, to you at such Off-Site Facility and shall be deemed to be effective on the third day following such mailing.

**Nursing Fee:** A rate based on the type of Nursing Unit occupied and Entrance Deposit level for the Resident. Fees for care in a Nursing Unit are determined by us based on nursing personnel costs and other financial considerations. Adjustments to the Nursing Fee shall be made in accordance with Section 8.3.

**Nursing Unit:** Room accommodations for a resident who is unable to perform normal functions necessary to live in an Independent Living Unit, Assisted Living Unit, or unit providing Memory Care Services and who needs the degree of medical care, personal care and service that is provided in a Nursing Unit or a Special Service Facility.

**Occupancy Date:** The date on which you are authorized by Windsor Run to take possession of a Living Unit. On this date, you are allowed access to move belongings or to personally inhabit the Living Unit pursuant to this Agreement. Delivery of keys to you shall be deemed authorization to take possession.

**Off-Site Facility:** Any housing or health care facility not located within the Community and which is neither owned nor operated by Windsor Run.

**Participating Independent Living Unit:** A participating Independent Living Unit is an Independent Living Unit whose prior resident had either: i) a Residence and Care Agreement with a 90% Refund Amount obligation, or ii) a Residence and Care Agreement with a refund obligation of 80% or less. We fund the Refund Account with all or a portion of such Entrance Deposits. A Living Unit that has not been previously occupied with an initial Entrance Deposit is not a participating unit.

**Refund Form:** An agreement signed by you, when accepted by us, designating to whom the 90% Refund Amount shall be made upon termination of this Agreement.

**Refund Account:** The balance(s) which we establish to fund the contracted Refund Amount to eligible residents upon termination of the Agreement. The Refund Account ledger is funded only when we receive all or a portion of new Entrance Deposits from new residents who

sign a Residence and Care Agreement for participating Independent Living Units. The new resident's right of rescission must also be expired for the Refund Account to receive all or a portion of the Entrance Deposit. We make continued refunds from the Refund Account as new available funds are received into the Refund Account. We have the right to temporarily suspend refunds if the Refund Account has insufficient funds to pay the next sequential refund that is due. We pay the 90% Refund Amount based on assigned Refund Numbers generally proceeding in sequential order.

**Refund Form:** An agreement signed by you, when accepted by us, designating to whom the 90% Refund Amount shall be made upon termination of this Agreement.

**Refund Number:** The number assigned per Section 7.6 which determines eligibility for a refund of the 90% Refund Amount.

**Refurbishing Charges:** The reasonable costs and expenses of work performed to clean, refurbish, and restore that Living Unit after a resident permanently vacates the unit. This work will generally include, but is not limited to, cleaning or replacement of carpeting and flooring, spackling and/or painting of walls, removing any customized improvements, replacement of fixtures, or any other appropriate repairs repairing any extraordinary damage, in our sole discretion, to bring the Living Unit back to a like-new condition. It is intended that the Living Unit shall be restored to the condition that it was in before it was occupied by the recent resident. The determination as to the extent of refurbishment shall be established by the Executive Director.

**Repairing Extraordinary Damage:** By way of example, such extraordinary damage may include, but is not limited to, material damage to the walls, structures, or fixtures, material damage caused by pets, or material odors, stains, or damage due to smoking in the Living Unit. You must also pay the reasonable costs and expenses of removing any customized improvements that you made to the Living Unit unless we specifically agree in writing to accept those improvements for re-subscription to a new resident. The extent of refurbishing is determined by WINDSOR RUN, in our sole discretion to put the Living Unit into like-new condition.

**Reserved Parking Space:** For an Independent Living Unit, Windsor Run will provide one designated parking space per Independent Living Unit for your personal vehicle. Your right to use a parking space will terminate if you no longer own or use a personal vehicle. If available, an additional parking space may be reserved for a 2<sup>nd</sup> second vehicle for an additional fee.

**Resident/ You:** Each person designated by name in the first paragraph of this Agreement, who is a party to this Agreement.

**Spending Plan:** A plan set forth by the Executive Director of the Community in the event that you are financially unable to pay your Monthly Service Packages.

**Weekly Light Housekeeping:** Residents in Independent Living Units may request housekeeping for an ancillary fee. For Assisted Living Units and units providing Memory Care

Services, as part of the Covered Services, Windsor Run will perform weekly light housekeeping which generally includes vacuuming carpet/ floors, light dusting and wiping down bathrooms and kitchenette (if available). The extent of such services and the weekly schedule are determined by us and may be revised from time to time with appropriate notice. You are responsible for day-to-day housekeeping to maintain your Living Unit in a sanitary and orderly condition. Additional housekeeping services, including annual or seasonal deep cleaning services, are available upon request for an additional fee.

**Windsor Run (We/ Us):** Windsor Run, LLC.

[Section 16 on next page]

**Section 16. FEES.** You are responsible to pay the listed Application Fee, Entrance Deposit and Monthly Service Package on or before the Occupancy Date. The Entrance Deposit, the Monthly Service Package, and the Ancillary Fees may be revised as provided in Section 7.3, Section 8.3, and Section 9.2 respectively.

Total Entrance Deposit for Unit: \$ \_\_\_\_\_ consisting of:

Priority List Deposit	\$1,000
Reservation Deposit(s):	\$ _____
The Signing Deposit:	\$ _____ (bringing total to 10% of Entrance Deposit including previous deposits);
The Final Deposit:	\$ _____ (remaining portion of Entrance Deposit)

*Minus the 10% Community Fee:* \$ \_\_\_\_\_ (non-refundable)

Current Monthly Service Package for Unit: \$ \_\_\_\_\_ per month

Current Monthly Service Package Level: Independent Living \_\_\_\_\_ Assisted Living \_\_\_\_\_  
(check one) Memory Care \_\_\_\_\_ Nursing \_\_\_\_\_

Current Application Fee: \$ \_\_\_\_\_ per applicant

Current Ancillary Fee Schedule: See Schedule I

**SIGNATURES**

IN WITNESS WHEREOF the parties have hereunto set their hands on the date appearing next to their respective signatures.

**WINDSOR RUN, LLC**

\_\_\_\_\_ By: \_\_\_\_\_  
Witness Date

\_\_\_\_\_ Resident \_\_\_\_\_  
Witness Date

\_\_\_\_\_ Resident \_\_\_\_\_  
Witness Date

If applicable: Guarantors: I (We) \_\_\_\_\_ have read and understand the provisions of this Agreement and by signing my (our) name(s) below, agree to guaranty Resident's obligations incurred under this Agreement in accordance with the Guaranty Agreement.

\_\_\_\_\_ Guarantor \_\_\_\_\_  
Witness Date

\_\_\_\_\_ Guarantor \_\_\_\_\_  
Witness Date

**Schedule I**  
**Windsor Run - Periodic Charges for Ancillary Services**

<b>Service</b>	<b>2023 Rate</b>
Non-Occupancy (Independent Living) Credit for Absences per resident, per day (starting on 31st consecutive night)  Note: the Non-Occupancy Credit does not apply to residents in Assisted Living, Memory Care or Nursing Care.	\$12.00
Additional Mailbox Key	\$15.00
Additional car transponder	\$35.00
Additional or replacement Apartment Badge	\$25.00
Badge for Resident Family & Friends Program	\$25.00
Badge for Resident Guest	\$30.00
First Car Reserved Parking Space (Ind. Living) (resident registered car only)	No. Add. Fee
Second Car Reserved Parking Space (Monthly if available) (resident registered car only)	\$75.00
Reserved Carport parking (Monthly if available) (resident registered car only)	\$50.00
Storage Bin (Monthly if available)	\$15.00
Maintenance Service per hour	\$56.00
Grounds Service per hour	\$56.00
Housekeeping per hour	\$50.00
Computer Services (first 30-minutes) Each additional 15 minutes	\$45.00 \$15.00
Emergency Pendant (1-time fee) Emergency Pendant Monthly Fee	\$50.00 \$20.00
Guest Suite	\$130.00
Transportation	
Premium TV Service	No add Fee
Personal Training 30 minute	\$20.00
Personal Training 30 minute – in apartment	\$25.00
Personal Training five 30 minute sessions	\$75
Virtual Fitness Programs (digital)	Included

<b>Service</b>	<b>2023 Rate</b>
Specialty Health Club Group Fitness Classes	Add Fees Apply
Sales Tax	When Applicable

Ancillary fees in continuing care are available on request.



## Schedule II

### Documents Incorporated

- A. Priority List Application
- B. Financial Information Form
- C. Resident Profile
- D. Refund Form
- E. Club Membership Application
- F. Key Receipt Form
- G. Promissory Note and Allonge to Promissory Note
- H. Custom Interiors Agreement (if any)
- I. Guaranty Agreement (if any)
- J. Unit Release forms
- K. Power of Attorney for property disposition (if any)
- L. Advance Directive, Appointment of Health Care Agent, or Living Will (if any)
- M. Resident's medical insurance documentation (if any)

***WINDSOR RUN  
RESIDENCE AND CARE AGREEMENT  
FULLY DECLINING REFUND***

May 2023

**THIS MATTER INVOLVES A SUBSTANTIAL FINANCIAL INVESTMENT AND A LEGALLY BINDING CONTRACT. IN EVALUATING THE DISCLOSURE STATEMENT AND THE AGREEMENT PRIOR TO ANY COMMITMENT, IT IS RECOMMENDED THAT YOU CONSULT WITH AN ATTORNEY AND FINANCIAL ADVISOR OF YOUR CHOICE, IF YOU SO ELECT, WHO CAN REVIEW THESE DOCUMENTS WITH YOU.**

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SCHEDULE I -       ANCILLARY FEES  
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**WINDSOR RUN**  
**RESIDENCE AND CARE AGREEMENT**

This Residence and Care Agreement (the “Agreement”) is made and entered into the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between WINDSOR RUN, LLC (referred to in this Agreement as “We”, “us” or “Windsor Run”) and \_\_\_\_\_ (referred to in this Agreement as “You” or the “Resident(s)”).

**RECITALS**

R.1 Windsor Run Retirement Community (the “Community”) is a continuing care retirement community located in Matthews, North Carolina, offering various living accommodations and services to seniors, as described herein.

R.2 WINDSOR RUN is a certified continuing care provider under the laws of the State of North Carolina. WINDSOR RUN desires to provide certain services listed in this Agreement to Resident and Resident desires to receive such services.

**AGREEMENT**

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**Section 1. DESCRIPTION OF COMMUNITY**

The Community is planned to include Independent Living Units, Assisted Living Units, and Nursing Units. The Community is a smoke-free, tobacco-free campus and you agree to abide by our rules restricting smoking and use of tobacco products.

**1.1 Independent Living Units.** The Community currently includes over 300 Independent Living Units in the first phase of development with the potential for additional Independent Living Units in future phases. The Community will also include community spaces such as dining areas, a beauty salon, classrooms, card rooms, lounges and other common areas. We also plan to feature amenities such as a center for on-site physician visits, a pool, and fitness center.

**1.2 Continuing Care at Windsor Run.** Continuing Care at Windsor Run refers to our on-site health care neighborhood. Each floor of the facility is planned to include a dining room, a resident lounge, activity rooms and a bathing core. The initial phase of Continuing Care at Windsor Run is planned to include approximately 7 Assisted Living Units and 22 Nursing Units, with different service packages including Memory Care Services in selected units. We anticipate that the aggregate number of Living Units will adequately serve the needs of Community residents. However, in the unusual circumstance that the Assisted Living Units are fully occupied, our Medical Director, or his or her designee, first will arrange for Ancillary

Services to be offered in Resident's Independent Living Unit and second, if necessary, will assist in arranging for a transfer to an Off-Site Facility in the immediate area. See Section 8.4 for fees payable by you in the event of such a transfer. Continuing Care at Windsor Run is anticipated to open in 2021 but the opening date and number of units are approximate and may change according to regulatory requirements, weather conditions, market demands, etc. We may also open Continuing Care at Windsor Run by phasing in the available levels of care (See Section 4.2, 4.3 and 4.4). Until the facility is opened, we will enter into transfer agreements for residents with outside assisted living, memory care services, and nursing care.

**Section 2. TERM**

The Term of this Agreement shall commence on the date on which this Agreement is executed by you and us and shall continue for your lifetime unless the Agreement is terminated earlier per Section 12 of this Agreement.

**Section 3. LIVING ACCOMMODATIONS**

**3.1 Your Right to Occupy.** You have the right to occupy and to use the following Living Unit: \_\_\_\_\_, as-is, from the Occupancy Date to the Departure Date, subject to provisions for a change in accommodations as provided in Section 11 of this Agreement. You may not assign or sublet the right to occupy a Living Unit to any other person. We will provide the Living Unit, in good condition, with neutral painted walls, and with standard carpeting/ and or floors in Independent Living Units and Assisted Living Units.

**3.2 Joint Residents.** When two (2) or more residents reside together in a selected Living Unit, they are considered to be Joint Residents. Each Joint Resident is required to meet our financial requirements for entrance into the Community, as well as our health qualifications for occupancy of a selected Living Unit, whether the prospective Joint Residents move to the Community together or on different dates.

**3.3 Rights of New Spouse.** If during the term of residency, you marry a person who is not a resident of the Community, your new spouse will be required to meet our financial and health-related qualifications for entrance into the Community. The financial qualifications are meant to serve as a financial protection for our larger community of residents. We reserve the right to determine the appropriate level of care within the Community for the spouse or to determine that there is not an appropriate level of care within the Community for the spouse. If your spouse is not accepted, you may terminate this Agreement per Section 12.2 hereof. If your spouse is accepted for residency, the fee structure described in Sections 7.3.2 and 8.2 for Joint Residents will apply.

**3.4 Resident's Obligation to Furnish & Maintain Unit.** You are responsible for furnishing the Independent Living Unit or the Assisted Living Unit, and for procuring insurance for personal possessions and furnishings. We will provide furnishings and equipment, if required by law, for Assisted Living Units. We will provide furnishings and equipment, as required by

law, for Nursing Units. You are also responsible to maintain any Living Unit in which you reside in reasonably clean and habitable condition.

**3.5 Customized Improvements.** You may decorate the Living Unit to your personal taste with pictures, window treatments, and the like, so long as such decorations are not permanent fixtures to the Unit or can be easily removed without damaging the structural integrity of the Unit. All other customized improvements to any Independent Living Unit or Assisted Living Unit that you want to undertake either before or after the Occupancy Date must be approved in writing by the Executive Director. If you contract with an outside contractor, the selection of your contractor and the proposed plans or work must be approved by the Executive Director. If you contract with us to do the work, we will sign a contract to agree upon the extent of work and the charges related to the work to be done. For charges related to the removal of any improvements, please see Section 9.4. No customized improvements may be made to a Nursing Unit.

#### **Section 4. SERVICES TO RESIDENTS**

We will make available the following services to you, as applicable, for the appropriate Monthly Service Package, during your residency here, unless the Agreement is terminated earlier per Section 12. We may change your Monthly Service Package or the scope of services or care only after we provide you with thirty (30) days advance notice of the change, except for changes required by State or Federal assistance programs.

**4.1 Independent Living Services.** We provide the following Covered Services included in the Monthly Service Package for Independent Living:

- Monthly Meal Credit Plan (see Section 15);
- 24 hour on-site staff and emergency alert system;
- All Living Unit utilities including these cable/ telephone/ data services:
  - Basic Cable television service (premium channels additional charge);
  - Local, Long Distance and International landline phone service;
  - Wireless internet service;
- On-site Fitness Center basic membership (includes standard weekly classes as scheduled);
- One Reserved Parking Space per Living Unit (see Section 15)
- Maintenance and insurance of buildings, grounds and equipment;
- Insurance for the Independent Living Unit and all items in such unit, except items owned by Resident;
- Sewage, trash and snow removal from common areas only; and
- Use of all public rooms and common areas of the Community.

**4.2 Assisted Living Services .** After the opening of our Continuing Care building, we will provide several packages for Assisted Living residents to serve different care needs. The services listed below are included in most care packages but some services may not be available for certain care packages. Further details on the services available at each level of Assisted

Living and additional rights and obligations in Assisted Living will be set forth in the Assisted Living Addendum to the Residence and Care Agreement:

Provision of supervision, verbal cuing and physical assistance, as appropriate for the Resident's designated care package, in the performance of activities of daily living ("ADLs"), including ambulation, personal hygiene, dressing, toileting and eating;  
Prescription evaluation and planning;  
Service plan designed by a care team;  
Medication administration;  
At least three meals per day;  
Regularly scheduled Registered Nurse review and assessment;  
Personal laundry service;  
Weekly Light House-keeping (See Section 15);  
Assistance with Incontinence Care;  
Regular social work team services related to cognitive, behavioral and safety issues;  
Licensed nurse management of chronic/ stable conditions on a regular basis;  
24 hour on-site staff and emergency alert system;  
All Living Unit utilities including these cable/ telephone/ data services:  
    Basic Cable television service (premium channels additional charge);  
    Local, Long Distance and International landline phone service;  
    Wireless internet service;  
Maintenance and insurance of buildings, grounds and equipment;  
Sewage, trash and snow removal from common areas only; and  
Use of all public rooms and common areas of the Community.

**4.3 Memory Care Services.** After the opening of our Continuing Care building, we will provide memory care services for residents to serve different care needs. The services listed below are included in most care packages but some services may not be available for certain care packages. Further details on the services available and additional rights and obligations will be set forth in a contract Addendum to the Residence and Care Agreement:

Provision of supervision, verbal cuing and physical assistance, as appropriate for the Resident's designated care package, in the performance of activities of daily living ("ADLs"), including ambulation, personal hygiene, dressing, toileting and eating;  
Memory Care services/ programming  
Prescription evaluation and planning;  
Service plan designed by a care team;  
Medication administration;  
At least three meals per day;  
Regularly scheduled Registered Nurse review and assessment;  
Personal laundry service;  
Weekly Light House-keeping (See Section 15);  
Assistance with Incontinence Care;  
Regular social work team services related to cognitive, behavioral and safety issues;  
Licensed nurse management of chronic/ stable conditions on a regular basis;



24 hour on-site staff and emergency alert system;  
All Living Unit utilities including these cable/ telephone/ data services:  
    Basic Cable television service (premium channels additional charge);  
    Local, Long Distance and International landline phone service;  
    Wireless internet service;  
Maintenance and insurance of buildings, grounds and equipment;  
Sewage, trash and snow removal from common areas only; and  
Use of all public rooms and common areas of the Community.

**4.4 Nursing Care Services.** After the opening of our Continuing Care building, we will provide the following Covered Services included in the Nursing Fee. Further details on the services available for nursing care will be set forth in the Nursing Admission Addendum to the Residence and Care Agreement:

Nursing care;  
Three meals a day;  
Tray service;  
Individual care plans;  
Planned activities;  
Social work services;  
Laundry services for linens and towels owned by us;  
Housekeeping;  
Nurse/ Resident communication system;  
Security/Safety Officers on duty 24 hours;  
Basic Cable Service (premium channels additional charge);  
All Living Unit utilities including these cable/ telephone/ data services:  
    Basic Cable television service (premium channels additional charge);  
    Local, Long Distance and International landline phone service;  
    Wireless internet service;  
Maintenance of buildings, grounds and equipment;  
Insurance on buildings, grounds and equipment;  
Insurance of the Nursing Unit and all items in the unit, except items owned by Resident;  
Sewage, trash and snow removal from common areas only; and  
Use of all public rooms and common areas of the Community.

## **Section 5. ANCILLARY SERVICES**

**5.1 Services Available through WINDSOR RUN.** In addition to the Covered Services described earlier in Sections 4.1, 4.2, 4.3, and 4.4, we expect to also make the following services available to you subject to availability as noted below. Other services that are not currently listed may also be available. Some of these services may be arranged and coordinated by Windsor Run but delivered by an outside provider depending on demand. We may change the scope of or fees charged for such Ancillary Services only after providing you with thirty (30) days advance notice, except for changes required by State or Federal assistance programs.

Meal Delivery service;  
Housekeeping and laundry service for residents in Independent Living  
Additional housekeeping or additional laundry service for residents in Assisted Living Units or units providing Memory Care Services;  
Extra meals for residents in Independent Living (unless covered by Monthly Meal Credit as defined);  
Guest meals (unless covered by Monthly Meal Credit as defined);  
On-site Fitness Center premium services or classes;  
Personal storage space (limited availability);  
Second Reserved parking space (limited availability);  
Off-campus transportation within a radius determined by us;  
Home support services

**5.2 Services Available through Outside Providers.** We expect to contract or make arrangements with outside providers to provide the following services to you at the Community: visiting physician services through an on-site center; laboratory services; medical supplies; prescription drugs, home health, therapy or rehab services. These services will be provided at an additional fee and will be billed separately by the outside provider. Such services may be covered by Medicare or by resident's other medical insurance. We do not charge any additional fee for use of or access to these outside providers. These services will be phased in as the Community is developed and some services may not be immediately available.

**5.3 Services Not Provided.** We do not provide hospice care, acute hospital care, or any institutional care other than care that is appropriate in an Assisted Living Unit, a unit providing Memory Care Services, or a Nursing Unit, or otherwise covered under the terms of this Agreement. We will assist with any necessary transfers to such facilities; however, you will be responsible for the cost of such care.

## **Section 6. OTHER RESIDENT RIGHTS**

**6.1 Residents' Association.** You have the right to participate fully in a Residents' Association, or other organization of residents by whatever name designated and to meet privately to conduct business.

**6.2 Resident Guests.** You have the right to receive guests and visitors at the Community and to allow such guests and visitors to stay in an Independent Living Unit on a temporary basis, subject to our reasonable policies and procedures for use of the Community. Guest meals (unless covered by the Monthly Meal Credit Plan as defined) will be treated as an Ancillary Service, the costs of which are chargeable to you.

**6.3 Physicians and Other Professionals.** You have the right to select attending physicians and other health care professionals, provided such physicians or other health care professionals shall agree to follow our reasonable policies and procedures and applicable federal and state laws, rules and regulations. You are not required to use any of the on-site physician services.

## **Section 7. ENTRANCE DEPOSIT**

**7.1 Payment of Entrance Deposit.** You will pay or have paid to us a total Entrance Deposit as shown in Section 16 of this Agreement. The payment of the Entrance Deposit may be made in a series of deposits on or before taking occupancy of your Living Unit at the Community. For Joint Residents, the total Entrance Deposit shall be deemed to be a joint asset of the Joint Residents with a right of survivorship and may be used for the care of either Joint Resident.

**7.2 Escrow of Entrance Deposit and Release from Escrow.** The deposits made by you towards the total Entrance Deposit will be held in escrow in a banking institution in North Carolina, acting as an escrow agent. While held in escrow, Entrance Deposits are considered the property of the prospective resident but any interest earned will be for the benefit of Windsor Run. Prior to occupancy of a Living Unit, Entrance Deposits deposited in escrow will be returned to a prospective resident before occupancy: (i) within thirty days of the written request of the Resident; ii) if Resident is precluded from occupying a unit due to death, injury, incapacity, or illness; iii) if Resident is determined to be ineligible for entrance into the community; or iv) upon rescission of the Residence and Care Agreement pursuant to Section 12 of this Agreement.

As new buildings are developed, the escrow agent will release 25% of escrow monies to Windsor Run when 50% of independent living units in a building are pre-sold, permanent financing is secured, and Entrance Deposits plus proceeds of financing equals 90% or more of the costs to construct and equip the facility and provide cash flow funds equal 90% or more of funds needed to fund start-up losses and assure full performance of obligations. Seventy-five (75%) percent of funds can be released to Windsor Run when 75% of independent living units in the building are presold with at least a 10% deposit, construction is complete and units available for occupancy.

When the Entrance Deposit is released in full, we can fully use the Entrance Deposit. We normally use the Entrance Deposits for financing, operational costs, or future refunds for the Community. Appreciation in new Entrance Deposits can generally be used for capital repairs or improvements for the Community, equity distributions, operational costs including rent, and for any reserve funds, but the Entrance Deposits, including refundable, non-refundable and appreciation amounts, may be used for any other required purpose. However, you will retain the right to the UnEarned Refund Amount as discussed in this Section 7. No interest shall be accrued or paid to you on your Entrance Deposit.

**7.3 Adjustments to Entrance Deposit.** You will not be required to pay an additional or increased Entrance Deposit as long as you reside in your original Living Unit. You retain the right to the refund, upon the termination of this Agreement, as discussed in Sections 7.4, 7.5, and 7.6 of this Agreement.

**7.3.1** If you request a permanent transfer from one Living Unit to another Living Unit with a higher Entrance Deposit and we approve the transfer, you must pay to

us an additional deposit for the new Living Unit to which you are transferring. The amount of the additional deposit will vary, depending on market conditions for your current Living Unit and for the desired new Living Unit at the time of the transfer and may be a full second entrance deposit. We will advise you of the additional deposit prior to the transfer and you may then decide whether or not to proceed with the transfer. If you transfer and pay the new deposit, you agree that the new deposit is immediately subject to the original declining balance schedule consistent with your the Occupancy Date of your original Living Unit for purposes of Section 7.5.

**7.3.2** After the Occupancy Date, if you later wish to add a Joint Resident such as a new spouse to your Living Unit (See Section 3.2), the Joint Resident must qualify for residency per Section 1.4 and must be accepted by Windsor Run. If accepted as a Joint Resident in your current Living Unit, there is no additional Entrance Deposit. If the proposed Joint Resident is offered residency in a different Living Unit, then he or she must pay the Entrance Deposit associated with that second Unit.

**7.3.3** You will normally not be entitled to a refund or decrease of the Entrance Deposit due to any temporary or permanent transfer, for whatever reason, during the Term of this Agreement. However, we may make a partial refund of the Entrance Deposit, minus any portion of the Entrance Deposit that we have earned for each month of your residency pursuant to Section 7.5, to you in the following circumstances: 1) You transfer to a smaller Independent Living Unit than the Independent Living Unit which you currently occupy; and 2) the Entrance Deposit for the smaller Independent Living Unit is currently lower than the Entrance Deposit that you originally paid for an Independent Living Unit. In these specific circumstances, we may elect to refund the difference between the current Entrance Deposit for your new Independent Living Unit and the original Entrance Deposit paid by you but minus any portion of the Entrance Deposit that we have earned for each month of your residency pursuant to Section 7.5.

**7.4 Refund of Entrance Deposit within Rescission Period or Prior to Occupancy .**

We shall pay a refund of the Entrance Deposit to you or your representative, as appropriate, if the agreement is terminated within the thirty (30) day rescission period as described in section 12.1 hereof, regardless of whether you occupy the unit. In addition, we shall pay a refund of the Entrance Deposit to you if the agreement is terminated after the rescission right expires but prior to the Occupancy Date as described in section 12.1. We will refund the Entrance Deposit within thirty (30) days following the rescission or the pre-occupancy termination, as the case may be. If one joint resident dies prior to occupancy, the remaining resident may, but is not required to, rescind this agreement. The surviving resident may also request a different living unit and we will refund or charge any difference in the Entrance Deposit between the living units; provided, however, that this election is made in writing at least thirty (30) days prior to occupancy. Per Section 9.1 of this Agreement, we may keep the Application Fee as a reasonable processing charge.

## **7.5 Refund of Entrance Deposit After Expiration of Right of Rescission and Occupancy Date**

**7.5.1 Refund Amount – Termination Within First 48 Months.** If this Agreement is terminated at the election of all Residents in the Living Unit during their lifetime following the thirty day period described in Section 12.1.1 and within and including the first forty-eight (48) months from the original Occupancy Date, we will refund an Unearned Refund amount equal to the Entrance Deposit (i) minus a processing fee of 4% of the Entrance Deposit, and (ii) minus a fee equal to 2% of the Entrance Deposit per month for each month from the original Occupancy Date through the Departure Date (even if such final month is only a partial month). The payment of the refund is subject to Sections 7.5.4, 7.5.5 and 7.6 below.

**7.5.2 Refund Amount –Death of Resident(s) or Death of One Resident, and Subsequent Termination Within First 48 Months.** If (a) either a single Resident or both Joint Residents pass away after the expiration of the thirty day period described in Section 12.1.1 and within and including the first forty-eight (48) months from the Occupancy Date, or (b) One Joint Resident passes away and the surviving Joint Resident terminates this Agreement after the expiration of the thirty day period described in Section 12.1.1 and within and including the first forty-eight (48) months from the Occupancy Date, we refund an Unearned Refund amount equal to the Entrance Deposit (i) minus a processing fee of 4% of the Entrance Deposit, and (ii) minus a fee equal to 2% of the Entrance Deposit per month for each month following the Occupancy Date, including the final month of the term of this Agreement (even if such final month is only a partial month). The payment of the refund is subject to Sections 7.5.4, 7.5.5 and 7.6 below.

**7.5.3 No Refund After First 48 Months.** If this Agreement terminates after the first forty-eight (48) from the Occupancy Date or later, whether due to your choice, our choice, or your death, you will not be entitled to any refund of the Entrance Deposit.

### **7.5.4 Timing of Unearned Refund Payment.**

- a. If you are entitled to an Unearned Refund of a portion of your Entrance Fee pursuant to Sections 7.5.1 or 7.5.2 of this Agreement due to the termination of this Agreement following the Occupancy Date, other than a termination by us under Section 12.3, we will pay the refund within ninety (90) days after you turn in your keys and vacate any Living Unit(s), including parking or storage spaces, which you were occupying on the Departure Date.
- b. If we terminate this Agreement for just cause as set forth in Section 12.3, we will pay you on your Departure Date any Unearned Refund to which you are entitled depending on your months of residency pursuant to this Section 7.5, less a reasonable offset of fees as described in Section 7.6. Any funds that we retain and do not use for such purposes will be refunded to you within 45 days

after you turn in your keys and vacate any Living Unit(s), including parking or storage spaces, which you were occupying on the Departure Date.

**7.5.5 How Unearned Refund is Payable.** If an Unearned Refund is due to you, we will pay the appropriate refund to the duly designated beneficiaries named in your refund form. If there is no refund form on file, then we will refund to you if you leave during your lifetime and to your estate if you pass away as a resident. If one joint resident dies, there will be no refund of any portion of the refund; instead, so long as a surviving Joint Resident continues to reside at the community, the Entrance Fee shall be deemed to have been paid entirely on behalf of the surviving resident to be used for the survivor's care if necessary, and the refund will eventually be paid to the survivor, to the beneficiaries named in the survivor's refund form, or to the survivor's estate.

**7.6 Offset of Unpaid Fees from Entrance Fee Refund.** We may withhold from any Unearned Refund that is payable to you, your estate, or other duly designated beneficiaries such amounts as may be required to pay (a) any unpaid fees or charges for services provided to you at the Community, (b) the refurbishing charges as defined in Section 9.4, and (c) any other amounts to which we are entitled under this Agreement.

## **Section 8. MONTHLY SERVICE PACKAGES**

**8.1 Monthly Service Package.** During the term of this Agreement, you must pay the applicable Monthly Service Package for the Living Unit. As of the date of this Agreement, the applicable Monthly Service Package for Resident's current Living Unit is shown in Schedule I. Monthly Service Package The Monthly Service Package is due and payable each month, in advance, within five (5) days from the date of the monthly invoice; provided, however, that the Monthly Service Package for the month during which you first take occupancy of the Living Unit shall be payable in arrears on a pro-rated basis with the payment of the Monthly Service Package for the first full calendar month occurring during the term of this Agreement. Our acceptance of partial payment of the Monthly Service Package does not constitute a waiver of such outstanding fees and charges unless we agree to a waiver in writing. We may charge interest at a rate of one and one-half percent (1.5%) per month on any overdue amounts.

**8.2 Monthly Service Package for Joint Residents.** Joint Residents occupying the same Living Unit shall pay the appropriate Monthly Service Package for double occupancy of the Living Unit. If Joint Residents occupy different Living Units, both Residents shall each pay the full Monthly Service Package for their respective Living Unit. This fee structure applies to Joint Residents who move to the Community together and to a Resident and a new spouse or other new Joint Resident who are accepted to the Community on different dates.

**8.3 Adjustments to the Monthly Service Package.** The Monthly Service Package may be revised from time to time. We normally use the Monthly Service Package to cover the expenses of providing covered services to Residents but we may use the Monthly Service Package for any other purpose. We generally adjust fees on an annual basis after having evaluated those factors that we perceive to be relevant to the costs associated with operating the

Community and other financial requirements. Normally such changes will be made to become effective on January 1 of the next following calendar year. However, except for changes required by State or Federal assistance programs, we reserve the right, at any time, upon thirty (30) days' notice to you, to adjust the independent living Monthly Service Packages and upon sixty (60) days' notice to adjust the Monthly Service Package or daily rates in Continuing Care to reflect any additional cost or liability for which there is no adequate, budgeted reserve, including, but not limited to, tax liability for real estate taxes relating to the Community, increased operating expenses and inflation. Notice to residents in Assisted Living or units providing Memory Care Services may be less than thirty (30) days only if the adjustment is due to change in your level of care.

**8.4 Monthly Service Package in the Event of a Temporary Transfer.** In the event that you temporarily transfer to another Living Unit in the Community or to an Off-Site Facility, you must pay the Monthly Service Package for your permanent Living Unit in addition to the Monthly Service Package for the temporary Living Unit or the Off-Site Facility, as the case may be. Payment of the Monthly Service Package for your permanent Living Unit assures that such permanent Living Unit will remain available to you during the time of the temporary transfer. The Monthly Service Package for a temporary Living Unit at the Community shall be prorated on a daily basis for the period of the temporary transfer.

During the period of the temporary transfer, your Monthly Service Package for the permanent Living Unit is adjusted as follows: (1) if a single Resident or one Joint Resident transfers, the Monthly Service Package will be reduced by a single Non-Occupancy Credit if applicable and defined in Section 15 of this Agreement, (2) if both Joint Residents transfer from a double occupancy Unit, the Monthly Service Package will be reduced by the two-person Non-Occupancy Credit if applicable, (3) if both Joint Residents transfer, one from a Living Unit and one from another Living Unit, each Resident's Monthly Service Package shall be reduced by the respective Non-Occupancy Credit if applicable.

Upon your return to the permanent Living Unit, you must continue to pay the current Monthly Service Package associated with such Living Unit.

**8.5 Monthly Service Package in the Event of a Permanent Transfer to a Different Living Unit.** If you permanently transfer from one Living Unit to another Living Unit at the Community, you are responsible for payment of the Monthly Service Package, pro-rated and less the Non-Occupancy Credit as applicable, for the vacated Living Unit until you completely vacate, remove all possessions from the vacated Living Unit, and return the keys for the vacated Living Unit to us.

**8.6 Monthly Service Package in the Event of a Termination of Agreement.** If you terminate this Agreement, or if we terminate this Agreement for just cause in accordance with Section 12.3, or if this Agreement should terminate by reason of your death, then you or your estate, as the case may be, shall be responsible for the payment of the Monthly Service Package for the vacated Living Unit, less the Non-Occupancy Credit if applicable, for a period of up to and including ninety (90) days from the date that both of these conditions are fulfilled: (i) you

vacate the Living Unit and remove all possessions, and (ii) you sign a Unit-Release Form for the Living Unit and return your keys. If your vacated Living Unit is re-subscribed by another new resident in less than 90 days, then the Monthly Service Package will end on the Occupancy Date for that new resident.

## **Section 9. OTHER FEES, PERIODIC CHARGES, AND COSTS**

**9.1 Application Fee.** You shall pay or have paid us an Application Fee, as indicated in Section 16, in connection with your application for residence at the Community. If the Agreement is rescinded or canceled prior to occupancy as described in Section 12.1, we will retain the Application Fee as a reasonable service charge, not to exceed the greater of \$1000.00 or two percent (2%) of the Entrance Deposit.

**9.2 Ancillary Services.** During the term of this Agreement, you must pay us the periodic charges for any Ancillary Services (as described in Section 5) provided to you by us. The current periodic charges for Ancillary Services are attached in Schedule I. The charges for Ancillary Services are normally used by us to cover the expense of providing such Ancillary Services but we may use the Ancillary Services charges for any other purpose. We may revise the periodic charges for Ancillary Services that we provide from time to time, and such change shall take effect upon our giving you thirty (30) days' notice of such increase in accordance with the rules and regulations of the Department. The charges which are based on published rates for State or Federal assistance programs (for example, Medicare rates) shall be revised upon the effectiveness of changes to such rates. All Ancillary Services provided by us shall be billed on your monthly statement, and payment is due within five (5) days of your receipt of the monthly statement. Our acceptance of partial payment of the charges shall not constitute a waiver of the outstanding charges unless we agree to a waiver in writing. We may charge interest at a rate of one and one-half percent (1.5%) per month on any overdue amounts.

**9.3 Other Services.** Ancillary Services not provided by us and any other services that you arrange independently shall be billed directly to you, and we are not responsible for payment of or collecting payment for such services.

**9.4 Refurbishing a Vacated Living Unit and Repairing Extraordinary Damage.** Each time that you permanently vacate an Independent Living Unit or Assisted Living, irrespective of the length of time of occupancy, we will perform work to clean, refurbish, and restore that Living Unit. This work will generally include, but is not limited to, cleaning or replacement of carpeting and flooring, spackling and/or painting of walls, removing any customized improvements, replacement of fixtures, or any other appropriate repairs repairing any extraordinary damage, in our sole discretion, to bring the Living Unit back to a like-new condition. The reasonable costs and expenses of this work (the "Refurbishing Charges") are charged as follows:

**9.4.1** If you first entered the Community in an Independent Living Unit and you then permanently transfer from that Independent Living Unit to an Assisted Living Unit, Assisted Living Unit, to a unit providing Memory Care Services, or to a Nursing Unit, we will



cover any portion of the Refurbishing Charges for work that is due to ordinary wear and tear. You will only be responsible to pay the portion of the Refurbishing Charges for work needed to repair any extraordinary damage to the Living Unit. By way of example, such extraordinary damage may include, but is not limited to, material damage to the walls, structures, or fixtures, material damage caused by pets, or material odors, stains, or damage due to smoking in the Living Unit. You must also pay the reasonable costs and expenses of removing any customized improvements that you made to the Living Unit unless we specifically agree in writing to accept those improvements for re-subscription to a new resident.

**9.4.2** If you first entered the Community in an Independent Living Unit and you then permanently leave the Community from an Independent Living Unit, we will cover the Refurbishing Charges for work that is due to ordinary wear and tear. You will only be responsible to pay the portion of the Refurbishing Charges for work needed to repair any extraordinary damage to the Living Unit. By way of example, such extraordinary damage may include, but is not limited to, material damage to the walls, structures, or fixtures, material damage caused by pets, or material odors, stains, or damage due to smoking in the Living Unit, or removing customized improvements. You must also pay the reasonable costs and expenses of removing any customized improvements that you made to the Living Unit unless we specifically agree in writing to accept those improvements for re-subscription to a new resident.

**9.4.3** If your last residence at the Community is a Nursing Unit and you either permanently leave the Community from that unit or you pass away, we will cover the full Refurbishing Charges for the Nursing Unit.

**9.4.4** If you transfer from one Independent Living Unit to another Independent Living Unit, or if you transfer from an Assisted Living Unit or from a unit providing Memory Care Services to any other Living Unit, or if you permanently leave the Community from an Assisted Living Unit or from a unit providing Memory Care Services, you are responsible to pay the full Refurbishing Charges.

**9.5 Medical and Other Insurance.** You must procure and maintain in force at your own cost, the maximum coverage available under Medicare Parts A and B. We may accept documented equivalent coverage if you are not qualified for Medicare or are insured under other adequate programs. We do not provide supplemental insurance. You must also procure and maintain, at your own expense, sufficient renter's insurance coverage against damage or, loss to, or theft of, your personal property maintained at the Community and coverage for personal liability and medical payments should a claim be made or suit brought against you for damages because of a bodily injury or property damage caused. You must provide evidence of such insurance prior to occupancy at our request.

**9.6 Funeral Arrangements and Burial Expenses.** Funeral arrangements and burial expenses are your responsibility. We will not make such arrangements or provide such services.

**9.7 Non-Solicitation of Employees.** We expend significant resources on the hiring, training and development of our employees. Recognizing this expenditure, during the Term of

the Agreement, you agree not to employ any person currently employed by us, either directly or indirectly by hiring the services of any such person through a third party. You also agree not to employ any person formerly employed by us, either directly or indirectly by hiring the services of any such person through a third party, until two years have elapsed from the employee's last date of employment with us. You further agree not to solicit any person employed by us to terminate his or her employment in order to work for you directly or indirectly through a third party.

## **Section 10. FINANCIAL INABILITY TO PAY**

It is our policy not to terminate a resident's occupancy for the resident's financial inability to pay provided that the resident is otherwise in compliance with the terms of such resident's Residence and Care Agreement. To the extent that it is financially feasible, we will assist residents who are unable to pay full Monthly Service Packages by providing financial assistance as described in this Section 10.

To insure that our charitable intentions are equitably allocated for the benefit of as many residents as possible, we require that, in the event that you claim to be unable to make full monthly payment by reason of financial inability, you must take any or all of the following actions, as directed by the Executive Director. We have the right, but not the obligation, to initiate financial assistance if we independently determine that you need financial assistance.

**10.1** We require, in the event you claim to be unable to make full monthly payments by reason of financial inability, you must take any or all of the following actions, as directed by the Executive Director. To qualify for assistance, a resident must otherwise be in compliance with the terms of such resident's Residence and Care Agreement. Our exercise of any rights or remedies under Section 10 due to your failure to pay will not constitute a waiver of any of our other rights or remedies, including our right to terminate this Agreement.

**10.2** If your sources of funds, including expenditures of principal and the guaranty, if any, are inadequate for you to make the payments required under this Agreement, you must file with the Executive Director, on appropriate forms provided by the Executive Director, a Statement of Financial Inability to Pay. As part of the Statement of Financial Inability, you must disclose your remaining available assets and income. The Executive Director will review your financial position to determine the existence of any outside assets, including any guaranty agreements, which may first be spent for your care.

**10.3** If you have outside assets other than the Entrance Deposit, the Executive Director will establish a Spending Plan for you to spend the outside assets and to obtain assistance from other available means. As part of the Spending Plan, you shall assign to us any health-related insurance benefits and any benefits under any governmental insurance or assistance program (including Medicare) that you receive, until the amount we have received equals the aggregate charges for the care and services that you have received, based upon the Community's standard rates. If you fail to cooperate with the Spending Plan for the outside assets, such failure may

constitute just cause for termination of the Agreement due to non-payment of fees in accordance with Section 12.3 of this Agreement.

**10.4** Upon completion of the Spending Plan, and when we have fully earned the Entrance Deposit as described in Section 7.5 per each month of your occupancy, you may qualify for assistance from the resident benevolent care fund when established and to the extent that it is financially feasible. If you are approved for such assistance, the Executive Director shall inform you of the amount which the resident care fund will contribute to the monthly fees and the amount which you must contribute to the Monthly Service Package.

**10.5** If requested by us, you will transfer to an alternate Living Unit at the Community if and when available.

**10.6** You will provide periodic statements of financial condition and copies of income tax returns as the same may be requested from time to time by us. You will notify us of any and all assets acquired by you through any means thereafter, and you will assign or pay such property received to us in an amount equivalent to the total outstanding charges and fees, owed by you.

**10.7** At present, we are not authorized to accept Medicaid for payment of Monthly Service Packages for any Living Units. If in the future we are able to accept Medicaid as a payment source, then you agree to also apply for Medicaid if you can qualify. When you are notified by the Executive Director approximately three months before the projected depletion of your remaining un-earned Entrance Deposit, you agree to immediately apply for Medicaid if available. You also agree to execute any and all documents necessary to make and perfect such claims or rights.

## **Section 11. TRANSFERS**

**11.1 Temporary and Permanent Transfers.** For purposes of this Agreement, a temporary transfer is a transfer of an anticipated finite duration. During a temporary transfer, your permanent Living Unit shall remain available to you as long as you continue to pay the Monthly Service Package in accordance with Section 8.4. A permanent transfer is a transfer of indeterminate duration. During a permanent transfer, you will be requested to release the Living Unit. After a permanent transfer, if you are able to qualify to return to the Living Unit previously occupied at the Community or to a different, medically appropriate Living Unit at the Community, you shall have the right to occupy the Living Unit subject to the availability of such Living Unit, subject to our approval.

**11.2 Transfer at the Election of Resident.** You may elect to transfer, on a temporary or permanent basis, to an alternate Independent Living Unit, an Assisted Living Unit, to a unit providing Memory Care Services, Nursing Unit or an Off-Site Facility by giving notice to us. All transfers within the Community shall be subject to the availability of the elected alternate Living Unit and subject to our approval which may include a financial review.

**11.3 Transfer at the Election of WINDSOR RUN - Non-Emergency.** All decisions regarding a transfer of any resident, except for emergency transfers, shall be made by a committee consisting of the Executive Director (or his or her designee) and the Medical Director (or his or her designee) (collectively referred to as the “Committee”). The Committee will consult with you or your legal representative. If you have a Guarantor or ombudsman, such person also will be consulted if you so request. We attempt to interact with you or your representative with the goal of achieving a consensus on the need for a transfer although a consensus is not always achieved.

You will not be transferred, temporarily or permanently, to a different Living Unit unless (1) in the opinion of the Committee, such transfer is deemed appropriate for the protection of your health and/or safety or the general and/or economic welfare of other residents, (2) in the opinion of the Committee, the transfer is deemed necessary due to financial inability to pay the Monthly Service Package, or (3) in the case of a permanent transfer to an Off-Site Facility that provides treatment for mental disorders, the need for such transfer is certified by two physicians or one physician and one psychologist. If you are transferring due to event (1) or (3) listed above and the Living Unit is occupied by a Joint Resident, the remaining Joint Resident may continue to occupy the Living Unit.

The Committee shall give you thirty (30) days advance written notice of the proposed transfer. You or your representative shall notify us of any objection to the permanent transfer within ten (10) days of receipt of the notice. If you or your representative do not consent to the transfer, the Committee may, in its discretion and in lieu of a transfer, require Ancillary Services be provided to you if a higher level of care is deemed appropriate in the opinion of the Committee for the protection of your health and safety or the welfare of other residents. If you or your representative do not consent to either the transfer or the provision of Ancillary Services, we may consider such refusal to constitute just cause to terminate the Agreement in accordance with Section 12.3 hereof.

**11.4 Transfer at the Election of WINDSOR RUN - Emergency.** If your health and safety or the health and safety of other residents require immediate action, the Executive Director with the approval, if reasonably obtainable, of the Medical Director, may transfer you from your current Living Unit to a different Living Unit or an Off-Site Facility, on a temporary or permanent basis. Emergency circumstances arise when there is a danger of immediate, irreparable harm to your health and safety or to the health and safety of other people at the Community. In the event that you are required to be transferred to Continuing Care at Windsor Run during a period that you are suffering from legal incompetency, you agree to be bound by the terms of the Agreement in effect at the time of such transfer.

**11.5 Use of Living Unit.** In the event of a temporary transfer, whether at your election or at our election, your prior Living Unit will remain available to you as long as you continue to pay the Monthly Service Package for the permanent Living Unit in accordance with Section 8.4 hereof.

In the event of a permanent transfer, whether at your election or our election, you or your representative shall sign Living Unit Release Transfer form unless you are one of Joint Residents and the other Joint Resident remains in the Living Unit. After receipt of notice of permanent transfer, you shall take all reasonable steps to vacate the Living Unit before the date set for the transfer. You or your representative shall then be responsible for vacating the Living Unit and removing all personal possessions from the Living Unit. We shall have the right to show the Living Unit to interested applicants as of the Departure Date indicated in the Unit Release Form.

If you fail to vacate the Living Unit by the indicated Departure Date or, in the event of a transfer by us, within sixty (60) days from the notice of transfer, we shall have the right to store your possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at your expense, until disposition thereof can be made. We assume no responsibility for your stored possessions.

## **Section 12. TERMINATION**

**12.1 Termination Within Rescission Period or Prior to Occupancy.** Either party may terminate the Agreement in the following circumstances:

**12.1.1** You may rescind this Agreement within thirty (30) days of the later of the date you received the Windsor Run Disclosure Statement or the date you executed this Agreement (you are not required to move into the Living Unit before the expiration of the later thirty (30) day period). However, should you elect to occupy the Living Unit prior to the expiration of the thirty (30) day rescission period, such occupancy shall not be considered a waiver of the rescission period;

**12.1.2** Your Agreement will be automatically canceled if you die before occupying the Living Unit or are precluded from occupying the Living Unit due to illness, injury, or incapacity; or

**12.1.3** We elect to terminate the Agreement if it is determined that you are ineligible for entrance into the Community.

If the Agreement is rescinded or terminated as provided in this Section 12.1, you shall receive a refund of the Entrance Deposit as described in Section 7.4. You will not receive a refund of any costs specifically incurred by us at your request as set forth in a separate written addendum, signed by both parties. You shall not receive a refund of any Monthly Service Package related to your actual occupancy of the Living Unit.

**12.2 Termination by Resident.** After occupancy and after the expiration of the rescission period described in Section 12.1.1, you may terminate this Agreement at any time and for any reason by giving thirty (30) days' written notice to us of your intention to terminate. The notice may be given by you or by the person who provided the transfer of property or funds for your care in which case you are bound by that decision. The Agreement will also terminate upon

the death of a single Resident or all Joint Residents in the Living Unit. If one Joint Resident dies and the other Joint Resident remains in the Living Unit, the Agreement shall not be terminated.

**12.3 Termination by WINDSOR RUN.** Our decision to terminate this Agreement shall be made by the Executive Director of the Community. We may not terminate this Agreement without good cause. “Good cause” is defined as: (i) non-payment of Fees including non-payment of the Entrance Deposit; (ii) a good faith determination in writing, signed by the Executive Director and Medical Director of the Community, that you are a danger to yourself or others while remaining in the Community; (iii) repeated conduct by you that interferes with other residents’ quiet enjoyment of the Community; (iv) persistent refusal to comply with reasonable written rules and regulations of the Community; (v) a material misrepresentation made intentionally or recklessly by you in your application for residency, or related materials, regarding information which, if accurately provided, would have resulted in either your failure to qualify for residency or a material increase in the cost of providing care and service to you under the Agreement; or (vi) your material breach of the terms and conditions of this Agreement.

Except for termination due to non-payment of fees, we will give you sixty (60) days written notice of the termination and the reason for termination. In the event of non-payment of fees, we will give you written notice that you are in default under this Agreement for non-payment of fees. We may charge you interest on the overdue amount of one and one-half percent (1 ½ %) per month. If you fail to make full payment of all outstanding fees and charges within thirty (30) days of receipt of the notice, we may, at our election, terminate the Agreement upon an additional thirty (30) days’ notice and offset the overdue fees and charges against the Un-Earned Refund Amount, if any. Our acceptance of partial payment of the fees does not constitute a waiver of the outstanding fees and charges unless we agree to a waiver in writing.

**12.4 Vacating the Living Unit.** Upon termination of the Agreement either at your election, our election, or due to your death, you or your representative, shall sign and give to us Unit Release Form advising of your Departure Date. You or your representative shall then be responsible to vacate the Living Unit and to remove all personal possessions from the Living Unit. We shall have the right to show the Living Unit to interested applicants as of the date indicated in the Unit Release Form.

If you fail to vacate the Living Unit by the indicated Departure Date or, in the event of a termination by us within the required time for the notice of termination as provided in Section 12.3, we shall have the right to store your possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at your expense, until disposition thereof can be made. We assume no responsibility for your stored possessions.

## **Section 13. RIGHTS OF WINDSOR RUN**

**13.1 Community Rules and Regulations.** We shall have the right to promulgate reasonable rules and regulations governing the conduct of the residents and to thereafter revise such rules and regulations. You agree and acknowledge that you have received such rules and regulations including those in our current Resident Handbook (as they may be further amended).

You will enjoy the fullest measure of independence consistent with the accommodation in which you live, subject, however, to the limitations of our reasonable rules and regulations now or hereafter adopted for the conduct and care of all residents. You hereby agree to abide by all such rules and regulations (as in effect from time to time), and generally to conduct yourself in such a manner as to promote the peace and harmony of the Community.

**13.2 Access to Living Units at the Community.** You acknowledge and accept our ability and authority to enter the Living Unit in order to carry out the purpose and intent of this Agreement and you hereby authorize such entry. Such entry includes (1) performance of authorized housekeeping duties; (2) response to medical emergencies; (3) responses to fire protection systems; (4) entry by authorized personnel in the event that you are reported missing or have not responded to a call; (5) scheduled maintenance activities; (6) to fix, repair, maintain, or update building elements in common which would include plumbing, drywall, electrical system, HVAC, or similar and (7) enforcement of the Community's policies and procedures. We acknowledge and respect your right to privacy and agree to limit uninvited entry into the Living Unit at the Community to the situations set forth in this paragraph.

**13.3 Property Rights.** You acknowledge that, except as expressly set forth in this Agreement, the rights and privileges granted by this Agreement do not include any right, title, lease, or any other interest in any part of the personal property or real property - including land, buildings and improvements - owned, leased or administered by us. Your rights are limited to the rights provided in this Agreement for services and the occupancy of the Living Units. Except for your right to occupy the Living Unit, any rights, privileges or benefits under this Agreement shall be subordinate to any mortgage or deed of trust or leasehold interest on any of the premises or interest in our real and personal property, to all amendments, modifications, replacement or refunding, of any such mortgage or deed of trust or leasehold interest, and to such reasonable rules and regulations governing the use of the property as shall from time to time be imposed by us. You hereby agree, upon our request, to execute and deliver any document which is required to this effect by us, or by the holder of such mortgage or deed of trust or leasehold interest to effect such subordination or to evidence the same, and appoint WINDSOR RUN as your attorney-in-fact to accomplish that purpose.

**13.4 Limitation of Liability.** You agree that we, along with our sole member/owner, any subsidiaries, our management company, and all of their members, directors, officers, and employees, are not responsible for the loss of any of your personal property due to theft or any other cause. Liability for damage to or loss of your personal property shall be limited to damage or loss caused by negligent acts or omissions of our employees acting within the scope of their employment.

**13.5 Unauthorized Transfers of Property.** The financial information which you submitted is a material aspect upon which we reasonably relied in determining your qualifications for becoming a resident of the Community. Being able to meet the financial criteria to become a resident helps assure the financial stability of this Community. In determining financial criteria for residency, we consider the applicant's reported income and assets in light of the Community's current and future commitments and obligations.

Furthermore, we are committed to take every reasonable step to assist residents who have depleted those assets through normal living expenditures so that he or she may continue to remain as a resident of the Community. However, in order to protect us from a situation wherein a resident divests him/herself of those assets for the purpose of qualifying for assistance or reduction of Monthly Service Packages, you hereby agree not to divest yourself of, to sell, or transfer any assets or property interests (excluding expenditures for your normal living expenses) that reduces the assets that you or your representative disclosed as available assets for you on admission, without having first obtained our written consent.

**13.6 Religious Affiliation and Sponsorship.** Windsor Run is a for-profit limited liability company. Windsor Run is not affiliated with any religious organization.

**13.7 Non-Smoking Policy.** You agree to abide by our prohibition against smoking including vaping or e-smoking in the Living Unit, including balconies or patios, and in common areas. You guests, or contractors are also prohibited from smoking, including vaping or e-smoking, in the Living Unit or in the common areas of the Community. You further understand that we may consider your failure to abide by the non-smoking policy as cause to terminate the Residence and Care Agreement.

#### **Section 14. MISCELLANEOUS PROVISIONS**

**14.1 Documents Incorporated by Reference.** This Agreement includes the Priority List Application for residence, the Financial Information Form, the Resident Profile, including Resident's medical records, if any, a Key Receipt form, and the Refund Form. This Agreement may include a Promissory Note, a Guaranty Agreement, a Power of Attorney for property disposition, an Advance Directive, Appointment of Health Care Agent, or Living Will, and your medical insurance documentation, all of which documents are incorporated by reference and made a part of this Agreement (see Schedule II attached hereto). You acknowledge that we will rely on your statements in these documents and you warrant that all statements are true and complete to the best of your knowledge, information and belief.

**14.2 Rules of Construction.** In this Agreement, the masculine, feminine and neuter genders shall be construed to be interchangeable and shall include one another to the extent that such context is necessary to provide a logical or meaningful construction of the text. Similarly, the singular and plural shall be interchangeable and shall include one another to the extent that such context is necessary to provide a logical or meaningful construction of the text. Section captions are for ease of reference only.

**14.3 Non-waiver.** The failure of any party in any one or more instances to insist on the strict performance, observance or compliance by the other party with any of the terms or provisions of this Agreement, shall not be a continuing waiver thereof nor construed to be a waiver or relinquishment by a party of its rights to insist upon strict compliance by the other party with all of the terms and provisions of this Agreement.



**14.4 Entire Agreement.** This Agreement, the documents referenced in Section 14.1, and the terms of the Disclosure Statement in effect for the Community, represents the entire agreement between us, you and Guarantor, if any, and supersedes all prior Agreements and negotiations. Except as contained herein or in any contemporaneous, written agreements, there are no promises or agreements between the parties.

**14.5 Amendment.** This Agreement shall be amended only in writing, signed by you and us.

**14.6 Disclosure Statement.** You hereby acknowledge that you received the latest disclosure statement of Windsor Run prior to signing this Agreement or before transferring any money to Windsor Run, whichever is earlier, and that you have reviewed such statement.

**14.7 Severability.** The invalidity or unenforceability of any provision of this Agreement or the application of any such provision, shall not affect or impair any other provisions or the validity or enforceability of the remainder of this Agreement, or any application of any other provision of the remainder of this Agreement; however, you, to the extent provided by law, retain the right to rescind this Agreement if any provision is in violation of the laws of the State of North Carolina, as amended from time to time.

**14.8 Paragraph Headings.** Paragraph headings are added solely to aid in the review of this Agreement and are not to be construed to affect the interpretation of this Agreement.

**14.9 Venue.** All parties to this Agreement, including you, us, and any Guarantor(s), if any, agree that venue for any action for the enforcement, construction, rescission, termination of, or any action arising out of this Agreement shall only be in Mecklenburg County, North Carolina. All parties agree that the filing of any action may include a request for an expedited hearing.

**14.10 Assignment.** In the event that we or any of our successors or assigns shall give Resident notice that any or all of our rights, duties and obligations have been assigned to a new person or entity certified as a continuing care provider under the laws of North Carolina by the North Carolina Department of Insurance to provide services to residents of the Community, you agree to recognize such new person or entity as the provider under this Agreement, to the extent of such assignment.

**14.11 Electronic Signatures & Counter-Parts.** Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Agreement shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Agreement may sign separately in several counter-parts, all of which together shall constitute one and the same Agreement.

## **Section 15. DEFINITIONS**

Whenever the following words or phrases appear in this Agreement beginning with a capital letter, these definitions shall apply:

**Act:** The North Carolina Continuing Care Retirement Community Regulation and Financial Disclosure Act, as the same shall be amended and in effect from time to time hereunder.

**Agreement:** This document, including all exhibits, supplements, amendments or addenda, as signed by us, you, and Guarantor, if any.

**Ancillary Services:** Those services specified in Section 5 of this Agreement which either we provide or are provided by approved outside providers, the cost of which is not included in the Monthly Service Package. Periodic charges for Ancillary Services may be changed from time to time by us as specified in Section 9.2 or by the outside providers.

**Application Fee:** The fee payable when you submit an application for residency at the Community or for a position on the futures or standby list.

**Assisted Living Unit:** Accommodations for residents who need a higher level of care and more daily assistance than is available in an Independent Living Unit, but who need a lesser degree of medical care, personal care and service than is provided in the Nursing Units.

**Community:** The physical site and structures which we operate as a retirement community in Matthews, North Carolina.

**Continuing Care at Windsor Run:** The Community building in which the Assisted Living Units, units providing Memory Care Services, and Nursing Units will be situated. The Continuing Care facility will be licensed on completion for assisted living, memory care, skilled and intermediate nursing care but will not be licensed to provide chronic or acute hospital care or other institutional care. Such services, if required by you, are not services covered under the scope of this Agreement.

**Covered Services:** Those services specified in Section 4 of this Agreement which we make available for the applicable Monthly Service Package.

**Departure Date:** The date on which you or, in the event of your death, your personal representative or family, vacates the Living Unit after providing us with a signed Unit Release Form, removing all possessions from such Living Unit, and turning in the Living Unit keys. If you or your personal representative or family do not timely provide us with a signed Unit Release Form, remove the possessions, or turn in the keys, the Departure Date shall be the date on which we remove all possessions from the Living Unit and places them in a general storage area at the Community or in a commercial storage facility, all at your expense, until disposition thereof can be made. We assume no responsibility for your stored possessions.

**Entrance Deposit:** The Entrance Deposit required to be paid to us on or before the Occupancy Date as set forth in Section 7.1 of this Agreement, as may be modified, which Entrance Deposit is generally paid in a series of deposits.

**Executive Director:** The chief administrative officer of the Community appointed as such by WINDSOR RUN.

**Guarantor:** Any person or persons who guarantee your obligations to pay the Monthly Service Package or any other fees or periodic charges payable by you under the terms of this Agreement.

**Independent Living Unit:** Living accommodations at the Community for a resident who is able to live independently within our guidelines.

**Joint Residents:** Two or more residents who reside together in a particular Living Unit.

**Living Unit:** An Independent Living Unit, Assisted Living Unit, a unit providing Memory Care Services, or Nursing Unit.

**Medical Director:** A licensed physician whom we officially designate as the person responsible for the direction and control of medical services offered at the Community.

**Memory Care Services:** Services or programming for a resident who is unable to perform normal functions necessary to live in an Independent Living Unit and needs programming for dementia or similar memory care disorders but who needs a lesser degree of medical care, personal care and service than is provided in a Nursing Unit.

**Monthly Meal Credit Plan:** The standard meal plan for residents in Independent Living Units. Each Resident has a monthly meal credit which allows purchase of one standard meal per day in the calendar month with a declining monetary balance as the credit is used. In addition to offering premium meals, the community will always have a selection of meal offerings at the standard daily credit amount. You may use the meal credit on a daily basis or as otherwise desired through the calendar month until the allowance is exhausted for that calendar month. The meal credit may also be used by you for guest meals during the calendar month. At the beginning of each calendar month, you receive a new credit for that new month. If you do not use the all of the meal credit within the calendar month, any unused portion is forfeited, does not carry over to the next month, and no credit will be due to you.

**Monthly Service Package:** The fee payable with respect to a particular Living Unit as specified in Section 8.1 hereof, which fee includes the Covered Services specified in Section 4 hereof. Monthly Service Packages may be adjusted as provided in Section 8.3 hereof.

**Non-Occupancy Credit:** You may receive a Non-Occupancy Credit to reduce your Monthly Service Package when you are, or if one of Joint Residents, then the Joint Residents are,

transferred temporarily to a different Living Unit. You may receive a Non-Occupancy Credit upon request in other circumstances in the sole discretion of the Executive Director. The current Non-Occupancy Credit is provided on Schedule I, Fee Schedule. Adjustments to and policies concerning the Non-Occupancy Credit are made by us in our sole discretion. Credit is given based on the required consecutive days of absence.

**Notice:** For the purposes of this Agreement, notice shall be deemed to have been given to you when deposited in your community mailbox or personally delivered to you, and given to WINDSOR RUN when either personally delivered or delivered with return receipt to the office of the Executive Director at the Community and to General Counsel at the corporate office situated at 701 Maiden Choice Lane, Baltimore, Maryland 21228. If you have not yet taken possession of the Living Unit, then notice to you shall be given by first-class mail, postage pre-paid, to your last known address and such notice shall be deemed to be effective on the third day following such mailing. If you have been transferred to an Off-Site Facility, notice shall be given by first-class mail, postage pre-paid, to you at such Off-Site Facility and shall be deemed to be effective on the third day following such mailing.

**Nursing Unit:** Accommodations for residents who are unable to perform those functions necessary to live in an Independent Living Unit or an Assisted Living Unit or unit providing Memory Care Services and who need the degree of medical care, personal care and service that is provided in the Nursing Center.

**Occupancy Date:** The date on which you are authorized by WINDSOR RUN to take possession of a Living Unit. On this date, you are allowed access to move belongings or to personally inhabit the Living Unit pursuant to this Agreement. Delivery of keys to you shall be deemed authorization to take possession.

**Off-Site Facility:** Any housing or health care facility not located within the Community and which is neither owned nor operated by WINDSOR RUN.

**Refund Form:** An agreement signed by you, when accepted by us, designating to whom the Un-earned Refund Amount shall be made upon termination of this Agreement.

**Refurbishing Charges:** The reasonable costs and expenses of work performed to clean, refurbish, and restore that Living Unit after a resident permanently vacates the unit. This work will generally include, but is not limited to, cleaning or replacement of carpeting and flooring, spackling and/or painting of walls, removing any customized improvements, replacement of fixtures, or any other appropriate repairs repairing any extraordinary damage, in our sole discretion, to bring the Living Unit back to a like-new condition. It is intended that the Living Unit shall be restored to the condition that it was in before it was occupied by the recent resident. The determination as to the extent of refurbishment shall be established by the Executive Director.

**Repairing Extraordinary Damage:** By way of example, such extraordinary damage may include, but is not limited to, material damage to the walls, structures, or fixtures, material

damage caused by pets, or material odors, stains, or damage due to smoking in the Living Unit. You must also pay the reasonable costs and expenses of removing any customized improvements that you made to the Living Unit unless we specifically agree in writing to accept those improvements for re-subscription to a new resident. The extent of refurbishing is determined by WINDSOR RUN, in our sole discretion to put the Living Unit into like-new condition.

**Reserved Parking Space:** For residents in Independent Living, Windsor Run will provide one designated parking space per Independent Living Unit for your personal vehicle. Your right to use the reserved parking space will terminate when you move to a higher level of care or when the Agreement terminates for any reason. An additional parking space may be designated for another personal vehicle at an additional fee subject to availability.

**Resident/ You:** Each person designated by name in the first paragraph of this Agreement, who is a party to this Agreement.

**Spending Plan:** A plan set forth by the Executive Director of the Community in the event that you are financially unable to pay your Monthly Service Packages.

**Un-Earned Refund Amount:** The difference between the total Entrance Deposit paid by you and the amount credited to/ earned by Windsor Run during your residency per Section 7.5 of this Agreement. For purposes of any Refund, the Un-Earned Refund Amount will be calculated as of the month of your Departure Date from the Community (even if such final month is only a partial month).

**Weekly Light Housekeeping:** Residents in Independent Living Units may request housekeeping for an ancillary fee. For Assisted Living Units and units providing Memory Care Services, as part of the Covered Services, Windsor Run will perform weekly light housekeeping which generally includes vacuuming carpet/ floors, light dusting and wiping down bathrooms and kitchenette (if available). The extent of such services and the weekly schedule are determined by us and may be revised from time to time with appropriate notice. You are responsible for day-to-day housekeeping to maintain your Living Unit in a sanitary and orderly condition. Additional housekeeping services, including annual or seasonal deep cleaning services, are available upon request for an additional fee.

**Windsor Run (We/ Us):** Windsor Run, LLC.

**Section 16. FEES.** You are responsible to pay the listed Application Fee, Entrance Deposit and Monthly Service Package on or before the Occupancy Date. The Entrance Deposit, the Monthly Service Package, and the Ancillary Fees may be revised as provided in Section 7.3, Section 8.3, and Section 9.2 respectively.

Total Entrance Deposit for Unit: \$ \_\_\_\_\_ consisting of:

Priority List Deposit	\$1,000
Reservation Deposit(s):	\$ _____
The Signing Deposit:	\$ _____ (bringing total to 10% of Entrance Deposit including previous deposits);
The Final Deposit:	\$ _____ (remaining portion of Entrance Deposit)

Current Monthly Service Package for Unit: \$ \_\_\_\_\_ per month

Current Monthly Service Package Level: Independent Living \_\_\_\_\_ Assisted Living \_\_\_\_\_  
(check one) Memory Care \_\_\_\_\_ Nursing \_\_\_\_\_

Current Application Fee: \$ \_\_\_\_\_ per applicant

Current Ancillary Fee Schedule: See Schedule I

**SIGNATURES**

IN WITNESS WHEREOF the parties have hereunto set their hands on the date appearing next to their respective signatures.

**WINDSOR RUN, LLC**

Witness	By: _____	Date
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Witness	Resident	Date
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Witness	Resident	Date
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If applicable: Guarantors: I (We) \_\_\_\_\_ have read and understand the provisions of this Agreement and by signing my (our) name(s) below, agree to guaranty Resident’s obligations incurred under this Agreement in accordance with the Guaranty Agreement.

Witness	Guarantor	Date
---------	-----------	------

Witness	Guarantor	Date
---------	-----------	------

Schedule I  
Windsor Run - Periodic Charges for Ancillary Services

Service	2023 Rate
Non-Occupancy (Independent Living) Credit for Absences per resident, per day (starting on 31st consecutive night)  Note: the Non-Occupancy Credit does not apply to residents in Assisted Living, Memory Care or Nursing Care.	\$12.00
Additional Mailbox Key	\$15.00
Additional car transponder	\$35.00
Additional or replacement Apartment Badge	\$25.00
Badge for Resident Family & Friends Program	\$25.00
Badge for Resident Guest	\$30.00
First Car Reserved Parking Space (Ind. Living) (resident registered car only)	No. Add. Fee
Second Car Reserved Parking Space (Monthly if available) (resident registered car only)	\$75.00
Reserved Carport parking (Monthly if available) (resident registered car only)	\$50.00
Storage Bin (Monthly if available)	\$15.00
Maintenance Service per hour	\$56.00
Grounds Service per hour	\$56.00
Housekeeping per hour	\$50.00
Computer Services (first 30-minutes) Each additional 15 minutes	\$45.00 \$15.00
Emergency Pendant (1-time fee) Emergency Pendant Monthly Fee	\$50.00 \$20.00
Guest Suite	\$130.00
Transportation	
Premium TV Service	No add Fee
Personal Training 30 minute	\$20.00
Personal Training 30 minute – in apartment	\$25.00
Personal Training five 30 minute sessions	\$75
Virtual Fitness Programs (digital)	Included



Service	2023 Rate
Specialty Health Club Group Fitness Classes	Add Fees Apply
Sales Tax	When Applicable

Ancillary fees in continuing care are available on request.

## Schedule II

### Documents Incorporated

- A. Priority List Application
- B. Financial Information Form
- C. Resident Profile
- D. Refund Form
- E. Club Membership Application
- F. Key Receipt Form
- G. Promissory Note and Allonge to Promissory Note
- H. Custom Interiors Agreement (if any)
- I. Guaranty Agreement (if any)
- J. Unit Release forms
- K. Power of Attorney for property disposition (if any)
- L. Advance Directive, Appointment of Health Care Agent, or Living Will (if any)
- M. Resident's medical insurance documentation (if any)

COMMON SCHEDULE II DOCUMENTS

A. Priority List Application

# Windsor Run PRIORITY LIST APPLICATION

I hereby make application for a secured position on the **Windsor Run Priority List**.

**Priority Date:** \_\_\_\_\_

*(To be completed by sales counselor. Priority date is determined by the date this application is received at the Sales and Information Office.)*

As you join the Priority List, we ask that you further designate whether you wish to be on the "Standby" or "Futures" part of the Priority List. Both designations maintain your same, all-important priority date. If you would like to review available apartment homes when selections are available for reservation, please designate "Standby Priority." Our sales counselor will call you as soon as the type of apartment home you specify is available. If you are not sure when you would like to move, please designate "Futures Priority."

**RESERVATION**

I am reserving the following apartment home:

Apartment # \_\_\_\_\_

**STANDBY PRIORITY**

I would like to move to the next available apartment home that meets my preferences.

**FUTURES PRIORITY**

I wish to establish my priority status with the intent of moving at a later date.

**My living accommodation preference:**

ONE BEDROOM

ONE BEDROOM & DEN

TWO BEDROOM

OTHER \_\_\_\_\_

NAME \_\_\_\_\_ DATE OF BIRTH \_\_\_\_\_

MARITAL STATUS \_\_\_\_\_

NAME \_\_\_\_\_ DATE OF BIRTH \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

PHONE \_\_\_\_\_ EMAIL \_\_\_\_\_

WERE YOU REFERRED BY ANYONE? \_\_\_\_\_

**Please sign this application and return it with your check to Windsor Run.  
A copy will be returned to you for your records.**

APPLICANT(S) \_\_\_\_\_ DATE \_\_\_\_\_

APPLICANT(S) \_\_\_\_\_ DATE \_\_\_\_\_

WINDSOR RUN \_\_\_\_\_ DATE \_\_\_\_\_

Please enclose one check for:

**(1)** The fully refundable \$1,000 deposit. **(2)** A \$150-per-person application fee.

**Make your check payable to:** Windsor Run

**Mail to:** Windsor Run Sales and Information Office, 2030 Windsor Run Lane, Matthews, NC 28105

# Windsor Run PRIORITY LIST APPLICATION

## Conditions of the Priority List Agreement

- 1) Your status on the Priority List is determined by your priority date with earlier dates having higher priority. Paying the refundable Priority Deposit and the application fee will ensure that you are placed on the list based on the day the Sales and Information Office receives your application.
- 2) If you wish to move from the Priority List to an apartment home reservation, you will not need to complete another application or pay another Priority List deposit or application fee. You will need to pay an additional reservation deposit, which is always refundable as per the Residence and Care Agreement.
- 3) Prior to moving to Windsor Run, applicants must complete the admissions process, which includes financial and health/service screenings. Windsor Run reserves the right to determine if the community offers appropriate care and services for the applicant. Windsor Run may offer conditional approval or may offer a different residence than the applicant's preference.
- 4) Joining the Priority List does not ensure that the amount of the Entrance Deposit will not change before the applicant enters the community. Reserving an apartment does ensure that the Entrance Deposit for that specific apartment will not change if the applicant enters the community within the requisite time frame.
- 5) Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this application/agreement shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. This agreement may be signed in counterparts, all of which together constitute one agreement.

## Reservation Deposit Agreement

- 1) Your \$1,000 Priority List deposit and any additional deposits will be applied in full toward your Entrance Deposit as you begin your move to Windsor Run. This Reservation Deposit Agreement is a binding agreement that can be cancelled as stated below.
- 2) All deposits will be returned to you: (a) within 30 days of a written request; (b) if you are determined to be ineligible for entrance into the community; or (c) if you rescind the Residence and Care Agreement within 30 days of execution of the Agreement or receipt of a Disclosure Statement which meets the requirements of N.C.G.A. Chapter 58, Article 64, whichever is later and regardless of occupancy. In addition, all deposits are returned when this agreement is automatically cancelled due to your death, illness, injury, or incapacity that would preclude you from occupying a living unit in the community under the terms of the contract. All deposits will also be returned if the facility is not constructed or the apartment does not meet the specifications in the Disclosure Statement received by the applicant.
- 3) As you complete your move to Windsor Run, all of your deposits toward the Entrance Deposit will remain in escrow until (a) the deposit is returned to you as described in Section 2 above; or (b) the escrow agent releases the Entrance Deposit to Windsor Run as permitted by state law and/or the escrow agreement.
- 4) Any interest earned on deposits in escrow will be used for the benefit of Windsor Run.
- 5) Your \$150-per-person application fee is a one-time, nonrefundable fee. The application fee is refundable only if you exercise the right of rescission described in Section 2(c) above, but Windsor Run may retain the application fee as a reasonable service charge if it does not exceed two percent (2%) of the Entrance Deposit.



**Windsor Run**

BY ERICKSON SENIOR LIVING®

2030 Windsor Run Lane  
Matthews, NC 28105  
WindsorRunCommunity.com



13804744

B. Financial Information Form

**FINANCIAL INFORMATION FORM  
CONFIDENTIAL**

Note: The following questions will be discussed at the financial appointment. If you would like to answer below, please feel free to do so.

Additional Questions	Detailed Answer (Name, Amount, Valuation Date, Etc.)
1. Please provide details for joint account holders/joint asset holders (such as children, POA, other family members) for assets listed in "Assets" section.	
2. Other than personal liabilities listed above, have you cosigned/guaranteed anyone else's debts?	
3. In the last 5 years, have you transferred any of your assets worth more than \$20,000 to others? If so, please describe the circumstances and the value received by others. Also, what is the value, if any, you received back?	
4. Do you regularly make monetary gifts or provide regular monetary support to family members, friends, favorite charities, or other programs?	
5. Do you plan on making significant future monetary gifts in addition to the above?	
6. In the last 10 years, have you filed for protection from creditors or been judged bankrupt?	
7. In the last 5 years, have you loaned money to family/friends and have money owed back to you as the lender?	

Resident Name: \_\_\_\_\_ Current Date: \_\_\_\_\_

Page 4 of 4

# Financial Information Form



**FINANCIAL INFORMATION FORM  
CONFIDENTIAL**

Name: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Marital Status: \_\_\_\_\_

Name: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Note: Please ensure that below amounts are as current as possible and please bring support for stated amounts to financial appointment.

Assets	Name (Bank, Location, Description)	Value as of Date	Amount
A) Checking Account	_____	___ / ___ / ___	\$ _____
B) Savings Account	_____	___ / ___ / ___	\$ _____
C) Savings Account	_____	___ / ___ / ___	\$ _____
D) Certificate of Deposit	_____	___ / ___ / ___	\$ _____
E) Certificate of Deposit	_____	___ / ___ / ___	\$ _____
F) Mutual Funds	_____	___ / ___ / ___	\$ _____
G) Stocks and Bonds	_____	___ / ___ / ___	\$ _____
H) Stocks and Bonds	_____	___ / ___ / ___	\$ _____
I) Real Estate—Plan to Sell	_____	___ / ___ / ___	\$ _____
J) Real Estate—Plan to Hold	_____	___ / ___ / ___	\$ _____
K) Other Financial Assets <small>(e.g., Trusts available for resident use, life insurance, long-term care insurance)</small>	_____	___ / ___ / ___	\$ _____
		___ / ___ / ___	\$ _____
<b>Total Assets</b>			<b>\$ _____</b>
<b>Liabilities</b>			
A) Home Mortgage	_____	___ / ___ / ___	\$ _____
B) Loan on Autos	_____	___ / ___ / ___	\$ _____
C) Credit Cards	_____	___ / ___ / ___	\$ _____
D) Other Debts/Liabilities	_____	___ / ___ / ___	\$ _____
E) Other Debts/Liabilities	_____	___ / ___ / ___	\$ _____
<b>Total Liabilities</b>			<b>\$ _____</b>
<b>(Assets minus Liabilities) Total Net Worth</b>			<b>\$ _____</b>

**FINANCIAL INFORMATION FORM  
CONFIDENTIAL**

Sources of Monthly Income:	Resident Name	Term of Income (# of months, whole life, etc.)	Survivor Benefits (Yes or No)	Amount
A) Social Security	_____	_____	_____	\$ _____
B) Social Security	_____	_____	_____	\$ _____
C) Pension	_____	_____	_____	\$ _____
D) Pension	_____	_____	_____	\$ _____
E) Annuity	_____	_____	_____	\$ _____
F) Annuity	_____	_____	_____	\$ _____
G) IRA	_____	_____	_____	\$ _____
H) IRA	_____	_____	_____	\$ _____
I) Investment Income	_____	_____	_____	\$ _____
Source:	_____	_____	_____	\$ _____
J) Other Income	_____	_____	_____	\$ _____
K) Other Income	_____	_____	_____	\$ _____
				\$ _____
<b>Total Monthly Income</b>				<b>\$ _____</b>

If we have additional financial questions, whom should we contact?

You  Your Financial Advisor

Financial advisor's information (if applicable):

Name \_\_\_\_\_  
 Street \_\_\_\_\_  
 Address \_\_\_\_\_  
 City, State, Zip Code \_\_\_\_\_  
 Phone \_\_\_\_\_  
 Email \_\_\_\_\_

Who will be responsible for your bills?

You  Other

If Other, please give information (if applicable):

Name \_\_\_\_\_  
 Street \_\_\_\_\_  
 Address \_\_\_\_\_  
 City, State, Zip Code \_\_\_\_\_  
 Phone \_\_\_\_\_  
 Email \_\_\_\_\_

I hereby certify that the information supplied herein is complete and accurate to the best of my knowledge, and I agree to provide whatever information Windsor Run deems necessary to verify my financial position. I also understand that my approval for residency is predicated upon the accuracy of this information and said approval may be revoked at any time should any of the information prove to be substantially false.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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, familial status, sexual orientation, or national origin.

C. Resident Profile

Thank you for completing this form.

We are looking forward to getting to know you when you come to Windsor Run for your pre-residency meeting. Please bring the following to your appointment:

- This completed form
- The Financial Information Form and related documents
- All health insurance cards
- Power of attorney for finances
- Advance directives for health care to include your power of attorney for health care and/or living will
- Document indicating the executor of estate
- Long-term care insurance

My signature confirms that I understand the information I provide on the Resident Profile and at the pre-residency meeting will be treated with confidentiality and that it is accurate as signed and dated. The information will be used only by authorized employees or agents of the community. The information may also be subject to disclosure as provided by applicable laws.

\_\_\_\_\_  
(Applicant's Signature) (Date)

If this form was completed by someone other than the applicant, please have that person state the reason and sign below.

Form completed by \_\_\_\_\_

Reason \_\_\_\_\_

Relationship to applicant \_\_\_\_\_

\_\_\_\_\_  
(Applicant's Signature) (Date)

  
**Windsor Run**  
BY ERICKSON SENIOR LIVING®  
2030 Windsor Run Lane  
Matthews, NC 28105  
WindsorRunCommunity.com



# Resident Profile

We are excited you have chosen Windsor Run, managed by Erickson Senior Living®, as your next home! As you proceed with your planning, one of your next steps is to come in for a pre-residency meeting. During this session, you will meet with a Windsor Run staff member and begin to understand how the community can help support a successful transition to your new home, while also learning more about the amenities that are available to you. This dedicated time is an opportunity for us to learn more about you and for you to continue to develop relationships with the rest of the Windsor Run team.

In preparation for your pre-residency meeting, we ask that you please complete the pages that follow this letter; this information will be used to start your unique Resident Profile. During this meeting, we will be happy to answer any questions you have and to provide you with any additional amenity information you may desire.

We look forward to partnering with you as you begin this new chapter of your life; we view this pre-residency meeting as the beginning of a lasting relationship.

Best regards,

The Windsor Run Team

  
**Windsor Run**  
BY ERICKSON SENIOR LIVING®

# RESIDENT PROFILE

## PERSONAL & DEMOGRAPHIC INFORMATION

First Name \_\_\_\_\_ MI \_\_\_\_\_ Last Name \_\_\_\_\_ Title \_\_\_\_\_

Maiden Name \_\_\_\_\_ Preferred Name \_\_\_\_\_

Sex:  Male  Female

Phone \_\_\_\_\_ Mobile \_\_\_\_\_ Email \_\_\_\_\_

Date of Birth \_\_\_\_\_ Place of Birth \_\_\_\_\_  
(City, State, Country)

## WORK INFORMATION

If retired, what was your main occupation? \_\_\_\_\_

Are you currently working?  Yes  No

If Yes:  Full-Time  Part-Time

Company \_\_\_\_\_ Occupation \_\_\_\_\_

Military Service:  Veteran  Nonveteran

## RELIGIOUS PREFERENCE (Optional)

Please Specify (Example: Buddhist, Catholic, Jewish, Muslim, Protestant):

\_\_\_\_\_

## ADDITIONAL DEMOGRAPHICS

Primary Language \_\_\_\_\_

Marital Status:  Single  Married  Widowed  Separated

Divorced  Domestic Partner  Other \_\_\_\_\_

**WILL YOU BE BRINGING A DOG OR CAT TO CAMPUS?**  Yes  No

Dog Breed? \_\_\_\_\_ Cat Breed? \_\_\_\_\_

Who would take care of your pet if you could not?

Name \_\_\_\_\_ Phone \_\_\_\_\_  
(Home or Mobile)

**WILL YOU BE BRINGING A MOTOR VEHICLE TO CAMPUS?**  Yes  No

We will help you to register your vehicle.

## NOTIFY IN CASE OF EMERGENCY (List three contacts, if possible.)

1. Name \_\_\_\_\_ Relationship \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_

Phone \_\_\_\_\_ Mobile \_\_\_\_\_ Work \_\_\_\_\_

2. Name \_\_\_\_\_ Relationship \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_

Phone \_\_\_\_\_ Mobile \_\_\_\_\_ Work \_\_\_\_\_

3. Name \_\_\_\_\_ Relationship \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_

Phone \_\_\_\_\_ Mobile \_\_\_\_\_ Work \_\_\_\_\_

## ADVANCE DIRECTIVES

Have you completed an advance directive for health care or a living will?  Yes  No

Have you completed a financial power of attorney?  Yes  No

## END-OF-LIFE-PROVISIONS (Optional)

Funeral Home \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Phone \_\_\_\_\_

## EXECUTOR OF ESTATE

Name \_\_\_\_\_ Relationship \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_

Phone \_\_\_\_\_ Mobile \_\_\_\_\_ Work \_\_\_\_\_

## INSURANCE INFORMATION (Please bring all of your health insurance cards to the pre-residency meeting.)

1. Primary \_\_\_\_\_ Policy # \_\_\_\_\_  
Secondary \_\_\_\_\_ Policy # \_\_\_\_\_

2. Do you have long-term care insurance?  Yes  No

Insurance Company Name \_\_\_\_\_

Policy # \_\_\_\_\_

D. Refund Form

WINDSOR RUN  
REFUND FORM

Name of Resident(s): \_\_\_\_\_

Living Unit: \_\_\_\_\_

Date of Receipt by \_\_\_\_\_

WINDSOR RUN: \_\_\_\_\_

**Preliminary Statements and Directions**

1. Pursuant to the Residence and Care Agreement (the "Care Agreement") with WINDSOR RUN, Resident is entitled to a 90% refund of the Entrance Deposit paid to WINDSOR RUN under certain specified conditions during Resident's lifetime or upon Resident's death based upon termination of the applicable Care Agreement (referred to as the "Refund"). Resident's right to the Refund is set forth in the Care Agreement. This Refund Form is only for the purpose of designating the beneficiaries and does not change the terms and conditions for the Refund. Resident and Resident's beneficiaries are subject to all terms and conditions for the Refund and should review the same carefully. For the purpose of these Refund Forms, the term "Resident" includes the plural.

2. Resident understands that the purpose and effect of this Refund Form is to designate the beneficiary(ies) of the right to the Refund. By signing this Refund Form, Resident is hereby revoking any previously executed Refund Forms.

3. If the Entrance Deposit is being paid on behalf of two (or more) Joint Residents, both Joint Residents understand that the Entrance Deposit of the first Joint Resident to pass on will be treated as though it has been paid by the survivor, to be used for the survivor's care if necessary (minus the Community Fee if applicable), and that the Refund will eventually be paid to the survivor or the survivor's beneficiary(ies).

4. **Resident understands that it is Resident's responsibility to review the terms of this Refund Form to make sure that its terms are coordinated with Resident's current will or other trusts and estate plan. WINDSOR RUN strongly recommends that Resident review this Refund Form with an attorney or other estate planning professional prior to execution to ensure such coordination and to review potential tax liability in making these designations or in the eventual payment of the refund.** WINDSOR RUN reserves the right to review and approve the forms so that the right to the refund is clearly delineated for WINDSOR RUN's staff.

5. WINDSOR RUN will make the Refund only as specified in the most recent duly executed and approved Refund Form. Resident may revise the right to the Refund by duly executing a new Refund Form.

6. Please sign one of the following forms designating the right to the Refund. Be sure to read all of the forms before making a selection. If you do not understand the forms, please consult

with your estate planning professional. If you do not understand the directions, please consult with the Sales and Admissions Staff. **You may select and sign only one form.**

7. If Resident is designating the Refund to more than 1 beneficiary, percentages must add up to 100%. Please do not fill in cash amounts. WINDSOR RUN can only refund based upon percentages of the Refund, due to the possibility of a spend-down or partial spend-down of the Entrance Deposit.

8. It is the responsibility of Resident or Resident's representative, if applicable, to give WINDSOR RUN the most recent addresses for all listed beneficiaries.

9. There are no third-party beneficiaries to this agreement between WINDSOR RUN and Resident. WINDSOR RUN is not responsible for notifying or advising any beneficiaries of changes in the designation of the Refund.

10. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Refund Form shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Refund Form may sign separately in several counter-parts, all of which together shall constitute one and the same Refund Form.

**11. Resident hereby acknowledges that he or she has read the preliminary statements and instructions, reviewed the attached options for a Refund, and understands the purpose and consequences of this Refund Form.**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident

If signed by a representative, indicate name of representative and nature of authority (i.e. power of attorney, guardian, etc.):

\_\_\_\_\_

Received by WINDSOR RUN:

By: \_\_\_\_\_  
WINDSOR RUN Representative

\_\_\_\_\_  
Date

**REFUND FORM 1**

1. Refund during Lifetime - In the event that a Refund becomes payable during Resident's lifetime under the terms of the Care Agreement, Resident hereby designates that the Refund be paid to the Resident. If the Entrance Deposit was paid on behalf of Joint Residents, the Refund will be paid to both joint residents.

2. Refund Upon Death - In the event that a Refund becomes payable upon Resident's death under the terms of the Care Agreement, Resident hereby designates that the Refund be made payable to the Estate of Resident. In the case of Joint Residents, the Refund will be made payable to the Estate of the final surviving Joint Resident. The check payable to the Estate of Resident or the Estate of the surviving Joint Resident should be mailed to the duly qualified personal representative, Executor, or Executrix, as the case may be, of the Estate. (Note: The person representing to be the "duly qualified" executor/representative of the Estate must present official letters of administration/appointment from the probate office, probate court, or other appropriate legal forum. A will or copy of a will is not qualification. Resident should consult with resident's legal counsel/estate planner to understand the requirements.)

Resident	Date
Resident	Date

If signed by a representative, indicate name of representative and nature of authority (i.e. power of attorney, guardian, etc.): \_\_\_\_\_

This Refund Form was signed by the above-named Resident(s) in our presence and in the presence of each other and the above-named Resident(s) has acknowledged this Refund Form as Resident's own act.

Witness	Address
Witness	Address

Received by WINDSOR RUN:

By: WINDSOR RUN Representative	Date
-----------------------------------	------



**REFUND FORM 2**

1. Refund during Lifetime - In the event that a Refund becomes payable during Resident's lifetime under the terms of the Care Agreement, Resident hereby designates that the Refund be paid to: **(please check one option)**

Resident \_\_\_\_\_ Beneficiaries as designated below \_\_\_\_\_

2. Refund Upon Death - In the event that a Refund becomes payable upon Resident's death under the terms of the Care Agreement, Resident hereby designates that the Refund be paid directly for convenience to the beneficiaries listed below, *per stirpes*, in the percentages indicated.

Percentage Interest, Name & Address of Beneficiary

1. _____ % _____ _____ _____	2. _____ % _____ _____ _____
3. _____ % _____ _____ _____	4. _____ % _____ _____ _____
5. _____ % _____ _____ _____	6. _____ % _____ _____ _____

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Date

If signed by a representative, indicate name of representative and nature of authority (i.e. power of attorney, guardian, etc.): \_\_\_\_\_

This Refund Form was signed by the above-named Resident(s) in our presence and in the presence of each other and the above-named Resident(s) has acknowledged this Refund of Form as Resident's own act.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
\_\_\_\_\_  
Address

\_\_\_\_\_  
Witness

\_\_\_\_\_  
\_\_\_\_\_  
Address

Received by WINDSOR RUN:

By: \_\_\_\_\_  
WINDSOR RUN Representative

\_\_\_\_\_  
Date

Note 1 - Per stirpes generally means that if a named person is not living at the time the Refund is to be distributed, his or her children will share that person's share of the Refund equally. A pattern of children substituting for and sharing equally in their deceased parent's share continues through succeeding generations existing as of the date of the Resident's passing or, in the case of Joint Residents, the last Resident's passing.



E. Club Membership Application

WINDSOR RUN CLUB  
APPLICATION FOR MEMBER

Unless otherwise noted by Resident's having initialed the statement below, execution of this Residence and Care Agreement will constitute Resident's application to become a member of the Windsor Run Club (the "Club"), a private social club. The Club is a social club which will hold a private club license permitting the service of alcoholic beverages to its members and their guests for on-premises consumption at certain facilities in the Windsor Run retirement community complex. In accordance with the Windsor Run Club Membership and Participation Policy and the requirements of the ABCE, the application shall be considered by the Club's membership committee, which will inform Resident if he or she has been accepted for membership. Copies of the Club's policy shall be provided to Resident upon his or her request.

\_\_\_\_\_ My execution of this Agreement shall not constitute my application to become a member of the Windsor Run Club.

F. Key Receipt Form

**WINDSOR RUN  
KEY RECEIPT FORM**

Resident Name(s): \_\_\_\_\_

Apartment/ Unit #: \_\_\_\_\_

I/We have received the following items on the date shown next to signature(s):

#\_\_\_\_\_ Apartment Keys

#\_\_\_\_\_ Resident Key Badges

#\_\_\_\_\_ Exterior Door Keys

#\_\_\_\_\_ Mailbox Keys

For purposes of the Residence & Care Agreement, taking apartment keys is considered the Occupancy Date and the Monthly Service Package fees start as of the take keys date.

Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this form shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this form may sign separately in several counter-parts, all of which together shall constitute one and the same form.

\_\_\_\_\_  
Resident/Representative Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident/Representative Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Community Representative Signature

\_\_\_\_\_  
Date

G. Promissory Note and Allonge to Promissory Note

\$ \_\_\_\_\_  
Matthews, North Carolina

Date of Note: \_\_\_\_\_ 20\_\_

**WINDSOR RUN, LLC**  
**PROMISSORY NOTE**

Now, therefore, the undersigned, \_\_\_\_\_, (the "Maker"), hereby promises to pay to the order of WINDSOR RUN, LLC at its offices located at 2030 Windsor Run Lane, Matthews, North Carolina 28105 or at such other place as the holder of this Note may, from time to time designate, the principal sum of: \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), plus all accrued interest (unless waived under Section 1 hereof), payable on or before the Maturity Date as defined in Section 2 hereof.

1. **Interest Rate.** Interest on the unpaid principal balance shall begin accruing on the **DATE OF THIS NOTE** which appears in the upper right hand corner of this Note, at the rate of nine percent (9%) per annum (360 days per year) and said accrued interest shall be invoiced and paid monthly (**in arrears**) beginning the first day of the second calendar month following the **DATE OF THIS NOTE**. In the event that the Maker of this Note pays the entire principal balance due on or before the Maturity Date, the interest for the period through the payment date shall be **waived**. In the event that the **entire** principal balance is not paid on or before the Maturity Date, **accrued interest will be charged every month from the Date of this Note on the unpaid principal balance until satisfaction and termination of this Note.**

2. **Maturity Date.** The Maturity Date of this Note shall be: the earlier of (i) \_\_\_\_\_, 20\_\_ or (ii) five business days from the sale and settlement of the Maker's property located at \_\_\_\_\_.

3. **Repayment.** The entire principal balance shall be due and payable on or before the Maturity Date. In addition to payment of the principal balance, Maker agrees to pay any assessed interest as provided in Section 1.

4. **Application of Payments.** All payments made hereunder shall be applied first to accrued interest, before being applied to principal, unless the interest is waived under Section 1.

5. **Prepayment.** The undersigned may prepay this Note in whole or in part at any time without any penalty.

6. **Default.** Upon a default in the payment of any installment of principal or interest due hereunder which has continued for a period of thirty (30) days after written notice of default, the Holder may, in addition to any other remedy provided by law, recover attorneys fees and costs, and



in its sole discretion and without further notice or demand, declare that the Residence and Care Agreement of the Maker/ Resident is terminated for non-payment.

7. Assignment. In the event the Holder of this Note shall assign or transfer this Note for value, the undersigned agrees that all subsequent Holders of this Note shall not be subject to any claims or defenses which the undersigned may have against a prior Holder, all of which are waived as to the subsequent Holder, and that all subsequent Holders shall have all of the rights of a Holder in due course with respect to the undersigned even though the subsequent Holder may not qualify, under applicable law, absent this paragraph, as a Holder in due course.

8. Waiver. Presentment, notice of dishonor, and protest are hereby waived by all makers, sureties, guarantors and endorsers of this Note. This Note shall be the joint and several obligation of all makers, guarantors and endorsers, and shall be binding upon them and their successors and assigns.

9. Notice. Any notice provided for in the Note shall be in writing and shall be given and be deemed to have been given and received (i) when personally delivered against a signed receipt or (ii) three (3) days after being mailed by both registered or certified mail, return receipt requested and also by first-class mail, addressed to the maker or Holder at the appropriate address first above set forth or to such other address as may be hereinafter specified by written notice by the Maker or Holder.

10. Miscellaneous. This Note shall be construed and governed according to the laws of the State of North Carolina. Venue for any action arising out of the making of this Note shall be in Mecklenburg County, North Carolina.

11. Electronic Signature. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Note shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Note may sign separately in several counter-parts, all of which together shall constitute one and the same Note.

IN WITNESS WHEREOF, the Maker has caused this Note to be executed and sealed the day and year first above written.

WITNESS(ES):

\_\_\_\_\_  
\_\_\_\_\_

MAKER:

\_\_\_\_\_  
\_\_\_\_\_

**ALLONGE TO PROMISSORY NOTE**

**THIS ALLONGE TO PROMISSORY NOTE** (the "Allonge") is effective as of \_\_\_\_\_, 20\_\_ by and between Windsor Run, LLC ("HOLDER"), and \_\_\_\_\_, ("MAKER").

**Recitals**

R.1. MAKER executed that certain Promissory Note in favor of HOLDER in the principal sum of \$ \_\_\_\_\_, dated as of \_\_\_\_\_ (the "Note").

R.2 MAKER and HOLDER have agreed to amend the Note per the terms and conditions stated herein.

**Agreement**

**NOW, THEREFORE**, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, MAKER and HOLDER hereby agree as follows:

1. **Amendment.** The Note is hereby amended as follows (**initial as applicable**):

\_\_\_\_\_ a. Each reference in the Note to the Maturity Date is hereby amended to mean and refer to \_\_\_\_\_, 20\_\_ (the "Revised Maturity Date"). MAKER agrees to pay an additional \$ \_\_\_\_\_ (the "10% Deposit") in principal on the date of this Allonge and agrees to continue paying equal 10% Deposit payments every thirty (30) days from the date of this Allonge until the Revised Maturity Date. On the Revised Maturity Date, MAKER agrees to pay all outstanding principal to HOLDER.

If MAKER pays each required 10% Deposit payment when due and also pays the outstanding principal by the Revised Maturity Date, then HOLDER will waive interest on the principal. However, if MAKER fails to make any of the required 10% Deposit payments on each due date or if MAKER fails to pay the outstanding principal by the Revised Maturity Date, then MAKER agrees and acknowledges that HOLDER will assess interest at the rate provided in the Note from the date of default of payment until full payment of the principal and accrued interest.

OR

\_\_\_\_\_ b. MAKER acknowledges that payment was not made by the Maturity Date and that MAKER cannot make additional principal payments. HOLDER agrees to permit MAKER to extend payment of the principal until \_\_\_\_\_, 20\_\_ (the "Extension Date"). However, MAKER will be assessed and must pay interest of 9% per

annum on the unpaid principal until the Extension Date when all outstanding principal and interest are due and payable.

2. **Affirmation.** The representations of MAKER contained in the Note are true and correct as of this date and MAKER represents to HOLDER the accuracy of each representation as if they have been made on this date. This Allonge (a) is being physically attached to the Note simultaneously with the entry into this Allonge by the parties hereto, to evidence the modification of the provisions of the Note effected hereby, and (b) shall upon such attachment be deemed to be a part of the Note, as fully and completely as if its provisions were set forth in the body of the Note.

3. **Definition.** The term “this Note” as used in the Note, shall mean the Note as modified herein unless the context clearly indicates or dictates a contrary meaning. Other defined terms in this Allonge were previously defined in the Note and have the same meaning as defined in the Note.

4. **Default.** In the event of a default in the payment of any installment of interest or principal due hereunder, HOLDER may, in addition to any other remedy provided by law, recover attorneys’ fees and costs, and in its sole discretion and without further notice or demand, declare that the Residence and Care Agreement of the Maker/Resident is terminated for non-payment.

5. **Liability and Obligations; No Novation.** MAKER ratifies and confirms all of its liabilities and obligations under the Note and agrees that, except as expressly modified in this Allonge, the Note continues in full force and effect as if set forth specifically herein. MAKER and HOLDER agree that this Allonge shall not be construed as an agreement to extinguish the original obligations under the Note and shall not constitute a novation as to the obligations of MAKER under the Note.

6. **Electronic Signature.** Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Allonge shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Allonge may sign separately in several counter-parts, all of which together shall constitute one and the same Allonge.

7. **Prior Consent.** This Allonge may not be amended, changed, modified, altered, or terminated without in each instance the prior written consent of HOLDER.

**Maker(s):**

\_\_\_\_\_  
\_\_\_\_\_

**HOLDER: Windsor Run, LLC**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Living Unit: \_\_\_\_\_

H. Custom Interiors Agreement (if any)

**CUSTOM INTERIORS AGREEMENT ADDENDUM TO  
RESIDENCE AND CARE AGREEMENT**

THIS CUSTOM INTERIORS AGREEMENT (the “**Agreement**”) is made as of this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_, by and between Windsor Run, LLC, having an address of 2030 Windsor Run Lane, Matthews, North Carolina 28105 (herein referred to as “**Windsor Run**”) and \_\_\_\_\_ (“**Resident**”).

**RECITALS**

R.1 Resident has entered or shall enter into a Residence and Care Agreement (the “**Care Agreement**”) with Windsor Run to occupy the following residential unit at the Community: \_\_\_\_\_ (the “**Living Unit**”).

R.2 Resident desires to purchase certain upgrades or make certain changes to the current condition of the Living Unit to customize the Living Unit for Resident. Windsor Run is willing to make the changes desired by Resident only upon the following terms and conditions.

R.3 Terms that are not defined in this Agreement have the same meaning as in the Resident’s Care Agreement.

**AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **The Improvements.** Resident and Windsor Run agree that Resident’s Living Unit will be customized with the upgrades and improvements (the “**Improvements**”) which are listed in the Statement of Work/Price Quote in Exhibit A, attached to and incorporated into this Agreement.

2. **Cost of the Improvements.** Resident agrees to pay to Windsor Run the contract fee (“**Contract Fee**”) for the Improvements as listed in Exhibit A. The Contract Fee is due and payable in full upon signature of this Agreement, prior to ordering any custom materials or starting the work. Once Windsor Run has commenced the work by engaging contractors and/or ordering materials, the Contract Fee is then non-refundable. If Resident withdraws his or her application, rescinds the Care Agreement, or fails to occupy the Living Unit for any reason after commencement of the work, Resident understands and agrees that Resident shall **not** be entitled to any reduction or refund of the Contract Fee except as provided in Section 3 hereof.

3. **Refurbishing Charges:**

a. **Pre-Occupancy.** If Resident does not occupy the Living Unit for any of the reasons described in Section 2 hereof, Windsor Run may, in its sole discretion, elect to refurbishing the Living Unit to its previous condition or to market the Living Unit with the Improvements to a new resident. If Windsor Run elects to restore the Living Unit, Resident is responsible for any Refurbishing Charges as provided in Section 9.4 of the Residence and Care Agreement (see Section 9.4).

b. Post-Occupancy. After the Occupancy Date by Resident, if the Residence and Care Agreement is terminated by either party for any reason or terminates due to the death of Resident, or if Resident is permanently transferred to a different Living Unit, Windsor Run may, in its sole discretion, elect to refurbishing the Living Unit to its pre-upgrade condition or to market the Living Unit with the Improvements to a new resident. When Windsor Run elects to restore the Living Unit, Resident is responsible for any Refurbishing Charges as provided in Section 9.4 of the Residence and Care Agreement.

4. Entire Agreement. This Agreement and the Care Agreement constitute the entire agreement between the parties in respect of customizing and restoring the Living Unit, and there are no oral agreements between the parties in connection herewith. This Agreement is incorporated into the Care Agreement. The Care Agreement remains in full force and effect, and, if there is any inconsistency between this Agreement and the Care Agreement, the Care Agreement shall govern. This Agreement may be amended only in writing executed by all parties.

5. Governing Law; Venue. This Agreement shall be governed by the law of the State of North Carolina. The parties agree that venue for any claim or action arising out of this Agreement shall be in Mecklenburg County, North Carolina.

6. Severability. In the event that any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the remainder of the Agreement which shall remain in full force and effect and shall be construed as though they had not contained the invalid or unenforceable provision.

7. Notices. Any notice, invoice, or payment under this Agreement to be given to a party may be either personally delivered or sent by first-class mail, postage prepaid, to the addresses of the parties herein given, unless another address shall have been substituted for such address by notice in writing.

8. Electronic Signatures. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Agreement shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this form may sign separately in several counter-parts, all of which together shall constitute one and the same Agreement.

INTENDING TO BE LEGALLY BOUND, the parties have set forth their signatures below.

RESIDENT

\_\_\_\_\_  
\_\_\_\_\_

WINDSOR RUN, LLC

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **EXHIBIT A – STATEMENT OF WORK/PRICE QUOTE**

1. The work to be performed by Windsor Run is described in the attached Price Quote. Windsor Run has the right to sub-contract or assign portions of the work to its subcontractors, vendors or suppliers. If Resident requests additional work to the Living Unit, such requests must be made in writing. No work can be commenced in the unit until Resident has taken keys for the Living Unit. Windsor Run shall advise Resident of any changes to the Contract Fee due to the additional requested work.

2. Limitation of Liability. Windsor Run will perform the work in a timely manner and in workmanlike fashion. **WINDSOR RUN'S LIABILITY TO RESIDENT FOR ANY CLAIMS OF DEFECTS IN MATERIALS OR WORKMANSHIP OR ANY OTHER CLAIMS ARISING FROM THE WORK SHALL NOT, IN ANY CIRCUMSTANCE, EXCEED THE AMOUNT OF THE CONTRACT FEE PAID BY RESIDENT TO WINDSOR RUN.**



I. Guaranty Agreement (if any)

WINDSOR RUN  
GUARANTY AGREEMENT ADDENDUM TO  
RESIDENCE AND CARE AGREEMENT

This Guaranty Agreement is made as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ between Windsor Run, LLC, ("Windsor Run") and \_\_\_\_\_ (herein collectively referred to as "Guarantor").

WHEREAS, \_\_\_\_\_ ("Beneficiary") desires to become a resident at the Windsor Run Retirement Community and has entered or will enter into a Residence and Care Agreement with Windsor Run;

WHEREAS, Beneficiary's current financial status does not meet Windsor Run' standard qualifications, and Windsor Run cannot allow Beneficiary to become a resident without additional assurances;

WHEREAS, Guarantor desires to give Windsor Run additional assurances in order to induce Windsor Run to accept the Beneficiary as a resident;

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties hereby agree as follows:

1. Guarantor agrees to voluntarily and unconditionally guarantee payment (the "Guaranty") of Beneficiary's obligations which are due or may become due to Windsor Run incurred relative to Beneficiary's residence at Windsor Run pursuant to the terms of the Residence and Care Agreement. This Guaranty shall continue in effect from the date of this Agreement until the Guarantor is released by Windsor Run pursuant to Section 8 of this Agreement. The Guaranty is unlimited as to amount.

2. Guarantor understands that this is an unconditional Guaranty of payment, not collection. If Windsor Run believes, in its sole discretion, that an attempt to collect from the Beneficiary may be detrimental to the Beneficiary's health or would not be reasonable considering Beneficiary's economic condition, Windsor Run will not attempt to collect from the Beneficiary first.

3. Windsor Run will use its sole discretion in determining whether or not to proceed to collect amounts from Guarantor or other sources. In exercising that discretion, as a matter of policy but not obligation, generally Windsor Run will first determine if Beneficiary has any readily available source of funds to pay his/her obligations and if Beneficiary does, seek to obtain the funds from such source; second, seek to obtain payment from Guarantor; third, from spending down the Entrance Deposit paid to Windsor Run; fourth, seek to obtain payment from medical assistance if Windsor Run believes medical assistance is available to Beneficiary; and finally, seek to obtain funds from any remaining source of available funds.

4. Subject to verification of Beneficiary's financial qualifications and health-related status, Windsor Run agrees to accept Beneficiary as a resident pursuant to the terms of the Residence and Care Agreement.

5. Guarantor hereby waives its rights to the following: presentment, demand, dishonor, protest, notice of nonpayment, and notice of dishonor. Guarantor further agrees that all arrangements concerning Beneficiary's financial obligations to Windsor Run shall be made and decided solely between Windsor Run and the Beneficiary. However, Guarantor shall be entitled, upon request, to receive a copy of Beneficiary's monthly statement.

6. Guarantor will be deemed to have defaulted under this Guaranty Agreement in the event that Guarantor fails to pay to Windsor Run all amounts due and payable pursuant to the Guaranty within forty-five (45) days of demand by Windsor Run for payment pursuant to the Guaranty.

7. In the event of a Default, in addition to any amounts due pursuant to the Guaranty, Guarantor shall also be responsible for any court costs, including reasonable attorneys' fees, that might be incurred by Windsor Run in enforcing the Agreement. The parties agree that this agreement shall be interpreted under the laws of the State of North Carolina and that venue for any claim arising out of this Guaranty Agreement shall be in Mecklenburg County, North Carolina.

8. In the event that Beneficiary terminates the Residence and Care Agreement during his/ her lifetime or dies during residence at Windsor Run, Windsor Run agrees that Guarantor shall be released from its obligations under this Guaranty Agreement upon satisfaction of all of Beneficiary's outstanding charges.

9. This Guaranty is incorporated into the Residence and Care Agreement. The Residence and Care Agreement remains in full force and effect, and, if there is any inconsistency between this Guaranty and the Residence and Care Agreement, the Residence and Care Agreement shall govern.

10. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Guaranty Agreement shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Guaranty Agreement may sign separately in several counter-parts, all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Guarantor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Guarantor

Windsor Run, LLC

\_\_\_\_\_  
Witness

By: \_\_\_\_\_

WINDSOR RUN  
LIMITED GUARANTY AGREEMENT (JOINT ASSETS)  
ADDENDUM TO RESIDENCE AND CARE AGREEMENT

This Guaranty Agreement is made as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ between Windsor Run, LLC ("Windsor Run") and \_\_\_\_\_ (herein collectively referred to as "Guarantor").

Recitals

R.1 \_\_\_\_\_ ("Beneficiary") desires to become a resident at the Windsor Run Retirement Community and will enter into a Residence and Care Agreement with Windsor Run;

R.2 Beneficiary and Guarantor own jointly the assets (the "Joint Assets") set forth in Exhibit A, attached to and incorporated in this Agreement which Joint Assets have the value set forth in Exhibit A as of the date of this Agreement;

R.3 Due to the ownership of the Joint Assets, Beneficiary's individual financial status does not meet Windsor Run's standard qualifications for residency;

R.4 Guarantor desires to give Windsor Run additional assurances as to the Joint Assets in order to induce Windsor Run to accept the Beneficiary as a resident;

Agreement

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties hereby agree as follows:

1. Subject to the limitations set forth in Section 2 hereof, Guarantor agrees to voluntarily and unconditionally guarantee payment (the "Guaranty") of Beneficiary's obligations which are due or may become due to Windsor Run incurred relative to Beneficiary's residence at Windsor Run pursuant to the terms of the Residence and Care Agreement. This Guaranty shall continue in effect from the date of this Agreement until the Guarantor is released by Windsor Run pursuant to Section 9 of this Agreement.

2. Unless Guarantor has committed a Default under this Guaranty as defined in Section 5 hereof, the Guaranty is limited to payment from the Joint Assets as set forth in Exhibit A. Guarantor understands that this is an unconditional Guaranty of payment, not collection.

3. Subject to Windsor Run's verification of Beneficiary's financial qualifications other than the Joint Assets and to Windsor Run's determination of the appropriate level of care for

Beneficiary, Windsor Run agrees to accept Beneficiary as a resident pursuant to the terms of the Residence and Care Agreement.

4. In the event that Beneficiary is unable to meet his/her obligations under the Residence and Care Agreement without use of the Joint Assets, Windsor Run will use its sole discretion in determining whether or not to proceed to collect amounts from the Beneficiary, the Joint Assets, the Guarantor, or other sources. In exercising that discretion, as a matter of policy but not obligation, generally Windsor Run will take the following steps:

- 4.1. Upon Beneficiary's or Beneficiary's duly authorized representative's request for assistance pursuant to the Residence and Care Agreement, Windsor Run shall review the Beneficiary's then-current financial status, including but not limited to the balance of the Joint Assets. Windsor Run may request further documentation to show that any changes in the value of the Joint Assets, as shown in Exhibit A, were either expenditures made for the direct benefit of the Beneficiary or market fluctuations in the value of the Joint Assets.
- 4.2. If Windsor Run believes in its sole discretion that any expenditures from the Joint Assets were spent for the benefit of Beneficiary and that Beneficiary is not otherwise in breach of the Residence and Care Agreement, Windsor Run may then initiate a spend-down plan with the Beneficiary or the duly authorized representative for Beneficiary's assets, including the Joint Assets, other than the Entrance Deposit. Windsor Run may require that Resident seek to obtain funds from outside sources such as medical assistance. If Windsor Run believes in its sole discretion that any expenditures from the Joint Assets were due to a Default by Guarantor, Windsor Run shall proceed as provided in Section 5 hereof.
- 4.3. After spend-down of Beneficiary's assets, including the Joint Assets, Windsor Run shall release the Guaranty and shall initiate a spend-down of the entrance deposit.

5. Guarantor will be in Default under this Guaranty Agreement in the event that Guarantor withdraws, spends, distributes, pledges, assigns, or otherwise uses the Joint Assets for any purpose other than for the direct benefit of the Beneficiary. In the event of a Default, as a matter of policy but not obligation, Windsor Run shall normally proceed as follows:

- 5.1. Prior to initiating a spend-down plan as described in Section 4.2, Windsor Run shall first enforce the Guaranty. Windsor Run shall have the right to enforce payment of the Guaranty against any and all of Guarantor's personal assets in any form whatsoever and shall not be limited to payment from the Joint Assets. The Guaranty shall be limited to the amount of the Joint Assets withdrawn, spent, distributed, pledged, assigned, or otherwise used by the

Guarantor other than for the direct benefit of the Beneficiary, which amount shall be determined by Windsor Run in its sole discretion.

- 5.2. In the event that Windsor Run is required to hire a collection agency or to initiate legal proceedings to enforce the Guaranty, in addition to any amounts due pursuant to the Guaranty, Guarantor shall also be responsible for any and all interest, collection costs, and court costs, including reasonable attorneys' fees, that might be incurred by Windsor Run in enforcing the Guaranty.
- 5.3. After payment to Windsor Run of all sums due pursuant to the Guaranty and any interest, collection costs, court costs, including reasonable attorney's fees, which may be due pursuant to Section 5.2, Windsor Run will work with the Beneficiary or the Beneficiary's duly authorized representative to initiate the steps listed in Section 4.2 and 4.3 hereof for the spend-down program.

6. The parties agree that this agreement shall be interpreted under the laws of the State of North Carolina and that venue for any claim arising out of this Guaranty Agreement shall be in Mecklenburg County, North Carolina.

7. Guarantor hereby waives its rights to the following: presentment, demand, dishonor, protest, notice of nonpayment, and notice of dishonor. Guarantor further agrees that all arrangements concerning Beneficiary's financial obligations to Windsor Run shall be made and decided solely between Windsor Run and the Beneficiary. However, Guarantor shall be entitled, upon request, to receive a copy of Beneficiary's monthly statement.

8. In addition to all rights available to Windsor Run under this Agreement, Windsor Run shall also have all of the rights and remedies enumerated in the Residence and Care Agreement, up to and including termination of residency, for non-payment of fees.

9. Windsor Run agrees that it will release Guarantor from the obligations under this Guaranty Agreement upon the sooner of:

- a. The termination of the Residence and Care Agreement either during his/ her lifetime or due to Beneficiary's death, upon satisfaction of all Guarantor's obligation under this Guaranty Agreement and ninety (90) days following Beneficiary's Departure Date or resale of the Living Unit, whichever event shall occur first;
- b. The completion of the steps listed in Sections 4.1, 4.2 and 4.3 hereof; or
- c. The payment of all sums due to Windsor Run, as enumerated in Section 5.3, in the event of a Default.

10. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Guaranty Agreement shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Guaranty Agreement may sign separately in several counter-parts, all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Guaranty Agreement.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Guarantor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Guarantor

Windsor Run, LLC

\_\_\_\_\_  
Witness

By: \_\_\_\_\_



EXHIBIT A

Joint Assets

Value as of Date of Agreement

WINDSOR RUN MONTHLY CONTRIBUTION GUARANTY  
ADDENDUM TO THE RESIDENCE & CARE AGREEMENT

This Guaranty Agreement is made as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ between WINDSOR RUN, LLC. (herein referred to as "Windsor Run") and \_\_\_\_\_ (herein collectively referred to as "Guarantor").

WHEREAS, \_\_\_\_\_ ("Beneficiary") desires to become a resident of Windsor Run Retirement Community (the "Community"), operated by Windsor Run and has entered or will enter into a Residence and Care Agreement with Windsor Run;

WHEREAS, Beneficiary's current financial status does not meet Windsor Run' standard qualifications, and Windsor Run cannot allow Beneficiary to become a resident without additional assurances;

WHEREAS, Guarantor desires to give Windsor Run additional assurances in order to induce Windsor Run to accept the Beneficiary as a resident;

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties hereby agree as follows:

1. Guarantor agrees to voluntarily and unconditionally guarantee payment (the "Guaranty") of a portion of Beneficiary's obligations which are due or may become due to Windsor Run incurred relative to Beneficiary's residence at the Community pursuant to the terms of the Residence and Care Agreement. Specifically, Guarantor agrees to voluntarily and unconditionally pay to the order of Windsor Run \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) per month towards Beneficiary's Monthly Service Package which will assist Beneficiary to continue payment of the remaining monthly balance without depleting Beneficiary's stated assets verified during the admission process. This Guaranty shall continue in effect from the date of this Agreement until the Guarantor is released by Windsor Run pursuant to Section 8 of this Agreement. If applicable, this Guaranty is limited to a total of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_).

2. Guarantor understands that this is an unconditional Guaranty of payment, not collection.

3. Until the total limit of the guaranty is reached, Guarantor will remit monthly payment by the 15<sup>th</sup> day of each month to Windsor Run at the following address: \_\_\_\_\_ . Payments are due in advance for each month.

4. Subject to verification of Beneficiary's financial qualifications and health-related status, Windsor Run agrees to accept Beneficiary as a resident pursuant to the terms of the Residence and Care Agreement.

5. Guarantor hereby waives its rights to the following: presentment, demand, dishonor, protest, notice of nonpayment, and notice of dishonor. Guarantor further agrees that all arrangements concerning Beneficiary's financial obligations to Windsor Run shall be made and decided solely between Windsor Run and the Beneficiary. However, Guarantor shall be entitled, upon request, to receive a copy of Beneficiary's monthly statement.

6. Guarantor will be deemed to have defaulted under this Guaranty Agreement in the event that Guarantor fails to pay to Windsor Run all amounts due and payable pursuant to the Guaranty within forty-five (45) days of demand by Windsor Run for payment pursuant to the Guaranty.

7. In the event of a Default, in addition to any amounts due pursuant to the Guaranty, Guarantor shall also be responsible for any court costs, including reasonable attorneys' fees, that might be incurred by Windsor Run in enforcing the Agreement. The parties agree that this Agreement shall be interpreted under the laws of the State of North Carolina, and venue for any claim arising out of this Guaranty Agreement shall be in Mecklenburg County, North Carolina.

8. In the event that Beneficiary terminates the Residence and Care Agreement during his/ her lifetime, dies during residence at the Community, or Beneficiary becomes a permanent resident of the nursing facility to be located at Windsor Run, Windsor Run agrees that Guarantor shall be released from its obligations under this Guaranty Agreement upon satisfaction of all of Guarantor's obligations pursuant to this Guaranty Agreement. In addition, Windsor Run agrees that Guarantor shall be released from its obligations when and if Guarantor has paid the total limit of the guaranty as stated in Section 1 hereof.

9. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Guaranty Agreement shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Guaranty Agreement may sign separately in several counter-parts, all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Guarantor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Guarantor

WINDSOR RUN, LLC

\_\_\_\_\_  
Witness

By: \_\_\_\_\_

## J. Unit Release Forms

**WINDSOR RUN**  
**UNIT RELEASE ADDENDUM**

Resident(s): \_\_\_\_\_ Unit: \_\_\_\_\_

Storage bin: \_\_\_\_\_ Parking Space/ Covered Parking: \_\_\_\_\_

Departure Date: \_\_\_\_\_

This form is used to release the current Living Unit in the event of a termination of the Residence and Care Agreement. The term “Community” refers to Windsor Run, LLC.

1. I/ We hereby release the referenced Unit for resettlement. I/We will vacate the Unit no later than indicated Departure Date and will also relinquish the keys to the Community. I/We also relinquish the referenced storage bin and parking space as of the same Departure Date.

2. To expedite receipt of the next Entrance Deposit, the Community has my/our permission to show this Unit as of \_\_\_\_\_. If I/We are still living in the Unit, the Community will show the Unit only on mutually agreeable dates and times.

3. Per Section 8.6 of the Residence and Care Agreement, I/We will be responsible for the monthly service package, minus the non-occupancy credit as applicable, up to and including a maximum of ninety days from the Departure Date.

4. Per Section 9.4 of the Residence and Care Agreement, I/We will be responsible for the Refurbishing Charges as defined in Section 9.4 to be evaluated post-occupancy; however, depending on the circumstances of release or transfer, all or a portion of the Refurbishing Charges may be covered by the Community (see Section 9.4 for details). This release is for (check one option):

\_\_\_\_ ILU Release      \_\_\_\_ ALF/Memory Care Release

5. The Community will provide the Refund per the terms and conditions of Section 7 of the Residence and Care Agreement. After the conditions are met, the Community will generate the Refund within the 60 day period. The full 60 day period may be needed to generate the Refund. The Community also offers these options (*please initial one*):

\_\_\_\_\_ a. To expedite the Refund, I/ We direct the Community to deduct the amount of the final bill from the Refund and to send a copy of the final bill with the Refund check(s) depending on the designation of beneficiaries per the Refund Form. I/We will still have a reasonable opportunity to review the final bill and discuss charges deducted from the Refund. The Community will refund charges that

were deducted in error. **Initialing this option constitutes pre-approval of the final bill per the terms of Section 7.6.**

\_\_\_\_\_ b. I/ We direct the Community to send the final bill for approval before any Refund. I/We understand that this may extend the processing for the Refund to the full 60 day period. **Initialing this option does not constitute pre-approval of the final bill and thus the resident does not receive the Refund Number.**

6. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Addendum shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this form may sign separately in several counter-parts, all of which together shall constitute one and the same Addendum.

This Addendum is incorporated into the Residence and Care Agreement. All other provisions of the Residence and Care Agreement remain in full force and effect, except as specifically modified in this Addendum and any inconsistency between this Addendum and the Residence and Care Agreement shall be governed by the terms of the Residence and Care Agreement.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Resident or Resident's Representative

If signed by a Representative, Name, Address and  
Phone # of Representative:

\_\_\_\_\_  
\_\_\_\_\_

Staff Member: \_\_\_\_\_

**WINDSOR RUN**  
**UNIT RELEASE - TRANSFER ADDENDUM**

Resident(s): \_\_\_\_\_ Unit: \_\_\_\_\_

Storage bin: \_\_\_\_\_ Parking Space/ Covered Parking: \_\_\_\_\_

Departure Date: \_\_\_\_\_

This form is used to release the current Living Unit in the event of a transfer and to modify the Residence and Care Agreement for changes in the Resident's new Living Unit, monthly service package, and Entrance Deposit, if any. The term "Community" refers to Windsor Run.

1. I/ We hereby release the referenced Unit for resettlement. I/We will vacate the Unit no later than indicated Departure Date and will also relinquish the keys to the Community. I/We also relinquish the referenced storage bin and parking space as of the same Departure Date.

2. To expedite receipt of the next Entrance Deposit, the Community has my/our permission to show this Unit as of \_\_\_\_\_. If I/We are still living in the Unit, the Community will show the Unit only on mutually agreeable dates and times.

3. Per Section 8.5 of the Residence and Care Agreement, I am responsible for payment of the Monthly Service Package, pro-rated and less the Non-Occupancy Credit as applicable, for the vacated Living Unit until I completely vacate, remove all possessions from the vacated Living Unit, and return the keys for the vacated Living Unit to Windsor Run.

4. Per Section 9.4 of the Residence and Care Agreement, I/We will be responsible for the Refurbishing Charges as defined in Section 9.4 to be evaluated post-occupancy; however, depending on the circumstances of release or transfer, all or a portion of the Refurbishing Charges may be covered by the Community (see Section 9.4 for details). This release is for (check one option):

- \_\_\_\_\_ ILU to ILU
- \_\_\_\_\_ ILU to ALF/Memory Care
- \_\_\_\_\_ ALF/Memory Care to any unit
- \_\_\_\_\_ Any unit to another Erickson campus

5. I/ We are making the following transfer:

\_\_\_\_\_ a. I am/We are moving to Unit \_\_\_\_\_ at the Community. The new monthly fee shall be \$ \_\_\_\_\_ and the Entrance Deposit (*circle one*): remains the same/ is changed to \$ \_\_\_\_\_. I/We have the right to occupy the new Unit from the Occupancy Date for such new Unit to the Departure Date for such new Unit.



\_\_\_\_\_ b. I am/ We are moving to \_\_\_\_\_, an Erickson managed community. The Community will provide the Refund per the terms and conditions of Section 7 of the Residence and Care Agreement. I/ We direct the Community to send the Refund to \_\_\_\_\_ after the final bill at this Community is settled.

i. I/ We direct the Community to automatically deduct the final bill at this Community from the Refund. **Initialing this option constitutes pre-approval of the final bill per the terms of Section 7.6**

ii. I/ We do not want the final bill automatically deducted. I/ We understand that the final bill must be paid separately before the Refund is made to the new community and that this may extend the time for move-in to the new community. **Initialing this option does not constitute pre-approval of the final bill and thus the resident does not receive the Refund Number.**

6. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Addendum shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this form may sign separately in several counter-parts, all of which together shall constitute one and the same Addendum.

This Addendum is incorporated into the Residence and Care Agreement. All other provisions of the Residence and Care Agreement remain in full force and effect, except as specifically modified in this Addendum, and any other inconsistency between this Addendum and the Residence and Care Agreement shall be governed by the terms of the Residence and Care Agreement.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Resident or Resident's Representative

If signed by a Representative, Name, Address and Phone # of Representative:

\_\_\_\_\_  
\_\_\_\_\_  
( )

Staff Member: \_\_\_\_\_

**EXHIBIT 2**  
**ANTICIPATED PROJECT SCHEDULE**

Summary:

Exhibit Two presents the anticipated construction schedule of the Community, reflecting the program of adding amenities such as the clubhouse style community buildings, the Continuing Care neighborhood, and other amenities in order to match the Community’s increase in resident population. Although this is a projected schedule, construction will progress in response to market demand and is subject to delays for weather, licensing approval, etc.

As of the date of this Disclosure Statement, the first residential neighborhood including a clubhouse and 3 residential buildings were completed as well as the first phase of the Continuing Care services neighborhood.

<b>Building Name</b>	<b>Projected Start Date</b>	<b>Projected Completion Date</b>
RB 2.1	May 2021	January 2024
RB 2.2	February 2021	October 2023
RB 2.3	June 2022	May 2024
RB 2.4	June 2023	April 2025
RB 2.5	August 2023	June 2025
Continuing Care Phase 2	October 2025	March 2027
Continuing Care Phase 3	October 2028	March 2030

**EXHIBIT 3**

**CERTIFIED FINANCIAL STATEMENTS OF PROVIDER**

Summary:

As a form of consumer protection for prospective residents, the North Carolina Department of Insurance has required the Provider to include audits from an independent accounting firm, expressing that firm's opinion on the Provider's financial statements. The unaudited statements of March 2023 are also included in Exhibit 3

# **Windsor Run, LLC**

**Financial Statements**

**For the Years Ended December 31, 2022 and 2021**



RSM US LLP

## Independent Auditor's Report

Members  
Windsor Run, LLC

### Report on the Financial Statements

We have audited the accompanying financial statements of Windsor Run LLC (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, the related statements of operations and changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, 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.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

*RSM US LLP*

Baltimore, Maryland  
April 24, 2023

Windsor Run, LLC  
Balance Sheets  
December 31, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
Current assets		
Cash	\$ 698,299	\$ 829,484
Accounts receivable, net	190,005	201,824
Prepaid expenses and other current assets	415,157	173,594
Promissory notes receivable	221,400	5,260,000
Restricted cash - current	40,044	137,187
Total current assets	<u>1,564,905</u>	<u>6,602,089</u>
Non-current assets		
Resident capital cash	5,357,689	26,007,254
Property and equipment, net	202,414,990	167,793,560
Intangible assets	2,103,559	2,103,559
Total non-current assets	<u>209,876,238</u>	<u>195,904,373</u>
Total assets	<u>\$ 211,441,143</u>	<u>\$ 202,506,462</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 8,950,354	\$ 7,103,964
Claims reserve (insurance related)	327,035	167,845
Resident refunds payable	2,486,186	3,147,973
Other current liabilities	51,469	34,662
Total current liabilities	<u>11,815,044</u>	<u>10,454,444</u>
Non-current liabilities		
Advance deposits	1,434,100	888,600
Resident entrance fees, net of accumulated amortization	126,360,456	122,542,196
Working capital loan and accrued interest	22,587,802	22,271,555
Total non-current liabilities	<u>150,382,358</u>	<u>145,702,351</u>
Total liabilities	<u>162,197,402</u>	<u>156,156,795</u>
Commitments (Note 11)		
Members' equity	<u>49,243,741</u>	<u>46,349,667</u>
Total liabilities and members' equity	<u>\$ 211,441,143</u>	<u>\$ 202,506,462</u>

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

Windsor Run, LLC  
 Statements of Operations and Changes in Members' Equity  
 for the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenue:		
Resident occupancy revenue	\$ 20,616,209	\$ 13,784,498
Ancillary fee revenue	910,651	1,005,844
Amortization of non-refundable resident entrance fees	3,868,623	2,432,000
Other revenue	247,586	311,686
Total operating revenue	<u>25,643,069</u>	<u>17,534,028</u>
Operating expenses:		
Salaries, wages and benefits	10,673,783	7,362,300
Professional and contracted services	4,881,433	4,792,017
Supplies	2,120,239	1,416,110
General and administrative	2,661,726	2,095,540
Management fees	1,029,374	693,233
Interest	1,073,291	629,862
Real estate taxes	1,180,479	974,976
Depreciation	5,293,106	4,067,780
Total operating expenses	<u>28,913,431</u>	<u>22,031,818</u>
Operating loss	(3,270,362)	(4,497,790)
Non-operating income:		
Interest income	25,450	1,059
Non-operating income	<u>25,450</u>	<u>1,059</u>
Net loss	(3,244,912)	(4,496,731)
Members' equity, beginning	46,349,667	20,670,099
Contributions from member	36,882,786	31,284,399
Distributions to member	<u>(30,743,800)</u>	<u>(1,108,100)</u>
Members' equity, ending	<u>\$ 49,243,741</u>	<u>\$ 46,349,667</u>

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



Windsor Run, LLC  
Statements of Cash Flows  
for the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (3,244,912)	\$ (4,496,731)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	5,293,106	4,067,780
Amortization of non-refundable resident entrance fees	(3,868,623)	(2,432,000)
Interest on working capital loan	1,073,291	629,862
Proceeds from non-refundable entrance fees	4,863,400	10,175,200
Spend down	(138,200)	(64,717)
Decrease (increase) in accounts receivable	11,819	(103,484)
Increase in prepaid expenses and other current assets	(241,563)	(20,008)
Increase in accounts payable and accrued expenses	1,014,277	341,666
Increase in claims reserve (insurance related)	159,190	54,386
Increase in other current liabilities	16,807	4,563
Decrease in non-current liabilities	-	(77,569)
Net cash provided by operating activities:	<u>4,938,592</u>	<u>8,078,948</u>
Cash flows from investing activities:		
Purchase of property and equipment	(39,082,423)	(30,615,011)
Net cash used in investing activities:	<u>(39,082,423)</u>	<u>(30,615,011)</u>
Cash flows from financing activities:		
(Repayment of) proceeds from working capital loan	(757,044)	2,677,851
Repayments of PPP loan	-	(826,692)
Proceeds from refundable resident entrance fees	16,092,342	20,288,372
Refunds of refundable entrance fees	(8,753,846)	(4,865,500)
Increase in advance deposits	545,500	199,300
Contributions from member	36,882,786	31,284,399
Distributions to member	(30,743,800)	(1,108,100)
Net cash provided by financing activities:	<u>13,265,938</u>	<u>47,649,630</u>
(Decrease) increase in cash	(20,877,893)	25,113,567
Cash, restricted cash and resident capital cash, beginning of year	<u>26,973,925</u>	<u>1,860,358</u>
Cash, restricted cash and resident capital cash, end of year	<u>\$ 6,096,032</u>	<u>\$ 26,973,925</u>
Supplemental disclosures of cash flow information and non-cash financing activities:		
Acquisitions of property and equipment financed through accounts payable and accrued expenses	<u>\$ 6,150,513</u>	<u>\$ 5,318,400</u>

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

## Windsor Run, LLC

### Notes to Financial Statements

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#### 1. Organization

Windsor Run, LLC (the "Company") is a Maryland limited liability company, originally formed in 2014, to own, acquire and develop real property in Matthews, North Carolina. The Company operates a continuing care retirement community there and reports financial results based on a calendar year end. The Company is currently expected to build 900 independent living units, 71 assisted living units, 34 skilled nursing units and 25 memory care units. As of December 31, 2022 and 2021, there were 431 independent living units available. As of December 31, 2022 and 2021, there were 34 and 30 skilled nursing units available, respectively.

The Company is a majority owned subsidiary of Erickson Living Properties II, LLC ("ELP II"), whose purpose is to develop and lease continuing care retirement communities ("CCRCs"). ELP II is a wholly owned subsidiary of Erickson Living Holdings, LLC ("ELH"), whose purpose is to develop, manage and lease or operate CCRCs. ELH also owns other entities that have economic relationships with the Company:

- Erickson Living Properties, LLC ("ELP"), whose purpose is to develop and lease CCRCs.
- Erickson Senior Living, LLC ("ESL"), whose purpose is to provide management services to large scale CCRCs throughout the United States.
- EA Campus Care, LLC ("EA"), whose purpose is to manage Health Care delivery systems that support CCRCs managed by ESL and provides physician practice management services and medical management services to those CCRCs.
- Erickson Living Development, LLC ("ELD"), whose purpose is to provide land and construction development services and construction management oversight to large scale CCRCs throughout the United States.

These financial statements present the operations of the Company for the years ended December 31, 2022 and 2021.

On April 30, 2020, the Company's Operating Agreement was amended and restated to admit a new member of the Company, NSC – Windsor Run LLC ("NSCWR"), and provided for one class of outstanding membership interests of the Company. NSCWR is a subsidiary of National Senior Communities, Inc. ("NSC"), a not-for-profit organization that provides governance oversight, supervision and strategic planning for numerous CCRCs that are managed by ESL. ELP II was designated as the Manager of the Company and the initial capital percentages are 90% held by ELP II and 10% held by NSCWR. Both members have a right of first offer to purchase the other member's interest in the Company if that member decides to dispose of it. Additionally, NSCWR has an option to purchase the property in the future once certain conditions are met.

ELP II made an initial capital contribution and will continue to make additional capital contributions to fund further development of the Company. Distributions of net operating cash flow from operations are made to each member based on their respective net operating cash flow percentages, as defined by the agreement. No distributions of net cash flows are permitted while there is an outstanding balance under the working capital loan (see Note 5). Distributions of all resident entrance fees, net of refunds paid and advance deposits ("entrance fee cash flow") as well as proceeds from any debt financing may only be distributed to ELP II. Distributions of net cash from capital transactions are first made to members pro rata until the capital contributions are returned and then to the members in proportion to their respective capital percentages.

During the year ended December 31, 2022, ELP II made contributions of \$36,882,786 and received distributions of \$30,743,800 from the Company. During the year ended December 31, 2021, ELP II made contributions of \$31,284,399 and received distributions of \$1,108,100 from the Company. During the years ended December 31, 2022 and 2021, NSCWR made no contributions and received no distributions from the Company.

## Windsor Run, LLC

### Notes to Financial Statements

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#### 2. Summary of Significant Accounting Policies

##### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

##### Pooled Accounts

The Company participates in a controlled disbursement account owned by ESL with other related parties and CCRs that ESL manages. The account funds checks as they are presented for payment, and may result in a book overdraft due to timing. The book overdraft was \$1,228,649 as of December 31, 2022 and is included in accounts payable and accrued expenses on the balance sheet.

##### Concentration of Credit Risk

Financial instruments that subject the Company to concentrations of credit risk consist of cash. The Company maintains its cash in financial institutions that are federally insured under the Federal Deposit Insurance Corporation ("FDIC"). Total deposits at these institutions at times exceed the FDIC insurance limits and therefore, bear the risk of loss. The Company has not experienced any losses to date, and believes it is not exposed to any significant credit risk related to cash.

##### Cash, Restricted Cash and Resident Capital Cash

Restricted cash consists of advance deposits received from prospective residents to reserve apartment units prior to settlement and certain entrance deposits, and funds deposited with the State of North Carolina Department of Insurance ("NCDOI").

The following table provides a reconciliation of cash, restricted cash and resident capital cash reported within the balance sheets that sum to the total of the same amounts shown within the statements of cash flows as of December 31:

	<u>2022</u>	<u>2021</u>
Cash	\$ 698,299	\$ 829,484
Restricted cash - current	40,044	137,187
Resident capital cash	5,357,689	26,007,254
Cash, restricted cash and resident capital cash	<u>\$ 6,096,032</u>	<u>\$ 26,973,925</u>

##### Accounts Receivable

The accounts receivable are comprised of billed occupancy and ancillary charges that are still outstanding. The Company writes off uncollectible accounts receivable after all collection efforts have been exhausted and management determines they will not be collected. The Company recorded an allowance for bad debt in the amount of \$0 and \$2,693 for the years ended December 31, 2022 and 2021, respectively.

##### Resident Promissory Notes Receivable

Promissory notes receivable consist of short-term receivables from residents related to payment of the final installment of their entrance fee. Often, there is a timing difference between when the sale of a prospective resident's home will be finalized, and the due date of the final installment on their resident entrance fee. In these cases, a short-term promissory note is issued by the resident. If the resident pays the note on or before the agreed upon due date, no interest is charged. If the resident does not pay the note by the agreed upon due date, interest may be charged from the day the note was issued through the date of payment. Promissory notes receivable were \$221,400 and \$5,260,000 at December 31, 2022 and 2021, respectively.

## **Windsor Run, LLC**

### **Notes to Financial Statements**

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#### **Operating Reserve**

The NCDOT requires a CCRC to maintain an operating reserve that is a certain percentage of operating costs, less depreciation and amortization, depending on the occupancy levels. The Company purchased a surety bond in the amount of \$3,640,000 to maintain compliance with this reserve requirement, as permitted by the NCDOT.

#### **Advance Deposits**

Prospective residents are required to make certain installment payments prior to the final settlement of the given unit. These amounts are included in restricted cash and advance deposits on the balance sheet. Timing differences may cause escrow cash equivalents not to be equal to advance deposits.

#### **Compensated Absences**

The Company records a liability for amounts due to employees for future absences that are attributable to services performed in the current and prior periods, which is included in accounts payable and accrued expenses on the balance sheets.

#### **Employee Health Plan**

The Company participates in a self-funded employee health plan. A specific stop loss policy has been purchased to reduce a portion of the plan risk. The specific stop loss reimbursement policy covers medical and prescription drug claims totaling more than \$600,000 per member per calendar year. Symetra Life Insurance Company provides the excess coverage and reimburses the plan for amounts over the specific stop loss deductible/retention. The liability for health claims is included in claims reserve (insurance related) on the balance sheets.

The Company also has a self-funded employee dental plan, and the liability for future claims is also included in claims reserve (insurance related) on the balance sheets.

#### **Professional and General Liability Insurance**

The Company participates in a high deductible/retention professional and general liability insurance plan. For the years ended December 31, 2022 and 2021, the Company plan has a \$5 million per claim retention with a \$5 million professional and general liability aggregate. Continental Casualty Company provides the excess coverage. The liability for the anticipated payment for future professional and general liability was \$175,667 and \$107,014, at December 31, 2022 and 2021, respectively, and is included in claims reserve (insurance related) on the balance sheets.

#### **Workers' Compensation**

The Company participates in a pooled commercial workers' compensation policy with other affiliated entities of the member, issued by a third party insurance carrier. The policy has a deductible/retention per occurrence of \$250,000. Premiums paid, net of administrative expenses on the policy, are applied against policy claims. The policy term extends from November to November of each year, and premiums are paid by ESL. The expenses for premiums are allocated to the Company from ESL through the central services agreement (Note 10).

#### **Intangible Assets**

During 2018, the Company acquired the bed licenses required by the state of North Carolina and obtained the required Certificate of Need ("CON") to operate the planned care center at the community. The cost to acquire the required licenses and the CON were recorded as an intangible asset. The licenses do not expire and are transferable, thus they were assessed to have an indefinite life and are not subject to amortization. The cost to obtain these bed licenses in 2018 was \$2,103,559. No additions to this asset occurred in 2022 or 2021.

## Windsor Run, LLC

### Notes to Financial Statements

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#### **Prepaid Expenses and Other Current Assets, Accounts Payable and Accrued Expenses**

In addition to payables due to unrelated parties, Accounts payable and accrued expenses includes amounts due to EA and ELD. Amounts due from ESL and due from EA are included in prepaid expenses and other current assets. (see Note 10)

#### **Property and Equipment**

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the individual items, as shown below:

Buildings	40 years
Land improvements	15 years
Furniture, fixtures and equipment	3 to 15 years

Construction in progress includes the direct and indirect costs associated with the acquisition, development and construction of specific real estate development projects.

Gains or losses on the disposition of property and equipment are reported at the time of the disposition.

#### **Valuation of Long-Lived Assets**

The Company accounts for the valuation of long-lived assets under the guidance for *Accounting for the Impairment or Disposal of Long-Lived Assets*. This guidance requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. Management has reviewed and no events of impairment occurred during the years ended December 31, 2022 and 2021.

#### **Revenue Recognition**

##### **Resident occupancy revenue**

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

Under the Company's Resident and Care Agreements ("RCA's"), which are generally for the resident's lifetime, but can be terminated at any time by the resident with 60 days' notice, the Company provides continuing care services to residents for a stated daily or monthly fee. The Company recognizes revenue for continuing care services under the RCA for independent living in accordance with the provisions of Accounting Standards Codification ("ASC") 842, Leases ("ASC 842"). The Company recognizes revenue for assisted living services, skilled nursing residency and care, memory care residency and therapy services in accordance with the provisions of ASC Topic 606. The Company has determined that the continuing care services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation, which is satisfied over time.

The independent living portion of resident occupancy revenue that qualified under the provisions of lease guidance was \$17,434,302 and \$13,119,107 for the years ended December 31, 2022 and 2021, respectively. The Company expects independent living resident occupancy revenue for the year ended December 31, 2022 to remain consistent over the next five years, outside of annual inflationary increases to rates and increases in units available for occupancy.

## Windsor Run, LLC

### Notes to Financial Statements

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The Company evaluates a resident's ability to pay for provided services through an assessment of their available assets, future sources of revenue and the security of their entrance fee at the time of entrance to the community. Through this evaluation, the Company has determined that it does not offer implicit price concessions. The lack of implicit price concessions is considered in estimating the transaction price billed to residents and the amounts the Company expects to collect based on its collection history with those residents.

Agreements with third-party payers typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payers follows:

**Medicare:** Certain nursing care services are paid at prospectively determined rates based on clinical, diagnostic and other factors. Other services are paid based on cost-reimbursement methodologies subject to certain limits.

**Medicaid:** Reimbursements for Medicaid services are generally paid at prospectively determined rates per occasion of service, or per covered member.

**Other:** Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Generally, residents who are covered by third-party payers are responsible for related deductibles and coinsurance which vary in amount. Management estimates the transaction price for residents with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments. Subsequent changes to the estimate of the transaction prices are generally recorded as adjustments to resident occupancy revenue or ancillary fees in the period of the change. These changes to estimates that were recorded in the subsequent period were insignificant for the years ended December 31, 2022 and 2021. Subsequent changes that are determined to be the results of an adverse change in the resident's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended December 31, 2022 and 2021 was not significant.

#### **Ancillary fees**

Ancillary fees, which include nursing and aide services, pharmacy charges, housekeeping, dining room sales and other services provided to the residents of the Community are reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing these services. The Company recognizes revenue for these ancillary services in accordance with the provisions of ASC 606. Each service provided under the contract is capable of being distinct, therefore, the services are considered individual and separate performance obligations, which are satisfied as services are provided, and revenue is recognized as services are provided.

#### **Disaggregation of Revenue**

The Company disaggregates its revenue from contracts with customers by payer source as well as the main lines of business, as the Company believes it best depicts how the nature, amount, timing, and uncertainty of its revenue and cash flows are affected by economic factors. See details in the tables below.

**Windsor Run, LLC**  
**Notes to Financial Statements**

The composition of resident occupancy revenue by payer and level of care for the years ended December 31 was as follows:

	<b>2022</b>		
	<b>Independent</b>	<b>Skilled nursing and other</b>	<b>Total</b>
Private pay	\$ 17,428,542	\$ 3,181,907	\$ 20,610,449
Medicare and Medicaid	-	-	-
Third-party	5,760	-	5,760
<b>Total resident occupancy revenue</b>	<b>\$ 17,434,302</b>	<b>\$ 3,181,907</b>	<b>\$ 20,616,209</b>

  

	<b>2021</b>		
	<b>Independent</b>	<b>Skilled nursing and other</b>	<b>Total</b>
Private pay	\$ 13,114,887	\$ 665,391	\$ 13,780,278
Medicare and Medicaid	-	-	-
Third-party	4,220	-	4,220
<b>Total resident occupancy revenue</b>	<b>\$ 13,119,107</b>	<b>\$ 665,391</b>	<b>\$ 13,784,498</b>

The composition of ancillary fees by payer and level of care for the years ended December 31 was as follows:

	<b>2022</b>				
	<b>Independent</b>	<b>Assisted living</b>	<b>Skilled nursing and other</b>	<b>Memory care</b>	<b>Total</b>
Private pay	\$ 647,793	\$ -	\$ 262	\$ -	\$ 648,055
Medicare and Medicaid	-	-	-	-	-
Third-party	1,024	-	261,572	-	262,596
<b>Total ancillary fees</b>	<b>\$ 648,817</b>	<b>\$ -</b>	<b>\$ 261,834</b>	<b>\$ -</b>	<b>\$ 910,651</b>

  

	<b>2021</b>				
	<b>Independent</b>	<b>Assisted living</b>	<b>Skilled nursing and other</b>	<b>Memory care</b>	<b>Total</b>
Private pay	\$ 776,412	\$ -	\$ 308	\$ -	\$ 776,720
Medicare and Medicaid	-	-	-	-	-
Third-party	2,656	-	226,468	-	229,124
<b>Total ancillary fees</b>	<b>\$ 779,068</b>	<b>\$ -</b>	<b>\$ 226,776</b>	<b>\$ -</b>	<b>\$ 1,005,844</b>

**Income Taxes**

The Company is a limited liability company and is treated as a partnership for all federal and state income tax purposes. No provision has been made for federal and state income taxes in the accompanying financial statements, since these taxes are the responsibility of the members. Management has evaluated the Company's tax positions and has concluded that the Company has taken no uncertain tax positions that would require disclosure.

## Windsor Run, LLC

### Notes to Financial Statements

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#### Financial Instruments

The Company's financial instruments, including cash, accounts receivable, prepaid expenses and other current assets, restricted cash, accounts payable and accrued expenses, claims reserve (insurance related), other current liabilities, and advance deposits are carried at cost, which approximates their fair value because of the short-term nature of these instruments.

#### Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management, where necessary, 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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Advertising

Advertising costs are charged to operations when incurred. Advertising expense of \$2,971,321 and \$2,952,365 was recorded for the years ended December 31, 2022 and 2021, respectively.

#### Recently Adopted Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to contracts (i.e., lessees and lessors). The standard requires lessees to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing and operating leases. The Company implemented the accounting standard in 2022 and determined that it has no material leases for the year ended December 31, 2022.

#### Reclassification

Certain 2021 amounts were reclassified to conform to the 2022 presentation. These reclassifications had no effect on the previously reported members' equity or net loss.

### 3. Coronavirus Disease 2019 Pandemic

The Company participates in certain government programs that provide funding related to the Coronavirus Disease 2019 ("COVID-19") pandemic. These funds have reduced the overall net impact of COVID-19 on the Company's financial performance.

Under the Coronavirus Aid, Relief, and Economic Security Act of 2020 ("CARES Act"), cash has been granted to the Company in the Public Health and Social Services Emergency Fund ("Provider Relief Fund") program. During the years ended December 31, 2022 and 2021, the Company recognized in other revenue grants received from the Provider Relief Fund totaling \$-0- and \$104,313, respectively, based on information contained in laws and regulations, as well as interpretations issued by the Department of Health and Human Services ("HHS"), governing the funding that was publicly available at December 31, 2022. These grants were made available to healthcare providers to reimburse for healthcare expenses or lost revenues attributable to COVID-19 which were not reimbursed from other sources, nor which other sources were obligated to reimburse. The funds received by the Company are subject to future audits and potential adjustment in future periods and may need to be repaid in whole or in part to the government.

In addition to government programs that provide direct funding relief, the CARES Act also allowed employers the ability to temporarily defer the employer portion of social security payroll taxes in 2020. As of December 31, 2020, the Company had deferred \$155,138 of the employer portion of social security payroll taxes, half of which was repaid in the year ended December 31, 2021, and the remainder of which was repaid in the year ended December 31, 2022.



**Windsor Run, LLC**  
**Notes to Financial Statements**

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**4. Property and Equipment**

As of December 31, property and equipment consist of the following:

	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 13,124,040	\$ 12,676,525
Buildings	143,522,284	142,205,703
Furniture, fixtures and equipment	10,196,523	9,443,272
Construction in progress	55,244,233	17,847,043
	<u>222,087,080</u>	<u>182,172,543</u>
Accumulated depreciation	(19,672,090)	(14,378,983)
Property, plant and equipment, net	<u>\$ 202,414,990</u>	<u>\$ 167,793,560</u>

Depreciation expense of \$5,293,106 and \$4,067,780 was recorded for the years ended December 31, 2022 and 2021, respectively.

There were no disposals of fixed assets for the years ended December 31, 2022 or 2021.

**5. Working Capital Loan**

In 2020, the Company's Operating Agreement was amended and restated as part of the JV Agreement described in Note 1. In the event the Company's operating expenses exceed the revenues, income, receipts and cash flows of the Company for a given period, the terms of the amendment require ELP II to make a Working Capital Loan ("WCL") to the Company in the amount of such net operating deficit. There was \$20,451,062 plus accrued interest of \$2,136,740 outstanding under the WCL as of December 31, 2022. There was \$21,208,105 plus accrued interest of \$1,063,450 outstanding under the WCL as of December 31, 2021.

Interest accrues monthly on the WCL balance at the prime rate less 0.25%. The prime rate was 7.50% and 3.25% as of December 31, 2022 and 2021, respectively. Total interest expense was \$1,073,291 and \$619,209 for the years ended December 31, 2022 and 2021, respectively.

**6. Resident Capital Cash, Advance Deposits and Resident Entrance Fees**

Residents are required to remit entrance fees, which may vary in amount depending upon the unit to be occupied. Prospective residents are required to make certain installment payments prior to the final settlement of the given unit. These amounts are included in resident capital cash and advance deposits on the balance sheets. Timing differences may cause escrow cash equivalents not to be equal to advance deposits.

Entrance fees on settled units are shown as resident entrance fees on the balance sheets and are reported net of amortization.

The Company currently offers two types of RCA's. The RCA's provide for either a refundable amount of 90% of the total entrance fee and a 10% non-refundable portion ("90% contracts") or a non-refundable option ("0% contracts"). Eligibility for a refund under the 90% contracts is established when the RCA has terminated, the unit has been vacated and released, all outstanding obligations have been paid and funds are available in the Refund Account. The Refund Account is funded from new residents who have settled an independent living unit with a new 90% contract. The refunds are made in sequential order, based on when a former resident has met eligibility for a refund and funds are available in the Refund Account. The refund on these units is not tied to the resettlement of the former resident's specific unit. Once these requirements have been met, the refund is due to the resident within 60 days. For the 90% contracts, when the unit is released the amount of the fully refundable portion of the resident entrance fee is reclassified from resident entrance fees, a non-current liability, to resident refunds payable, a current liability on the balance sheets.

## Windsor Run, LLC

### Notes to Financial Statements

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The non-refundable portion of the entrance deposits is treated as deferred revenue and amortized into revenue on a straight line basis over an 8.5 year period, which approximates the estimated average length of time a resident resides at the community based on community and industry data. Amortization of resident entrance fees is included in revenue on the statements of operations and changes in members' equity. The amount of amortization related to the non-refundable portion of the deposit was \$3,868,623 and \$2,432,000, respectively, for the years ended December 31, 2022 and 2021, and is included in amortization of resident entrance fees on the statements of operations and changes in member's equity. Accumulated amortization on non-refundable entrance fees was \$8,192,010 and \$5,167,529 as of December 31, 2022 and 2021, respectively.

#### 7. Credit Agreement

The Company was a guarantor on a credit facility that ELH had with Bank of America that was paid off and terminated in March 2021. The Company then became, and remains, a guarantor on a \$1 billion credit facility that ELH entered into with Truist Bank in June 2021.

This arrangement includes a \$400 million term loan and a \$600 million revolving line of credit. Interest on the credit arrangement is London Interbank Offered Rate ("LIBOR") plus a varying spread (based on outstanding loan to EBITDA). Repayment of the term loan is quarterly based on a 25-year amortization schedule with a balloon payment due June 30, 2026. The revolving credit facility has no repayment terms other than it must be paid in full on June 30, 2026. As of December 31, 2022, borrowings under the term loan were \$387 million and borrowings under the revolving line of credit were \$119 million. As of December 31, 2021, borrowings under the term loan were \$396 million and there were no borrowings under the revolving line of credit.

The credit facility contains certain restrictive and financial covenants on ELH that are customary for similar credit arrangements. For example, there are covenants that limit ELH's ability to incur additional debt, make certain investments, merge, or sell all or substantially all of ELH's assets, as well as various financial covenants and ratios that ELH had satisfied during the years ended and as of December 31, 2022 and 2021.

#### 8. Management and Marketing Agreement

The Company and ESL have a Management and Marketing Agreement, which was amended effective January 1, 2023, whereby ESL will provide management and marketing services to the Company during the term of this agreement which expires on January 1, 2028. The agreement provides for the Company to pay ESL a monthly management fee of 5% of total Resident Fees. Other corporate services as required by the Company are also reimbursed to ESL as defined in the management agreement. The total management fee for the years ended December 31, 2022 and 2021 were \$1,029,374 and \$693,233, respectively.

The direct and shared costs allocated to the Company by ESL for the years ended December 31, 2022 and 2021 were \$3,457,473 and \$2,806,023, respectively, and are included in professional and contracted services and salaries, wages and benefits on the statements of operations and changes in members' equity. Direct costs include salaries and benefits for management personnel and the use of services such as finance, legal, human resources, information systems and operations.

#### 9. Defined Contribution Plan

The Company's employees, meeting certain requirements, are eligible to participate in a defined contribution plan maintained by a company related through common ownership. The Company matches a maximum of 3% of the participating employees' eligible earnings. The Company incurred expenses of \$96,918 and \$94,291 related to the plan for the years ended December 31, 2022 and 2021, respectively, which are included in salaries, wages and benefits on the statements of operations and changes in members' equity.

**Windsor Run, LLC**  
**Notes to Financial Statements**

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**10. Related Party Transactions**

The Company has a central services agreement with ESL. The central services agreement allows for allocation of general and administrative expenses for all companies under common ownership, and CCRC entities for which ESL provides management services. During the years ended December 31, 2022 and 2021, the Company incurred expenses of \$2,184,116 and \$1,865,544, respectively, related to the central services agreement and is included in the direct and shared costs in Note 8. During the years ended December 31, 2022 and 2021, the Company also made payments of \$2,141,004 and \$1,864,035, respectively, related to the central services agreement.

The Company has an agreement with ELD to pay for certain development services provided by employees of ELD. The agreement requires the Company to pay to ELD a 5% development fee on hard and soft construction costs incurred by the Company. The development fee totaled \$1,786,418 and \$1,468,940 during the years ended December 31, 2022 and 2021, respectively, and is capitalized as part of ongoing construction costs. During the years ended December 31, 2022 and 2021, the Company made payments of \$1,670,354 and \$1,365,326, respectively, related to the development fee agreement.

The amounts due from ESL, due to ELD and due to/from EA on the accompanying balance sheets are included in accounts payable and accrued expenses and prepaid expenses and other current assets and are comprised of the following items as of December 31:

	<u>2022</u>	<u>2021</u>
Receivable from (payable to) ESL:		
General reimbursement	\$ 210,688	\$ (45,076)
Central services	9,940	53,052
Total receivable from ESL, net	<u>\$ 220,628</u>	<u>\$ 7,976</u>
Payable to ELD	<u>\$ (344,643)</u>	<u>\$ (228,579)</u>
(Payable to) receivable from EA	<u>\$ (22,755)</u>	<u>\$ 61,160</u>

**11. Commitments**

As of December 31, 2022, the Company is committed under several construction related contracts. Commitments for the portions of the contracts not completed or billed for as of December 31, 2022 was \$61,442,253.

**12. Subsequent Events**

The Company has evaluated subsequent events through April, 24 2023, the date which the financial statements were available to be issued. The Operating Agreement was amended effective January 1, 2023. The relevant terms that changed have been provided in these notes, where applicable. No other subsequent events were noted.



RSM US LLP

## Independent Auditor's Report on the Supplementary Information

Members  
Windsor Run, LLC

We have audited the financial statements of Windsor Run, LLC as of December 31, 2022 and 2021, and have issued our report thereon, which contains an unmodified opinion on these financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*RSM US LLP*

Baltimore, Maryland  
April 24, 2023

Windsor Run, LLC  
Supplemental Schedule  
for the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash, end of year	\$ 698,299	\$ 829,484
Cash, beginning of year	829,484	616,868
Change in cash	<u>\$ (131,185)</u>	<u>\$ 212,616</u>
Cash provided by business operations:		
Total revenue	\$ 25,643,069	\$ 17,534,028
Less: Amortization of resident entrance fees	(3,868,623)	(2,432,000)
Add: Net cash flows related to entrance fees	33,258,761	859,567
Cash provided by business operations	<u>55,033,207</u>	<u>15,961,595</u>
Total expenses:	(28,913,431)	(22,031,818)
Less: Depreciation and amortization	5,293,106	4,067,780
Less: Interest expense	1,073,291	629,862
Cash used for operating expenses	<u>(22,547,034)</u>	<u>(17,334,176)</u>
Purchases of property and equipment	(39,082,423)	(30,615,011)
Cash used in business operations	<u>(61,629,457)</u>	<u>(47,949,187)</u>
Net cash used in business operations	<u>(6,596,250)</u>	<u>(31,987,592)</u>
Other sources and uses of cash:		
Interest income	25,450	1,059
Decrease in working capital	1,057,673	171,691
Payment of PPP loan	-	(826,692)
(Repayment of) proceeds from working capital loan	(757,044)	2,047,989
Contributions from member, net	6,138,986	30,176,299
Net cash provided by non-operating activities	<u>6,465,065</u>	<u>31,570,346</u>
Total change in cash	<u>\$ (131,185)</u>	<u>\$ (417,246)</u>

**Windsor Run**  
**Statement of Operations by Natural Expense**  
**Mar, FY23**  
**(in thousands)**

	FY23			FY22	FY23			FY22	
	Actual	Mar Budget	Variance	Mar Actual	Actual	YTD(Mar) Budget	Variance	YTD(Mar) Actual	
<b>Operating Revenue</b>									
Resident Monthly Fees	\$ 1,903	\$ 1,899	\$ 4	\$ 1,698	\$ 5,694	\$ 5,678	\$ 17	0.3%	\$ 4,959
Departmental Revenues	54	63	(9)	105	193	184	9	4.8%	360
<b>Total Operating Revenue</b>	<b>\$ 1,957</b>	<b>\$ 1,962</b>	<b>\$ (4)</b>	<b>\$ 1,803</b>	<b>\$ 5,887</b>	<b>\$ 5,862</b>	<b>\$ 26</b>		<b>\$ 5,319</b>
<b>Operating Expenses</b>									
Wages	\$ 776	\$ 796	\$ 20	\$ 670	\$ 2,223	\$ 2,343	\$ 119	5.1%	\$ 1,845
Employee Benefits / Other EE	209	192	(16)	175	644	581	(62)	-10.7%	507
Contract Labor	214	292	78	167	534	674	139	20.7%	550
Supplies	70	53	(17)	62	211	203	(8)	-3.9%	160
Food & Beverage	124	118	(6)	124	328	344	17	4.9%	301
Repairs & Maintenance	131	60	(71)	46	233	174	(59)	-33.9%	103
Professional Fees	4	4	(0)	4	12	12	(1)	-5.8%	15
Central Services	217	217	0	191	651	651	0	0.0%	572
Insurance	60	37	(24)	31	87	110	22	20.4%	88
Utilities	79	65	(15)	69	269	221	(49)	-22.0%	78
Real Estate Tax	129	120	(9)	124	388	359	(29)	-8.0%	376
Management Fees	95	86	(10)	85	285	256	(29)	-11.2%	248
Marketing Costs	140	137	(3)	124	407	412	5	1.3%	466
Other	62	28	(34)	36	149	82	(66)	-80.6%	228
Capitalized Costs	(266)	(187)	78	(123)	(336)	(428)	(92)	21.5%	(131)
Bad Debt Reserve	8	8	0	7	24	24	0	0.0%	21
<b>Total Operating Expenses</b>	<b>\$ 2,052</b>	<b>\$ 2,024</b>	<b>\$ (28)</b>	<b>\$ 1,792</b>	<b>\$ 6,109</b>	<b>\$ 6,018</b>	<b>\$ (91)</b>	<b>-1.5%</b>	<b>\$ 5,427</b>
<b>Operating Income</b>	<b>\$ (95)</b>	<b>\$ (63)</b>	<b>\$ (32)</b>	<b>\$ 11</b>	<b>\$ (222)</b>	<b>\$ (156)</b>	<b>\$ (65)</b>	<b>41.8%</b>	<b>\$ (108)</b>
<b>Non-Operating Income (Cash)</b>									
Investment Income	\$ 0	\$ 2	\$ (2)	\$ 0	\$ 22	\$ 10	\$ 12		\$ 0
Realized Gain / (Loss) on Investments	-	-	-	-	-	-	-		-
Realized Gain / (Loss) on Interest Rate Swap	-	-	-	-	-	-	-		-
Contribution Revenue	-	-	-	-	-	-	-		-
Annual Rent	-	-	-	-	-	-	-		-
Financing Expense	(158)	(23)	(135)	(62)	(436)	(99)	(336)		(170)
<b>Total Non-Operating Income (Cash)</b>	<b>(157)</b>	<b>(21)</b>	<b>(137)</b>	<b>(62)</b>	<b>(414)</b>	<b>(90)</b>	<b>(324)</b>		<b>(170)</b>
<b>Non-Operating Income (Non-Cash)</b>									
Unrealized Gain (Loss) on Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Unrealized Gain (Loss) on Interest Rate Swap	-	-	-	-	-	-	-		-
Depreciation Expense	(467)	(950)	483	(444)	(1,374)	(2,838)	1,464		(1,319)
Amortization Income	2,392	150	2,241	59	1,103	448	654		553
Amortization Expense	-	-	-	-	-	-	-		-
Capital Lease Activity	-	-	-	-	-	-	-		-
Earned Income Non-Refund Deposit	-	-	-	-	-	-	-		-
Extraordinary Gain (Loss) Extinguishment of Debt	-	-	-	-	-	-	-		-
Equity in Earnings	-	-	-	-	-	-	-		-
Gain (Loss) on Asset Disposal	-	-	-	-	-	-	-		-
<b>Total Non-Operating Income (Non-Cash)</b>	<b>1,924</b>	<b>(800)</b>	<b>2,724</b>	<b>(385)</b>	<b>(272)</b>	<b>(2,390)</b>	<b>2,118</b>		<b>(767)</b>
<b>Total Non-Operating Income (Cash + Non-Cash)</b>	<b>\$ 1,767</b>	<b>\$ (820)</b>	<b>\$ 2,587</b>	<b>\$ (447)</b>	<b>\$ (686)</b>	<b>\$ (2,480)</b>	<b>\$ 1,794</b>		<b>\$ (936)</b>
<b>Net Income</b>	<b>\$ 1,672</b>	<b>\$ (883)</b>	<b>\$ 2,555</b>	<b>\$ (435)</b>	<b>\$ (907)</b>	<b>\$ (2,636)</b>	<b>\$ 1,729</b>		<b>\$ (1,045)</b>

**Windsor Run**  
**Comparative Balance Sheet**  
**Mar, FY23**  
**(in thousands)**

	<u>FY23</u> <u>YTD(Mar)</u>	<u>FY22</u> <u>YTD(Dec)</u>	<u>YTD</u> <u>Change</u>
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash	\$ 1,564	\$ 698	\$ 865
Designated Cash	40	40	-
Accounts Receivable	294	204	90
Inventory	52	46	6
Prepays	232	134	98
Short Term Notes Receivable	2,179	221	1,957
Short Term Investments (Tier II)	-	-	-
Capital Expenditure Reserve	-	-	-
<i>Total Current Assets</i>	<u>4,360</u>	<u>1,344</u>	<u>3,016</u>
<i>Limited Use Cash and Investments</i>			
Escrow Deposits	5,892	5,358	534
Restricted Funds Accounts	-	-	-
Capital Repositioning Reserve	-	-	-
<i>Total Limited Use Cash &amp; Investments</i>	<u>5,892</u>	<u>5,358</u>	<u>534</u>
<i>Non-Current Assets</i>			
Designated Securities (Tier III)	-	-	-
Designated Securities (Tier IV)	-	-	-
Fixed Assets - Net	5,849	6,746	(897)
Net Rights of use Assets	-	-	-
Construction In Process	205,565	195,669	9,896
Deferred Assets	-	-	-
Intangible Assets	2,104	2,104	-
Derivative Instrument Asset	-	-	-
Long Term Mortgage & Note Receivables	-	-	-
<i>Total Non-Current Assets</i>	<u>213,518</u>	<u>204,519</u>	<u>8,999</u>
<b>TOTAL ASSETS</b>	<b>\$ 223,770</b>	<b>\$ 211,221</b>	<b>\$ 12,549</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable and Accrued Liabilities	\$ 8,499	\$ 9,056	\$ (557)
Resident Refunds Payable	4,557	2,486	2,071
Short Term Obligations Debt	-	-	-
<i>Total Current Liabilities</i>	<u>13,056</u>	<u>11,542</u>	<u>1,514</u>
<i>Non-Current Liabilities</i>			
Advance Deposits	1,096	1,434	(338)
Parking Deposits	-	-	-
Capital - 100%	2,655	4,086	(1,432)
Capital - 90%	116,251	113,351	2,900
Capital - 20% Non Refundable	-	-	-
Capital - 0%	17,645	17,376	269
Contra Capital	(315)	(261)	(53)
Amortization of Capital - 100%	-	-	-
Amortization of Capital - 90%	(322)	(258)	(64)
Accum. Amort 20% Non refundable	-	-	-
Accum. Amort 10% Non refundable	(4,339)	(4,086)	(252)
Accum. Amort 0% Non refundable	(4,493)	(3,848)	(645)
Working Capital/Line of Credit	24,298	22,588	1,710
Long Term Liabilities	52	53	(0)
<i>Total Non-Current Liabilities</i>	<u>152,529</u>	<u>150,435</u>	<u>2,094</u>
<b>TOTAL LIABILITIES</b>	<u>165,585</u>	<u>161,977</u>	<u>3,608</u>
<b>NET ASSETS</b>			
Unrestricted Net Assets	59,092	52,489	6,603
Temporarily Restricted	-	-	-
Permanently Restricted	-	-	-
Current Year Increase (Decrease) in Net Assets	(907)	(3,245)	2,338
<b>TOTAL NET ASSETS</b>	<u>58,185</u>	<u>49,244</u>	<u>8,941</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 223,770</b>	<b>\$ 211,221</b>	<b>\$ 12,549</b>

**Windsor Run**  
**Statement of Cash Flows**  
**Mar, FY23**  
**(in thousands)**

	<u>Current</u>	<u>YTD</u>
<b>Cash Flows from Operating Activities</b>		
Net Income	\$ 7,089	\$ 8,941
<b>Adjustments to Reconcile Income</b>		
Depreciation and Amortization Expense	467	1,374
Provision for Bad Debt	8	24
Amortization Income	(2,392)	(1,103)
Unrealized (Gain) / Loss on Investments	-	-
Realized (Gain) / Loss on Investments	-	-
Amortization of Bond Discount	-	-
Proceeds from non refundable entrance fees	2,552	2,804
Increase / (Decrease) in Resident Contra Capital	(32)	(53)
Earned Inc-Nonrefund Dep	-	-
(Increase) / Decrease in Accounts Receivable	(107)	(114)
(Increase) / Decrease in Inventory	(5)	(6)
(Increase) / Decrease in Prepaid Expenses	9	(98)
Increase / (Decrease) in Accounts Payable and Accrued Liabilities	(1,184)	(557)
	<u>6,406</u>	<u>11,213</u>
<b>Net Cash Provided / (Used) by Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
(Increase) / Decrease in Limited Use Cash and Investments	(295)	(534)
(Increase) / Decrease in Short Term Investments	-	-
(Increase) / Decrease in Capital Expenditure Reserve	-	-
(Increase) / Decrease in Capital Repositioning Reserve	-	-
(Increase) / Decrease in Designated Cash	-	-
(Increase) / Decrease in Designated Securities	-	-
(Increase) / Decrease in Fixed Assets	(352)	(478)
(Increase) / Decrease in Rights of use Assets	-	-
(Increase) / Decrease in Construction in Process	(4,485)	(9,896)
(Increase) / Decrease in Deferred Assets	-	-
(Increase) / Decrease in Long Term Mortgage & Note Receivables	-	-
	<u>(5,133)</u>	<u>(10,908)</u>
<b>Net Cash Provided / (Used) in Investing Activities</b>		
<b>Cash Flows from Financing Activities</b>		
Increase / (Decrease) in Advance Deposits	(90)	(338)
Increase / (Decrease) in Parking Deposits	-	-
Increase / (Decrease) in Resident Capital - 50%	-	-
Increase / (Decrease) in Refundable Deposit	-	-
Increase / (Decrease) in Refundable Entrance Deposits	432	1,146
(Increase) / Decrease in Short Term Notes	(1,849)	(1,957)
Increase / (Decrease) in Short Term Obligations	-	-
Increase / (Decrease) in Working Capital/Line of Credit	678	1,710
Increase / (Decrease) in Long Term Liabilities	(0)	(0)
	<u>(829)</u>	<u>560</u>
<b>Net Cash Provided / (Used) in Financing Activities</b>		
<b>Increase / (Decrease) in Cash</b>	444	865
<b>Cash, Beginning of Period</b>	\$ 1,119	\$ 698
<b>Cash, End of Period</b>	<u>\$ 1,564</u>	<u>\$ 1,564</u>



**EXHIBIT 4**  
**FORECASTED FINANCIAL STATEMENTS**  
**INCLUDING BALANCE SHEET, INCOME**  
**STATEMENT AND STATEMENT OF**  
**CASH FLOWS**

Summary:

Exhibit Four shows the 5 year forecast for income statements, including assumptions, for the Provider.

**Windsor Run, LLC**  
**Compilation of a Financial Projection**  
**For Each of the Five Years Ending**  
**December 31, 2027**

(with Independent Accountants' Compilation Report thereon)

# Windsor Run, LLC

## Compilation of a Financial Projection

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## Independent Accountants' Compilation Report

To the Members  
Windsor Run, LLC  
Matthews, North Carolina

Management of Windsor Run, LLC (the "Company") and Erickson Senior Living, LLC (collectively referred to as "Management") is responsible for the accompanying financial projection of the Company, which comprises the projected balance sheets as of and for each of the five years ending December 31, 2027 and the related projected statements of operations, changes in members' equity 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 Company is currently expanding the existing retirement community with a phased construction master plan providing for additional independent living units and continuing care beds (the "Projects").

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

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services Committee of the AICPA. We did not examine or review the financial projection, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by Management. Accordingly, we do not express an opinion, a conclusion, or provide any form of assurance on this financial projection. Furthermore, even if the following hypothetical assumptions occur during the projection period:

- Construction, development, marketing, and other related costs for the Projects occur in the assumed timeline and at the assumed costs; and
- The phased 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.

**FORVIS,LLP**

Atlanta, Georgia  
May 26, 2023

## Windsor Run, LLC

### Projected Statements of Operations and Changes in Members' Equity For the Years Ending December 31, (In Thousands)

	2023	2024	2025	2026	2027
<b>Revenues</b>					
Amortization of entrance fees	\$ 4,325	\$ 5,335	\$ 7,014	\$ 8,301	\$ 8,898
Independent living	19,747	27,203	33,864	40,976	42,923
Continuing care:					
Skilled nursing	2,574	2,652	2,732	2,814	2,898
Assisted living	993	1,022	1,053	1,084	3,752
Ancillary fees and other income	882	1,214	1,511	1,828	1,916
<b>Total revenues</b>	<b>\$ 28,521</b>	<b>\$ 37,426</b>	<b>\$ 46,174</b>	<b>\$ 55,003</b>	<b>\$ 60,387</b>
<b>Expenses</b>					
Salaries, wages and benefits	12,985	13,982	16,483	18,011	20,238
Professional and contracted services	1,824	2,460	3,011	3,572	3,981
Supplies	368	490	578	638	775
Dietary and other supplies	1,459	1,968	2,401	2,830	3,148
Building grounds and maintenance	925	1,271	1,559	1,834	1,941
Utilities	1,221	1,674	2,015	2,278	2,486
Administrative and other	3,629	4,455	5,109	5,648	5,961
Management and Marketing Fee	1,210	1,605	1,958	2,335	2,574
Resident relations	126	176	210	226	231
Insurance	217	304	358	379	392
Real estate taxes	1,533	1,978	2,219	2,325	2,450
Interest expense	6,106	7,335	5,756	4,458	5,107
Depreciation	6,452	8,642	9,879	10,507	11,238
<b>Total expenses</b>	<b>38,055</b>	<b>46,340</b>	<b>51,536</b>	<b>55,041</b>	<b>60,522</b>
Operating income (loss)	(9,534)	(8,914)	(5,362)	(38)	(135)
Non-operating income:					
Investment income	59	74	72	71	65
Non-operating income:	59	74	72	71	65
Net income (loss)	(9,475)	(8,840)	(5,290)	33	(70)
Members' equity, beginning of year	49,244	39,769	30,929	25,639	25,672
Members' equity, end of year	\$ 39,769	\$ 30,929	\$ 25,639	\$ 25,672	\$ 25,602

See accompanying Summary of Significant Projection Assumptions and Rationale and  
Independent Accountants' Compilation Report

**Windsor Run, LLC**  
**Projected Statements of Cash Flows**  
**For the Years Ending December 31,**  
**(In Thousands)**

	2023	2024	2025	2026	2027
<b>Cash flows from operating activities</b>					
Net income (loss)	\$ (9,475)	\$ (8,840)	\$ (5,290)	\$ 33	\$ (70)
Adjustments to reconcile change in net loss cash provided by (used in) operating activities:					
Depreciation	6,452	8,642	9,879	10,507	11,238
Amortization of entrance fees	(4,325)	(5,335)	(7,014)	(8,301)	(8,898)
Entrance fees received-attrition (non-refundable)	1,853	2,841	3,856	5,046	5,681
Changes in current assets and current liabilities	(178)	(1,137)	(5,503)	1,714	(72)
Addition to deferred interest on Working Capital Loan	6,106	7,335	5,756	-	5,107
Net cash provided by (used in) operating activities	\$ 433	\$ 3,506	\$ 1,684	\$ 8,999	\$ 12,986
<b>Cash flows from investing activities</b>					
Construction costs	(80,925)	(71,480)	(10,797)	(25,684)	(17,122)
Routine capital additions	(3,458)	(3,543)	(4,276)	(4,915)	(5,514)
Net cash used in investing activities	(84,383)	(75,023)	(15,073)	(30,599)	(22,636)
<b>Cash flows from financing activities</b>					
Initial Entrance Fees received	25,502	61,232	61,144	19,916	383
Entrance Fees received-attrition (refundable)	6,165	9,291	12,605	16,498	18,574
Entrance Fees refunded	(5,498)	(8,285)	(11,241)	(14,713)	(16,564)
Working Capital Loan proceeds (payments)	58,756	10,476	(28,100)	(100)	6,500
Payment of deferred interest on Working Capital Loan	-	-	(21,334)	-	-
Decrease in advance deposits	(1,434)	-	-	-	-
Net cash provided by financing activities	83,491	72,714	13,074	21,601	8,893
Change in cash and cash equivalents and restricted cash	\$ (459)	\$ 1,197	\$ (315)	\$ 1	\$ (757)
Cash and cash equivalents and restricted cash - beginning of year	6,096	5,637	6,834	6,519	6,520
Cash and cash equivalents and restricted cash - end of year	\$ 5,637	\$ 6,834	\$ 6,519	\$ 6,520	\$ 5,763
Cash and cash equivalents and restricted cash reconciliation:					
Cash and cash equivalents	\$ 2,620	\$ 3,092	\$ 3,415	\$ 3,618	\$ 4,038
Restricted cash	3,017	3,742	3,104	2,902	1,725
Total cash and cash equivalents and restricted cash	\$ 5,637	\$ 6,834	\$ 6,519	\$ 6,520	\$ 5,763

See accompanying Summary of Significant Projection Assumptions and Rationale and  
Independent Accountants' Compilation Report

**Windsor Run, LLC**  
**Projected Balance Sheets**  
**As of December 31,**  
**(In Thousands)**

	2023	2024	2025	2026	2027
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 2,620	\$ 3,092	\$ 3,415	\$ 3,618	\$ 4,038
Restricted cash	3,017	3,742	3,104	2,902	1,725
Accounts receivable, net	663	879	1,073	1,280	1,411
Resident promissory note receivable	1,508	1,871	1,552	1,451	862
Prepaid expenses and other current assets	210	250	295	329	363
Total current assets	8,018	9,834	9,439	9,580	8,399
Property and equipment	306,470	381,493	396,566	427,165	449,801
Less: accumulated depreciation	(26,123)	(34,765)	(44,644)	(55,151)	(66,389)
Property and equipment, net	280,347	346,728	351,922	372,014	383,412
Intangible assets	2,104	2,104	2,104	2,104	2,104
Total assets	\$ 290,469	\$ 358,666	\$ 363,465	\$ 383,698	\$ 393,915
<b>Liabilities and members' equity</b>					
Current liabilities					
Accounts payable	\$ 1,257	\$ 1,497	\$ 1,770	\$ 1,976	\$ 2,179
Construction payable	8,093	7,148	1,080	2,568	1,712
Accrued expenses	978	1,165	1,377	1,537	1,694
Other current liabilities	379	379	379	379	379
Resident refunds payable	2,486	2,486	2,486	2,486	2,486
Total current liabilities	13,193	12,675	7,092	8,946	8,450
Working Capital Loan	79,207	89,683	61,583	61,483	67,983
Deferred interest from Working Capital Loan	8,243	15,578	-	-	5,107
Refundable entrance fees	127,575	172,059	217,235	231,613	231,572
Deferred revenue from entrance fees	22,482	37,742	51,916	55,984	55,201
Total liabilities	250,700	327,737	337,826	358,026	368,313
Members' equity	39,769	30,929	25,639	25,672	25,602
Total liabilities and members' equity	\$ 290,469	\$ 358,666	\$ 363,465	\$ 383,698	\$ 393,915

See accompanying Summary of Significant Projection Assumptions and Rationale and  
Independent Accountants' Compilation Report

## Windsor Run, LLC

### Summary of Significant Projection Assumptions and Rationale

---

#### Basis of Presentation

The accompanying financial projection presents, to the best of the knowledge and belief of management of Windsor Run, LLC (the “Company”) and Erickson Senior Living, LLC (collectively referred to as “Management”), the expected financial position, results of operations, and cash flows of the Company as of and for each of the five years ending December 31, 2027. Accordingly, the accompanying projection reflects Management’s judgment as of May 26, 2023, 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 Company’s annual disclosure statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes and 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 occur during the projection period,

- Construction, development, marketing, and other related costs for the phased projects occur in the assumed timeline and at the assumed costs; and
- The phased 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

The Company, a Maryland limited liability company qualified to do business in North Carolina, was formed in 2014 to develop and operate a life plan community (“LPC”), known as Windsor Run (the “Community”) on an approximate 106-acre site in Matthews, North Carolina. The Community opened in May 2018 and is licensed by the North Carolina Department of Insurance (“NCDOI”). The Community is managed by Erickson Senior Living, LLC, formerly known as Erickson Living Management, LLC (the “Manager”). The Manager was formed in 2009 and currently manages 22 LPCs in eleven states (including the Community). Effective April 30, 2020, the ownership of the Company is shared between the prior 100% owner, Erickson Living Properties II, LLC (“Erickson”), and a minority owner, NSC – Windsor Run, LLC (“NSC-WR, LLC”). NSC-WR, LLC is a newly formed limited liability company and is wholly owned by National Senior Campuses, Inc. (“NSC, Inc.”), a



501(c)(3) charitable organization. NSC-WR, LLC holds a ten percent (10%) minority ownership interest in the Company and Erickson holds a ninety percent (90%) majority interest in the Company. Erickson and NSC, Inc. are collectively defined as the “Parent”.

The Community offers a fee-for-service or “Type C” contract in which residents transferring through the continuum of care receive priority access into the health care services on campus. Entrance fees (“Entrance Fees”) at the Community are offered under either a 90 percent refundable or a fully declining refund contract. For the purpose of the projection, Management assumes 20 percent of new Entrance Fee contracts are to be fully declining refund contracts and the remaining 80 percent to be 90 percent refundable contracts. As of December 31, 2022, the Company has 414 contracts outstanding: 81 (19.6%) with non-refundable contracts and 333 (80.4%) with 90 percent refund contracts.

The independent living units of the Community have been and will be built in phases according to demand. Upon full build out, the Community is expected to include 900 independent living units (the “Independent Living Units”). The Community currently consists of 431 independent living units in four buildings (the “Existing ILUs”), with the first building available for occupancy in May 2018, as well as a community building (the “Community Building”). In addition to the Existing ILUs, the Community currently has three buildings, consisting of 100, 88, and 91 independent living units, respectively, under construction, which are expected to be available for occupancy in January 2024, October 2023, and May 2024, respectively (the “Construction ILUs”). The remaining 190 Independent Living Units (subject to demand) are assumed to be constructed and occupied over the next three years (2023 through 2025) and are referred to as the “Future ILUs” (See Table 2 for further detail). For the purpose of the report, the Existing ILUs, the Construction ILUs, and the Future ILUs are collectively referred to as the “Independent Living Units”.

The Community currently has a healthcare neighborhood as part of the campus known as “Continuing Care at Windsor Run,” licensed for 46 skilled nursing beds. Management currently operates 36 healthcare beds consisting of 26 skilled nursing beds (“Existing Skilled Nursing Beds”) and 10 assisted living beds (“Existing Assisted Living Beds”). The Existing Skilled Nursing Beds and Existing Assisted Living Beds are collectively known as the “Existing Continuing Care Beds.” The Company plans to expand the Continuing Care at Windsor Run campus which would include, upon full build out, a 69 multi-unit assisted housing with services units (92 beds) (the “Future Assisted Living Beds”) and 24 memory care units (36 beds) (the “Future Memory Care Beds” and with the Future Assisted Living Beds, collectively the “Future Continuing Care Beds”). For the purposes of the report the Existing Continuing Care Beds and Future Continuing Care Beds are collectively referred to as the “Continuing Care Beds”.

The Community Building includes dining options including a restaurant and café, classrooms, activity spaces, beauty salon, on-site banking services, aquatic and fitness center, and on-site medical center with services provided by both primary care practitioners and sub-specialists.

All future projects constructed by the Company are assumed to be financed internally through a Working Capital Loan (as described later in this report).

The following table provides a summary of the anticipated full build out of the Community.

**Table 1**  
**Community Configuration and Timeline**  
**(upon full build out)**

Unit/Bed Type	Units	Status
<i>Independent Living Units:</i>		
Existing ILUs	431	In service as of January 1, 2023
Construction ILUs	279	Two projects started construction in 2021 and one project started in 2022, assumed to be available in January 2024, October 2023 & May 2024 respectively
Future ILUs	190	Phased construction started in June 2022
<b>Total Independent Living Units</b>	<b>900</b>	
<i>Continuing Care Beds:</i>		
Existing Continuing Care Beds	36	In service
Future Assisted Living Beds	92	Construction assumed to start in 2025
Future Memory Care Beds	36	Construction assumed to start in 2028
<b>Total Continuing Care Beds</b>	<b>164</b>	
<b>Community Total</b>	<b>1,064</b>	

Source: Management

### Detail of Future Project Timeline/Schedules

Management has begun the architectural planning and construction of the Construction ILUs, consisting of 100, 88 and 91 additional independent living units (the “Building WRC-2.1 Project,” the “Building WRC-2.2 Project,” and the “Building WRC-2.3 Project,” respectively). As of March 2023, 61 percent and 77 percent of the WRC 2.1 and WRC 2.2 Construction ILUs respectively, have been reserved. Management has not commenced marketing the WRC 2.3 Construction ILUs nor collected priority deposits.

The following table provides the anticipated timeline for the Independent Living Units to completion.

**Table 2**  
**Anticipated Timeline for the Independent Living Units**

Phase	Number of IL Units	Cumulative Number of Units	Start	Substantial Completion	Move In	Status
WRC 1.0/1.1/1.2	217	217	6/1/2016	5/1/2018	7/1/2018	In service
WRC 1.3	101	318	8/1/2017	6/1/2019	8/1/2019	In service
WRC 1.4	113	431	10/1/2019	7/1/2021	8/1/2021	In service
WRC 2.1	100	531	5/1/2021	10/1/2023	1/1/2024	Under construction
WRC 2.2	88	619	2/1/2021	7/1/2023	10/1/2023	Under construction
WRC 2.3	91	710	6/1/2022	4/1/2024	5/1/2024	Under construction
WRC 2.4	93	803	6/1/2023	3/1/2025	4/1/2025	To be built
WRC 2.5	97	900	8/1/2024	5/1/2025	6/1/2025	To be built

Source: Management

The following table provides the anticipated timeline for construction, completion and move-in to the three phases of the Continuing Care Beds.

CC Phase	Number of Beds	Cumulative Number of Beds	Start	Substantial Completion	Move In / Licensing	Status
CC Phase I – SNF/AL	36	36	10/1/2019	5/1/2021	8/1/2021	In service
CC Phase II – Future AL	92	128	10/1/2025	12/1/2026	3/1/2027	To be built
CC Phase III – Future MC	36	164	10/1/2028	12/1/2029	3/1/2030	To be built

Source: Management

### Existing Community Configuration

The Existing Independent Living Unit configuration, approximate square footages, Entrance Fees, and monthly fees (“Monthly Fees”) for the Existing ILUs and Construction ILUs are summarized in the following table.

Independent Living Unit Type	Existing ILUs	Construction ILUs <sup>(1)</sup>	Square Footage	90% Refundable Entrance Fee Plan <sup>(2)(3)</sup>	Monthly Fee <sup>(2)(4)</sup>
<i>One-Bedroom Apartments:</i>					
One-bedroom	72	80	800 – 967	\$ 238,000 – 330,000	\$ 2,620 – 2,837
One-bedroom	9	24	968 – 1,049	\$ 274,000 – 369,000	\$ 2,805 – 3,032
One-bedroom	59	10	1,050 – 1,171	\$ 308,000 – 398,000	\$ 3,102 – 3,248
<b>Total/Weighted Average</b>	<b>140</b>	<b>114</b>	<b>966</b>	<b>\$ 307,616</b>	<b>\$ 2,874</b>
<i>Two-Bedroom Apartments:</i>					
Two-bedroom	161	91	1,106 – 1,277	\$ 342,000 – 496,000	\$ 3,190 – 3,555
Two-bedroom	11	–	1,278 – 1,306	\$ 384,000 – 485,000	\$ 3,464
Two-bedroom	17	21	1,307 – 1,391	\$ 426,000 – 554,000	\$ 3,555 – 3,782
Two-bedroom	53	28	1,392 – 1,481	\$ 474,000 – 545,000	\$ 3,782 – 3,902
Two-bedroom	23	–	1,482 – 1,685	\$ 514,000 – 605,000	\$ 3,993 – 4,246
Two-bedroom	26	25	1,686 – 1,926	\$ 608,000 – 727,000	\$ 4,323 – 4,743
<b>Total/Weighted Average</b>	<b>291</b>	<b>165</b>	<b>1,316</b>	<b>\$ 476,246</b>	<b>\$ 3,650</b>
<b>Total/Weighted Average</b>	<b>431</b>	<b>279</b>	<b>1,193</b>	<b>\$ 415,919</b>	<b>\$ 3,373</b>

Source: Management

- (1) The Construction ILUs are expected to be available for occupancy in January 2024, October 2023 and May 2024.
- (2) Entrance Fees and Monthly Fees are effective as of January 1, 2023.
- (3) Entrance Fees for the fully declining refund entrance fee plan range from \$155,000 to \$259,000 for the one-bedroom apartments and range from \$223,000 to \$473,000 for the two-bedroom apartments.
- (4) The second person Monthly Fee is an additional \$1,026.

The Existing Continuing Care Beds unit/bed configuration and assumed Monthly Fees are summarized in the following table:

<b>Continuing Care Unit Type</b>	<b>Units <sup>(1)</sup></b>	<b>Beds <sup>(1)</sup></b>	<b>Monthly Fees <sup>(2)(3)</sup></b>
Skilled Nursing	19	36	\$5,885 – \$8,754
Assisted Living	5	10	\$5,885 – \$8,754
<b>Total Continuing Care Units/Beds</b>	<b>24</b>	<b>46</b>	

Source: Management

- (1) All Existing Continuing Care Beds are licensed as skilled nursing home beds but are also available for assisted living services. For the purpose of the projection, Management assumes to operate approximately 36 of the 46 beds for skilled nursing services.
- (2) The Monthly Fees are the same for both assisted living and skilled nursing services as they follow the same base room rate pricing structure. In addition to the base rate, four levels of care are to be offered in continuing care as follows: Care Package is \$1,156 per month; Premium Care Package is \$2,312 per month; Deluxe Care Package is \$3,468 per month; and Custom Care Package is \$4,624 per month. Total Monthly Fees would range from \$7,041- \$13,378, dependent on the base Monthly Fee plus the applicable level of care.
- (3) External admissions pay a non-refundable community fee of \$2,500 upon admission into the Continuing Care Beds.

## Management and Marketing Agreement

The Company and the Manager have entered into a management and marketing agreement (the “Management and Marketing Agreement”) under which the Manager is required to provide all management services necessary to operate the Community, including but not limited to, financial management, record and report management, recruitment of personnel, supervision of the day-to-day operations and programs, building maintenance, and marketing of the Community.

As compensation for its performance under the Management and Marketing Agreement, the Company is obligated to pay the Manager a monthly fee equal to five percent (5.0%) of gross revenues of the Community (the “Management and Marketing Fee”).

## Residence and Care Agreements

### *Reservation Process*

Prospective residents of the Community are able to secure priority selection and/or reserve a specific Independent Living Unit by placing a fully refundable, initial deposit of \$1,000 (the “Priority List Deposit” or “Non-Binding Reservation”) and completing a priority list application (the “Priority List Application”).

In order to reserve an Independent Living Unit, a prospective resident must execute a residence and care agreement (the “Residence and Care Agreement”), complete a profile application, provide self-disclosure of his or her finances and pay an Entrance Fee which consists of the following:

1. The Priority List Deposit;
2. A \$4,000 reservation deposit (the “Binding Reservation Deposit”), which is fully refundable, due when the prospective Resident reserves a unit type in a particular residential building;
3. A signing deposit, bringing the total to 10 percent of the total Entrance Fee, is due when the Resident signs the Residence and Care Agreement (“Reserved”); and
4. A final deposit, which is the remainder of the Entrance Fee after the prior deposits are paid (“Settled”), due when the Resident takes possession of the Independent Living Unit (the “Occupancy Date”).

### *Residence and Care Agreement*

Under the terms of the Residence and Care Agreement, the Company generally accepts as residents (“Resident” or “Residents”) those persons at least 62 years of age at the time of occupancy (only one member of a couple must meet this requirement) who are able to care for themselves with limited or no assistance and are able to demonstrate the necessary financial resources to meet the Company’s minimum fee requirements. As defined in the Residence and Care Agreement, a Resident is required

to pay an initial Entrance Fee and a Monthly Fee on an on-going basis. Payment of these amounts entitles Residents to occupy and use the residence.

### The Independent Living Units

As provided in the Residence and Care Agreement, the Resident is entitled to the use of an Independent Living Unit and the following services and amenities:

- Monthly meal credit which allows for the purchase of one standard meal per day in the calendar month with a declining monetary balance as the credit is used;
- 24-hour security system with safety officers and emergency communications;
- All utilities;
- Basic cable television service;
- Local and long-distance telephone service;
- Wireless internet;
- One reserved parking space;
- On-site fitness center basic membership;
- Campus shuttle transportation;
- Scheduled local transportation;
- Maintenance and insurance of buildings, grounds and equipment;
- Insurance for the Independent Living Unit and all items in such unit, except items owned by the Resident;
- Sewage, trash and snow removal from common areas;
- Use of all public rooms and common areas; and,
- Priority access to the Continuing Care Beds.

The Resident may purchase additional services for additional fees including, but not limited to, tray service, housekeeping and laundry services, extra meals, guest meals and lodging.

### Assisted Living

The Residence and Care Agreement is also utilized for assisted living care which includes the following services: at least three meals per day; fresh linens and personal laundry service; light housekeeping on a weekly basis; 24 hour security system with safety officers and emergency communications; all utilities; local and long-distance telephone service; basic cable television service; on-campus shuttle transportation; scheduled off-campus shuttle transportation; maintenance and insurance of buildings, grounds and equipment; and use of all public rooms and common areas.

In addition, several care packages are offered for assisted living care, but not limited to the following services: provision of supervision, verbal cuing and physical assistance in the performance of activities of daily living (as appropriate for the Resident's designated care package), including ambulation, personal hygiene, dressing, toileting and eating; prescription evaluation and planning; service plan designed by a care team; medication management; regularly schedule registered nurse review and assessment; assistance with incontinence care; regular social work team services related to cognitive, behavioral and safety issues; licensed nurse management of chronic/stable conditions on a regular basis. The assisted living care services are to be provided through a third-party provider.

Further details regarding the assisted living care services, including additional rights and obligations are addressed in an assisted living addendum to the Residence and Care Agreement.

### Skilled Nursing

The Residence and Care Agreement is also utilized for skilled nursing care. Services included in the daily fee for skilled nursing care are to include: nursing care; prescription evaluation and planning; medication administration; service plan designed by a care team; three meals per day; regularly schedule Registered Nurse review and assessment; medically related social services; fresh linens and personal laundry service; daily housekeeping services; planned recreation and activities; mental health services, as needed; incontinence care; assistance in obtaining dental services; flu shots; frequent involvement of licensed medical personnel to manage chronic conditions; 24 hour security system with safety officers and emergency communications; all utilities; local and long-distance telephone service; basic cable television service; campus shuttle transportation; maintenance and insurance of buildings, grounds and equipment; sewage and trash removal; and, use of all public rooms and common areas.

### *Entrance Fee Plan*

The Company offers two Entrance Fee plans for occupancy of a Residence as follows. According to both Entrance Fee plans, the Entrance Fee is paid upon occupancy. In the event of a cancellation after occupancy, the Entrance Fee refund will be paid within 60 days of the date the Resident becomes eligible for a refund. Refunds of Entrance Fees for the 90 percent guaranteed refundable plan are projected to be paid in sequential order of the vacancy date from funds received from the resale of unit(s) for any Independent Living Unit at the Community, not limited to similar or like units, to a new resident or new residents providing sufficient proceeds for payment of the refund and for which there are no prior claims. Refunds, if any, for the fully declining refund plan are projected to be paid within 90 days of the vacancy date.

<b>Refund Options</b>	<b>Amortization Schedule</b>
“Plan A” – 90% Refund Plan	Upon termination of the Residence and Care Agreement, the Resident is refunded 90 percent of the Entrance Fee paid less any outstanding fees.
“Plan B” – Fully Declining Refund Plan	Upon termination of the Residence and Care Agreement, the Resident is refunded the Entrance Fee paid, less (i) four percent of the Entrance Fee (ii) and less an amount equal to two percent of the Entrance Fee per month for each month following the occupancy date. After 48 months of occupancy, no refund is available.

Source: Management

The following table summarizes the Entrance Fee Plans and refund utilization.

<b>Entrance Fee Plan Type</b>	<b><u>Existing Independent Living Units</u></b> Percentage of Residents	<b><u>Projected Independent Living Units</u></b> Percentage of Residents
90% Refundable Plan	80.4%	80.0%
Traditional Plan	19.6%	20.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Management

### *Health Care Benefit*

If a Resident is unable to live independently within the range of the services provided in the Independent Living Unit, as determined by the staff in appropriate consultation with the medical director of the Community and in conjunction with the Resident's physician and family, the Resident will be transferred to a Continuing Care Bed, on either a temporary or permanent basis.

Upon permanent transfer, the Resident is responsible for paying the applicable per diem charge for the level of care required.

### *Terminations and Refunds*

The Resident may terminate the Residence and Care Agreement within 30 days of execution of the Residence and Care Agreement or making an Entrance Fee deposit (the "Rescission Period"). The Company will refund the initial deposit less the cost of any resident requested unit modifications within 30 days following the Rescission Period or termination.

If a Resident terminates the Residence and Care Agreement after the Rescission Period and/or occupancy of the residence, the Company is required to pay the applicable refund within 60 days of the date the Resident becomes eligible for a refund ("Refund Eligibility"). Refund Eligibility under Plan A is established when the Residence and Care Agreement is terminated, the unit has been vacated and released, all outstanding obligations have been paid, and funds are available in the refund account. Refunds of Entrance Fees for Plan A are projected to be paid in sequential order of the vacancy date for the unit from funds received from the resale of unit(s) for any Independent Living Unit at the Community, not limited to similar or like units, to a new Resident or new Residents providing sufficient proceeds for payment of the refund and for which there are no prior claims. Refunds, if any, for Plan B are projected to be paid within 90 days of the vacancy date.



## Summary of Significant Accounting Policies

Basis of Accounting – The Company 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 Cash Equivalents – Cash and cash equivalents 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 Company to credit risk consist principally of cash, accounts receivable and investments. The Company 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.

Accounts Receivable – The Company 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.

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	15 years
Buildings	40 years
Furniture and equipment	3 to 15 years

Marketing Costs – Marketing and advertising costs are charged to operations when incurred by the Company in connection with acquiring new Residents of the Community.

Deferred Revenue from Entrance Fees – Entrance Fees paid by a Resident upon entering into a Residence and Care 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 projected balance sheet.

Refundable Entrance Fees – Refundable Entrance Fees received are deferred and the refundable portion of the Entrance Fee is maintained as a liability, reflecting the Company’s future obligation for repayment.

Restricted Cash – Potential Residents sign a nonbinding reservation agreement with the Company and pay a deposit (the “Deposit”). The Deposits from Residents are kept in an escrow account in the Resident’s name and identification number. Any interest earnings will accumulate to the benefit of the Community.

Leases – In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to contracts (i.e., lessees and lessors). The standard requires lessees to apply a dual approach, classifying leases as whether finance or operating leases based on the principle of whether the lease is effectively a financed purchase by the lessees. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The Company implemented the accounting standard in 2022 and determined that it has no material leases for the year ended December 31, 2022.

**Summary of Revenue and Entrance Fee Assumptions***Community Cumulative Average Occupancy*

The following table presents the cumulative average annual occupancy at the Community by level of care.

<b>Years Ended December 31,</b>	<b>Average Beds/Units Occupied</b>				<b>Average Occupancy Total</b>	<b>Average Occupancy Percentage</b>
	<b>Independent Living Units</b>	<b>Skilled Nursing Beds</b>	<b>Assisted Living Beds <sup>(1)</sup></b>	<b>Memory Care Beds <sup>(1)</sup></b>		
2023	440.3	23.1	8.9	-	472.3	96.6%
2024	591.6	23.1	8.9	-	623.6	87.1%
2025	713.5	23.1	8.9	-	745.5	85.5%
2026	832.8	23.1	8.9	-	864.8	92.4%
2027	845.0	23.1	47.4	-	915.5	90.4%

Source: Management

- (1) The Future Assisted Living Beds are assumed to be available for occupancy in fiscal year 2027, and the Future Memory Care Beds are assumed to be available for occupancy in fiscal year 2030.

*Independent Living Unit Revenue*

Service fee revenue for Residents 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 following table summarizes the assumed utilization of the Independent Living Units during the projection period.

<b>Years Ended December 31,</b>	<b>Average Units Occupied <sup>(2)</sup></b>	<b>Average Units Available <sup>(2)</sup></b>	<b>Average Occupancy</b>
2023 <sup>(1)</sup>	440.3	453.0	97.2%
2024	591.6	679.7	87.0%
2025	713.5	836.3	85.3%
2026	832.8	900.0	92.5%
2027	845.0	900.0	93.9%

Source: Management

- (1) Independent Living Unit occupancy for the period ending December 31, 2022 was approximately 98.4% occupancy or 424 occupied units of the available 431 Existing ILUs.
- (2) The average units available and occupied varies each year based on the opening of the future scheduled projects at the Community, which are subject to demand.

The double occupancy percentage for the Independent Living Units is assumed to approximate 39.4 percent throughout the projection period.

Quarterly Move-in Schedule – Independent Living Units

The following table summarizes the fill-up assumptions of the Community’s Existing ILUs, Construction ILUs, and Future ILUs during the projection period.

**Table 9**  
**Independent Living Units Fill-Up Schedule**  
**(Move-ins)**

	Existing ILUs	Construction ILUs	Future ILUs	Cumulative Occupancy Total	Cumulative Occupancy Percentage <sup>(1)</sup>
Fiscal Year/Quarter	Move-ins	Move-ins	Move-ins		
<i>Occupancy on December 31, 2022</i>	423.9				
<b>2023</b>					
1 <sup>st</sup> Quarter	-	-	-	423.9	98.4%
2 <sup>nd</sup> Quarter	-	-	-	423.9	98.4%
3 <sup>rd</sup> Quarter	-	-	-	423.9	98.4%
4 <sup>th</sup> Quarter	-	66.1	-	490.0	94.4%
<b>2024</b>					
1 <sup>st</sup> Quarter	-	56.7	-	546.7	88.3%
2 <sup>nd</sup> Quarter	-	54.1	-	600.8	84.6%
3 <sup>rd</sup> Quarter	-	23.0	-	623.8	87.9%
4 <sup>th</sup> Quarter	-	21.3	-	645.1	90.9%
<b>2025</b>					
1 <sup>st</sup> Quarter	-	14.5	-	659.6	92.9%
2 <sup>nd</sup> Quarter	-	4.3	35.1	699.0	77.7%
3 <sup>rd</sup> Quarter	-	2.6	48.7	750.3	83.3%
4 <sup>th</sup> Quarter	-	1.5	44.3	796.1	88.5%
<b>2026</b>					
1 <sup>st</sup> Quarter	-	-	28.4	824.5	91.6%
2 <sup>nd</sup> Quarter	-	-	10.7	835.2	92.8%
3 <sup>rd</sup> Quarter	-	-	5.3	840.5	93.4%
4 <sup>th</sup> Quarter	-	-	3.6	844.1	93.8%
<b>2027</b>					
1 <sup>st</sup> Quarter	-	-	0.9	845.0	93.9%
2 <sup>nd</sup> Quarter	-	-	-	845.0	93.9%
3 <sup>rd</sup> Quarter	-	-	-	845.0	93.9%
4 <sup>th</sup> Quarter	-	-	-	845.0	93.9%
<b>Total</b>	<b>423.9</b>	<b>244.1</b>	<b>177.0</b>	<b>845.0</b>	<b>93.9%</b>

Source: Management

(1) The average units available and occupied varies each year based on the opening of the future scheduled projects at the Community, which are subject to demand.

*Entrance Fees*

The assumed number of Independent Living Units becoming available due to Resident turnover, the double occupancy rate, the number of annual Resident Entrance Fee receipts and refunds, and the movement of Independent Living Unit Residents into the Continuing Care Beds due to death, withdrawal or transfer are provided by Management.

Inflation on the Independent Living Units Entrance Fees are assumed to be 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 10**  
**Entrance Fees Receipts and Entrance Fees Refunds**  
**(In Thousands)**

	2023	2024	2025	2026	2027
<i>Number of Entrance Fees Received</i>					
Initial – Construction ILUs (WRC-2.1)	-	93.0	-	-	-
Initial – Construction ILUs (WRC-2.2)	66.1	-	-	-	-
Initial – Construction ILUs (WRC-2.3)	-	62.0	23.0	-	-
Initial – Future ILUs (WRC-2.4)	-	-	69.6	17.4	-
Initial – Future ILUs (WRC-2.5)	-	-	58.5	30.6	0.9
Attrition	20.8	30.7	40.7	51.9	57.0
<b>Total Number of Entrance Fees Received</b>	<b>86.9</b>	<b>185.7</b>	<b>191.8</b>	<b>99.9</b>	<b>57.9</b>
<i>Entrance Fees Received</i>					
Initial	\$ 25,502	\$ 61,232	\$ 61,144	\$ 19,916	\$ 383
Attrition	8,018	12,132	16,461	21,544	24,255
<b>Total Entrance Fees Received</b>	<b>\$ 33,520</b>	<b>\$ 73,364</b>	<b>\$ 77,605</b>	<b>\$ 41,460</b>	<b>\$ 24,638</b>
Total Entrance Fees Refunded	\$ (5,498)	\$ (8,285)	\$ (11,241)	\$ (14,713)	\$ (16,564)
<b>Entrance Fees Received, Net of Refunds</b>	<b>\$ 28,022</b>	<b>\$ 65,079</b>	<b>\$ 66,364</b>	<b>\$ 26,747</b>	<b>\$ 8,074</b>

Source: Management

*Continuing Care Beds Revenue*

The Existing Continuing Care Beds are licensed as skilled nursing home beds but are also used for assisted living services. Management is licensed for a total of 46 skilled nursing beds. For the purpose of the projection, Management plans to operate approximately 36 of the 46 existing licensed beds. The Continuing Care Bed Project provides for 92 Assisted Living Beds, anticipated to be operated as multi-unit assisted housing with services (“MUAHS”), which are assumed to be available for occupancy in March 2027.

Assisted Living Beds Revenue

Service fee revenue for Residents living in the Assisted Living Beds is based upon the assumed occupancy and the Monthly Fee of the respective units. The Assisted Living Beds Monthly Fees are assumed to increase 3.0 percent annually during the projection period. The assumed occupancy levels for the Assisted Living Beds are presented in the following table:

**Table 11**  
**Utilization of the Assisted Living Beds**

Years Ended December 31,	Average Beds Occupied			Average Beds Available <sup>(1)(2)</sup>	Average Occupancy <sup>(2)</sup>
	Direct Admits	Resident Transfers	Total <sup>(1)</sup>		
2023	-	8.9	8.9	10.0	89.0%
2024	-	8.9	8.9	10.0	89.0%
2025	-	8.9	8.9	10.0	89.0%
2026	-	8.9	8.9	10.0	89.0%
2027	32.4	15.0	47.4	86.7	54.7%

Source: Management

- (1) The Continuing Care Bed Project provides for 92 Assisted Living Beds which are assumed to be available for occupancy in March 2027.
- (2) Average beds occupied includes both direct admits from outside the community and internal Resident transfers. Resident transfers are responsible for paying the applicable per diem charge for the level of care required.

Existing Skilled Nursing Beds Revenue

Service fee revenue for Residents living in the Existing Skilled Nursing Beds is based upon the assumed occupancy and the daily service fee of the respective bed. The Existing Skilled Nursing Bed daily service fees are assumed to increase 3.0 percent for private-pay Residents annually during the projection period. The assumed occupancy levels for the Existing Skilled Nursing Beds are presented in the following table.

**Table 12**  
**Utilization of the Existing Skilled Nursing Beds**

Years Ended December 31,	Average Beds Occupied			Average Beds Available <sup>(1)</sup>	Average Occupancy <sup>(1)</sup>
	Direct Admits	Resident Transfers	Total		
2023	13.0	10.1	23.1	26.0	88.8%
2024	10.4	12.7	23.1	26.0	88.8%
2025	7.7	15.4	23.1	26.0	88.8%
2026	4.8	18.3	23.1	26.0	88.8%
2027	1.9	21.2	23.1	26.0	88.8%

Source: Management

- (1) Average beds occupied includes both direct admits from outside the community and internal Resident transfers. Resident transfers are responsible for paying the applicable per diem charge for the level of care required.

*Other Revenue*

Management assumes meal revenue and other miscellaneous revenue to increase 3.0 percent annually throughout the projection period.

*Investment Income*

Interest earnings are assumed to approximate 1.10 percent annually throughout the projection period on the Company's cash and cash equivalents and restricted cash.

**Summary of Operating Expense Assumptions**

Management assumes all departmental, residential, assisted living, and long-term care expenses to increase approximately 3.0 percent annually throughout the projection period. The below table shows the assumed total number of FTEs in 2023 and 2027, the last year of the projection.

<b>Department</b>	<b>2023 Budgeted FTEs</b>		<b>2027 Projected FTEs</b>	
	Independent Living Units	Continuing Care Beds	Independent Living Units	Continuing Care Beds
Administration and general	11.5	4.0	13.1	8.9
Marketing	7.1	-	9.3	-
Dining	78.2	6.9	115.0	10.3
Facilities and maintenance	11.5	0.9	17.2	1.7
Laundry and housekeeping	11.4	2.1	23.8	2.1
Resident general services	32.9	3.3	47.3	8.0
Healthcare	-	21.6	-	29.2
<b>Total FTE's</b>	<b>152.6</b>	<b>38.8</b>	<b>225.7</b>	<b>60.2</b>

Source: Management

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, real estate taxes and other miscellaneous expenses and are assumed to increase 3.0 percent annually throughout the projected period. Management and Marketing Fees are projected based on the payment provisions of the Management and Marketing Agreement.

**Restricted Cash and Operating Reserve**

The following restricted accounts represents funds required by the Company's statutory and contractual requirements:

*Restricted Cash*

Restricted cash consists of resident deposits held in escrow and funded with initial refundable deposits from prospective Residents to hold an Independent Living Unit and funds held for Residents.

*Operating Reserve*

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 occupancy exceeds 90 percent.

Due to the timing and nature of the ongoing future projects, the NCDOI agreed to measure expansion units beginning six months after completion of the expansion project completion/occupancy. Additionally, the NCDOI has agreed to allow for a surety bond (the "Surety Bond") to satisfy the operating reserve fund requirement. During the year ended December 31, 2020, the Company purchased a Surety Bond to meet the requirement of the statutory operating reserve fund. The Surety Bond is estimated to be approximately \$6,683,000 in fiscal year 2023.

For the purpose of the projection, Management is assumed to meet the statutory operating reserve requirements in all years of the projection period with the Surety Bond.

**Property and Equipment and Depreciation Expense**

The Company 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 35 and 15 years, respectively. The Company's property and equipment costs, net of accumulated depreciation, during the projection period are summarized in the table below.

**Table 14**  
**Schedule of Property and Equipment**  
**(In Thousands)**

Years Ended December 31,	2023	2024	2025	2026	2027
Property and equipment, Gross beginning balance	\$ 222,087	\$ 306,470	\$ 381,493	\$ 396,566	\$ 427,165
Project construction costs	80,925	71,480	10,797	25,684	17,122
Routine capital additions	3,458	3,543	4,276	4,915	5,514
Property and equipment, gross	\$ 306,470	\$ 381,493	\$ 396,566	\$ 427,165	\$ 449,801
Accumulated depreciation	(26,123)	(34,765)	(44,644)	(55,151)	(66,389)
Property and equipment, Net ending balance	\$ 280,347	\$ 346,728	\$ 351,922	\$ 372,014	\$ 383,412

Source: Management

**Working Capital Loan**



In 2020, the Company's operating agreement was amended and restated as part of the joint-venture agreement with the Parent. In the event the Company's operating expenses exceed the revenues, income, receipts, and cash flows of the Company for a given period, the terms of the amendment require the Parent to make a working capital loan (the "Working Capital Loan") to the Company in the amount of such net operating deficit. Interest accrues monthly on the Working Capital Loan balance at the prime rate less 0.25%. The prime rate was 7.50% as of December 31, 2022. The Company intends to repay deferred interest and Working Capital Loan balances with unrestricted cash that exceeds 120 days operating expenses at fiscal year-end, annually. There was approximately \$20,451,000, plus accrued interest of \$2,137,000, outstanding as of December 31, 2022. The balance of the Working Capital Loan is projected to approximate \$67,983,000, plus accrued interest of approximately \$5,107,000 on December 31, 2027.

The following table presents the assumed annual debt service for the Working Capital Loan during the projection period.

**Table 15**  
**Schedule of Working Capital Loan**  
**Annual Debt Service**  
**(In Thousands)**

Year Ending December 31,	Deferred Interest	Deferred Interest Balance	Principal Payment	Deferred Interest Payment	Current Interest Payment	Total Debt Service
Beg. Balance		\$ 2,137				
2023	\$ 6,106	8,243	\$ -	\$ -	\$ -	\$ -
2024	7,335	15,578	-	-	-	-
2025	5,756	-	28,100	15,578	5,756	49,434
2026	-	-	100	-	4,458	4,558
2027	5,107	5,107	-	-	5,107	5,107

Source: Management

### Parent Line of Credit

On June 30, 2021, the Parent closed on a \$1 billion credit facility with Truist Bank, which includes a \$400 million term loan and a \$600 million revolving line of credit (collectively, the "2021 Line of Credit"). The Company is a guarantor of this credit facility, along with most subsidiaries of the Parent. The purpose of the term loan portion of the 2021 Line of Credit was to repay a \$300 million debt balance and \$100 million equity distribution to the Parent's majority member, Redwood Capital Investment, LLC. The purpose of the revolving line of credit portion of the 2021 Line of Credit is to ensure that liquidity is available to fund construction of various buildings and existing and new communities.

Interest on the 2021 Line of Credit is LIBOR plus a varying spread, based on the outstanding loan to EBITDA. The Federal Reserve Board adopted a final rule that implemented the Adjustable Interest Rate (LIBOR) Act by identifying benchmark rates based on Secured Overnight Financing Rate ("SOFR") that will replace LIBOR in certain financial contracts after June 30, 2023. It is anticipated that the Line of Credit documentation will be amended to utilize SOFR as the interest benchmark on the Line of Credit. Repayment of the loan portion of the 2021 Line of Credit is quarterly based on a 25-year amortization schedule with the remaining balance due on June 30, 2026. The revolving line of credit

portion of the 2021 Line of Credit has no repayment terms other than paid in full on June 30, 2026. As of December 31, 2022, the borrowings under the 2021 Line of Credit were \$506,000,000.

The 2021 Line of Credit contains financial performance covenants that require the Parent to maintain a minimum adjusted EBITDA, as defined in the 2021 Line of Credit agreement, minimum liquidity, and minimum occupancy percentages.

### Resident Promissory Notes Receivable

Resident promissory notes receivable consists of short-term receivable from Residents related to payment of the final installment of their Entrance Fee. Often, there is a timing difference between the sale of a prospective Resident's home, and the due date of the final installment on the Resident's Entrance Fee. In these cases, a short-term promissory note is issued by the Resident. Management plans to maintain similar historical balances during the projection period. Promissory notes receivable was \$221,000 on December 31, 2022.

### Current Assets and Current Liabilities

Operating revenue, as used below, includes long-term care revenue, residential revenue, assisted living revenue and ancillary fees and other income revenue. Operating expenses exclude amortization, depreciation, and interest expense. Management has assumed the following working capital components based on the Company's historical trends:

**Table 16**  
**Working Capital – Days on Hand**

Accounts receivables, net	10	days of operating revenues
Prepaid expenses and other current assets	3	days of operating expenses
Accounts payable	18	days of operating expenses
Accrued expenses	14	days of operating expenses

Source: Management

**Windsor Run, LLC**  
**Projected Balance Sheets**  
**For the Years Ending December 31,**  
**(In Thousands)**

	2022	2023	2024	2025	2026
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 2,131	\$ 2,381	\$ 4,033	\$ 19,112	\$ 3,931
Restricted cash	3,316	3,570	3,520	3,119	2,930
Operating reserve (provided by Surety Bond)	-	-	-	-	-
Accounts receivable, net	594	635	843	1,208	1,242
Resident promissory note receivable	1,658	1,785	1,760	1,559	1,465
Prepaid expenses and other current assets	199	212	256	335	358
<b>Total current assets</b>	<b>7,898</b>	<b>8,583</b>	<b>10,412</b>	<b>25,333</b>	<b>9,926</b>
Property and equipment	237,881	300,655	356,271	382,844	426,437
Less: accumulated depreciation	(19,212)	(25,672)	(33,759)	(42,975)	(53,155)
Property and equipment, net	218,669	274,983	322,512	339,869	373,282
Intangible assets	2,104	2,104	2,104	2,104	2,104
<b>Total assets</b>	<b>\$ 228,671</b>	<b>\$ 285,670</b>	<b>\$ 335,028</b>	<b>\$ 367,306</b>	<b>\$ 385,312</b>
<b>Liabilities and member's equity</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 1,192	\$ 1,270	\$ 1,535	\$ 2,012	\$ 2,147
Construction payable	5,397	6,070	5,275	2,230	3,868
Accrued expenses	927	987	1,194	1,565	1,670
Other current liabilities	229	229	229	229	229
Resident refunds payable	3,148	3,148	3,148	3,148	3,148
<b>Total current liabilities</b>	<b>10,893</b>	<b>11,704</b>	<b>11,381</b>	<b>9,184</b>	<b>11,062</b>
Working Capital Loan	47,308	81,058	81,058	68,058	68,058
Deferred interest from Working Capital Loan	2,660	5,424	8,277	-	-
Refundable entrance fees	125,396	142,662	177,226	214,636	226,752
Deferred revenue from entrance fees	2,396	13,432	32,467	52,549	58,608
<b>Total liabilities</b>	<b>188,653</b>	<b>254,280</b>	<b>310,409</b>	<b>344,427</b>	<b>364,480</b>
Members' equity	40,018	31,390	24,619	22,879	20,832
<b>Total liabilities and members' equity</b>	<b>\$ 228,671</b>	<b>\$ 285,670</b>	<b>\$ 335,028</b>	<b>\$ 367,306</b>	<b>\$ 385,312</b>

**Windsor Run, LLC**  
**Projected Statements of Operations and Changes in Members' Equity**  
**For the Years Ending December 31,**  
**(In Thousands)**

	2022	2023	2024	2025	2026
<b>Revenues</b>					
Amortization of entrance fees	\$ 2,559	\$ 3,035	\$ 4,488	\$ 6,615	\$ 8,324
Independent living	16,826	18,055	24,866	36,964	37,974
Continuing care:					
Skilled nursing	2,292	2,422	2,495	2,570	2,647
Assisted living	886	933	961	990	1,020
Ancillary fees and other income	1,662	1,782	2,431	3,583	3,681
<b>Total revenues</b>	<b>\$ 24,225</b>	<b>\$ 26,227</b>	<b>\$ 35,241</b>	<b>\$ 50,722</b>	<b>\$ 53,646</b>
<b>Expenses</b>					
Salaries, wages and benefits	10,415	10,727	11,958	14,969	16,619
Professional and contracted services	3,340	3,586	4,866	7,103	7,297
Supplies	327	356	449	572	587
Dietary and other supplies	1,280	1,377	1,830	2,591	2,661
Building grounds and maintenance	807	872	1,174	1,670	1,715
Utilities	1,071	1,168	1,527	2,042	2,097
Administrative and other	3,796	4,005	4,553	5,565	5,644
Management and Marketing Fees	1,083	1,160	1,538	2,205	2,266
Resident relations	110	122	157	198	203
Insurance	190	212	270	328	336
Real estate taxes	1,755	2,159	2,813	3,563	4,112
Interest expense	1,597	2,764	2,853	2,517	2,212
Depreciation	4,833	6,460	8,087	9,216	10,180
<b>Total expenses</b>	<b>30,604</b>	<b>34,968</b>	<b>42,075</b>	<b>52,539</b>	<b>55,929</b>
Operating loss	(6,379)	(8,741)	(6,834)	(1,817)	(2,283)
Non-operating income:					
Investment income	47	113	63	77	236
Non-operating income:	47	113	63	77	236
Net loss	(6,332)	(8,628)	(6,771)	(1,740)	(2,047)
Members' equity, beginning of year	46,350	40,018	31,390	24,619	22,879
Members' equity, end of year	<b>\$ 40,018</b>	<b>\$ 31,390</b>	<b>\$ 24,619</b>	<b>\$ 22,879</b>	<b>\$ 20,832</b>

**Windsor Run, LLC**  
**Projected Statements of Cash Flows**  
**For the Years Ending December 31,**  
**(In Thousands)**

	2022	2023	2024	2025	2026
<b>Cash flows from operating activities</b>					
Net loss	\$ (6,332)	\$ (8,628)	\$ (6,771)	\$ (1,740)	\$ (2,047)
Adjustments to reconcile change in net loss					
cash provided by (used in) operating activities:					
Depreciation	4,833	6,460	8,087	9,216	10,180
Amortization of entrance fees	(2,559)	(3,035)	(4,488)	(6,615)	(8,324)
Entrance fees received-attribution (non-refundable)	1,291	2,399	3,652	5,946	6,639
Changes in current assets and current liabilities	3,741	630	(550)	(2,440)	1,915
Change in deferred FICA taxes	(78)	-	-	-	-
Change in deferred interest from Working Capital Loan	1,597	2,764	2,853	(8,277)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 2,493</b>	<b>\$ 590</b>	<b>\$ 2,783</b>	<b>\$ (3,910)</b>	<b>\$ 8,363</b>
<b>Cash flows from investing activities</b>					
Construction costs	(53,974)	(60,696)	(52,751)	(22,297)	(38,678)
Routine capital additions	(1,734)	(2,078)	(2,865)	(4,276)	(4,915)
<b>Net cash used in investing activities</b>	<b>(55,708)</b>	<b>(62,774)</b>	<b>(55,616)</b>	<b>(26,573)</b>	<b>(43,593)</b>
<b>Cash flows from financing activities</b>					
Initial Entrance Fees received	5,978	28,419	53,646	56,875	18,425
Entrance Fees received-attribution (refundable)	4,981	4,791	7,293	11,874	13,259
Entrance Fees refunded	(4,441)	(4,272)	(6,504)	(10,588)	(11,824)
Working Capital Loan proceeds (payments)	26,100	33,750	-	(13,000)	-
Decrease in advance deposits	(889)	-	-	-	-
<b>Net cash provided by financing activities</b>	<b>31,729</b>	<b>62,688</b>	<b>54,435</b>	<b>45,161</b>	<b>19,860</b>
Change in cash and cash equivalents and restricted cash	\$ (21,486)	\$ 504	\$ 1,602	\$ 14,678	\$ (15,378)
Cash and cash equivalents and restricted cash - beginning of year	26,933	5,447	5,951	7,553	22,231
<b>Cash and cash equivalents and restricted cash - end of year</b>	<b>\$ 5,447</b>	<b>\$ 5,951</b>	<b>\$ 7,553</b>	<b>\$ 22,231</b>	<b>\$ 6,861</b>
<b>Cash, cash equivalents, and restricted cash reconciliation:</b>					
Cash and cash equivalents	\$ 2,131	\$ 2,381	\$ 4,033	\$ 19,112	\$ 3,931
Restricted cash	3,316	3,570	3,520	3,119	2,930
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 5,447</b>	<b>\$ 5,951</b>	<b>\$ 7,553</b>	<b>\$ 22,231</b>	<b>\$ 6,861</b>

## **EXHIBIT 5**

### **EXPLANATION OF MATERIAL DIFFERENCES**

Summary:

Exhibit Six provides a narrative describing any material differences between (i) projected statements of revenues and expenses and cash flows and (ii) the actual results of operations for the Provider.

**WINDSOR RUN, LLC**  
**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 projected statements of revenues and expenses and cash flows or other projected 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.

All differences between forecasted results and actual results of \$500,000 or more are deemed material and the Provider has provided an explanation of each line item herein. The higher threshold for a material difference is attributable to the accelerated start-up of operations for the community. If there is a related account to the material item, the related account is referenced also.

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 2022 and the 2022 actual results.

**WINDSOR RUN, LLC**  
**Comparison of 2022 Actual Results to 2022 Projected Results**  
**(000s omitted)**

	2022 Audit	2022 Projected	Favorable (Unfavorable) Variance	Percentage Variance
<b>BALANCE SHEET</b>				
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 698	\$ 2,131	\$ (1,433)	(67.2%)
Restricted cash	5,398	3,316	2,082 <sup>(1)</sup>	62.8%
	6,096	5,447	649	
Operating reserve	-	-	- <sup>(2)</sup>	N/A
Resident accounts receivable	190	594	(404)	(68.0%)
Resident promissory notes receivable	221	1,658	(1,437) <sup>(3)</sup>	(86.6%)
Other current assets	415	199	216	108.6%
Total current assets	6,923	7,898	(975)	
Long-term assets				
Property, plant and equipment, net	202,415	218,669	(16,254) <sup>(4)</sup>	(7.4%)
Intangible assets	2,104	2,104	(0)	(0.0%)
Total long-term assets	204,519	220,773	(16,254)	
Total assets	\$ 211,441	\$ 228,671	\$ (17,230)	
<b>LIABILITIES AND MEMBER'S EQUITY</b>				
Current liabilities				
Accounts payable and accrued expenses	\$ 8,950	\$ 6,589	2,361 <sup>(4)</sup>	35.8%
Accrued payroll and insurance claims	327	927	(600)	(64.7%)
Resident refunds payable	2,486	3,148	(662) <sup>(5)</sup>	(21.0%)
Other current liabilities	51	229	(178)	(77.5%)
Total current liabilities	11,815	10,893	922	
Long-term liabilities				
Advance deposits	1,434	100	1,334 <sup>(5)</sup>	1334.1%
Working capital loan and accrued interest	22,588	49,968	(27,380) <sup>(6)</sup>	(54.8%)
Resident entrance fees, net	126,360	127,692	(1,332) <sup>(5)</sup>	(1.0%)
Total long-term liabilities	150,382	177,760	(27,378)	
Total liabilities	162,197	188,653	(26,456) <sup>(6)</sup>	
Members' equity	49,244	40,018	9,226 <sup>(6)</sup>	23.1%
Total liabilities and member's equity	\$ 211,441	\$ 228,671	\$ (17,230)	

**Notes:**

- (1) Increase in deposits from prospective residents to reserve apartment units prior to settlement.
- (2) The operating reserve was funded by a surety bond.
- (3) A short-term promissory note is issued by the resident to Windsor Run to pay the final installment on the resident entrance fee due to the timing difference between the sale of the prospective resident's home and moving to the Community. Significantly less residents used the short-term promissory note as they were able to timely sell their home to pay the entrance fee.
- (4) Impact of pandemic slowed construction timing and difference in construction payable.
- (5) Decrease in resident withdrawals from independent living
- (6) Deemed distribution reclassifying Member's equity to a working capital loan in accordance with the revised joint venture agreement upon admission of NSC as a member.



**WINDSOR RUN, LLC**  
**Comparison of 2022 Actual Results to 2022 Projected Results**  
(000s omitted)

STATEMENTS OF OPERATIONS AND CHANGES IN MEMBER'S EQUITY	2022 Audit	2022 Projected	Favorable (Unfavorable) Variance	Percentage Variance
<b>Revenue</b>				
Resident occupancy revenue				
Independent living	\$ 17,475	\$ 16,826	649 <sup>(1)</sup>	3.9%
Assisted living and skilled nursing	3,142	3,178	(36)	(1.1%)
Ancillary fees	911	1,662	(751) <sup>(2)</sup>	(45.2%)
Amortization of resident entrance fees	3,869	2,559	1,310 <sup>(3)</sup>	51.2%
Other income	248		248	N/A
Total income	<u>25,643</u>	<u>24,225</u>	<u>1,418</u>	
<b>Expenses</b>				
Salaries, wages and benefits	10,674	10,415	259	2.5%
Professional and contracted services	4,881	3,340	1,541 <sup>(4)</sup>	46.2%
Supplies	684	327	357	109.2%
Dietary and other supplies	1,347	1,280	67	5.2%
Building grounds and maintenance	719	807	(88)	(10.9%)
Utilities	946	1,071	(125)	(11.7%)
Administrative and other	544	3,796	(3,252) <sup>(5)</sup>	(85.7%)
Management fees	1,029	1,083	(54)	(5.0%)
Resident relations	68	110	(42)	(38.2%)
Insurance	473	190	283	149.1%
Real estate taxes	1,180	1,755	(575) <sup>(6)</sup>	(32.7%)
Depreciation	5,293	4,833	460	9.5%
Total expenses	<u>27,840</u>	<u>29,007</u>	<u>(1,167)</u>	
<b>Operating loss</b>	<u>(2,197)</u>	<u>(4,782)</u>	<u>2,585</u>	
<b>Non-operating income</b>				
Payment Protection Program loan forgiveness			-	N/A
Interest income	25	47	(22)	(45.9%)
Interest expenses	(1,073)	(1,597)	524 <sup>(7)</sup>	(32.8%)
Total non-operating income	<u>(1,048)</u>	<u>(1,550)</u>	<u>502</u>	
<b>Net loss</b>	<u>(3,245)</u>	<u>(6,332)</u>	<u>3,087</u>	
<b>Members' equity, beginning</b>				
Contributions from member	46,350	46,350	(0)	
Distributions to members	36,883		36,883 <sup>(8)</sup>	N/A
	(30,744)		(30,744) <sup>(8)</sup>	N/A
<b>Members' equity, ending</b>	<u>\$ 49,244</u>	<u>\$ 40,018</u>	<u>\$ 9,226</u>	

Notes:

- (1) Higher occupancy in independent living than anticipated
- (2) Ancillary Fees less than anticipated
- (3) More refundable contracts were entered into by residents than projected creating additional amortization of resident entrance fees.
- (4) Utilization of contract agency and professional services greater than anticipated
- (5) A corporate overhead allocation was classified in professional and contract services for the audit and in administrative for the projection.
- (6) Real estate taxes greater than anticipated
- (7) Interest expense less than anticipated
- (8) Deemed distribution reclassifying Member's equity to a working capital loan in accordance with the revised joint venture agreement upon admission of NSC as a member. Contributions and distributions are consistent with the Joint Venture agreement and are dependent on the results of operations.

**WINDSOR RUN, LLC**  
**Comparison of 2022 Actual Results to 2022 Projected Results**  
**(000s omitted)**

STATEMENT OF CASH FLOW	2022 Audit	2022 Projected	Favorable (Unfavorable) Variance	Percentage Variance
<b>Cash flows from operating activities:</b>				
Net loss	\$ (3,245)	\$ (6,332)	3,087 <sup>▼(1)</sup>	
Adjustments to reconcile net loss to net cash and cash equivalents provided by (used in) operating activities				
Depreciation	5,293	4,833	460	9.5%
Amortization of resident entrance fees	(3,869)	(2,559)	(1,310) <sup>▼(2)</sup>	51.2%
Spend down	(138)		(138)	N/A
Decrease in resident accounts receivable	12		12	N/A
Increase in other current assets	(242)		(242)	N/A
Change in current assets and current liabilities		3,741	(3,741) <sup>▼(3)</sup>	(100.0%)
Paycheck Protection Program loan forgiveness			-	N/A
Provider Relief Fnds used in operations			-	N/A
Increase in non-refundable entrance fees	4,863	1,291	3,572 <sup>▼(2)</sup>	276.7%
Increase in accounts payable and accrued expenses	1,014		1,014	N/A
Increase in accrued payroll			-	N/A
Decrease in other current liabilities	176	(78)	254	(325.6%)
Decrease in other long term liabilities			-	N/A
Increase in deferred interest	1,073	1,597	(524) <sup>▼(4)</sup>	(32.8%)
Decrease in due from ESL			-	N/A
Decrease in due from EA			-	N/A
Decrease in due to CCRCs			-	N/A
Decrease in due to ESL			-	N/A
Increase in due to ELD			-	N/A
Net cash and cash equivalents provide by (used in) operating activities	<u>4,939</u>	<u>2,493</u>	<u>2,446</u>	
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	<u>(39,082)</u>	<u>(55,708)</u>	<u>16,626</u> <sup>▼(2)</sup>	(29.8%)
Net cash and cash equivalents used in investing activities	<u>(39,082)</u>	<u>(55,708)</u>	<u>16,626</u>	
<b>Cash flows from financing activities:</b>				
(Repayment)/Proceeds of working capital loan	(757)	26,100	(26,857) <sup>▼(4)</sup>	(102.9%)
Forgiveness of PPP loan			-	N/A
Proceeds from refundable resident entrance fees	16,092	5,978	10,114 <sup>▼(2)</sup>	169.2%
Entrance fees received-attrition (refundable)		4,981	(4,981) <sup>▼(2)</sup>	(100.0%)
Refunds of refundable entrance fees	(8,754)	(4,441)	(4,313) <sup>▼(2)</sup>	97.1%
Increase (decrease) in advance deposits	546	(889)	1,435 <sup>▼(2)</sup>	(161.4%)
Contributions from member	36,883		36,883 <sup>▼(4)</sup>	N/A
Distributions to member	<u>(30,744)</u>		<u>(30,744)</u> <sup>▼(4)</sup>	N/A
Net cash and cash equivalents provided by financing activities	<u>13,266</u>	<u>31,729</u>	<u>(18,463)</u>	
<b>Increase in cash and cash equivalents</b>	<u>(20,877)</u>	<u>(21,486)</u>	<u>609</u>	
<b>Cash and cash equivalents, beginning of year</b>	<u>26,974</u>	<u>26,933</u>	<u>41</u>	
<b>Cash and cash equivalents, end of year</b>	<u>\$ 6,096</u>	<u>\$ 5,447</u>	<u>\$ 649</u>	

*Notes:*

- (1) Lower expenses due to higher than expected reductions in staff occurred attributable to curtailment of certain services as mandated by government authorities caused by the pandemic.
- (2) Declining balance entrance fees (0% refundable) were introduced during 2019 changing the accounting treatment and classification of entrance fee receipts resulting in a change in entrance fee amortization and an increase in residents selecting this refund plan.
- (3) Difference in presentation of current assets and current liabilities – summarized per projection and detailed per audit.
- (4) Reclassifying Member's equity to a working capital loan in accordance with the revised joint venture agreement upon admission of NSC as a member.