

**DISCLOSURE STATEMENT  
(INFORMATION BOOKLET)**



**PORTERS NECK  
VILLAGE**

*Keep on loving life*

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

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

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

**Porters Neck Village, like all other continuing care retirement communities in the State of North Carolina, is subject to the Continuing Care Retirement Communities Act. This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.**

**May 30, 2024**

**Unless earlier revised, the Village intends for this Disclosure Statement to remain effective until August 23, 2026.**

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## INTRODUCTION

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

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

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

**We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, gender identity, sexual orientation, handicap/disability or national origin.**

# **I. THE PEOPLE**

## **PLANTATION VILLAGE, INC.**

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

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

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

The Board of Directors of Plantation Village, Inc. currently consists of 14 members. The officers and directors serve without compensation for the good of the community. The officers or directors, nor any person involved in the management of the Village, do not have any proprietary interest in Plantation Village, Inc. There is not any professional service firm, association, trust, partnership or corporation, in which the Executive Director or any member of the Board of Directors has a 10 percent or greater interest in and which it is presently intended shall currently or in the future provide goods, leases or services to the Village or to residents of the Village, of an aggregate value of \$500 or more within any year. Further there is not any professional service firm, association, trust, partnership, or corporation that currently provides any goods, leases or services of an aggregate value of \$500 or more within any year to the Village or to the residents of the Village that has a 10% or greater interest in any officer, director or management staff (including the Executive Director).

The officers and directors for Plantation Village, Inc. are as follows:

### President and Director

Mary Beth Hardy – 8701 Thornblade Circle, Wilmington, NC 28411

Mary Beth has 45 years of health care experience. Her career path included working as a hospital nurse, a geriatric care manager and an executive for a large national integrated health system. Mary Beth is certified as a leadership coach. Mary Beth retired and moved to Wilmington in 2019. She looks forward to sharing her time and talent with the local community. She is passionate about growing leaders, improving health through wellness, and learning something new every day. She has been married for 45 years, has 3 children and 8 grandchildren. She loves to walk, read and praise the Lord.

#### Vice President and Director

Jack Fuller – 8700 Thornblade Circle, Wilmington NC 28411

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

#### Treasurer and Director

Eric Bregman – 8303 Slippery Elm Ct, Winnabow, NC 28479

Eric Bregman has been a CPA at Earney & Company since March 2021, and has worked in the finance field since 2003 including at Dixon Hughes Goodman, BB&T and Bernard Robinson & Company. He received his Master of Science in Accounting from UNC Greensboro, and was in the Class of 2016 with Leadership Greensboro.

#### Secretary and Director

Tolga Cankurtaran – 2231 2231 Deep Woods Drive, Wilmington NC 28405.

Tolga Cankurtaran was appointed Senior Director, Operations of the North Carolina State Ports Authority in November of 2017. Reporting to the Chief Operating Officer, Mr. Cankurtaran is responsible for managing the Port's rail operations, inland port in Charlotte, NC and procurement group. Prior to this position, Mr. Cankurtaran served as the Director, Strategy and Performance since April of 2015. Reporting to the Chief Executive Officer, he was responsible for the management of the Port's strategy implementation to include business analysis and process improvement functions. Mr. Cankurtaran has over 18 years of experience in terminal management and container shipping industries having worked in both domestic and international trades. Prior to joining the Port, he spent 11 years with Horizon Lines holding various positions and most recently served as Senior Director, Strategic Planning & Business Development where he provided leadership in revenue and margin improvement, execution and support of strategic growth plans, and cost reduction/continuous improvement initiatives. Mr. Cankurtaran was also instrumental in leading cross-functional teams through project implementation. Mr. Cankurtaran holds a bachelor's degree in Finance from Indiana University of Pennsylvania and earned his MBA at the University of North Carolina at Charlotte in Management and Finance.

Melissa Batchelor, Director

Melissa is a (tenured) Associate Professor of nursing and Geriatric Nursing Researcher for The George Washington University's (GW) School of Nursing. She is also the Director of GW's interdisciplinary [Center for Aging, Health and Humanities](#). Prior to joining GW, she was an Associate Professor at Duke University and she moved back home to Wilmington, NC in February of 2023 after being away for 12 years.

She has worked as an administrative RN in skilled nursing homes (1994-2000) and practiced as a FNP across long-term care settings for over 25 years. In Wilmington, She worked with Drs. Fretwell (2000-2005) and Rudyk (2005-2010). She is board-certified as a Gerontological Registered Nurse (RN-BC) and as a Family Nurse Practitioner (FNP-BC). She is a fellow of the Gerontological Society of America (FGSA) and the American Academy of Nursing (FAAN).

Director

Rhonda Bellamy – 221 N. Front Street - #101, Wilmington NC 28401.

Rhonda Bellamy is the founding executive director of the Arts Council of Wilmington and New Hanover County. Rhonda is presently on the North Carolina Aquarium at Fort Fisher Community Advisory Board and UNCW's MPA Community Advisory Committee. She is a past board member of Arts North Carolina, Cameron Art Museum, New Hanover County Library Foundation, Wilmington Downtown Inc., Cape Fear Habitat for Humanity, the Eastern Area Radio Reading Service, and Domestic Violence Shelter and Services. In addition to being a charter member of the City of Wilmington's African-American Heritage Commission and the Azalea Festival Multicultural Committee, Rhonda was also a founding instructor at the Dreams Center for Arts Education. A co-founder of the Black Arts Alliance, Inc., Rhonda founded the organization's signature North Carolina Black Film Festival, which has honored her with its Lifetime Achievement Award. A native of New York, Rhonda graduated from Wilmington's E.A. Laney High School and North Carolina Central University, where she holds a B.A. in English with a concentration in Media/Journalism and graduate credits in Instructional Media. The mother of two enjoys spending time with her three grandchildren.

Director

John Cheshire – 1712 Eastwood Rd – Ste 200, Wilmington, NC 28403

John Cheshire received his Bachelor of Arts in History from The University of North Carolina at Wilmington in 2005. John is the Business Development Manager, Carolinas at W.M Jordan Company out of the Wilmington, NC office. From February 2006 to December 2019 John held positions in Field Engineering, Field Supervision, worked in Pre-Construction and Business Development for Clancy & Theys Construction Company. In 2009 John received his LEED AP Certification from the US Green Building Council. By the summer of 2011 as the LEED AP, John oversaw the construction into project commissioning for Jennette's Pier, North Carolina Aquarium in Nags Head, NC. Jennette's Pier would go on to achieve LEED Platinum Certification, which is globally recognized as the highest sustainability achievement in commercial building. John is an active member of the Urban Land Institute, North Carolina and South Carolina Economic Development Associations and the Carolinas Associated General Contractors. John also served in the Wilmington Rotary Club from 2013-2021, a Wilmington Rotary Board member 2020-21 and is a Paul Harris Fellow. John also serves on the W.M. Jordan Company Executive Committee for the Carolinas Division. John is married to his wife Michal Cheshire and has two great kids, Jaymes who is 8 and Lyon who is 5.



Director

Kara Gansmann– 3409 Kirby Smith Drive, Wilmington, NC 28409

Kara Gansmann devotes her entire practice to elder law and estate planning in the Wilmington office of Cranfill Sumner LLP (CSH Law). Kara is especially well-suited for this practice thanks to her strong interpersonal skills, her diplomatic demeanor, and pragmatic approach to problem-solving. She brings a solid sense of collegiality to her work with both clients and professionals, alike. In private consultations, Kara counsels individuals and families on tactics for estate planning, asset protection, and long-term care planning. Kara drafts Wills, Powers of Attorney, and Trusts, including Pet Trusts, Revocable and Irrevocable Living Trusts, and Special Needs Trusts. Kara also advises clients on eligibility for public benefits like Veterans' Aid & Attendance and prepares applications for Medicaid and Special Assistance. In the courtroom, Kara represents clients in trust and estate administration matters, Will caveats, guardianship/incompetency proceedings, and fiduciary litigation. Kara also represents clients in administrative hearings for denials of public benefits such as Medicaid. Kara leads a team of experienced professionals who also focus on elder law needs. The team's paralegals assist clients in matters ranging from probate to caregiver agreements to promissory notes or real estate deed transactions intended for asset protection. Kara's team also includes a certified geriatric care senior advisor, who assists with placement in care facilities. Kara's entire team understands the urgency and stress associated with seniors' needs. Prior to joining CSH Law, Kara served as a staff attorney on an appellate court in Houston, Texas. There, she managed all aspects of complex civil and criminal appellate matters and drafted over 200 judicial opinions for court justices in over six years.

Sharon Jessup, Director

Sharon has been part of the Senior Living industry for over 25 years. Her experience includes Life Plan Communities, Rental Communities and Assisted Living/Memory Care. She is an energetic leader, sales coach and teacher, motivating speaker, wellness promoter, and mentor to many. In her free time, she is an endurance athlete, animal advocate and adventure traveler. She lives in Washington, DC with her partner, and her parents are residents at Porters Neck Village.

Tom Roark, Director

Tom's background has centered around construction and facilities maintenance. He started as an electrician with Stone Electric, and then in industrial and hotel maintenance with Green Hill Inc. He then was Chief Engineer at the Wilmington Hilton. He has also worked as a resident project representative for Talbert Cox Engineers, prior to his role as a construction contracts administrator with Boney Architects. He has worked on numerous educational, healthcare, commercial and retail projects. Duties included review and approval of contractor shop drawings and submittals and payment requests. I was also responsible for conducting monthly progress meetings and inspection of ongoing work. He also worked as a quality control supervisor with Clancy & Theys.

Tom then accepted a temporary position as a construction contracts administrator with LS3P Associates Wilmington Office. He worked on a continuing care retirement community, two elementary schools, one high school, two medical office buildings, one fitness center, health care additions and renovations, one office building, and one fitness center/parking deck building.

Griffin Sutton, Director

Griffin Sutton, Ph.D., is a clinical neuropsychologist in private practice in Hampstead. She is originally from Pender County (Burgaw). After completing her degree and clinical internship, she moved to Hampstead and completed a 2.5-year post-doctoral fellowship with Antonio E. Puente, Ph.D. in Wilmington. She opened her practice in Hampstead in 2015 and specializes in neuropsychological evaluations of individuals ages 6 through end of life and work with many older adults as they progress through the aging process. She has a wonderful husband, two fantastic daughters, and quite a bit of extended family who also enjoy living in the area. She looks forward to working with everyone at PNV!

Mark Sweeney, Director

Mark is a highly accomplished, results driven financial executive with significant progressive leadership experience within world-class business environments. An excellent leader with solid communication and interpersonal skills. Demonstrated ability to build and develop high performing teams and improve and streamline business processes to increase productivity and enable profitable growth. Held financial executive positions with companies including Nutrabolt LLC, Gardner Denver Inc., J.C. Penney Company, General Electric Company, and PepsiCo Inc. Also gained experience serving clients in public accounting with KPMG.

Mark has significant experience with corporate governance and board of director activities. Currently a member of the University of North Carolina Wilmington Cameron Business School Executive Advisory Board and MSA/Accounting School Advisory Board. Also active in Cameron Executive Network student mentoring program. Past experience with not-for-profit organizations including the United Way and Salvation Army.

#### Director

Jeffrey Turpin – 105 Island Drive, Wrightsville Beach, NC 28480

Jeff Turpin, CPA, is currently the owner of JayTees Properties I to III. Previously he was the CEO of Admiral Group Holding; President and CEO of VPS Convenience Store Group, and CFO of Worsley Companies. He earned his BS in accounting from UNC Charlotte, and sits on the board of Presbytery of Coastal Carolinas and Wrightsville Beach Parks and Recreation and Board of Adjustment.

#### Resident Council Representative

R’Lou Ellison – 7919 Blue Heron Drive West #208, Wilmington, NC 28411

R’Lou Ellison received a BA from Wheaton College in Illinois and completed various leadership and management courses at George Mason University; George Washington University; and Harvard University Kennedy School of Government. She worked in Human Resources Management for the Northern Trust Bank in Chicago, Student Loan Marketing Association (Sallie Mae) in Washington DC, and DynCorp in McLean VA. She began her eighteen-year career with the American Red Cross as National Director of Personnel Administration and EEO Officer at national headquarters in Washington, DC. Subsequent positions in the Red Cross included Deputy Executive Director for the Chapter and Blood Region in Baltimore, Maryland; Executive Director for the Chapter in Albany,

New York; Regional Executive Officer for the Midwest Region covering six states; and Vice President for Blood and Chapter Integration at national headquarters. She retired in 2002 and moved with her husband, Don, to the Wilmington area. She has served on the boards of the George Washington University Health Plan, Washington Personnel Association (president), Chamber Music Wilmington (president), Cape Fear Chorale in Wilmington, and Covil Crossing Homeowners Association. Her avocation has been music, singing in numerous choirs and chorales all her life. Don and R’Lou moved to Porters Neck Village in 2017 where she is serving as conductor of the PV Singers and Chairperson of the Resident Garden Club.

#### Resident Council Representative

Elinor Netzorg – 8117 Blue Heron Drive East #202, Wilmington NC 28411

Elinor Netzorg has served as an executive director of several CBD’s (Central Business Districts) including the Galleria in Houston Tx; Great Falls, Montana; Aurora, Illinois; Trenton, New Jersey and Fayetteville, North Carolina where she served in the capacity of Urban Finance Director and was responsible for overall economic development. She administered a two-million-dollar loan renovation program and several grant programs. During her Executive Director tenures, she had the opportunity to engage in many unusual events such as riding on the Goodyear blimp, riding in the cockpit of a KC-135 Stratotanker while it refueled, working with Walter Payton in establishing the “Roundhouse” micro-brewery in Aurora IL and viewing the Northern Lights.

She currently is Vice President of operations for Victor Properties assisting her daughter in managing the business. Elinor started her career as TWA air hostess and loved the job. Unfortunately, she had to quit when she became engaged. Those were different times then. After retiring from Executive Director roles in 2000, she accepted a position with the University of Chicago conducting research work and is doing so presently. She has also conducted research for the University of Michigan. During her career she has served on over 27 boards and committees.

Mrs. Netzorg holds a bachelor's degree from Bowling Green State University and has a master's from the University of Maryland. In addition, she has attended graduate level classes in Marketing at the University of Houston.

On a personal note, Elinor has been fortunate to have the privilege of having traveled to over 65 countries and islands.

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

expressly stated.

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

## **RESIDENT COUNCIL**

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

## **LIFE CARE SERVICES LLC**

The Provider has retained Life Care Services LLC (“Life Care Services”) to manage the Village. As the nation’s third largest operator of senior living communities, Life Care Services serves more than 40,000 seniors in 140+ communities (see Exhibit A). With over 50 years of service, Life Care Services has developed expertise in nearly every facet of senior living management. For more information, visit Life Care Services’ website: <https://www.lcsnet.com/management-services/management-services-overview>.

Principal officers of Life Care Services include Joel Nelson, Chris Bird, Diane Bridgewater, Jason Victor, and Jill Sorenson.

Joel Nelson: As Chief Executive Officer of Life Care Services, Joel Nelson is responsible for executing the business strategy across all business lines in the LCS Family of Companies. Joel provides leadership and direction for business growth, service excellence, and enhancing the company’s stability and value among financial partners, property owners, and other stakeholders in the senior living field. Joel joined LCS in 1986 and has held several executive roles during his long tenured career with LCS. Today, he is responsible for the oversight of serving nearly 40,000+ seniors and 27,000 employees.

Joel serves as Chairman of the Board of Directors of LCS Holding Company, LLC, is a member of the compensation committee and is a trustee of the Company’s 401(k) benefits program. Outside LCS, Joel serves on various industry and community boards. Within the industry, Joel is the current chairman of the Argentum Board of Directors,

and a member of the National Investment Center operator advisory board and an executive member of the American Senior Housing Association. Joel is active in the Des Moines community and serves as a trustee for ChildServe. As a past board member, he remains active with the Alzheimer's Association and the Central Iowa United Way Board of Directors.

Chris Bird: Capitalizing on his reputation as a change agent, Chris Bird brings his expertise to the communities LCS serves. By leading operations, building community occupancy, fostering capital partner relationships, and developing new business, Chris implements strategies to deliver on the expectations of owners and shareholders. As president, chief operating officer, Chris oversees Life Care Services, CPS, Legal, IT, and onboarding operations. His ability to analyze issues, devise continuous process improvements, and incorporate business process initiatives drives performance improvement for the overall operation.

At LCS, Chris mentors future leaders by providing guidance, expertise and resources to develop professional skills in the senior living industry. In addition, he is a member of the Board of Directors of LCS Holding Company, LLC. Chris is a member of the Argentum Advisory Council and the Argentum Chief Operating Officer Roundtable. He holds a bachelor's degree in history from the University of Memphis, Tennessee.

Diane Bridgewater: As a high energy, results-driven executive, Diane Bridgewater leads LCS Strategy, including oversight of strategic imperative across the company resulting in strong financial performance and growth. In 2024 Diane will begin transitioning chief financial and administrative responsibilities, including all financial and business operations, the company's insurance business line, information technology, compliance, regulatory, and legal matters, through a thoughtful succession plan.

At LCS, Diane serves on the Board of Directors of LCS Holding Company, LLC and its related audit committee, compensation committee, retirement fiduciary committee, investment committee. Outside the organization, she is a member of Argentum. Diane is a member of the board and chair of the audit committee at Guide One Insurance and recently completed her term on the board of Casey's having chaired the audit and nominating and governance committees. Diane has been recognized as a Des Moines Business Record's Women of Influence, Deloitte CFO of the Year, and named to the Women Inc. magazine's 2023 Most Influential Corporate Board of Directors. She holds bachelor's degrees in accounting and French from the University of Northern Iowa.

Jason Victor: Jason Victor is senior vice president, treasurer, and corporate finance for LCS. In this role, he provides oversight and direction for the organization's financial matters, ensuring its consistent and efficient fiscal performance. Jason has responsibility for the organization's corporate accounting, corporate payroll, community payroll, treasury and tax departments. He oversees all aspects of general accounting, cash management, billing and receivables, accounts payable, payroll, consolidations, and financial reporting. In addition, he serves as a member of the LCS Audit Committee and provides leadership for LCS Risk Management, including the LCS Advantage insurance program and Hexagon, a captive insurance company.

Jill Sorenson: Jill Sorenson is senior vice president for LCS. Leaning on her expertise to foster and maintain meaningful relationships, Jill Sorenson leads the regional team serving a portfolio of 36 Life Plan communities. Following her passion for serving seniors, Jill's responsibilities have grown during her career at LCS. From roles in accounting, information technology, and corporate resource development to receiving her nursing home administrator license, Jill is committed to serving others. Prior to her current position, Jill has proven a track record in successfully delivering on occupancy goals and achieving 4- and 5-star ratings from the Centers for Medicare and Medicaid Services.

To ensure Life Care Services is serving the customer first and foremost, Jill initiated client satisfaction surveys with client boards and owners to build stronger and more strategic relationships. Outside LCS, Jill has served on the San Diego Region for Aging Services of California and the Aging Services of California Board. She is a frequent presenter at national and state industry conferences on topics affecting the senior living industry and was selected for the Hall of Honor for McKnight's Women of Distinction program in 2023. Jill holds a bachelor's in business administration from Simpson College and an MBA from the University of Phoenix.

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

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

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

## **EXECUTIVE DIRECTOR**

Zane Bennett, the Executive Director of Porters Neck Village in Wilmington, NC, has a diverse senior living background in operations and business development. Prior to his

current role, he held key positions at LCS, including Director of National Business Development. Zane is deeply involved in community service, serving as Vice President of the LCS Foundation and contributing to various non-profit boards in Wilmington. He's also played an active role in public policy through LeadingAge North Carolina. As a founding member of ASHA's "40 for the Future," Zane is dedicated to advancing the senior housing industry. He holds a bachelor's degree in business administration from Florida Atlantic University and an MBA from the University of North Carolina Wilmington.

## **II. THE VILLAGE**



## **THE MISSION**

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

## **THE LOCATION**

The Village is located on 58 acres of land and is less than one-half mile from the Intracoastal Waterway and seven miles northeast of the Wilmington city limits. The site has frontage on Porters Neck Road and is located on adjoining property to The Davis Community.

## **PORTERS NECK VILLAGE**

The Village is a continuing care senior living community designed to accommodate persons 62 years of age or older in a dignified manner. Currently, the Village has 239 residences including 2 cottages, 66 duplex homes, 28 villas, and 143 apartments with more than 25,500 square feet of common space. The community will accommodate approximately 478 residents. As of December 31, 2021, 220 residences were occupied, and there were 294 Village residents.

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

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

## **FACILITY EXPANSION AND RENOVATION**

### Current Community

Built as a nonprofit retirement community nearly 35 years ago; Porters Neck Village is a 58-acre senior living community located in Wilmington, North Carolina. The Community currently has 7 three-story and 1 two story residential apartment buildings containing 143 independent living apartments as well as 96 one-story duplexes and quadraplexes. The complete continuum of care is contracted with the adjacent Davis Health Care Center, providing assisted living, memory support,

skilled nursing and rehabilitation services. The Community also has a hobby shop for resident woodworking and crafts as well as a maintenance shop. They also have a community common building which houses administrative functions, dining, multi-purpose auditorium, wellness space, pool and several other resident focused spaces.

### Prior Renovations

Porters Neck Village started in 1988 with just a small common building and one 35-unit apartment building. Over the next 30 plus years they added 8 quadraplex building consisting of 32 units, a 35 unit and 36-unit apartment buildings, 4 quadraplexes with 16 units and multiple duplex buildings totaling 33 units and 2 single family homes. During this time the common building was expanded and renovated multiple times.

In 2015, Porters Neck Village a small expansion and renovation project that added 1 three-story apartment building with 27 units. This project also expanded wellness, added a multi-purpose auditorium, added a porte-cochere to the main entrance of the common building and renovated the current dining space.

### Current Project Master Plan

The Owner began considering the current expansion in 2019 and engaged LCS Development as its Development Consultant for the proposed project. In 2019 LCSD performed a master planning exercise to assist the Owner in defining the scope for the project. In 2019 and 2020, the Owner assembled its final Development Team that includes LCSD as Development Consultant; CJMW as Architect; Frank L. Blum Construction Company as Construction Manager; and HJ Sims as Financial Advisor. All these firms have extensive experience in the senior housing industry, both nationally and in North Carolina.

The current master planning process was started in 2019 to assess renovations and expansion of common and amenity space and additional and replacement of some living residences. The plan that was approved by the Board in 2020 calls for the demolition of 32 quadraplex units, 105 apartment units, and the maintenance complex; to be replaced with 189 apartment units in a variety of two-story and three-story buildings as well as some more cottages. In addition, the plan calls for relocation of the maintenance complex, including woodworkers/hobby shot. Additions and renovations to the clubhouse are included to expand the catering kitchen for the existing multi-purpose auditorium, to expand the options and capacity of the dining, and to enhance amenities. Exterior amenities enhancements include walking trails, a dog park, garden plots, and other outdoor activity areas as determined by the community staff and residents.

Additionally, three new residential buildings contain 12 apartments each with parking below. Another building containing eight independent living apartments with carports and covered walkway is included for a total of 44 new apartments added to the campus inventory. These residential buildings began being occupied in April 2023.

Phase 1 of the current project is complete and includes the expansion and renovation of the Community Building and amenity spaces such as a Bistro, a Lounge/Bar, a Market, Traditional Dining, Outdoor Dining, Game Room, Artisan Room, a Classroom/Cinema, and a Board Room. Also included are minor renovations to the recently constructed auditorium to provide better catering services to this

space. The new common areas will meet the needs of the growing population of independent living residents.

The new maintenance complex and hobby shop provide a maintenance area for the purpose of storing equipment. It also provides a new and improved wood shop to replace the existing shop. Also included in Phase 1 are new outdoor amenities for Porters Neck Village Residents to enjoy, including dog park, community gardens, walking paths, putting green, restructured ponds and landscaping.

Construction for the Phase I Expansion Project began in December of 2021 and was completed in February 2024.

#### Financial impact on current residents

The current expansion will not have a significant negative impact on current residents. In fact, the Owner is confident that, with the renovation and expansion of the common building with new dining services and several new indoor and outdoor amenities, Porters Neck Village will be much better positioned in its competitive market after the expansion. Also, the addition of new independent living units will allow Porters Neck Village to create better operating efficiencies by spreading certain fixed operating and administrative costs over a larger number of units. The Phase I apartments were absorbed quickly and are 93% sold as of May 1, 2024.

#### Impact on community structures for the provision of resident services

Additional independent living units included in the Master Plan allow the community to spread the cost of services and commons over a larger number of residents and thus increase efficiencies. Adding and improving the outdoor amenities and renovating the existing community building will significantly increase the marketability of Porters Neck Village and new competition continues to be added in the area.

This expansion benefits Porters Neck Village and its residents by:

- Increasing the number and percentage of the larger independent living units which are most desired by the market
- Improving and significantly renovating the community building with better dining services and offerings
- Improving and increasing the amount of outdoor amenity space available to the residents
- Increasing the marketability of the existing and proposed independent living units by all the improvements listed above

Porters Neck Village is in the design stage of Phase 2 of the current expansion project. Every stage is subject to further approvals of the Porters Neck Village Board of Directors and the North Carolina Department of Insurance. Phase 2 tentatively includes the removal of (1) 36-unit 3 story apartment building and (8) quadrplexes. These will tentatively be replaced with (5) 8-unit 2 story apartment buildings and (1) 30-unit 3 story apartment building. Phase 2 will take place on the east side of the community.

## **THE PERSONNEL**

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

## **SERVICES AND AMENITIES**

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

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

### **Activities**

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

### **Beauty and Barber Salon**

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

### **Building and Grounds Maintenance**

The Village maintains all residences, common areas, buildings, grounds, and site amenities. Residents are responsible for maintenance and upkeep of any equipment installed and/ or owned by the resident. Special requests for maintenance outside of what is included in the Residency Agreement may be done for an additional charge.

### **Cable Television and Internet Access**

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

### **Common Area Amenities**

Common area amenities are available during scheduled hours, and include, but are not limited to: fitness center with indoor pool; auditorium, artisan room, gardening area, and hobby shop.

### **Dining Services**

Residents are provided a monthly allowance for the Preferred Choice Dining Plan for dining in the Magnolia Room for resort style dining, Bistro 1200 for casual dining with display cooking, the Tavern on the Pond for spirits and bar food, and use in the Village Market for prepared meals and convenience items. Alcoholic beverages are also available for an extra charge.

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

### **Emergency Call System**

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

### **Guest Accommodations**

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

### **Health Care Services**

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

### **Home Care Services Program**

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

### **Housekeeping**

The Village provides regular housekeeping services to residents. Housekeeping services include: cleaning, dusting, and vacuuming the interior of the residence on a regular basis; cleaning hard surface floors; and cleaning ovens and windows (as needed). Carpets are cleaned approximately

every 12 months, and, at other times, spot cleaning is done. Furniture is moved at least once a year for cleaning hard-to-reach areas. Additional housekeeping services are available at additional charge.

### **Laundry**

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

### **Other**

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

### **Parking**

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

### **Residence**

Each residence is equipped with a complete kitchen, including refrigerator, range with oven, over-the-range microwave, garbage disposal, and dishwasher (except in 1-bedroom convertible units). Smoke detectors are also located in each residence.

### **Security**

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

### **Storage**

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

### **Telephone Service**

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

### **Transportation**

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

### **Utilities**

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

## **OTHER MISCELLANEOUS INFORMATION**

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

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

## **HEALTH SERVICES**

### **Assisted Living**

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

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

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

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

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

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

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

### **Health Center Care**

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

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

We will cover the charges for temporary nursing care at the Davis Health Care Center (or the alternate health care center) for up to 30 calendar days for each resident each fiscal year (the "Free Days of Care"). If there are two residents under the Residency Agreement, the Village will allow the residents to combine the Free Days of Care to be used by only one resident. During such time, the resident will continue to pay the Monthly Fee for his/her residence (first and second person as



applicable), the charges for additional meals per day not covered by the Monthly Fee, and the charges for any additional services and supplies incurred by the resident. If the resident utilizes more than the Free Days of Care during a temporary stay, then he/she will be responsible for paying the full daily rate charged by the Davis Health Care Center or the alternate health care center, as well as the Monthly Fee for his/her residence (first and second person as applicable), and the charges for any additional services and supplies incurred by the resident. Once permanently assigned to the health center, the resident no longer qualifies for the Free Days of Care. Any unused Free Days of Care will not be carried over to the next year.

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

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

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

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

## **RESIDENT CARE CENTER**

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

## **CONTRACTS AND FEES**

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

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

## **III. THE PROPOSAL**

## **THE LIFE CARE CONCEPT**

The life care concept ensures an individual lifetime use of a residence, support services, assisted living care, and long-term nursing care if he or she can no longer live in a residence. This concept has grown as the result of the increasing number of men and women reaching retirement age and the concern for providing an alternative to traditional retirement living.

## **RETURN OF CAPITAL™ PLAN**

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

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

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

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

## **TRADITIONAL PLAN**

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

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

be remarketed.

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

## **THE RESIDENCY AGREEMENTS**

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

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

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

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

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

### **3. Reimbursement of the Entrance Fee.**

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

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

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

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

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

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

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

**Average Increase in Monthly Fees**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
First Person	\$121	\$127	\$129	\$167	\$364	\$289
Second Person	\$41	\$0	\$42	\$0	\$115	\$92

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

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

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

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

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

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

After executing a Residency Agreement but prior to occupancy, we can cancel the Residency Agreement if the resident does not pay his or her Entrance Fee, for non-acceptance based on the

residency criteria listed above, or if the resident is unable to occupy the residence because of illness, injury or incapacity.

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

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

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

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

11. **Resident's Cancellation Rights.** The resident may cancel a Residency Agreement for any reason at any time before the resident moves into the Village. The refund of the resident's Entrance Fee is described in Paragraph 3.1 above. After moving into the Village, the resident may cancel a Residency Agreement at any time by giving us 120 days' written notice. When the resident's residence is reoccupied by a new resident, and upon receipt of the proceeds of the total Entrance Fee paid by the new resident, we will remit to the resident (or to the resident's estate) a refund as described in Paragraph 3.2 above.



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

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

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

## **RESIDENCE TRANSFERS**

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

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

<b>Type of Residence</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Apartments:</b>						
One-Bdrm Convertable	156,24 7	156,25 0	159,40 0	159,40 0	159,40 0	167,35 0
One-Bdrm Traditional	197,96 0	197,95 0	201,90 0	201,90 0	201,90 0	212,00 0
One-Bdrm Deluxe	231,69 4	231,70 0	236,35 0	236,35 0	236,35 0	248,15 0
Two-Bdrm Traditional	197,96 0	267,55 0	272,90 0	272,90 0	272,90 0	286,55 0
Two-Bdrm Lakeside	284,92 1	284,90 0	290,60 0	290,60 0	290,60 0	305,15 0
Two-Bdrm Combo	298,05 1	298,05 0	304,00 0	304,00 0	304,00 0	319,20 0
Two-Bdrm Deluxe	301,28 3	301,30 0	307,35 0	307,35 0	307,35 0	322,70 0
Two-Bdrm Classic	304,51 5	304,50 0	310,60 0	310,60 0	310,60 0	326,15 0
<b>Villas:</b>						
Deluxe Villa	306,63 1	321,95 0	333,20 0	343,20 0	343,20 0	360,35 0
Custom Villa	340,51 8	358,75 0	371,30 0	382,45 0	382,45 0	401,55 0
Villa Traditional	341,65 1	357,55 0	370,05 0	381,15 0	392,60 0	412,25 0
Villa Special	379,34 9	398,30 0	412,25 0	424,60 0	437,35 0	459,20 0
<b>Duplexes:</b>						
Vista	349,68 5	367,15 0	380,00 0	399,00 0	418,95 0	439,90 0
Regency	367,09 2	385,45 0	398,95 0	418,90 0	439,85 0	461,85 0
Vista II	373,78 7	392,50 0	406,25 0	426,55 0	447,90 0	470,30 0
Regency II	387,07 4	406,45 0	420,70 0	441,75 0	463,80 0	487,00 0
Royale	401,49 4	421,55 0	436,30 0	458,10 0	481,00 0	505,05 0
Grande	408,18 9	428,60 0	443,60 0	465,80 0	489,05 0	513,50 0
Royale II	428,17 1	449,60 0	465,35 0	488,60 0	513,05 0	590,00 0

<b>Type of Residence</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Grande II	435,896	457,700	473,700	497,400	522,250	600,600
Ashton	438,059	459,950	476,050	499,850	524,850	603,600
Baywater	426,935	448,300	464,000	487,200	511,550	588,300
Ashton Cottage	443,518	454,100	482,000	506,100	531,400	611,100
Baywater Cottage	432,497	465,700	470,000	493,500	518,200	595,950
<b>Heron Cove:</b>						
Sand Dollar	N/A	N/A	N/A	N/A	496,160	520,950
Juniper	N/A	N/A	N/A	N/A	507,090	532,450
<b>Magnolia Walk:</b>						
Indigo	N/A	N/A	N/A	N/A	589,040	589,050
Sagewood	N/A	N/A	N/A	N/A	621,820	621,800
Figure Eight	N/A	N/A	N/A	N/A	725,630	725,650
<b>Osprey Place Apartments</b>						
One Bedroom Elmwood	268,315	281,750	291,600	300,350	309,350	324,800
One Bedroom Ashland	275,731	289,500	299,650	308,650	317,900	333,800
Two Bedroom Ingleside	320,330	336,350	348,100	358,550	369,300	387,750
Two Bedroom Oatland	327,746	344,150	356,200	366,900	377,900	396,800
Two Bedroom Orton	409,425	429,900	444,950	458,300	472,050	495,650
Two Bedroom Woodlawn	394,593	414,300	428,800	441,650	454,900	477,650
Two Bedroom Waverly	415,399	336,150	451,400	464,950	478,900	502,850
Two Bedroom Carlisle	439,192	461,150	477,300	491,600	506,350	531,650
Two Bedroom Covington	430,231	451,750	467,550	481,600	496,000	520,800
<b>Second Person Non-Refundable Entrance Fee</b>	20,000	20,000	20,000	20,000	20,000	20,000

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

Type of Residence	2019	2020	2021	2022	2023	2024
<b>Apartments:</b>						
One-Bdrm Convertable	103,424	103,400	105,450	105,450	105,450	110,700
One-Bdrm Traditional	130,694	130,700	133,300	133,300	133,300	139,950
One-Bdrm Deluxe	153,318	153,300	156,350	156,350	156,350	164,150
Two-Bdrm Traditional	177,255	177,250	180,800	180,800	180,800	189,850
Two-Bdrm Lakeside	189,274	189,250	193,050	193,050	193,050	202,700
Two-Bdrm Combo	197,960	197,950	201,900	201,900	201,900	212,000
Two-Bdrm Deluxe	200,081	200,100	204,100	204,100	204,100	214,300
Two-Bdrm Classic	202,303	202,300	206,350	206,350	206,350	216,650
<b>Villas:</b>						
Deluxe Villa	200,747	210,800	218,200	224,750	224,750	236,000
Custom Villa	226,291	237,600	245,900	253,300	253,300	265,950
Traditional	226,291	237,600	245,900	253,300	260,900	273,950
Special	250,702	263,250	272,450	280,600	289,050	303,500
<b>Duplexes:</b>						
Vista	231,853	243,450	251,950	264,550	277,750	291,650
Regency	242,874	255,000	263,950	277,150	291,000	305,550
Vista II	247,303	259,650	268,750	282,200	296,300	311,100
Regency II	257,294	270,150	279,600	293,600	308,250	323,650
Royale	265,122	278,400	288,150	302,550	317,700	333,600
Grande	270,684	278,400	294,150	308,850	324,300	340,500
<b>Type of Residence</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Royale II	283,971	298,150	308,600	324,050	340,250	391,300
Grande II	289,533	304,000	314,650	330,400	346,900	398,950
Ashton	316,004	331,800	343,400	360,550	378,600	435,400
Baywater	304,880	320,100	331,300	347,850	365,250	420,050
Ashton Cottage	321,566	337,650	349,450	366,900	385,250	443,050
Baywater Cottage	310,442	325,950	337,350	354,200	371,950	427,750
<b>Heron Cove:</b>						
Sand Dollar	N/A	N/A	N/A	N/A	389,070	408,500
Juniper	N/A	N/A	N/A	N/A	397,810	417,700
<b>Magnolia Walk:</b>						
Indigo	N/A	N/A	N/A	N/A	461,850	461,850
Sagewood	N/A	N/A	N/A	N/A	487,420	487,400
Figure Eight	N/A	N/A	N/A	N/A	567,190	567,200
<b>Osprey Place Apartments</b>						
One Bedroom Elmwood	210,223	220,750	228,500	235,350	242,400	254,500

One Bedroom Ashland	216,300	227,100	235,050	242,100	249,350	261,800
Two Bedroom Ingleside	250,702	263,250	272,450	280,600	289,050	303,500
Two Bedroom Oatland	256,779	269,600	279,050	287,400	296,050	310,850
Two Bedroom Orton	320,536	336,550	348,350	358,800	369,550	388,050
Two Bedroom Woodlawn	309,412	324,900	336,250	346,350	356,750	374,600
Two Bedroom Waverly	324,965	341,200	353,150	363,750	374,650	393,400
Two Bedroom Carlisle	343,814	361,000	373,650	384,850	396,400	416,200
Two Bedroom Covington	337,222	354,100	366,500	377,500	388,800	408,250
<b>Second Person Non- Refundable Entrance Fee</b>	20,000	20,000	20,000	20,000	20,000	20,000

### TRADITIONAL ENTRANCE FEE TABLE

Type of Residence	2019	2020	2021	2022	2023	2024
<b>Apartments:</b>						
One-Bdrm Convertable	81,507	81,500	83,150	83,150	83,150	87,300
One-Bdrm Traditional	103,020	103,000	105,050	105,050	105,050	110,300
One-Bdrm Deluxe	121,301	121,300	123,750	123,750	123,750	129,950
Two-Bdrm Traditional	139,683	139,700	142,500	142,500	142,500	149,650
Two-Bdrm Lakeside	147,763	147,750	150,700	150,700	150,700	158,250
Two-Bdrm Combo	156,146	156,150	159,250	159,250	159,250	167,200
Two-Bdrm Deluxe	156,348	156,350	159,500	159,500	159,500	167,500
Two-Bdrm Classic	159,075	159,100	162,300	162,300	162,300	170,400
<b>Villas:</b>						
Deluxe Villa	156,663	164,500	170,250	175,350	175,350	184,100
Custom Villa	176,645	185,500	192,000	197,750	197,750	207,650
Villa Traditional	176,645	185,500	192,000	197,750	203,700	213,900
Villa Special	196,215	206,050	213,250	219,650	226,250	237,550
<b>Duplexes:</b>						
Vista	180,971	190,000	196,650	206,500	216,800	227,650
Regency	189,520	199,000	205,950	216,250	227,050	238,400
Vista II	193,434	203,100	210,200	220,700	231,750	243,350
Regency II	201,159	211,200	218,600	229,550	241,000	253,050
Royale	207,648	218,800	225,700	237,000	248,850	261,300
Grande	211,523	221,800	229,550	241,050	253,100	265,750
<b>Type of Residence</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Royale II	221,862	232,950	241,100	253,150	265,800	305,650
Grande II	226,291	237,600	245,900	258,200	271,100	311,750

<b>Second Person Non-Refundable Entrance Fee</b>	20,000	20,000	20,000	20,000	20,000	20,000
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### 2024 MONTHLY FEE TABLE

<b>Type of Residence</b>	<b>Fee</b>
<b>Apartments:</b>	
One-Bedroom Convertible/Studio	3,342
One-Bedroom Traditional	3,704
One-Bedroom Deluxe	4,051
Two-Bedroom Traditional	4,414
Two-Bedroom Lakeside	4,534
Two-Bedroom Combo	4,639
Two-Bedroom Deluxe	4,765
Two-Bedroom Classic	5,252
<b>Second Person:</b>	1,660
<b>Villas:</b>	
Deluxe Villa	4,889
Custom Villa	5,599
Villa Traditional	5,092
Villa Special	5,717
<b>Second Person:</b>	1,660
<b>Duplexes:</b>	
Vista	5,690
Regency	5,704
Vista II	5,891
Regency II	5,928
Royale	5,976
Grande	6,053
Ashton	6,597
Baywater	6,444
Royale II	6,242
Grande II	6,356
Ashton Cottage	6,597
Baywater Cottage	6,444
<b>Second Person:</b>	1,660
<b>Heron Cove:</b>	
Sand Dollar	5,174

Juniper	5,412
<b>Second Person:</b>	1,660
<b>Magnolia Walk:</b>	
Indigo	5,650
Sagewood	6,215
Figure Eight	6,780
<b>Second Person:</b>	1,660
<b>Osprey Place Apartments</b>	
One Bedroom Elmwood	4,060
One Bedroom Ashland	4,141
Two Bedroom Ingleside	4,424
Two Bedroom Oatland	4,565
Two Bedroom Orton	5,197
Two Bedroom Woodlawn	5,162
Two Bedroom Waverly	5,408
Two Bedroom Carlisle	5,442
Two Bedroom Covington	5,477
<b>Second Person:</b>	1,660

## **IV. REGULATORY MATTERS**



## **REGISTRATION**

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

## **ESCROW ACCOUNT**

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

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

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

## **RESERVES**

Pursuant to Section 58-64-33, N.C.G.S., we are required to maintain an Operating Reserve equal to 50 percent of the total operating costs projected for the 12-month period following the period covered by the most recent annual statement filed with the Department of Insurance. Funds from the Operating Reserve can only be released to us upon prior approval from the Department of Insurance. Based on the operating reserve calculation submitted to the Department of Insurance, we meet our operating reserve requirement for the Village.

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

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

## **MEDICAL EXPENSE DEDUCTIONS**

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

## **V. FINANCIAL**

## **FINANCIAL STATEMENTS**

Included as Exhibit C are interim uncertified financial statements for the Village as of March 31, 2024. Audited financial statements for the Village for the years ending December 31, 2023 and 2022 are attached as Exhibit D to this Disclosure Statement. Attached as Exhibit E are forecasted financial statements for the Village for December 31, 2024 through 2028, including a balance sheet, statements of activity and changes in net assets (deficit), a statement of cash flows, and a summary of significant accounting policies and assumptions.

## **FINANCING**

See Note 5 of the Plantation Village, Inc. audited financial statements for information on long-term debt and financing for the Village.

## **FINANCIAL DATA**

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

## **EXPLANATION OF MATERIAL DIFFERENCES**

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

On the following pages are the various explanations of material differences for the Balance Sheet, Statement of Operations, and Statement of Cash Flows projected for 2023 and the 2023 actual results:

**Plantation Village**  
**Explanation of Material Differences**  
**Between Previous Pro Forma Balance Sheet Projection for 2023 and 2023 Actual**  
**Results from Operations**

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison on 2023 actual results with 2023 projected results.

Sources and (Uses)

(Figures stated below are in thousands)

	<u>2023 Actual</u>	<u>2023 Projected</u>	<u>Fav/(Unfav) Difference</u>	<u>Percentage Variance</u>
<b>ASSETS</b>				
<b><u>Current Assets:</u></b>				
Cash and cash equivalents (1)	9,271	12,454	(3,183)	-25.6%
Assets limited as to use, current portion (2)	4,538	1,655	2,883	174.2%
Accounts receivable (3)	224	843	(619)	-73.4%
Sales Tax Receivable	1,166	-	1,166	#DIV/0!
Entrance fees receivable	-	-	-	#DIV/0!
Prepaid expenses	909	874	35	4.0%
<b>Total Current Assets</b>	<b>16,108</b>	<b>15,826</b>	<b>282</b>	
Assets limited as to use, noncurrent portion	31,689	30,302	1,387	4.6%
Deferred marketing costs, net (4)	109	61	48	78.7%
Property and equipment, net (5)	87,510	97,250	(9,740)	-10.0%
<b>Total Assets</b>	<b>\$ 135,416</b>	<b>\$ 143,439</b>	<b>\$ (8,023)</b>	
<b>LIABILITIES AND NET ASSETS (DEFICIENCY)</b>				
<b><u>Current Liabilities:</u></b>				
Accounts payable and accrued expenses (6)	7,349	4,089	3,260	79.7%
Deposits on unoccupied units (7)	266	1,000	(734)	-73.4%
Long-term debt, current maturities	17,865	17,865	-	0.0%
<b>Total Current Liabilities</b>	<b>25,480</b>	<b>22,954</b>	<b>2,526</b>	
Refundable fees (8)	2,059	3,373	(1,314)	-39.0%
Refundable entrance fees	35,479	34,104	1,375	4.0%
Long-term debt, less current maturities	46,202	48,794	(2,592)	-5.3%
Deferred revenue from entrance fees (9)	16,777	25,470	(8,693)	-34.1%
<b>Total Liabilities</b>	<b>125,997</b>	<b>134,695</b>	<b>(8,698)</b>	
<b><u>Net Assets (Deficiency):</u></b>				
Unrestricted	9,419	8,744	675	7.7%
Restricted	-	-	-	#DIV/0!
<b>Total Liabilities and Net Assets (Deficiency)</b>	<b>\$ 135,416</b>	<b>\$ 143,439</b>	<b>\$ (8,023)</b>	

**Plantation Village  
Wilmington, North Carolina**

**Balance Sheet  
Explanation of Material Differences Footnotes**

Variances of 10% or greater between actual and projected results are considered material variances which are explained below:
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1. Cash and cash equivalents- Completion of new IL units were projected earlier in the year. Transferring of residents started in 2023 to prepare for Phase II, which was not included in projection, resulting in drop in occupancy and
2. Assets limited as to use, current portion- Unrealized gain in the investment were not included in projections
3. Accounts receivable- Sales tax receivable for the project was not included in projection
4. Deferred marketing costs, net - Projection of commissions for expansion units were conservative
5. Property and equipment, net- The full project was projected to be completed in 2023. The commons portion was delayed
6. Accounts payable and accrued expenses- Actual contains retainage payable that was projected to be paid in 2023
7. Deposits on unoccupied units- Stopped selling some existing units to prepare for resident transfers for Phase II which resulted in
8. Refundable fees- The number of residents in higher levels of care was less than projected
9. Deferred revenue from entrance fees- Expansion units (with higher entrance fees) were occupied later than projected because of construction delays.

## Plantation Village

### Explanation of Material Differences

#### Between Previous Pro Forma Statement of Operations and Change in Net Deficits for 2022 and 2022 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison of 2023 actual results with 2023 projected results.

Sources and (Uses)

(Figures stated below are in thousands)

	<u>2023 Actual</u>	<u>2023 Projected</u>	<u>Fav/(Unfav) Difference</u>	<u>Percentage Variance</u>
<b><u>Revenues, Gains and Other Support:</u></b>				
Resident services	15,372	17,003	(1,631)	-9.6%
Amortization of advance fees	2,201	2,169	32	1.5%
Other operating revenue (1)	596	731	(135)	-18.5%
Investment income (2)	-	354	(354)	-100.0%
<b>Total Revenue, Gains, and Other Support</b>	<b>18,169</b>	<b>20,257</b>	<b>(2,088)</b>	
<b><u>Operating Expenses:</u></b>				
Resident care (3)	4,200	4,671	(471)	-10.1%
Dietary	2,738	2,874	(136)	-4.7%
Housekeeping (4)	1,024	1,285	(261)	-20.3%
Plant facility costs	2,656	2,466	190	7.7%
General and administrative	4,829	4,655	174	3.7%
Depreciation and amortization	2,348	2,212	136	6.2%
Interest	1,372	1,478	(106)	-7.1%
<b>Total Operating Expenses</b>	<b>19,168</b>	<b>19,641</b>	<b>(473)</b>	
<b>Operating Income</b>	<b>(999)</b>	<b>616</b>	<b>(1,615)</b>	
<b>Non-operating income (loss)</b>				
Investment income (loss) (5)	2,290	0	2,290	100%
<b>Excess of Revenues Over Expenses</b>	<b>1,291</b>	<b>616</b>	<b>675</b>	
<b>Net Assets (Deficiency), Beginning of Year</b>	<b>8,128</b>	<b>8,128</b>	<b>(0)</b>	
<b>Net Assets (Deficiency), End of Year</b>	<b>\$ 9,419</b>	<b>\$ 8,744</b>	<b>\$ 675</b>	

**Plantation Village  
Wilmington, North Carolina**

**Operating Statement  
Explanation of Material Differences Footnotes**

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

1. Other operating revenue- Home Care cases were less than projected, resulting in lower revenue
2. Investment income- included above the line in projection but below the line in actual. Actual was higher than
3. Resident care- there was decrease in residents in higher levels of care, resulting in a favorable variance to
4. Housekeeping- There was an increase to Housekeeping FTEs in the projection because of the expansion, taking units out of inventory resulting in no additions. We also experienced difficulty in hiring housekeepers and operated with less than needed
5. Investment income (loss)- included above the line in projection but below the line in actual. Actual was higher than projected



## Plantation Village

### Explanation of Material Differences

#### Between Previous Pro Forma Statements of Cash Flows Projection for 2023 and 2023 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison of 2023 actual results with 2023 projected results.

Sources and (Uses)

(Figures stated below are in thousands)

	<u>2023 Actual</u>	<u>2023 Projected</u>	<u>Fav/(Unfav) Difference</u>	<u>Percentage Variance</u>
<b><u>Cash Flows From Operating Activities:</u></b>				
Excess of revenues over expenses (1)	1,291	616	675	109.6%
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Proceeds from non-refundable advance fees and deposits (2)	6,522	1,528	4,994	326.9%
Amortization of advance fees	(2,201)	(2,169)	(32)	1.5%
Amortization of financing cost (3)	(103)	(71)	(32)	44.9%
Loss (gains) on sale of assets (4)	(13)		(13)	#DIV/0!
Net realized gains (5)	(99)		(99)	100.0%
Net unrealized (gains) losses (6)	(1,551)		(1,551)	100.0%
Depreciation	2,348	2,280	68	3.0%
Changes in accrued interest (7)	-	43	(43)	-100.0%
Deferred marketing costs (8)	(44)	3	(47)	-1568.0%
Changes in assets and liabilities (9)	(591)	(3,822)	3,231	-84.5%
<b>Net Cash Provided by Operating Activities</b>	<b>5,559</b>	<b>(1,592)</b>	<b>7,151</b>	
<b><u>Cash Flows from Investing Activities:</u></b>				
Net changes in assets limited as to use (10)	(316)	(1,456)	1,140	-78.3%
Proceeds from sale of equipment (11)	13	-	13	N/A
Purchase and construction of property and equipment (12)	(19,178)	(26,643)	7,465	-28.0%
<b>Net Cash Used by Investing Activities</b>	<b>(19,480)</b>	<b>(28,099)</b>	<b>8,619</b>	
<b><u>Cash Flows from Financing Activities:</u></b>				
Proceeds from refundable entrance fees (13)	10,993	23,504	(12,511)	-53.2%
Refunds of entrance fees (13)	(2,992)	(2,872)	(120)	4.2%
Payments on long-term debt	-	-	-	
Proceeds from long-term borrowings (14)	17,339	19,899	(2,560)	-12.9%
Bond Premium	-	-	-	
Debt issuance costs from issuance of bonds payable	-	-	-	
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>25,339</b>	<b>40,531</b>	<b>(15,192)</b>	
<b>Net Change in Cash and Cash Equivalents</b>	<b>11,418</b>	<b>10,840</b>	<b>578</b>	5%
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>20,478</b>	<b>20,478</b>	<b>(0)</b>	
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 31,896</b>	<b>\$ 31,318</b>	<b>\$ 578</b>	

**Plantation Village  
Wilmington, North Carolina**

**Cash Flow  
Explanation of Material Differences Footnotes**

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

1. Excess of revenues over expenses- Experienced greater gains in our investment than projected
2. Proceeds from non-refundable advance fees and deposits- Includes sales of expansion units
3. Amortization of financing cost - actual financing costs were greater than projected
4. Loss (gains) on sale of assets- Not included in projection
5. Net realized gains - Not included in projection
6. Net unrealized (gains) losses - Not included in projection
7. Changes in accrued interest - Amount of accrued interest remained the same
8. Deferred marketing costs - Commissions on expansion units were greater than projection
9. Changes in assets and liabilities - Retainage payable was projected to be paid in 2023, because of construction delays it will be paid in 2024

## **VI. EXHIBITS**

## **Exhibit A**

### **Communities Managed by Life Care Services LLC**

**EXHIBIT A**  
**SENIOR LIVING COMMUNITIES MANAGED**  
**BY LIFE CARE SERVICES**  
**AS OF 3/21/2024**

Alabama, Birmingham – Galleria Woods  
Alabama, Hoover – Danberry at Inverness  
Arizona, Chandler – Clarendale of Chandler  
Arizona, Fountain Hills – Fountain View Village  
Arizona, Phoenix – Clarendale of Arcadia  
Arizona, Phoenix – Sagewood  
Arizona, Tempe (Phoenix) – Friendship Village of Tempe  
California, Cupertino – Forum at Rancho San Antonio, The  
California, Palo Alto – Moldaw Residences  
California, San Diego – Casa de las Campanas  
California, San Rafael – Aldersly  
California, Santa Rosa – Arbol Residences of Santa Rosa  
California, Santa Rosa – Oakmont Gardens  
Connecticut, Essex – Essex Meadows  
Connecticut, Mystic – StoneRidge  
Connecticut, Southbury – Pomperaug Woods  
Delaware, Newark – Millcroft Living  
Delaware, Wilmington – Foulk Living  
Delaware, Wilmington – Shipley Living  
Florida, Aventura – Sterling Aventura  
Florida, Bradenton – Freedom Village of Bradenton  
Florida, Celebration – Windsor at Celebration  
Florida, Clearwater – Regency Oaks  
Florida, Hollywood – Presidential Place  
Florida, Jacksonville – Cypress Village  
Florida, Leesburg – Lake Port Square  
Florida, Naples – The Glenview at Pelican Bay  
Florida, Naples – The Arlington of Naples  
Florida, Palm City – Sandhill Cove  
Florida, Port Charlotte – South Port Square  
Florida, Seminole – Freedom Square of Seminole  
Florida, Seminole – Lake Seminole Square  
Florida, Sun City Center – Freedom Plaza  
Florida, The Villages – Freedom Point at The Villages  
Georgia, Evans – Brandon Wilde  
Georgia, Savannah – Marshes of Skidaway Island, The  
Illinois, Addison – Clarendale of Addison  
Illinois, Algonquin – Clarendale of Algonquin  
Illinois, Chicago – Clare, The  
Illinois, Chicago – Clarendale Six Corners  
Illinois, Godfrey – Asbury Village  
Illinois, Lincolnshire – Sedgebrook  
Illinois, Mokena – Clarendale of Mokena  
Illinois, Naperville – Monarch Landing  
Illinois, Wheaton – Wyndemere

Indiana, Carmel – Magnolia Springs at Bridgewater  
Indiana, Carmel – Rose Senior Living – Carmel  
Indiana, Greenwood (Indianapolis) – Greenwood Village South  
Indiana, Indianapolis – Magnolia Springs Southpointe  
Indiana, Indianapolis – Marquette  
Indiana, West Lafayette – Westminster Village West Lafayette  
Iowa, Ames – Green Hills Community  
Iowa, Cedar Rapids – Cottage Grove Place  
Kansas, Atchison – Dooley Center  
Kentucky, Florence – Magnolia Springs Florence  
Kentucky, Lexington – Magnolia Springs Lexington  
Kentucky, Lexington – Richmond Place Senior Living  
Kentucky, Louisville – Magnolia Springs East  
Maryland, Columbia – Residences at Vantage Point  
Maryland, Timonium – Mercy Ridge  
Maryland, Towson (Baltimore) – Blakehurst  
Massachusetts, Woburn – The Delaney at The Vale  
Michigan, Auburn Hills – The Avalon of Auburn Hills  
Michigan, Battle Creek – NorthPointe Woods  
Michigan, Bloomfield Township – The Avalon of Bloomfield Township  
Michigan, Clinton Township – Rose Senior Living – Clinton Township  
Michigan, East Lansing – Burcham Hills  
Michigan, Holland – Freedom Village  
Michigan, Kalamazoo – Friendship Village  
Michigan, Novi – Rose Senior Living at Providence Park  
Michigan, Auburn Hills – The Avalon of Auburn Hills  
Michigan, Commerce Township – The Avalon of Commerce Township  
Minnesota, Buffalo – Havenwood of Buffalo  
Minnesota, Burnsville – Havenwood of Burnsville  
Minnesota, Maple Grove – Havenwood of Maple Grove  
Minnesota, Minnetonka – Havenwood of Minnetonka  
Minnesota, Richfield – Havenwood of Richfield  
Minnesota, Plymouth – Trillium Woods  
Minnesota, Vadnais Heights – Gable Pines  
Missouri, St. Peters – Clarendale of St. Peters  
New Jersey, Bridgewater – Delaney of Bridgewater, The  
New Jersey, Bridgewater – Laurel Circle  
New Jersey, Burlington – Masonic Village at Burlington  
New Jersey, Florham Park – The Delaney at The Green  
New York, Rye Brook – Broadview Senior Living at Purchase College  
New York, Staten Island – Brielle at Seaview, The  
North Carolina, Chapel Hill – Cedars of Chapel Hill, The  
North Carolina, Charlotte – Cypress of Charlotte, The  
North Carolina, Durham – Croasdaile Village  
North Carolina, Greensboro – WhiteStone  
North Carolina, Greenville – Cypress Glen  
North Carolina, Lumberton – Wesley Pines  
North Carolina, Raleigh – Cypress of Raleigh, The  
North Carolina, Wilmington – Porters Neck Village  
Ohio, Avon – Rose Senior Living – Avon  
Ohio, Beachwood – Rose Senior Living – Beachwood  
Ohio, Lewis Center – The Avalon of Lewis Center  
Ohio, New Albany – The Avalon of New Albany  
Ohio, Mason – Magnolia Springs Loveland  
Oklahoma, Bartlesville – Green Country Village

Oregon, Dallas – Dallas Retirement Village  
Oregon, Salem – Capital Manor  
Pennsylvania, Coatesville – Freedom Village at Brandywine  
Pennsylvania, Warrington – Solana Doylestown, The  
South Carolina, Greenville – Rolling Green Village  
South Carolina, Hilton Head Island – Bayshore on Hilton Head Island  
South Carolina, Hilton Head Island – Cypress of Hilton Head, The  
Tennessee, Brentwood – Heritage at Brentwood, The  
Tennessee, Hendersonville – Clarendale at Indian Lake  
Tennessee, Memphis – Heritage at Irene Woods  
Tennessee, Nashville – Clarendale at Bellevue Place  
Texas, Austin – Westminster  
Texas, Bedford – Parkwood Healthcare  
Texas, Bedford – Parkwood Retirement  
Texas, Dallas – Autumn Leaves  
Texas, Dallas – Monticello West  
Texas, Dallas – Signature Pointe  
Texas, Dallas – Walnut Place  
Texas, Georgetown – Delaney at Georgetown Village, The  
Texas, League City – Delaney at South Shore, The  
Texas, Lubbock – Carillon  
Texas, Richmond – Delaney at Parkway Lakes, The  
Texas, Spring – Village at Gleannloch Farms, The  
Texas, The Woodlands – Village at the Woodlands Waterway, The  
Texas, Waco – Delaney at Lake Waco, The  
Vermont, White River – Village at White River Junction, The  
Virginia, Fairfax – Virginian, The  
Virginia, Gainesville – Heritage Village Assisted Living and Memory Care  
Virginia, Virginia Beach – Atlantic Shores  
Washington, Issaquah – Timber Ridge at Talus  
Wisconsin, Greendale – Harbour Village  
Wisconsin, Milwaukee – Eastcastle Place

## **Exhibit B**

# **Residency Agreements**





# PORTERS NECK VILLAGE

---

*Keep on loving life*

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

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

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

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- Exhibit A: Options and Custom Features  
Exhibit B: Fee Summary

## GLOSSARY

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

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

**“Alterations”** means change(s) that deviate from the existing footprint of the Residence that the Resident opts to pay for.

**“Refurbishment”** and/or **“Renovation”** means to improve and/or alter the current appearance of the Residence.

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

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

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

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

**“Residence”** means the apartment, duplex or villa at the Village identified in the introductory paragraph of the Agreement, in which the Resident has the right to live pursuant to this Agreement in exchange for paying the Entrance Fee, Second Person Entrance Fee (if applicable), and the Monthly Fees.

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

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

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

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

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

**“The Davis Community”** includes Champions Assisted Living and the Davis Health Care Center, wherein Residents are provided with assisted living and nursing care as outlined in the Agreement. The Davis Community and Porters Neck Village are not affiliated entities.

**The “Village”** means the continuing care senior living community known as “Porters Neck Village,” including the apartments, duplexes, villas, cottages, common areas, and site amenities.



## **Residency Agreement** **50 Percent Return of Capital™**

### **INTRODUCTION**

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

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

Residence Number: \_\_\_\_\_  
Residence Style: \_\_\_\_\_

Your Residence includes (may vary upon availability) a complete kitchen (refrigerator, range with oven, over-the-range microwave, garbage disposal, and dishwasher (except in one-bedroom convertible units), smoke detectors, and an emergency call system. You may have the option of selecting certain options and custom features in the Residence at an additional charge, which shall not be subject to any refund provision herein. Any such options and custom features selected and paid for by you will become our property. Such options and custom features must be approved by the Executive Director of the Village prior to adding them to the Residence. The Executive Director of the Village has consented to your request to add the options and custom features set forth in Exhibit A attached to this Agreement. You agree to pay the amount(s) set forth in Exhibit A to cover the costs for such items.

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

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

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

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

- 1.1 Flexible dining options as more fully described in the Resident Handbook;
- 1.2 Utilities, including heating, cooling, electricity, water, sewer, and trash removal services;
- 1.3 Basic cable or satellite television services;
- 1.4 Internet access;
- 1.5 Local and long-distance telephone service (with some limitations);
- 1.6 Storage;
- 1.7 Building and grounds maintenance;
- 1.8 Housekeeping services, flat laundry services, and access to laundry facilities;
- 1.9 Social, physical, educational, cultural, spiritual, recreational, emotional, purposeful, and intellectual activities;
- 1.10 Surface parking for you and your guests;
- 1.11 Local transportation scheduled by The Village (and as posted);
- 1.12 Smoke detectors in each Residence and Sprinkler systems in the buildings;
- 1.13 24-hour security personnel;
- 1.14 Use of The Village's common area amenities during scheduled hours;
- 1.15 Access to the Resident Care Center, which is available to respond to resident's emergency calls and to provide temporary nursing and outpatient services. Some routine outpatient services are included as part of the Monthly Fee;=
- 1.16 Home care services for a limited period of time at our sole discretion;



**2. OTHER SERVICES AND AMENITIES PROVIDED FOR AN ADDITIONAL CHARGES.** At your request, we will also make available at the Village at the then-prevailing rates for an additional charge:

**2.1** Dining services (including alcoholic beverages) beyond those provided for in the Preferred Choice Dining Plan as described in Section 1.1 are more fully described in the Resident Handbook;

**2.2** Use of meeting rooms or private dining spaces for private events, preparation of special meals for you and your guests, and use of Village wait staff for any of your special occasion events;

**2.3** Carports, when available;

**2.4** Guest accommodations and guest meals;

**2.5** Salon services;

**2.6** Personal laundry service (non-dry clean items);

**2.7** Additional housekeeping services;

**2.8** Additional maintenance services;

**2.9** Special events, including transportation;

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

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

**2.12** Additional outpatient services and special services (injections, medication management, etc.) are available for an additional charge; and

**2.13** Home care services beyond those provided for under Section 1, based on the Resident's needs at the time such services are required in consultation with the Executive Director or his/her designee.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**4.4 More Than Thirty (30) Calendar Days of Temporary Nursing Care.** If you use more than thirty (30) calendar days of temporary nursing care, you will be responsible for paying the full daily rate charged by the Davis Health Care Center (or the alternate health care facility),

as well as the Monthly Fee (first and second person, as applicable) for your Residence and the charges for any additional services and supplies as described in Paragraph 4.8 below.

**4.5 Permanent Assignment to the Health Care Center When There is One of You.**

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

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

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

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

**4.8 Additional Services and Supplies.** Certain additional services and supplies will be provided in the Davis Health Care Center, including but not limited to: medical treatment by our Medical Director or your attending physician, medicine, drugs, prescribed therapy, nursing supplies, personal laundry, and other medical and miscellaneous supplies and services associated with medical treatment. These additional services and supplies will be available at the then-prevailing rates of extra charge. Any extra charges for additional services and supplies will be paid for by you in accordance with Paragraph 7.1 of this Agreement. If we incur or advance charges for your medical treatment or for any additional services and supplies associated with medical treatment

(even though this medical treatment is given at the direction of your attending physician or the Medical Director without your prior approval), you will promptly reimburse us for such charges.

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

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

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

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

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

**4.14 Refund of Entrance Fee.** If you (or both of you, if there are two of you) are permanently assigned to the Davis Health Care Center (or the alternate health care facility), this

does not qualify you for immediate refund of the Entrance Fee. Your Entrance Fee refund will be paid in accordance with Paragraph 6.5 hereof.

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

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

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

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

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

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

**6. REIMBURSEMENT OF ENTRANCE FEE.**

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

**6.2 Right of Rescission Period.** You may rescind this Agreement by providing us with written notice within thirty (30) days following the later of your execution of this Agreement or receipt by you of a Disclosure Statement. In such event, the portion of the Entrance Fee paid to that date will be refunded to you, without interest, within thirty (30) days following the date of our receipt of your notice of rescission. In the event you occupy the Residence during the rescission period, any money or property transferred to us will be refunded in full, without interest, within

sixty (60) days following the date of our receipt of your notice of rescission, except we will retain those periodic charges (including Monthly Fees) set forth in this Agreement which are applicable to the period of time you actually occupied the Residence. We cannot require you to move into the Village prior to the expiration of your right of rescission period.

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

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

**6.5 Cancellation After Occupancy.** After occupancy should you or we cancel this Agreement pursuant to Section 8 or 9, or in the event of the your death or the death of the surviving Resident if there are two of you, we will remit to you (or to your estate) fifty percent (50%) of the Entrance Fee paid under this Agreement, not to exceed \$\_\_\_\_\_. Such refund amount will be paid, without interest, within thirty (30) days following the date your Residence is reoccupied by a new resident and our receipt from the new resident of the total entrance fee. The Second Person Entrance Fee is nonrefundable.

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

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

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

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



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

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

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

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

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

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

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

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

**8. YOUR CANCELLATION RIGHTS.**

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

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

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

## **9. OUR CANCELLATION RIGHTS.**

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

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

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

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

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

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

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

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

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

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

**9.4 Financial Difficulty** If, after you have paid the Entrance Fee and assumed occupancy at the Village, you encounter financial difficulties making it impossible for you to pay the Monthly Fee, the Assisted Living Per Diem Charge, the Health Care Center Per Diem Charge, and any extra charges, you may qualify for financial assistance in accordance with our then-current Resident Hardship Monthly Fee Discount Policy (the "Hardship Policy"). In accordance with the Hardship Policy, you may be permitted to remain at the Village for reduced fees based on your ability to pay. You must submit an application for assistance and be able to establish facts to justify deferment of these fees. Financial assistance is only available when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate the Village on a sound financial basis for the benefit of all the residents. Financial assistance will not be available to you if you have impaired your ability to meet your financial obligations hereunder by (i) making unapproved gifts or misdirected personal resources that could have been used for payment of care and services; (ii) incurring charges for care at a facility and/or home care services not designated by The Village; (iii) cancelling this Agreement due to your permanent assignment to Champions Assisted Living or the Davis Health Care Center (or alternate facilities which we own or with which we may contract to provide care); or (iv) by not maintaining Medicare Part A, Medicare Part B and adequate supplemental insurance coverage. If financial assistance is not available, we may cancel your residency at the Village upon written notice to you.

## **10. MISCELLANEOUS PROVISIONS WITH RESPECT TO YOUR RESIDENCE.**

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

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

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

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

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

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

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

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

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

## **11. REPRESENTATIONS.**

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

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

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

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

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

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

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

## **12. PROMISES.**

**12.1 Our Promises.** We promise the following:

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

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

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

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

**12.2 Your Promises.** You promise to do the following:

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

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

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

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

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

**12.2.6** To abide by all other terms of this Agreement.

### **13. ARBITRATION.**

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

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

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

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

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

#### **14. MISCELLANEOUS LEGAL PROVISIONS.**

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

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

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

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

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

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

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

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

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

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

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

**14.12 Separability.** The invalidity of any restriction, condition, or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

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

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

**14.15 Capacity.** This Agreement has been signed by our duly authorized agent, and no officer, director, agent or employee shall have any personal liability to you under this Agreement



under any circumstance. This Agreement will become effective upon our acceptance and execution.

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

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

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

**14.19 Force Majeure.** The Community shall not be liable to the Resident for any default, breach, or damages arising out of or relating to the suspension or termination of any of its obligations or duties under this Agreement by reason or the occurrence of a Force Majeure Event. A "Force Majeure Event" is defined as the occurrence of an event which materially interferes with the ability of the Community to perform its obligations or duties hereunder which is not within the reasonable control of the Community, and which could not with the exercise of diligent efforts have been avoided, including, but not limited to, war, rebellion, natural disasters (including floods, earthquake, fire, hurricanes, windstorms, tornadoes), accident, strike, riot, civil commotion, act of God, pandemic, epidemic, outbreak of infectious diseases or other public health crisis, including quarantine or other employee restrictions, acts of authority or change in law. The Community shall promptly notify Resident of the occurrence and particulars of such Force Majeure Event and shall provide Resident, from time to time, with its best estimate of the duration of such Force Majeure Event and with notice of the termination thereof. The Community shall use diligent efforts to avoid or remove such causes of non-performance as soon as is reasonably practicable.

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

**14.21 Survival of Representations and Obligations.** Your representations and obligations under this Agreement, including but not limited to, your obligation to pay all sums

owed by you to us, and your agreement to indemnify us as set forth in Paragraph 14.4, and our representations and obligations under this Agreement, will survive any cancellation of your residency in the Village, regardless of the reason for such cancellation and regardless of whether it is initiated by you or by us.

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

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
RESIDENT

**PLANTATION VILLAGE, INC.  
d/b/a PORTERS NECK VILLAGE**

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
RESIDENT

Residence Type \_\_\_\_\_

Residence Number \_\_\_\_\_

\_\_\_\_\_  
Witness

Entrance Fee \$ \_\_\_\_\_

Exhibit A: Options and Custom Features  
Exhibit B: Fee Summary



50% Return of Capital Residency Agreement (2023-09-05) TRACKED

Exhibit A

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

Initials \_\_\_\_\_  
Community

Resident(s) \_\_\_\_\_

Resident(s) \_\_\_\_\_

**Exhibit B**

**FEE SUMMARY**

**YOUR RESIDENCE:**

Residence No.: \_\_\_\_\_

Residence type \_\_\_\_\_

**FEES:**

Entrance Fee Deposit: \$ \_\_\_\_\_

Balance of Entrance Fee: \$ \_\_\_\_\_

Total Entrance Fee: \$ \_\_\_\_\_

Second Person Entrance Fee: \$ \_\_\_\_\_  
(Non-Refundable)

Amount of Entrance Fee Due at Closing: \$ \_\_\_\_\_

Monthly Fee (One Person): \$ \_\_\_\_\_

Monthly Fee (Second Person) \$ \_\_\_\_\_

Total Monthly Fee: \$ \_\_\_\_\_

Date financial responsibility for Residence commences: \_\_\_\_\_

\_\_\_\_\_  
Resident #1 Signature / Date

\_\_\_\_\_  
Resident #2 Signature / Date



# PORTERS NECK VILLAGE

---

*Keep on loving life*

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

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

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

05/21/2024

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Exhibit A: Options and Custom Features

Exhibit B: Fee Summary

## GLOSSARY

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

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

**“Alterations”** means change(s) that deviate from the existing footprint of the Residence that the Resident opts to pay for.

**“Refurbishment”** and/or **“Renovation”** means to improve and/or alter the current appearance of the Residence.

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

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

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

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

**“Residence”** means the apartment, duplex or villa at the Village identified in the introductory paragraph of the Agreement, in which the Resident has the right to live pursuant to this Agreement in exchange for paying the Entrance Fee, Second Person Entrance Fee (if applicable), and the Monthly Fees.

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

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

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

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

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

**“The Davis Community”** includes Champions Assisted Living and the Davis Health Care Center, wherein Residents are provided with assisted living and nursing care as outlined in the Agreement. The Davis Community and Porters Neck Village are not affiliated entities.

**The “Village”** means the continuing care senior living community known as “Porters Neck Village,” including the apartments, duplexes, villas, cottages, common areas, and site amenities.



*Keep on loving life*

## **Residency Agreement 90 Percent Return of Capital™**

### **INTRODUCTION**

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

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

Residence Number: \_\_\_\_\_  
Residence Style: \_\_\_\_\_

Your Residence includes (may vary upon availability) a complete kitchen (refrigerator, range with oven, over-the-range microwave, garbage disposal, and dishwasher (except in one-bedroom convertible units), smoke detectors, and an emergency call system. You may have the option of selecting certain options and custom features in the Residence at an additional charge, which shall not be subject to any refund provision herein. Any such options and custom features selected and paid for by you will become our property. Such options and custom features must be approved by the Executive Director of the Village prior to adding them to the Residence. The Executive Director of the Village has consented to your request to add the options and custom features set forth in Exhibit A attached to this Agreement. You agree to pay the amount(s) set forth in Exhibit A to cover the costs for such items.

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

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

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

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

- 1.1 Flexible dining options as more fully described in the Resident Handbook;
- 1.2 Utilities, including heating, cooling, electricity, water, sewer, and trash removal services;
- 1.3 Basic cable or satellite television services;
- 1.4 Internet access;
- 1.5 Local and long-distance telephone service (with some limitations);
- 1.6 Storage;
- 1.7 Building and grounds maintenance;
- 1.8 Housekeeping services, flat laundry services, and access to laundry facilities;
- 1.9 Social, physical, educational, cultural, spiritual, recreational, emotional, purposeful, and intellectual activities;
- 1.10 Surface parking for you and your guests;
- 1.11 Local transportation scheduled by the Village (and as posted);
- 1.12 Smoke detectors in each Residence and Sprinkler systems in the buildings;
- 1.13 24-hour security personnel;
- 1.14 Use of the Village's common area amenities during scheduled hours;
- 1.15 Access to the Resident Care Center, which is available to respond to resident's emergency calls and to provide temporary nursing and outpatient services. Some routine outpatient services are included as part of the Monthly Fee;
- 1.16 Home care services for a limited period of time at our sole discretion;

**2. OTHER SERVICES AND AMENITIES PROVIDED FOR ADDITIONAL CHARGES.** At your request, we will also make available at the Village at the then-prevailing rates for an additional charge:

**2.1** Dining services (including alcoholic beverages) beyond those provided for in the Preferred Choice Dining Plan as described in Section 1.1 are more fully described in the Resident Handbook;

**2.2** Use of meeting rooms or private dining spaces for private events, preparation of special meals for you and your guests, and use of Village wait staff for any of your special occasion events;

**2.3** Carports, when available;

**2.4** Guest accommodations and guest meals;

**2.5** Salon services;

**2.6** Personal laundry service (non-dry clean items);

**2.7** Additional housekeeping services;

**2.8** Additional maintenance services;

**2.9** Special events, including transportation;

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

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

**2.12** Additional outpatient services and special services (injections, medication management, etc.) are available for an additional charge; and

**2.13** Home care services beyond those provided for under Section 1, based on the Resident's needs at the time such services are required in consultation with the Executive Director or his/her designee.

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

**4.4 More Than Thirty (30) Calendar Days of Temporary Nursing Care.** If you use more than thirty (30) calendar days of temporary nursing care, you will be responsible for paying the full daily rate charged by the Davis Health Care Center (or the alternate health care facility),

as well as the Monthly Fee (first and second person, as applicable) for your Residence and the charges for any additional services and supplies as described in Paragraph 4.8 below.

**4.5 Permanent Assignment to the Health Care Center When There is One of You.**

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

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

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

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

**4.8 Additional Services and Supplies.** Certain additional services and supplies will be provided in the Davis Health Care Center, including but not limited to: medical treatment by our Medical Director or your attending physician, medicine, drugs, prescribed therapy, nursing supplies, personal laundry, and other medical and miscellaneous supplies and services associated with medical treatment. These additional services and supplies will be available at the then-prevailing rates of extra charge. Any extra charges for additional services and supplies will be paid for by you in accordance with Paragraph 7.1 of this Agreement. If we incur or advance charges for your medical treatment or for any additional services and supplies associated with medical treatment

(even though this medical treatment is given at the direction of your attending physician or the Medical Director without your prior approval), you will promptly reimburse us for such charges.

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

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

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

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

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

**4.14 Refund of Entrance Fee.** If you (or both of you, if there are two of you) are permanently assigned to the Davis Health Care Center (or the alternate health care facility), this

does not qualify you for immediate refund of the Entrance Fee. Your Entrance Fee refund will be paid in accordance with Paragraph 6.5 hereof.

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

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

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

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

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

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

**6. REIMBURSEMENT OF ENTRANCE FEE.**

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

**6.2 Right of Rescission Period.** You may rescind this Agreement by providing us with written notice within thirty (30) days following the later of your execution of this Agreement or receipt by you of a Disclosure Statement. In such event, the portion of the Entrance Fee paid to that date will be refunded to you, without interest, within thirty (30) days following the date of our receipt of your notice of rescission. In the event you occupy the Residence during the rescission period, any money or property transferred to us will be refunded in full, without interest, within

sixty (60) days following the date of our receipt of your notice of rescission, except we will retain those periodic charges (including Monthly Fees) set forth in this Agreement which are applicable to the period of time you actually occupied the Residence. We cannot require you to move into the Village prior to the expiration of your right of rescission period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**8. YOUR CANCELLATION RIGHTS.**

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

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

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

## **9. OUR CANCELLATION RIGHTS.**

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

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

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

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

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

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

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

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

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

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

**9.4 Financial Difficulty** If, after you have paid the Entrance Fee and assumed occupancy at the Village, you encounter financial difficulties making it impossible for you to pay the Monthly Fee, the Assisted Living Per Diem Charge, the Health Care Center Per Diem Charge, and any extra charges, you may qualify for financial assistance in accordance with our then-current Resident Hardship Monthly Fee Discount Policy (the "Hardship Policy"). In accordance with the Hardship Policy, you may be permitted to remain at the Village for reduced fees based on your ability to pay. You must submit an application for assistance and be able to establish facts to justify deferment of these fees. Financial assistance is only available when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate the Village on a sound financial basis for the benefit of all the residents. Financial assistance will not be available to you if you have impaired your ability to meet your financial obligations hereunder by (i) making unapproved gifts or misdirected personal resources that could have been used for payment of care and services; (ii) incurring charges for care at a facility and/or home care services not designated by The Village; (iii) cancelling this Agreement due to your permanent assignment to Champions Assisted Living or the Davis Health Care Center (or alternate facilities which we own or with which we may contract to provide care); or (iv) by not maintaining Medicare Part A, Medicare Part B and adequate supplemental insurance coverage. If financial assistance is not available, we may cancel your residency at the Village upon written notice to you.

## **10. MISCELLANEOUS PROVISIONS WITH RESPECT TO YOUR RESIDENCE.**

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



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

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

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

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

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

**10.7 Alterations to the Residence.** You may not undertake any alterations to your Residence without our prior written approval. Upon move out, we will, in our sole discretion, remove any alterations and restore the Residence to its original condition, normal wear and tear

excepted. You agree to reimburse us for such charges. If you do not pay for such charges, then we will offset such charges against your Entrance Fee refund.

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

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

## **11. REPRESENTATIONS.**

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

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

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

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

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

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

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

## **12. PROMISES.**

**12.1 Our Promises.** We promise the following:

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

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

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

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

**12.2 Your Promises.** You promise to do the following:

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

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

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

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

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

**12.2.6** To abide by all other terms of this Agreement.

### **13. ARBITRATION.**

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

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

against us if the arbitrator determines that the proposed resolution urged by us was not reasonable. If the issue affects more than one resident, we may elect to join all affected residents into a single arbitration proceeding, and you hereby consent to such joinder.

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

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

#### **14. MISCELLANEOUS LEGAL PROVISIONS.**

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

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

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

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

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

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

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

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

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

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

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

**14.12 Separability.** The invalidity of any restriction, condition, or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

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

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

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

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

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

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

**14.19 Force Majeure.** The Community shall not be liable to the Resident for any default, breach, or damages arising out of or relating to the suspension or termination of any of its obligations or duties under this Agreement by reason or the occurrence of a Force Majeure Event. A "Force Majeure Event" is defined as the occurrence of an event which materially interferes with the ability of the Community to perform its obligations or duties hereunder which is not within the reasonable control of the Community, and which could not with the exercise of diligent efforts have been avoided, including, but not limited to, war, rebellion, natural disasters (including floods, earthquake, fire, hurricanes, windstorms, tornadoes), accident, strike, riot, civil commotion, act of God, pandemic, epidemic, outbreak of infectious diseases or other public health crisis, including quarantine or other employee restrictions, acts of authority or change in law. The Community shall promptly notify Resident of the occurrence and particulars of such Force Majeure Event and shall provide Resident, from time to time, with its best estimate of the duration of such Force Majeure Event and with notice of the termination thereof. The Community shall use diligent efforts to avoid or remove such causes of non-performance as soon as is reasonably practicable.

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

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

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

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
RESIDENT

**PLANTATION VILLAGE, INC.  
d/b/a PORTERS NECK VILLAGE**

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
RESIDENT

Residence Type \_\_\_\_\_

Residence Number \_\_\_\_\_

\_\_\_\_\_  
Witness

Entrance Fee \$ \_\_\_\_\_

Exhibit A: Options and Custom Features  
Exhibit B: Fee Summary



90% Return of Capital Residency Agreement (2024-05-21) TRACKED

Exhibit A

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

Initials \_\_\_\_\_  
Community

Resident(s) \_\_\_\_\_

Resident(s) \_\_\_\_\_



**Exhibit B**

**FEE SUMMARY**

**YOUR RESIDENCE:**

Residence No.: \_\_\_\_\_

Residence type \_\_\_\_\_

**FEES:**

Entrance Fee Deposit: \$ \_\_\_\_\_

Balance of Entrance Fee: \$ \_\_\_\_\_

Total Entrance Fee: \$ \_\_\_\_\_

Second Person Entrance Fee: \$ \_\_\_\_\_  
(Non-Refundable)

Amount of Entrance Fee Due at Closing: \$ \_\_\_\_\_

Monthly Fee (One Person): \$ \_\_\_\_\_

Monthly Fee (Second Person) \$ \_\_\_\_\_

Total Monthly Fee: \$ \_\_\_\_\_

Date financial responsibility for Residence commences: \_\_\_\_\_

\_\_\_\_\_  
Resident #1 Signature / Date

\_\_\_\_\_  
Resident #2 Signature / Date



# PORTERS NECK VILLAGE

---

*Keep on loving life*

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

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

**Residency Agreement  
(Traditional)**

06/09/2023

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Exhibit A: Options and Custom Features

Exhibit B: Fee Summary

## GLOSSARY

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

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

**“Alterations”** means change(s) that deviate from the existing footprint of the Residence that the Resident opts to pay for.

**“Refurbishment”** and/or **“Renovation”** means to improve and/or alter the current appearance of the Residence.

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

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

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

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

**“Residence”** means the apartment, duplex or villa at the Village identified in the introductory paragraph of the Agreement, in which the Resident has the right to live pursuant to this Agreement in exchange for paying the Entrance Fee, Second Person Entrance Fee (if applicable), and the Monthly Fees.

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

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

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

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

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

**“The Davis Community”** includes Champions Assisted Living and the Davis Health Care Center, wherein Residents are provided with assisted living and nursing care as outlined in the Agreement. The Davis Community and Porters Neck Village are not affiliated entities.

**The “Village”** means the continuing care senior living community known as “Porters Neck Village,” including the apartments, duplexes, villas, cottages, common areas, and site amenities.



PORTERS NECK  
**VILLAGE**

*Keep on loving life*

## **Residency Agreement Traditional**

### **INTRODUCTION**

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

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

Residence Number: \_\_\_\_\_

Residence Style: \_\_\_\_\_

Your Residence includes (may vary upon availability) a complete kitchen (refrigerator, range with oven, over-the-range microwave, garbage disposal, and dishwasher (except in one-bedroom convertible units), smoke detectors, and an emergency call system. You may have the option of selecting certain options and custom features in the Residence at an additional charge, which shall not be subject to any refund provision herein. Any such options and custom features selected and paid for by you will become our property. Such options and custom features must be approved by the Executive Director of the Village prior to adding them to the Residence. The Executive Director of the Village has consented to your request to add the options and custom features set forth in Exhibit A attached to this Agreement. You agree to pay the amount(s) set forth in Exhibit A to cover the costs for such items.

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

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



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

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

- 1.1 Flexible dining options as more fully described in the Resident Handbook;
- 1.2 Utilities, including , heating, cooling, electricity, water, sewer, and trash removal services;
- 1.3 Basic cable television or satellite television services;
- 1.4 Internet access;
- 1.5 Local and long distance telephone service (with some limitations);
- 1.6 Storage;
- 1.7 Building and grounds maintenance;
- 1.8 Housekeeping services, flat laundry services, and access to laundry facilities;
- 1.9 Social, physical, educational, cultural, spiritual, recreational, emotional, purposeful, and intellectual activities;
- 1.10 Surface parking for you and your guests;
- 1.11 Local transportation scheduled by The Village (and as posted);
- 1.12 Smoke detectors in each Residence and Sprinkler systems in the buildings;
- 1.13 24-hour security personnel;
- 1.14 Use of The Village's common area amenities during scheduled hours;
- 1.15 Access to the Resident Care Center, which is available to respond to resident's emergency calls and to provide temporary nursing and outpatient services. Some routine outpatient services are included as part of the Monthly Fee;
- 1.16 Home care services for a limited period of time at our sole discretion;

**2. OTHER SERVICES AND AMENITIES PROVIDED FOR AN ADDITIONAL CHARGE.** At your request, we will also make available at the Village at the then-prevailing rates for an additional charge:

**2.1** Dining services (including alcoholic beverages) beyond those provided for in the Preferred Choice Dining Plan as described in Section 1.1 are more fully described in the Resident Handbook;

**2.2** Use of meeting rooms or private dining spaces for private events, preparation of special meals for you and your guests, and use of Village wait staff for any of your special occasion events;

**2.3** Carports, when available;

**2.4** Guest accommodations and guest meals;

**2.5** Salon services;

**2.6** Personal laundry service (non-dry clean items);

**2.7** Additional housekeeping services;

**2.8** Additional maintenance services;

**2.9** Special events, including transportation;

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

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

**2.12** Additional outpatient services and special services (injections, medication management, etc.) are available for an additional charge; and

**2.14** Home care services beyond those provided for under Section 1 based on the Resident's needs at the time such services are required in consultation with the Executive Director or his/her designee.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**4.4 More Than Thirty (30) Calendar Days of Temporary Nursing Care.** If you use more than thirty (30) calendar days of temporary nursing care, you will be responsible for paying the full daily rate charged by the Davis Health Care Center (or the alternate health care facility),

as well as the Monthly Fee (first and second person, as applicable) for your Residence and the charges for any additional services and supplies as described in Paragraph 4.8 below.

**4.5 Permanent Assignment to the Health Care Center When There is One of You.**

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

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

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

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

**4.8 Additional Services and Supplies.** Certain additional services and supplies will be provided in the Davis Health Care Center, including but not limited to: medical treatment by our Medical Director or your attending physician, medicine, drugs, prescribed therapy, nursing supplies, personal laundry, and other medical and miscellaneous supplies and services associated with medical treatment. These additional services and supplies will be available at the then-prevailing rates of extra charge. Any extra charges for additional services and supplies will be paid for by you in accordance with Paragraph 7.1 of this Agreement. If we incur or advance charges for your medical treatment or for any additional services and supplies associated with medical treatment

(even though this medical treatment is given at the direction of your attending physician or the Medical Director without your prior approval), you will promptly reimburse us for such charges.

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

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

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

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

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

**4.14 Refund of Entrance Fee.** If you (or both of you, if there are two of you) are permanently assigned to the Davis Health Care Center (or the alternate health care facility), this

does not qualify you for immediate refund of the Entrance Fee. Your Entrance Fee refund will be paid in accordance with Paragraph 6.5 hereof.

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

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

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

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

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

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

**6. REIMBURSEMENT OF ENTRANCE FEE.**

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

**6.2 Right of Rescission Period.** You may rescind this Agreement by providing us with written notice within thirty (30) days following the later of your execution of this Agreement or receipt by you of a Disclosure Statement. In such event, the portion of the Entrance Fee paid to that date will be refunded to you, without interest, within thirty (30) days following the date of our receipt of your notice of rescission. In the event you occupy the Residence during the rescission period, any money or property transferred to us will be refunded in full, without interest, within



sixty (60) days following the date of our receipt of your notice of rescission, except we will retain those periodic charges (including Monthly Fees) set forth in this Agreement which are applicable to the period of time you actually occupied the Residence. We cannot require you to move into the Village prior to the expiration of your right of rescission period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **8. YOUR CANCELLATION RIGHTS.**

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

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

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

## **9. OUR CANCELLATION RIGHTS.**

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

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

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

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

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

**9.2 Notice of Cancellation.** Before any cancellation of this Agreement by us, we will give you notice in writing of the reasons. You will have thirty (30) days after that notice to correct the problem. If we determine the problem is corrected within the thirty (30) days, this Agreement

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

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

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

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

**9.4 Financial Difficulty** If, after you have paid the Entrance Fee and assumed occupancy at the Village, you encounter financial difficulties making it impossible for you to pay the Monthly Fee, the Assisted Living Per Diem Charge, the Health Care Center Per Diem Charge, and any extra charges, you may qualify for financial assistance in accordance with our then-current Resident Hardship Monthly Fee Discount Policy (the "Hardship Policy"). In accordance with the Hardship Policy, you may be permitted to remain at the Village for reduced fees based on your ability to pay. You must submit an application for assistance and be able to establish facts to justify deferment of these fees. Financial assistance is only available when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate the Village on a sound financial basis for the benefit of all the residents. Financial assistance will not be available to you if you have impaired your ability to meet your financial obligations hereunder by (i) making unapproved gifts or misdirected personal resources that could have been used for payment of care and services; (ii) incurring charges for care at a facility and/or home care services not designated by The Village; (iii) cancelling this Agreement due to your permanent assignment to Champions Assisted Living or the Davis Health Care Center (or alternate facilities which we own or with which we may contract to provide care); or (iv) by not maintaining Medicare Part A, Medicare Part B and adequate supplemental insurance coverage. If financial assistance is not available, we may cancel your residency at the Village upon written notice to you.

## **10. MISCELLANEOUS PROVISIONS WITH RESPECT TO YOUR RESIDENCE.**

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

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

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

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

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

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

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

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

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

## **11. REPRESENTATIONS.**

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

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

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

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

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

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

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

## **12. PROMISES.**

**12.1 Our Promises.** We promise the following:

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

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

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

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

**12.2 Your Promises.** You promise to do the following:

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

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

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

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

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

**12.2.6** To abide by all other terms of this Agreement.

### **13. ARBITRATION.**

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

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

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

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

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

#### **14. MISCELLANEOUS LEGAL PROVISIONS.**

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

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

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

**14.4 Indemnity.** We will not be liable for, and you agree to indemnify, defend, and hold us harmless from claims, damages and expenses, including attorney's fees and court costs, resulting from any injury or death to persons and any damages to property to the extent caused by,



resulting from, attributable to or in any way connected with your negligent or intentional acts or omissions or that of your guests.

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

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

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

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

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

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

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

**14.12 Separability.** The invalidity of any restriction, condition, or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

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

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

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

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

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

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

**14.19 Force Majeure.** The Community shall not be liable to the Resident for any default, breach, or damages arising out of or relating to the suspension or termination of any of its obligations or duties under this Agreement by reason or the occurrence of a Force Majeure Event. A "Force Majeure Event" is defined as the occurrence of an event which materially interferes with the ability of the Community to perform its obligations or duties hereunder which is not within the reasonable control of the Community, and which could not with the exercise of diligent efforts have been avoided, including, but not limited to, war, rebellion, natural disasters (including floods, earthquake, fire, hurricanes, windstorms, tornadoes), accident, strike, riot, civil commotion, act of God, pandemic, epidemic, outbreak of infectious diseases or other public health crisis, including quarantine or other employee restrictions, acts of authority or change in law. The Community shall promptly notify Resident of the occurrence and particulars of such Force Majeure Event and shall provide Resident, from time to time, with its best estimate of the duration of such Force Majeure Event and with notice of the termination thereof. The Community shall use diligent efforts to avoid or remove such causes of non-performance as soon as is reasonably practicable.

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

**14.21 Survival of Representations and Obligations.** Your representations and obligations under this Agreement, including but not limited to, your obligation to pay all sums owed by you to us, and your agreement to indemnify us as set forth in Paragraph 14.4, and our representations and obligations under this Agreement, will survive any cancellation of your

residency in the Village, regardless of the reason for such cancellation and regardless of whether it is initiated by you or by us.

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

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
RESIDENT

**PLANTATION VILLAGE, INC.  
d/b/a PORTERS NECK VILLAGE**

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
RESIDENT

Residence Type \_\_\_\_\_

Residence Number \_\_\_\_\_

\_\_\_\_\_  
Witness

Entrance Fee \$\_\_\_\_\_

Exhibit A: Options and Custom Features

Exhibit B: Fee Summary



Exhibit A

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

Initials \_\_\_\_\_  
Community

Resident(s) \_\_\_\_\_

Resident(s) \_\_\_\_\_

**Exhibit B**

**FEE SUMMARY**

**YOUR RESIDENCE:**

Residence No.: \_\_\_\_\_

Residence type \_\_\_\_\_

**FEES:**

Entrance Fee Deposit: \$ \_\_\_\_\_

Balance of Entrance Fee: \$ \_\_\_\_\_

Total Entrance Fee: \$ \_\_\_\_\_

Second Person Entrance Fee: \$ \_\_\_\_\_

(Non-Refundable)

Amount of Entrance Fee Due at Closing: \$ \_\_\_\_\_

Monthly Fee (One Person): \$ \_\_\_\_\_

Monthly Fee (Second Person) \$ \_\_\_\_\_

Total Monthly Fee: \$ \_\_\_\_\_

Date financial responsibility for Residence commences: \_\_\_\_\_

\_\_\_\_\_  
Resident #1 Signature / Date

\_\_\_\_\_  
Resident #2 Signature / Date

## **Exhibit C**

# **Interim Uncertified Financial Statements for Porters Neck Village, Inc., d/b/a Porters Neck Village as of March 31, 2024**

## Selected Statement of Operations Sheet

	2024 FY Budget	Mar-24 YTD Budget	Mar-24 YTD Actual	Difference
Revenue, gains and other support:				
Resident services	\$17,105,264	\$4,333,178	\$4,175,028	(\$158,149)
Amortization of advance fees	\$2,192,051	\$443,013	\$631,192	\$188,179
Other operating revenue	\$770,257	\$154,772	\$173,251	\$18,479
Total revenue, gains and other support	\$20,067,571	\$4,930,962	\$4,979,471	\$48,509
Operating expenses:				
Resident care	\$5,160,982	\$1,240,703	\$962,249	\$278,454
Dietary	\$3,000,469	\$745,129	\$636,212	\$108,917
Housekeeping	\$711,675	\$192,938	\$205,226	(\$12,288)
Plant facility costs	\$2,397,348	\$601,902	\$717,566	(\$115,664)
General and administrative	\$4,999,657	\$1,151,221	\$1,180,822	(\$29,601)
Depreciation	\$4,108,092	\$1,031,655	\$591,080	\$440,575
Interest	\$1,620,996	\$405,249	\$475,469	(\$70,220)
Total operating expenses	\$21,999,219	\$5,368,797	\$4,768,624	\$600,173
Operating income	(\$1,931,648)	(\$437,835)	\$210,847	\$648,682
Non-operating Income:				
Investment income	\$1,358,406	\$229,601	\$830,040	\$600,439
Loss on Early extinguishment of debt				
Excess of revenues over expenses	(\$573,242)	(\$208,233)	\$1,040,888	\$1,249,121

## Selected Balance Sheet Information

3/31/2024	3/31/2024	Prior Month	Year Ended 2023
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$7,847,572	\$8,539,517	\$9,271,283
Assets limited as to use, current portion	\$4,401,241	\$4,382,005	\$4,538,287
Accounts receivable	\$1,530,862	\$1,455,688	\$1,390,039
Entrance fees receivable	\$502,471	\$644,086	\$0
Prepaid expenses and other	\$600,191	\$673,591	\$909,282
Total current assets	\$14,882,337	\$15,694,886	\$16,108,892
Assets limited as to use, noncurrent portion	\$17,758,516	\$17,649,382	\$18,085,916
Investment	\$14,270,689	\$13,933,266	\$13,602,892
Deferred Marketing Costs	\$108,528	\$108,528	\$108,528
Property and equipment, net	\$90,127,429	\$87,766,885	\$87,509,891
Total assets	<u>\$137,147,498</u>	<u>\$135,152,947</u>	<u>\$135,416,118</u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable	\$2,847,697	\$803,218	\$771,545
Accrued expenses	\$329,560	\$324,638	\$652,550
Retainage payable	\$2,362,195	\$2,362,195	\$2,362,195
Accrued interest	\$327,400	\$218,267	\$654,800
Refunds payable	\$1,160,884	\$1,704,720	\$2,908,386
Deposits and advanced payments	\$481,776	\$434,036	\$266,391
Long-term debt, current maturities	\$17,865,000	\$17,865,000	\$17,865,000
Total current liabilities	\$25,374,512	\$23,712,073	\$25,480,867
Refundable fees	\$2,225,101	\$2,170,114	\$2,059,049
Refundable entrance fees	\$35,334,799	\$35,328,987	\$35,479,071
Deferred revenue from entrance fees	\$16,473,866	\$16,602,031	\$16,776,812
Long-term debt, less current maturities	\$47,279,630	\$47,276,833	\$46,201,616
Total liabilities	<u>\$126,687,907</u>	<u>\$125,090,038</u>	<u>\$125,997,414</u>
Net assets without donor restrictions	<u>\$10,459,591</u>	<u>\$10,062,909</u>	<u>\$9,418,703</u>
Total liabilities and net assets	<u>\$137,147,498</u>	<u>\$135,152,947</u>	<u>\$135,416,118</u>



# Statement of Cash Flows

Porters Neck Village  
MAR-24USD

No specific Ledger requested

	Current Month Actual	Year To Date Actual
<b>CASH FLOWS FROM OPERATING</b>		
Operating Revenue	1,485,891.96	4,503,287.37
<b>Adjustments to Reconcile Net Operating</b>		
Decrease (Increase) in Resident	-47,649.36	-72,772.03
Decrease (Increase) in Other Accounts	114,090.75	-570,521.69
Operating Revenue - Cash Basis	1,552,333.35	3,859,993.65
Operating Expenses	1,218,688.66	3,703,303.14
<b>Adjustments to Reconcile Net Operating</b>		
Increase (Decrease) in Prepaid	-74,633.57	-310,325.31
Decrease (Increase) in Accounts	-2,044,479.48	-2,076,152.42
Decrease (Increase) in Accrued	-4,922.44	322,989.37
Operating Expenses - Cash Basis	-905,346.83	1,639,814.78
Net Operating Income (Loss) - Cash	2,457,680.18	2,220,178.87
<b>Other</b>		
Interest Income	47,136.88	72,729.60
Interest Expense	-47,868.02	-794,480.13
Other Income & Expense	290,858.15	602,302.79
<b>Entrance Fees</b>		
Entrance Fees Received Net of	-464,122.58	-1,397,478.08
Increase (Decrease) in Entrance fee	47,740.00	215,385.00
<b>NET CASH PROVIDED BY OPERATING</b>	<b>2,331,424.61</b>	<b>918,638.05</b>
<b>CASH FLOWS FROM INVESTING</b>		
Purchases of Property and Equipment	-2,557,570.22	-3,208,617.74
Decrease (Increase) in Intangible Assets	-2,796.29	-8,388.87
Decrease (Increase) in Self Restricted	649,273.48	909,068.46
Decrease (Increase) in Restricted Assets	-109,133.33	327,400.01

<b>NET CASH PROVIDED BY (USED IN)</b>	-2,020,226.36	-1,980,538.14
<b>CASH FLOWS FROM FINANCING</b>		
<b>Effects of Refinancing/Principal Payment</b>	2,796.29	1,078,014.17
<b>NET CASH PROVIDED BY (USED IN)</b>	2,796.29	1,078,014.17
<b>NET INCREASE (DECREASE) IN CASH</b>	313,994.54	16,114.08
<b>CASH AND CASH EQUIVALENTS - AT</b>	10,415,728.22	10,713,608.68
<b>CASH AND CASH EQUIVALENTS - AT END</b>	10,729,722.76	10,729,722.76
	=====	=====

## **Exhibit D**

**Certified Financial Statements  
for  
Porters Neck Village, Inc.  
for the Years Ended  
December 31, 2023 and 2022**




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# **Plantation Village, Inc. d/b/a Porters Neck Village**

## **Independent Auditor's Report and Financial Statements**

December 31, 2023 and 2022

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**Plantation Village, Inc. d/b/a Porters Neck Village**  
**Contents**  
**December 31, 2023 and 2022**

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## Independent Auditor's Report

Board of Directors  
Plantation Village, Inc. d/b/a Porters Neck Village  
Wilmington, North Carolina

### ***Opinion***

We have audited the accompanying financial statements of Plantation Village, Inc. d/b/a Porters Neck Village (the "Community"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Community as of December 31, 2023 and 2022, 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 Community 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 Community's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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 Community'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 Community'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.

**FORVIS,LLP**

**Raleigh, North Carolina  
May 28, 2024**

**Plantation Village, Inc. d/b/a Porters Neck Village**  
**Balance Sheets**  
**December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 9,271,284	\$ 10,298,063
Assets limited as to use, current portion	4,538,287	3,627,458
Accounts receivable	224,182	84,343
Sales tax receivable	1,165,857	511,738
Entrance fees receivable	-	32,710
Prepaid expenses and other	909,282	681,735
	<u>16,108,892</u>	<u>15,236,047</u>
Assets limited as to use, noncurrent portion	31,688,808	18,189,038
Deferred marketing costs, net	108,528	64,488
Property and equipment, net	87,509,889	72,886,415
	<u>135,416,117</u>	<u>106,375,988</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 771,546	\$ 2,693,622
Accrued expenses	652,549	309,977
Retainage payable	2,362,195	2,595,916
Accrued interest	654,800	654,800
Refunds payable	2,908,386	1,206,434
Deposits and advanced payments	266,391	1,919,305
Long-term debt, current portion	17,865,000	-
	<u>25,480,867</u>	<u>9,380,054</u>
Refundable fees	2,059,049	2,366,918
Refundable entrance fees	35,479,071	27,180,087
Deferred revenue from entrance fees	16,776,813	12,490,112
Long-term debt, less current maturities	46,201,616	46,830,947
	<u>125,997,416</u>	<u>98,248,118</u>
Net assets without donor restrictions	9,418,701	8,127,870
	<u>\$ 135,416,117</u>	<u>\$ 106,375,988</u>



**Plantation Village, Inc. d/b/a Porters Neck Village**  
**Statements of Operations and Changes in Net Assets**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Revenue, Gains and Other Support</b>		
Resident services	\$ 15,371,729	\$ 14,139,966
Amortization of entrance fees	2,201,014	2,010,187
Other operating revenue	596,027	424,854
	<u>18,168,770</u>	<u>16,575,007</u>
<b>Operating Expenses</b>		
Resident care	4,199,508	3,867,327
Dietary	2,737,866	2,364,125
Housekeeping	1,023,967	879,108
Plant facility costs	2,656,171	2,236,124
General and administrative	4,829,410	4,194,234
Depreciation	2,348,254	2,335,580
Interest	1,372,473	443,460
	<u>19,167,649</u>	<u>16,319,958</u>
	<u>(998,879)</u>	<u>255,049</u>
<b>Operating Income (Loss)</b>		
<b>Non-Operating Income (Loss)</b>		
Investment income (loss)	2,289,710	(2,255,394)
	1,290,831	(2,000,345)
Excess (deficit) of revenues over expenses		
<b>Net Assets, Beginning of Year</b>	<u>8,127,870</u>	<u>10,128,215</u>
<b>Net Assets, End of Year</b>	<u>\$ 9,418,701</u>	<u>\$ 8,127,870</u>

**Plantation Village, Inc. d/b/a Porters Neck Village**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating Activities</b>		
Excess (deficit) of revenues over expenses	\$ 1,290,831	\$ (2,000,345)
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by operating activities:		
Proceeds from non-refundable entrance fees and deposits	6,522,425	2,081,071
Amortization of advance fees	(2,201,014)	(2,010,187)
Net realized (gains)	(99,043)	(2,120)
Net unrealized (gains) loss	(1,551,387)	2,565,322
Depreciation	2,348,254	2,335,580
Amortization of deferred financing costs	33,555	33,555
Amortization of bond premium	(136,460)	(147,348)
(Gains) loss on sale of assets	(13,115)	189,938
Changes in assets and liabilities:		
Accounts receivable	(102,329)	(122,738)
Sales tax receivable	(654,119)	(511,738)
Prepaid expenses and other	(227,547)	(13,107)
Accounts payable	49,984	149,912
Accrued expenses	342,572	(47,106)
Accrued interest expense	-	654,800
Deferred marketing costs	(44,040)	(16,225)
Net cash provided by operating activities	<u>5,558,567</u>	<u>3,139,264</u>
<b>Investing Activities</b>		
Net changes in assets limited as to use	(315,735)	(220,351)
Proceeds from sale of property and equipment	13,115	4,920
Purchase of property and equipment	<u>(19,177,509)</u>	<u>(26,461,356)</u>
Net cash used by investing activities	<u>(19,480,129)</u>	<u>(26,676,787)</u>
<b>Financing Activities</b>		
Proceeds from refundable entrance fees	10,993,061	3,981,629
Refunds of entrance fees	(2,992,418)	(3,806,309)
Proceeds from issuance of bonds payable	<u>17,338,574</u>	<u>11,496,829</u>
Net cash provided by financing activities	<u>25,339,217</u>	<u>11,672,149</u>
<b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>	11,417,655	(11,865,374)
<b>Cash, Cash Equivalents, and Restricted Cash, Beginning of Year</b>	<u>20,477,832</u>	<u>32,343,206</u>
<b>Cash, Cash Equivalents, and Restricted Cash, End of Year</b>	<u>\$ 31,895,487</u>	<u>\$ 20,477,832</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest, including capitalized interest	<u>\$ 1,372,473</u>	<u>\$ 1,254,173</u>
Notes receivable received for entrance fees	<u>\$ -</u>	<u>\$ 32,710</u>
Additions of property and equipment included in accounts payable	<u>\$ 224,151</u>	<u>\$ 2,196,211</u>
Construction retainage included in retainage payable	<u>\$ 2,362,195</u>	<u>\$ 2,595,916</u>

See Notes to Financial Statements

**Plantation Village, Inc. d/b/a Porters Neck Village**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**Note 1. Summary of Significant Accounting Policies**

***Organization***

Plantation Village, Inc. d/b/a Porters Neck Village (the “Community”) is a nonprofit organization which principally provides housing, health care, and other related services to residents through the operation of a continuing care retirement community in Wilmington, North Carolina containing 292 living units, of which 150 are villas, duplexes, and cottages.

On April 17, 2023, the Community applied and received an assumed business name certificate. The new assumed name is Porters Neck Village

***Basis of Presentation***

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

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Concentration of Credit Risk***

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

***Cash and Cash Equivalents***

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

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 9,271,284	\$ 10,298,063
Assets whose use is limited:		
Held by bond trustee	18,085,916	6,552,311
Deposits and advanced payments	4,457,679	3,550,656
Resident funds	<u>80,608</u>	<u>76,802</u>
Total cash, cash equivalents and restricted cash shown in statements of cash flows	<u>\$ 31,895,487</u>	<u>\$ 20,477,832</u>

***Assets Limited As To Use***

Assets limited as to use consists of cash and mutual funds. The use of these assets are restricted or limited under terms of certain agreements, the Community’s bond trustee relating to the expansion project, or by the

**Plantation Village, Inc. d/b/a Porters Neck Village**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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designation of the Community's Board of Directors. Mutual funds are carried at fair value in the balance sheets. Investment income, including unrealized and realized gains and losses, are included in excess of revenues over expenses. Amounts required for current liabilities are classified as current assets.

**Accounts Receivable**

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

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

**Sales Tax Receivable**

Sales tax receivable consists of sales tax due from sales tax paid in relation to the Phase I Expansion Project. Since the Community is a tax-exempt entity, paying sales tax items, the Community is allowed to request reimbursement for amounts paid.

**Entrance Fees Receivable**

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

**Property and Equipment, Net**

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

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

The Community assesses long-lived assets for impairment when events or circumstances exist that indicate the carrying amount of these assets may not be recoverable. At December 31, 2023, there were no impaired long-lived assets.

**Deferred Revenue From Entrance Fees**

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

Nonrefundable entrance fees are deferred and amortized to income by the straight-line method over the average expected remaining life of each resident beginning on the date of closing as the performance obligation is the material right associated with access to future services as described in FASB ASC 606-10-55.

**Plantation Village, Inc. d/b/a Porters Neck Village**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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***Refundable Fees***

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

***Refundable Entrance Fees***

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

***Debt Issuance Costs***

Debt issuance costs include the costs incurred in relation to the issuance of debt. The debt issuance costs are being amortized over the life of the debt using the straight-line method, which is not materially different from the effective interest rate method under U.S. GAAP.

***Obligation to Provide Future Services***

The Community annually calculates the present value of the net estimated cost of future services and use of facilities to be provided to current residents and compares that amount to the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities, discounted at 4.00 percent and 3.50 percent, as of December 31, 2023 and 2022, respectively, exceeds the deferred revenue from advance fees, a liability would be recorded (obligation to provide future services) with a corresponding charge to income. To date, deferred revenue from advance fees has exceeded the present value of the net estimated cost of future services and use of facilities.

***Net Assets***

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

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

***Net Assets with Donor Restrictions*** – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, through the conclusion of a stipulated time restriction or accomplishment of a purpose restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions. There were no net assets with donor restrictions at December 31, 2023 and 2022.

***Resident Services Revenue***

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

**Plantation Village, Inc. d/b/a Porters Neck Village**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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***Marketing Expenses***

All marketing expenses other than incremental costs of obtaining an initial contract associated with the initial occupancy of units are expensed in the year in which they are incurred. Marketing expenses were approximately \$574,000 and \$564,000 in 2023 and 2022, respectively.

***Excess (Deficit) of Revenues Over Expenses***

The Statements of Operations and Changes in Net Assets include excess (deficit) of revenues over expenses. Changes in net assets without donor restrictions, which are excluded from excess (deficit) of revenues over expenses, consistent with industry practice, would include net assets released from restriction for purchase of property and equipment, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

***Income Taxes***

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

***Recently Adopted Accounting Guidance – Allowance for Credit Losses***

In June 2016, the FASB issued guidance (FASB ASC 326) which changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the company that are subject to the guidance in FASB ASC 326 were trade accounts receivable and investments. The Community adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

***Subsequent Events***

The Community has evaluated its subsequent events (events occurring after December 31, 2023), through May 28, 2024, which represents the date the financial statements were issued.

**Note 2. Fair Value Measurements**

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

**Level 1:** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

**Plantation Village, Inc. d/b/a Porters Neck Village**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**Level 2:** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

**Level 3:** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

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

*Assets Measured at Fair Value on a Recurring Basis*

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

The Community does not have any financial assets or liabilities measured on a recurring basis categorized as Level 2 or Level 3, and there were no transfers in or out of Level 3 for years ended December 31, 2023 and 2022. There were no changes during 2023 or 2022 to the Community's valuation techniques used to measure asset fair values on a recurring basis.

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

	<b>December 31, 2023</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 13,602,892	\$ -	\$ -	\$ 13,602,892
Total	<u>\$ 13,602,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,602,892</u>

The Community had \$31,895,487 of cash and cash equivalents included within cash and cash equivalents and assets limited as to use on the balance sheets which are not included in the fair value hierarchy.

	<b>December 31, 2022</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 11,636,727	\$ -	\$ -	\$ 11,636,727
Total	<u>\$ 11,636,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,636,727</u>

The Community had \$20,477,832 of cash and cash equivalents included within cash and cash equivalents and assets limited as to use on the balance sheets which are not included in the fair value hierarchy.

**Plantation Village, Inc. d/b/a Porters Neck Village**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**Note 3. Assets Limited as to Use**

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

	<u>2023</u>	<u>2022</u>
Current portion:		
Deposits and advanced payments	\$ 4,457,679	\$ 3,550,656
Resident funds	<u>80,608</u>	<u>76,802</u>
	<u>4,538,287</u>	<u>3,627,458</u>
Noncurrent portion:		
Resident funds	97,931	83,776
Under regulatory requirement, operating reserve (Note 7)	8,387,000	7,586,000
Held by bond trustee	18,085,916	6,552,311
By Board for future asset replacement	2,348,254	2,369,135
By Board for return of capital	1,029,525	1,183,459
By Board for future operations	<u>1,740,182</u>	<u>414,357</u>
	<u>31,688,808</u>	<u>18,189,038</u>
	<u>\$ 36,227,095</u>	<u>\$ 21,816,496</u>

In 2017, the Board of Directors designated amounts to fund future asset replacements equal to one year of depreciation expense, funds for return of capital equal to 50 percent of the refundable fee balance for residents permanently assigned to a long-term care facility, and the remaining assets limited to use to be set aside for future operations at the Board of Directors discretion. These amounts may be invested in investment accounts and other cash and cash equivalent accounts. The Board of Directors may modify its policy for designated amounts from time to time.

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

A summary of net investment income for the years ended December 31 follows:

	<u>2023</u>	<u>2022</u>
Interest income	\$ 639,280	\$ 307,808
Net realized gains	99,043	2,120
Net unrealized gains (losses)	<u>1,551,387</u>	<u>(2,565,322)</u>
Net investment income (loss)	<u>\$ 2,289,710</u>	<u>\$ (2,255,394)</u>



**Plantation Village, Inc. d/b/a Porters Neck Village**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**Note 4. Property and Equipment**

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 868,556	\$ 868,556
Land improvements	5,926,537	2,099,588
Buildings	100,939,901	66,953,106
Fixed and movable equipment	2,799,151	2,553,658
Furniture and fixtures	3,063,560	1,762,089
Vehicles	497,214	497,214
Capitalized interest	-	810,713
	<u>114,094,919</u>	<u>75,544,924</u>
Less accumulated depreciation	<u>(38,775,596)</u>	<u>(36,427,342)</u>
	75,319,323	39,117,582
Construction-in-progress	<u>12,190,566</u>	<u>33,768,833</u>
	<u>\$ 87,509,889</u>	<u>\$ 72,886,415</u>
Total property and equipment		

Construction in progress includes various projects, the largest of which is Phase I Expansion Project. The estimated cost to complete the expansion project is approximately \$7,342,000 at December 31, 2023.

**Note 5. Debt**

Long-term debt at December 31, 2023 and 2022, consist of the following:

	<u>2023</u>	<u>2022</u>
First Mortgage Revenue and Refunding Revenue Bonds		
Series 2021A Term Bonds:		
Due January 1, 2041 at 4.00%	\$ 8,130,000	\$ 8,130,000
Due January 1, 2052 at 4.00%	24,610,000	24,610,000
First Mortgage Revenue Bonds, Series 2021B-1:		
Draw Down Bonds due December 31, 2024, at 1.140%	17,865,000	11,783,153
First Mortgage Revenue Bonds, Series 2021B-2:		
Draw Down Bonds due December 31, 2028, at 1.943%	<u>11,490,686</u>	<u>233,960</u>
	62,095,686	44,757,113
Less current maturities	(17,865,000)	-
Add unamortized premium	2,910,484	3,046,944
Less unamortized debt issuance costs	<u>(939,554)</u>	<u>(973,110)</u>
	<u>\$ 46,201,616</u>	<u>\$ 46,830,947</u>

**Plantation Village, Inc. d/b/a Porters Neck Village**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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In December 2021, the Community issued \$33,458,000 of tax-exempt, fixed rate Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds Series 2021A (“2021A Bonds”) through the North Carolina Medical Care Commission. The proceeds of the 2021A Bonds, net of issuance expense and fund amounts deposited into a trustee reserve fund, along with other available funds will be used to pay or reimburse the Community for refunding existing debt and the expansion and renovation project, including, but not limited to, constructing and equipping 44 new independent living apartments and related common areas, renovating various dining facilities and resident activity spaces, upgrading informational technology systems throughout the Community, relocating maintenance facilities, and improving outdoor spaces (the “Project”).

In December 2021, the Community issued \$14,051,000 of tax-exempt, fixed rate Retirement Facilities First Mortgage Revenue Bonds Series 2021B-1, (“2021B-1 Bonds”); and \$17,865,000 of tax-exempt, fixed rate direct Retirement Facilities First Mortgage Revenue Bonds Series 2021B-2, (“2021B-2 Bonds” collectively with the 2021B-1 Bonds, the “2021B Bonds”). The 2021B-2 Bonds are anticipated be repaid with initial entrance fees from the new independent living apartments. The proceeds of the 2021B Bonds, net of issuance, along with other available funds will be used to pay or reimburse the Community for the costs of the Project and fund interest on the 2021B Bonds. The 2021B-1 Draw Down Bonds are due December 31, 2036. The 2021B-2 Draw Down Bonds are due December 31, 2028. The 2021B Bonds were purchased by First Citizens Bank & Trust Company and are being issued on a draw-down basis.

The Bonds are subject to annual mandatory sinking fund requirements prior to their due dates. There are certain covenants associated with the bonds that are outlined in the Loan Agreement. The most restrictive of these covenants requires maintenance of a long-term debt service coverage ratio, as defined, of not less than 1.20. Management believes that the Community is in compliance with these covenants.

The Community incurred debt issuance costs of approximately \$1,006,000 in association with the issuance of the 2021A and 2021B Bonds. There was approximately \$67,000 accumulated amortization and amortization expense as of December 31, 2023.

Principal repayments on bonds payable, excluding discounts and premiums, for the next five years and thereafter, are summarized as follows:

2024	\$ 17,865,000
2025	-
2026	1,141,000
2027	1,163,000
2028	1,200,000
Thereafter	<u>40,726,689</u>
	<u>\$ 62,095,689</u>

**Note 6. Management Agreement**

The Community operates under a management agreement with Life Care Services, LLC (“LCS”). Under this agreement, LCS coordinates the ongoing project management of the Community. In consideration for these services, the Community pays LCS a base monthly management fee and an additional incentive fee based upon achieving prescribed operating criteria. The management fee is subject to annual adjustment for cost-of-living increases or facility expansion. Management fees, incentive fees and miscellaneous charges under agreements with LCS totaled approximately \$957,000 and \$1,065,000 for the years ended December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, approximately \$85,000 and \$156,000, respectively, were included in accounts payable on the balance sheets to LCS for various fees and charges under the agreement. The Community renewed their management agreement with LCS for five years beginning January 1, 2021.

**Plantation Village, Inc. d/b/a Porters Neck Village**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**Note 7. Regulatory Matters**

Continuing care retirement communities located in North Carolina are licensed and monitored by the State Department of Insurance under Article 64 of Chapter 58 of the North Carolina General Statutes. The Commissioner of Insurance has the authority to revoke or restrict the license of, or impose additional requirements on, any continuing care facility under certain circumstances specified in General Statute 58-64-10.

North Carolina General Statute 58-64-33 requires that continuing care retirement communities with occupancy levels in excess of 90 percent maintain an operating reserve equal to 25 percent of total operating costs forecasted for the twelve-month period following the most recent annual statement filed with the Department of Insurance upon approval of the Commissioner, unless otherwise instructed by the Commissioner. Continuing care retirement communities with less than 90 percent occupancy are required to maintain an operating reserve equal to 50 percent of forecasted total operating costs. Total operating costs shall include budgeted operating expenses plus debt service less depreciation and amortization expense and revenue associated with non-contractual expenses. The Community's occupancy was 92 and 89 percent in 2023 and 2022, respectively. At December 31, 2023 and 2022, the Board of Directors had specifically designated \$8,387,000 and \$7,586,000, respectively, for the purpose of meeting this requirement (Note 3).

The operating reserve can only be released upon the submittal of a detailed request from the Community and must be approved by the North Carolina Department of Insurance.

**Note 8. Professional Liability Insurance**

The Community is not currently involved in litigation related to professional liability claims. Management believes that if any claims were asserted, they would be settled within the limits of insurance coverage, which is on an occurrence basis, with limits of \$1,000,000 per claim and \$3,000,000 in the aggregate.

**Note 9. Retirement Plan**

The Community provides a retirement plan under Section 403(b) of the Internal Revenue Code. The Community matches 50 percent of the first 6 percent of employee contributions for a maximum match of 3 percent an employee's annual salary. Employees are eligible to participate in the plan after 90 days of service. An employee is eligible for the employer match after one year of service during which he or she has worked at least 1,000 hours (an average of 20 hours per week) and is at least age 21. Employees are subject to a six-year vesting schedule for the Community's contributions. For the years ended December 31, 2023 and 2022, the Community contributed approximately \$52,000 and \$51,000, respectively.

**Note 10. Liquidity and Availability**

Financial assets available for general expenditures in the next 12 months, classified as current assets were \$10,661,323 and \$10,894,144 as of December 31, 2023 and 2022, respectively.

The Community operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures, debt service, and budgeted capital expenditures. The accompanying statement of cash flows on page 5, which identifies sources and uses of cash, indicates net cash provided by operating activities in 2023 and 2022. As explained in Note 3 at December 31, 2023 and 2022, \$31,688,808 and \$18,189,038, respectively, of

**Plantation Village, Inc. d/b/a Porters Neck Village**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

noncurrent assets limited as to use is generally not available due to board designation, regulatory and trustee requirements but could be released to fund operations with appropriate Board and regulatory approval. The Community regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

**Note 11. Schedule of Expenses by Natural Category and Function**

The costs of providing the Community's program and other activities have been summarized on a functional basis below. Expenses that can be identified with a specific program or support service are charged directly to the program or support service. Costs common to multiple functions have been allocated using an objective basis, such as time spent, salaries, square feet, and other basis.

	<b>Expenses for year ended December 31, 2023</b>			
	<b>Health Care Services</b>	<b>Resident Services</b>	<b>General &amp; Administration</b>	<b>Total</b>
Salaries and benefits	\$ 1,072,180	\$ 3,450,606	\$ 952,267	\$ 5,475,053
Dietary	-	969,771	-	969,771
Housekeeping	-	144,712	-	144,712
Plant facility costs	-	1,211,168	-	1,211,168
Supplies	5,460	333,935	96,016	435,411
Utilities	-	721,425	-	721,425
General and administrative	2,650,765	828,032	3,010,585	6,489,382
Depreciation and amortization	3,128	2,310,913	34,213	2,348,254
Interest	-	-	1,372,473	1,372,473
Total operating expenses	<u>\$ 3,731,533</u>	<u>\$ 9,970,562</u>	<u>\$ 5,465,554</u>	<u>\$ 19,167,649</u>

	<b>Expenses for year ended December 31, 2022</b>			
	<b>Health Care Services</b>	<b>Resident Services</b>	<b>General &amp; Administration</b>	<b>Total</b>
Salaries and benefits	\$ 1,046,199	\$ 3,011,112	\$ 823,016	\$ 4,880,327
Dietary	-	899,710	-	899,710
Housekeeping	-	46,204	-	46,204
Plant facility costs	-	989,668	-	989,668
Supplies	5,320	324,252	40,690	370,262
Utilities	-	605,359	-	605,359
General and administrative	2,373,691	682,403	2,693,294	5,749,388
Depreciation and amortization	3,247	2,294,680	37,653	2,335,580
Interest	-	-	443,460	443,460
Total operating expenses	<u>\$ 3,428,457</u>	<u>\$ 8,853,388</u>	<u>\$ 4,038,113</u>	<u>\$ 16,319,958</u>

General and administrative expense include those costs that are not directly identifiable with any specific program, but which provide for all the overall support of the Community. General and administrative activities include those that provide governance, oversight, business management, financial recordkeeping, budgeting, legal services, human resources management, and similar activities that ensure an adequate working environment and an equitable employment program. Resources expended for fundraising from the general public are not significant.

# **Exhibit E**

## **Forecasted Financial Statements for Porters Neck Village, Inc., d/b/a Porters Neck Village for the Years Ending December 31, 2024 through 2028**

**Plantation Village, Inc. d/b/a Porters Neck Village**

**Compilation of a Financial Projection**

**Five Years Ending December 31, 2028**

(with Accountants' Compilation Report thereon)

**Plantation Village, Inc. d/b/a Porters Neck Village**

**Compilation of a Financial Projection**

**Five Years Ending December 31, 2028**

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## Accountants' Compilation Report

Board of Directors  
Plantation Village, Inc. d/b/a Porters Neck Village  
Wilmington, North Carolina

Management of Plantation Village, Inc. d/b/a Porters Neck Village (the "Corporation") and the Corporation's third party manager, Life Care Services, LLC (collectively, "Management") is responsible for the accompanying financial projection of the Corporation, which comprises the projected balance sheet's as of and for each of the five years ending December 31, 2028 and the related projected statements of operations and changes in net assets, and cash flows for each of the years then ending, and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA").

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

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

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

- Construction, development, marketing, and other related costs for the new independent living units occur in the assumed timeline and at the assumed costs; and
- the new independent living 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 29, 2024



## Plantation Village, Inc. d/b/a Porters Neck Village

### Projected Statements of Operations and Changes in Net Assets For the Years Ending December 31, (In Thousands)

	2024	2025	2026	2027	2028
<b>Revenue, gains and other support:</b>					
Amortization of entrance fees	\$ 2,561	\$ 3,376	\$ 3,828	\$ 4,192	\$ 5,128
Existing Independent Living Units	11,612	11,685	11,992	12,306	12,629
New Independent Living Units (Phase I)	3,116	3,404	3,466	3,536	3,616
New Independent Living Units (Phase II)	-	-	-	1,376	4,905
Assisted living revenue	1,125	1,175	1,349	1,535	1,734
Skilled nursing revenue	1,343	1,591	1,799	1,940	2,115
Home health revenue	670	690	711	732	754
Other revenue	353	364	375	386	398
Investment income	456	596	676	888	775
<b>Total revenues, gains, and other support</b>	<b>21,236</b>	<b>22,881</b>	<b>24,196</b>	<b>26,891</b>	<b>32,054</b>
<b>Expenses:</b>					
Project marketing costs	-	-	933	467	-
Plant facility costs	2,336	2,324	2,389	2,677	3,140
Assisted living	1,461	1,567	1,799	2,052	2,405
Skilled nursing	2,016	2,147	2,429	2,619	2,855
Home health	738	760	783	806	830
Clinic	459	484	498	513	528
Dietary	3,061	2,936	3,016	3,395	3,858
Environmental	684	704	725	883	942
Resident services	454	468	482	530	572
General and administrative	1,990	2,031	2,092	2,855	3,229
Insurance	1,854	1,909	1,967	2,026	2,087
Management Fee	1,217	1,254	1,291	1,330	1,370
Interest expense:					
Series 2021A Bonds	1,310	1,310	1,310	1,310	1,310
Series 2021B-1 Bonds	309	309	293	266	242
Series 2021B-2 Bonds	70	-	-	-	-
Series 2026A Bonds	-	-	-	1,079	2,158
Series 2026B Bonds	-	-	-	695	81
Amortization of deferred financing costs	76	76	76	97	160
Amortization of original issue premium	(147)	(147)	(147)	(147)	(147)
Amortization of deferred marketing costs	3	3	3	3	3
Depreciation	3,647	3,748	3,862	4,609	5,368
<b>Total operating expenses</b>	<b>21,538</b>	<b>21,883</b>	<b>23,801</b>	<b>28,065</b>	<b>30,991</b>
Change in net assets	(302)	998	395	(1,174)	1,063
Net assets, beginning of year	9,419	9,117	10,115	10,510	9,336
Net assets, end of year	\$ 9,117	\$ 10,115	\$ 10,510	\$ 9,336	\$ 10,399

See accompanying Summary of Significant Projection Assumptions and Rationale and Accountants' Compilation Report

## Plantation Village, Inc. d/b/a Porters Neck Village

### Projected Statements of Cash Flows For the Years Ending December 31, (In Thousands)

	2024	2025	2026	2027	2028
<b>Cash flows from operating activities</b>					
Change in net assets	\$ (302)	\$ 998	\$ 395	\$ (1,174)	\$ 1,063
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	3,647	3,748	3,862	4,609	5,368
Amortization of deferred financing costs	76	76	76	97	160
Amortization of original issue premium	(147)	(147)	(147)	(147)	(147)
Amortization of entrance fees	(2,561)	(3,376)	(3,828)	(4,192)	(5,128)
Entrance fees received-attrition (non-refundable)	2,037	2,299	2,447	2,600	3,128
Changes in current assets and current liabilities	743	17	144	136	128
Changes in retainage payable	(2,362)	-	-	-	-
Changes in accrued interest	26	-	1,184	(83)	(29)
Resident deposits	234	-	-	-	-
Amortization of deferred marketing costs	3	3	3	3	3
<b>Net cash provided by operating activities</b>	<b>1,394</b>	<b>3,618</b>	<b>4,136</b>	<b>1,849</b>	<b>4,546</b>
<b>Cash flows from investing activities</b>					
Routine capital additions	(1,332)	(1,684)	(1,750)	(2,064)	(2,144)
Project costs	(2,665)	-	(33,034)	(16,516)	-
Capitalized interest expense	-	-	(3,434)	(1,506)	-
Change in assets whose use is limited	3,386	(131)	(1,430)	(5,397)	4,651
<b>Net cash provided by (used in) investing activities</b>	<b>(611)</b>	<b>(1,815)</b>	<b>(39,648)</b>	<b>(25,483)</b>	<b>2,507</b>
<b>Cash flows from financing activities</b>					
Initial entrance fees received	5,212	-	-	24,852	8,603
Proceeds - Series 2021B-1 Bonds	2,561	-	-	-	-
Proceeds - Series 2026A Bonds	-	-	33,200	-	-
Proceeds - Series 2026B Bonds	-	-	28,437	-	-
Payments - Series 2021B-1 Bonds	-	-	(1,141)	(1,163)	(1,200)
Payments - Series 2021B-2 Bonds	(17,865)	-	-	-	-
Cost of issuance	-	-	(1,233)	-	-
Payments - Series 2026B Bonds	-	-	-	(21,124)	(7,313)
Entrance fees received-attrition (refundable)	4,598	5,160	5,483	5,817	6,928
Entrance fees refunded	(5,502)	(5,209)	(3,891)	(4,166)	(5,038)
<b>Net cash provided by (used in) financing activities</b>	<b>(10,996)</b>	<b>(49)</b>	<b>60,855</b>	<b>4,216</b>	<b>1,980</b>
Change in cash, cash equivalents, and restricted cash	\$ (10,213)	\$ 1,754	\$ 25,343	\$ (19,418)	\$ 9,033
Change in cash, cash equivalents, and restricted cash, beginning of year	31,895	21,682	23,436	48,779	29,361
<b>Cash, cash equivalents, and restricted cash, end of year</b>	<b>\$ 21,682</b>	<b>\$ 23,436</b>	<b>\$ 48,779</b>	<b>\$ 29,361</b>	<b>\$ 38,394</b>
<b>Cash, cash equivalents, and restricted cash reconciliation:</b>					
Cash and cash equivalents	\$ 21,182	\$ 22,936	\$ 24,090	\$ 21,338	\$ 34,099
Resident deposits	500	500	500	500	500
Construction Fund	-	-	16,983	-	-
Entrance Fee Fund	-	-	-	3,728	-
Funded Interest Fund	-	-	3,411	-	-
Debt Service Reserve Fund-Series 2026A Bonds	-	-	3,795	3,795	3,795
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 21,682</b>	<b>\$ 23,436</b>	<b>\$ 48,779</b>	<b>\$ 29,361</b>	<b>\$ 38,394</b>

See accompanying Summary of Significant Projection Assumptions and Rationale and Accountants' Compilation Report

## Plantation Village, Inc. d/b/a Porters Neck Village

### Projected Balance Sheets At December 31, (In Thousands)

	2024	2025	2026	2027	2028
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 21,182	\$ 22,936	\$ 24,090	\$ 21,338	\$ 34,099
Accounts receivable, net	302	310	317	325	334
Other accounts receivable	1,167	1,167	1,167	1,167	1,167
Prepaid expenses and other current assets	892	909	1,008	1,104	1,195
Current portion of assets limited as to use	1,181	1,275	2,461	2,382	2,354
<b>Total current assets</b>	<b>24,724</b>	<b>26,597</b>	<b>29,043</b>	<b>26,316</b>	<b>39,149</b>
<b>Assets limited as to use:</b>					
Bond fund-Series 2021 Bonds	681	775	775	776	775
Construction Fund	-	-	16,983	-	-
Bond fund-Series 2026 Bonds	-	-	1,186	1,106	1,079
Funded Interest Account	-	-	3,411	-	-
Board designated investments	2,770	2,770	2,770	2,770	2,770
Board designated asset replacement fund	2,348	2,348	2,348	2,348	2,348
Debt Service Reserve-Series 2026 Bonds	-	-	3,795	3,795	3,795
Resident trust fund	98	98	98	98	98
Operating Reserve Fund	4,320	4,357	4,601	10,077	5,454
Entrance Fee Fund	-	-	-	3,728	-
Resident deposits	500	500	500	500	500
Less: current portion	(1,181)	(1,275)	(2,461)	(2,382)	(2,354)
<b>Total assets limited as to use</b>	<b>9,536</b>	<b>9,573</b>	<b>34,006</b>	<b>22,816</b>	<b>14,465</b>
Property and equipment	130,282	131,966	170,184	190,270	192,414
Less: accumulated depreciation	(42,422)	(46,170)	(50,032)	(54,641)	(60,009)
<b>Property and equipment, net</b>	<b>87,860</b>	<b>85,796</b>	<b>120,152</b>	<b>135,629</b>	<b>132,405</b>
Deferred marketing costs	105	102	99	96	93
<b>Total assets</b>	<b>\$ 122,225</b>	<b>\$ 122,068</b>	<b>\$ 183,300</b>	<b>\$ 184,857</b>	<b>\$ 186,112</b>

See accompanying Summary of Significant Projection Assumptions and Rationale and  
Accountants' Compilation Report

**Plantation Village, Inc. d/b/a Porters Neck Village**

Projected Balance Sheets (continued)  
At December 31,  
(In Thousands)

	2024	2025	2026	2027	2028
<b>Liabilities and Net Assets</b>					
Current liabilities					
Accounts payable	\$ 1,783	\$ 1,817	\$ 2,017	\$ 2,209	\$ 2,391
Accrued expenses and other current liabilities	446	454	504	552	598
Accrued interest-Series 2021A Bonds	655	655	655	655	655
Accrued interest-Series 2021B-1 Bonds	26	26	24	21	19
Accrued Interest-Series 2026A Bonds	-	-	1,079	1,079	1,079
Accrued Interest-Series 2026B Bonds	-	-	107	27	-
Refunds payable	2,908	2,908	2,908	2,908	2,908
Wait list and other deposits, current	500	500	500	500	500
Current portion - Series 2021B-1 Bonds	-	1,141	1,163	1,200	1,217
Current Portion - Series 2026B Bonds	-	-	21,124	7,313	-
Total current liabilities	6,318	7,501	30,081	16,464	9,367
Long-term debt, net of current portion					
Series 2021A Bonds	32,740	32,740	32,740	32,740	32,740
Series 2021B-1 Bonds	14,051	12,910	11,747	10,547	9,330
Series 2026A Bonds	-	-	33,200	33,200	33,200
Series 2026B Bonds	-	-	7,313	-	-
Deferred financing costs, net of amortization	(814)	(738)	(1,895)	(1,798)	(1,638)
Original issue premium	2,714	2,567	2,420	2,273	2,126
Total long-term debt, net of current portion	48,691	47,479	85,525	76,962	75,758
Refundable fees	3,406	3,441	3,475	3,510	3,545
Refundable entrance fees	35,113	35,652	36,512	37,373	38,237
Deferred revenue from entrance fees	19,580	17,880	17,197	41,212	48,806
Total liabilities	113,108	111,953	172,790	175,521	175,713
Total net assets	9,117	10,115	10,510	9,336	10,399
Total liabilities and net assets	\$ 122,225	\$ 122,068	\$ 183,300	\$ 184,857	\$ 186,112

See accompanying Summary of Significant Projection Assumptions and Rationale and  
Accountants' Compilation Report

## **Plantation Village, Inc. d/b/a Porters Neck Village**

### **Summary of Significant Projection Assumptions and Rationale**

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#### **Basis of Presentation**

The accompanying financial projection presents, to the best of the knowledge and belief of management of Plantation Village, Inc. d/b/a Porters Neck Village (the “Corporation”) and the Corporation’s third-party manager, Life Care Services, LLC (the “Manager”) (collectively, “Management”), the expected financial position, results of operations, and cash flows of the Corporation as of and for each of the five years ending December 31, 2028. Accordingly, the accompanying projection reflects Management’s judgment as of May 29, 2024, the date of this projection, of the expected conditions and its expected course of action during the projection period assuming the hypothetical assumptions defined below occur. However, even if the hypothetical assumptions stated below were to occur, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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

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

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

- Construction, development, marketing, and other related costs for the new independent living units occur in the assumed timeline and at the assumed costs; and
- the new independent living units are successfully marketed and occupied at the assumed occupancy levels.

## Background

The Corporation is a North Carolina nonprofit corporation organized which principally provides housing, health care, and other related services to residents through the operation of a retirement community known as “Porters Neck Village” (the “Community”) in Wilmington, North Carolina. The Corporation was incorporated on September 22, 1982, as a nonprofit charitable entity under Section 501(c)(3) of the Internal Revenue Code.

The Corporation is governed by an eight to 15 volunteer member board of directors (the “Directors”), including two residents of the Community and one non-voting Medical Director. A Director is elected to a three year-term and elected Directors may not serve more than two consecutive three-year terms.

On April 17, 2023, the Corporation applied and received an assumed business name certificate. The new assumed name is Porters Neck Village.

## The Community

The Community, which opened in 1988, is located on approximately 56 acres and currently consists of 245 independent living residences, including the original 129 apartments, 48 villas, 2 cottages and 66 duplex homes (collectively the “Existing Independent Living Units”), 44 new apartments (the “New Phase I Independent Living Units”), which opened in phases in 2023, along with two guest apartments and common areas.

Common areas in the Community include a main lobby/lounge with fireplace, dining areas, solarium, lounges, personal laundry facilities, private storage, arts and crafts room, library, beauty/barber salon, auditorium, indoor pool, exercise room, woodworking shop, outdoor areas for gardening, nature pathways and administrative offices.

The following table summarizes the type, number, approximate square footage, monthly fees (“Monthly Fees”) and entrance fees (“Entrance Fees”) for the Existing Independent Living Units.

**Table 1**  
**Existing Independent Living Units**

<b>Independent Living Unit Type</b>	<b>Available Units</b>	<b>Square Footage</b>	<b>Traditional Plan Entrance Fee <sup>(1)(2)(3)</sup></b>	<b>50% Return of Capital Entrance Fee Plan <sup>(1)(2)(4)</sup></b>	<b>90% Return of Capital Entrance Fee Plan <sup>(1)(2)</sup></b>	<b>Monthly Fee <sup>(2)</sup></b>
<i>Apartments: <sup>(5)</sup></i>						
Studio	4	521	\$87,300	\$110,700	\$167,350	\$3,342
<i>One-Bedroom Units:</i>						
One Bedroom Traditional <sup>(6)</sup>	36	721	\$110,300	\$139,950	\$212,000	\$3,704
One Bedroom Deluxe <sup>(6)</sup>	21	856	\$129,950	\$164,150	\$248,150	\$4,051
One Bedroom Elmwood	3	917	n/a	\$254,500	\$324,800	\$4,060
One Bedroom Ashland	3	941 – 942	n/a	\$261,800	\$333,800	\$4,141
<i>Two-Bedroom Units:</i>						
Two Bedroom Traditional <sup>(6)</sup>	15	996	\$149,650	\$189,850	\$286,550	\$4,414
Two Bedroom Lakeside <sup>(6)</sup>	17	1,023	\$158,250	\$202,700	\$305,150	\$4,534
Two Bedroom Combo	1	1,300	\$167,200	\$212,000	\$319,200	\$4,639
Two Bedroom Deluxe <sup>(6)</sup>	6	1,250	\$167,500	\$214,300	\$322,700	\$4,765
Two Bedroom Classic	2	1,325	\$170,400	\$216,650	\$326,150	\$5,252
Two Bedroom Ingleside	4	1,180	n/a	\$303,500	\$387,750	\$4,424
Two Bedroom Oatland	2	1,256	n/a	\$310,850	\$396,800	\$4,565
Two Bedroom Orton	6	1,359	n/a	\$388,050	\$495,650	\$5,197
Two Bedroom Woodlawn	3	1,397	n/a	\$374,600	\$477,650	\$5,162
Two Bedroom Waverly	1	1,450	n/a	\$393,400	\$502,850	\$5,408
Two Bedroom Carlisle	3	1,488	n/a	\$416,200	\$531,650	\$5,442
Two Bedroom Covington	2	1,491	n/a	\$408,250	\$520,800	\$5,477
<b>Total Apartments</b>	<b>129</b>	<b>960</b>	<b>\$104,628</b>	<b>\$205,024</b>	<b>\$292,812</b>	<b>\$4,260</b>
<i>Cottages/Homes/Villas:</i>						
Ashton Cottage	1	1,720	n/a	\$443,050	\$611,100	\$6,597
Baywater Cottage	1	1,690	n/a	\$427,750	\$595,950	\$6,444
Vista	4	1,260	\$227,650	\$291,650	\$439,900	\$5,690
Regency	4	1,375	\$238,400	\$305,550	\$461,850	\$5,704
Vista II	9	1,440	\$243,350	\$311,100	\$470,300	\$5,891
Regency II	9	1,460	\$253,050	\$323,650	\$487,000	\$5,928
Royale	5	1,480	\$261,300	\$333,600	\$505,050	\$5,976
Grande	5	1,510	\$265,750	\$340,500	\$513,500	\$6,053
Royale II	13	1,620	\$305,650	\$391,300	\$590,000	\$6,242
Grande II	13	1,690	\$311,750	\$398,950	\$600,600	\$6,356
Duplex A Meadowlark	2	1,720	n/a	\$567,200	\$725,650	\$6,780
Duplex B Meadowlark	2	1,690	n/a	\$461,850	\$589,050	\$5,650
Deluxe Villa <sup>(6)</sup>	24	1,250	n/a	\$487,400	\$621,800	\$6,215
Custom/Traditional Villa <sup>(6)</sup>	16	1,260 – 1,350	n/a	\$417,700	\$532,450	\$5,412
Villa Special	8	1,433	n/a	\$408,500	\$520,950	\$4,892
<b>Cottages/Homes/Villas</b>	<b>116</b>	<b>1,441</b>	<b>\$146,494</b>	<b>\$399,336</b>	<b>\$553,791</b>	<b>\$5,937</b>
<b>Total/Wtd Averages</b>	<b>245</b>	<b>1,188</b>	<b>\$124,450</b>	<b>\$297,025</b>	<b>\$416,377</b>	<b>\$5,054</b>

Source: Management

Notes:

- (1) Fees are effective as of January 1, 2024.
- (2) The second person Entrance Fee and Monthly Fee is an additional non-refundable \$20,000 and \$1,566, respectively.
- (3) The Traditional Entrance Fee plan is not offered for certain unit types.
- (4) Approximately 70 percent of residents have selected the 50% Return of Capital Entrance Fee Plan.
- (5) Of the 134 total Independent Living Unit apartments at the Community, two apartments are currently utilized as guest rooms, two apartments are utilized as offices, and one apartment is utilized as a sales center. These units are not currently available for occupancy.
- (6) Beginning in fiscal year 2024, Management began taking Existing Independent Living Units offline in preparation for the Phase II Project (defined hereafter). As of the date of this report, 50 Existing Independent Living Units have been taken offline consisting of: 11 one-bedroom traditional, 3 one-bedrooms deluxe, 7 two-bedroom traditional, 6 two-bedroom lakeside, 3 two-bedroom deluxe, 14 two- bedroom villas, and 6 two-bedrooms custom.

### *Assisted Living and Skilled Nursing Services*

Assisted living and skilled nursing services for residents of the Community (the “Residents”) are provided through a Transfer Agreement (hereinafter defined) between the Corporation and Cornelia Nixon Davis, Inc. (the “HC Provider”) which operates The Davis Community (the “Davis Community”), a non-related healthcare provider adjacent to the Community. The Davis Community consists of Champions Assisted Living, an assisted living community with 123 assisted living units (“Champions”), and the Davis Health Care Center, a skilled nursing facility with 99 skilled nursing beds (“Davis HCC”).

### *Resident Care Center*

Management provides emergency health care in the resident care center (the “Resident Care Center”), which is staffed by emergency personnel 24-hours a day, seven days a week. The Resident Care Center is utilized to respond to Resident's emergency calls and to provide temporary nursing care and outpatient services. Outpatient services are provided by a nurse during regularly scheduled office hours. Nurses are available for routine consultations and checks of weight, blood pressure and other preventive care services.

### **The Phase I Project**

The Corporation recently completed a renovation and expansion project at the Community which included (a) the construction of new indoor and outdoor dining areas, a game room, a meeting room, a cinema, an arts studio, and improvements to the existing auditorium, (b) the relocation of the existing maintenance building and construction of a new maintenance building, (c) creation of a dog park, community gardens, walking paths, and a restructured pond, (d) upgrades to information technology systems, and (e) the construction of 44 two-bedroom independent living apartments and related common spaces, located in four apartment buildings (the “New Phase I Independent Living Units”) (collectively, the “Phase I Project”). The Phase I Project opened in phases from April to August 2023. The New Phase I Independent Living Units are anticipated to reach stabilized occupancy of 93 percent in September 2024.

The New Phase I Independent Living Units are located in three three-story buildings known as Magnolia Walk I, Magnolia Walk II, Magnolia Walk III and one two-story building known as Heron Cove.

The following table summarizes the planned type, number, approximate square footage, Entrance Fees, and Monthly Fees for the New Phase I Independent Living Units.



**Table 2**  
**New Phase I Independent Living Unit Configuration**

Independent Living Unit Type	Unit Count	Square Footage	50% Return of Capital Entrance Fee Plan <sup>(1)</sup>	90% Return of Capital Entrance Fee Plan <sup>(1)</sup>	Monthly Fees <sup>(1)</sup>
<i>Heron Cove</i>					
Sand Dollar	4	1,400	\$408,500	\$520,950	\$4,892
Juniper	4	1,484	\$417,700	\$532,450	\$5,412
<i>Magnolia Walk I, II, and III</i>					
Indigo	12	1,526	\$461,850	\$589,050	\$5,650
Sagewood	18	1,643	\$487,400	\$621,800	\$6,215
Figure Eight	6	1,919	\$567,200	\$725,650	\$6,780
<b>Total/Weighted Averages – All</b>	<b>44</b>	<b>1,612</b>	<b>\$477,805</b>	<b>\$609,739</b>	<b>\$5,945</b>
<b>Second Person Fees</b>			<b>\$20,000</b>	<b>\$20,000</b>	<b>\$1,566</b>

Source: Management

(1) The Entrance Fees and Monthly Fees shown for the New Phase I Independent Living Units are as of January 1, 2024.

### The Phase II Project

Management is planning to add a second phase of new independent living units (the “Phase II Project”), to consist of 70 new independent living apartments (the “Phase II Independent Living Units”). The Phase II Project would require the demolition of approximately eight quad-buildings which currently house a total of 68 Existing Independent Living Units. The following table summarizes the planned type, number, approximate square footage, Entrance Fees, and Monthly Fees for the New Phase II Independent Living Units.

**Table 3**  
**New Phase II Independent Living Unit Configuration**

Independent Living Unit Type	Unit Count	Square Footage	50% Return of Capital Entrance Fee Plan <sup>(1)</sup>	90% Return of Capital Entrance Fee Plan <sup>(1)</sup>	Monthly Fees <sup>(1)</sup>
1 Bedroom/1 Bath	1	770	\$234,535	\$300,685	\$3,196
1 Bedroom Deluxe	8	880	\$268,039	\$343,640	\$3,652
1 Bedroom/1.5 Bath	3	990	\$301,544	\$386,595	\$4,109
2 Bedroom	6	1,100	\$335,049	\$429,550	\$4,345
2 Bedroom Deluxe	6	1,310	\$399,013	\$511,555	\$4,782
2 Bedroom Den	26	1,370	\$417,288	\$534,985	\$5,001
2 Bedroom Den	20	1,450	\$441,656	\$566,225	\$5,293
<b>Total/Weighted Average</b>	<b>70</b>	<b>1,284</b>	<b>\$391,007</b>	<b>\$501,290</b>	<b>\$4,791</b>

Source: Management

(1) The Entrance Fees and Monthly Fees shown for the New Phase II Independent Living Units are as of January 1, 2024.

### Phase I Project and Phase II Project Timeline

The following table illustrates the anticipated timeline for construction completion and fill-up of the Project.

New Phase I Independent Living Units available for occupancy <sup>(1)</sup>	April – August 2023
New Phase I Independent Living Units achieve stabilized occupancy of 93%	September 2024
Close on Series 2026 Bonds	January 2026
Construction on the Phase II Project commences	January 2026
New Phase II Independent Living Units available for occupancy	June 2027
New Phase II Independent Living Units achieve stabilized occupancy of 93%	April 2028

Source: Management

(1) The New Phase I Independent Living Units became available in phases beginning in April 2023 through August 2023.

The following table summarizes the Community’s unit configuration prior to and after completion of the Phase I and Phase II Projects.

Level of care	Current Unit Configuration	Demolition	Phase II Project Units	Upon Completion
Existing Independent Living	245	(68) <sup>(1)</sup>	–	177
Phase I Project	44	–	–	44
Phase II Project	–	–	70	70
<b>Total</b>	<b>289</b>	<b>(68)</b>	<b>70</b>	<b>291</b>

Source: Management

(1) Sixty-eight Existing Independent Living Units are expected to be demolished as part of the Phase II Project.

The New Phase I Independent Living Units and the New Phase II Independent Living Units are collectively defined as the “New Independent Living Units”. The Existing Independent Living Units and the New Independent Living Units are collectively defined as the “Independent Living Units.”

## Summary of Phase II Project Financing

Total financial requirements to complete the Phase II Project are assumed to approximate \$61,637,000. Management has assumed the following sources and uses of funds in preparing the financial projection.

<b>Sources of Funds:</b>	
Series 2026A Bonds <sup>(1)</sup>	\$ 33,200
Series 2026B Bonds <sup>(1)</sup>	28,437
<b>Total Sources of Funds</b>	<b>\$ 61,637</b>
<b>Uses of Funds:</b>	
Direct construction costs <sup>(2)</sup>	\$ 40,581
Marketing costs <sup>(3)</sup>	1,400
Design fees <sup>(4)</sup>	2,928
Furniture, fixtures, and equipment <sup>(5)</sup>	345
Miscellaneous costs <sup>(6)</sup>	955
Development Fee <sup>(7)</sup>	2,358
Contingency <sup>(8)</sup>	2,313
Land-related <sup>(9)</sup>	70
<b>Total Project related costs</b>	<b>\$ 50,950</b>
Debt service reserve funds – Series 2026 Bonds <sup>(10)</sup>	3,795
Funded interest <sup>(11)</sup>	5,659
Cost of issuance <sup>(12)</sup>	1,233
<b>Total Uses of Funds</b>	<b>\$ 61,637</b>

Source: Management

- (1) Management assumes approximately \$33,200,000 of tax-exempt fixed rate long-term bonds (the “Series 2026A Bonds”) and approximately \$28,437,000 of tax-exempt fixed rate short-term bonds (the “Series 2026B Bonds”) are to be issued for Phase II Project related costs. The Series 2026A Bonds and Series 2026B Bonds are collectively defined as the “Series 2026 Bonds”.
- (2) Direct construction costs for the Phase II Project are assumed to approximate \$40,581,000.
- (3) Marketing costs are assumed to approximate \$1,400,000.
- (4) The design fees associated with the construction of the Phase II Project are estimated to approximate \$2,928,000.
- (5) Furniture, fixtures, and equipment costs are assumed to approximate \$345,000.
- (6) Miscellaneous costs are assumed to approximate \$955,000 and consists of legal fees, filing fees, impact fees, and other fees.
- (7) Management assumes a development fee of approximately \$2,358,000.
- (8) Management has included a project contingency of approximately \$2,313,000.
- (9) Land-related costs for the Phase II Project are assumed to approximate \$70,000.
- (10) A Debt Service Reserve Fund of \$3,795,000 is anticipated to be funded with proceeds of the Series 2026 Bonds.
- (11) Funded interest is assumed to approximate \$5,659,000 and used to fund interest on the Series 2026 Bonds for 26 months.
- (12) Cost of issuance for the Series 2026 Bonds is assumed to approximate \$1,233,000.

## Significant Agreements

### *Transfer Agreement*

Payment of an Entrance Fee assures a Resident for lifetime access to the Davis Community or an alternate facility which the Corporation may own or contract with for provide health care services. Assisted living and skilled nursing services for Residents are provided through a transfer agreement dated March 14, 1986, as amended from time to time, between the Corporation and the Davis Community, (the “Transfer Agreement”). At this time, the Transfer Agreement shall continue as an open-ended contract subject to termination by either party with three years written notification of such termination. For purposes of the projection, the Transfer Agreement is assumed to remain in effect throughout the projection period.

Pursuant to the Transfer Agreement, the Corporation pays the Davis Community the current monthly fee for a one-bedroom suite at Champions (the “Champions Monthly Fee”) for each Resident transferring to an assisted living unit at Champions (“Assisted Living Bed”). The Corporation pays the current daily fee for a shared suite at Davis HCC (the “Davis HCC Daily Fee”) for each Resident transferring to a skilled nursing bed at Davis HCC (“Skilled Nursing Bed”). The Corporation also pays a Davis HCC Daily Fee to hold one additional Skilled Nursing Bed on an ongoing basis. In addition, Residents have wait-list priority at Champions for suite choice, suite upgrades, and special care units, secondary to existing Champions residents.

With regard to Davis HCC, the Corporation pays for room, board, and nursing care at standard published rates for a Skilled Nursing Bed. Additional fees for other services shall be the responsibility of the Residents. Davis HCC shall determine eligibility and bill Medicare, third party insurance, the Resident, and the Corporation, accordingly, to satisfy all charges.

### *Management Agreement*

The Corporation and the Manager have entered into a Management Agreement (the “Management Agreement”) renewable every five years. However, the Corporation or the Manager can terminate the Management Agreement without cause six months after formal notice is given. For purposes of the projection, Management assumes the Management Agreement shall renew and be in effect throughout the projection period.

Under the Management Agreement, the Manager is responsible for recruiting and employing the executive director; supervising the licensing, equipping, and staffing of the Community; preparing annual budgets; establishing and operating a system of financial controls for the Community including comparative analyses with other facilities; and overseeing the food service and quality accommodations provided by the Community. In addition, the Manager is expected to facilitate the Corporation’s use of the Manager’s Leads Management System (“LMS”) for relevant marketing efforts, provide training for the Corporation’s marketing personnel, regularly monitor the occupancy level of the Community, make specific recommendations with regard to marketing procedures and promotions, and arrange for a regular review of the Community marketing program by the Manager’s marketing specialists.

For services provided under the Management Agreement, the Corporation is obligated to pay the Manager the following fees:

- a monthly management fee of the greater of \$45,000 or as a percentage of total revenues per month, excluding amortization of earned Entrance Fees and investment income (“Monthly Revenues”) (the “Base Management Fee”);
- a flat standard services fee to reimburse miscellaneous expenses incurred by the Manager as a percentage of Monthly Revenues per month (the “Standard Services Fee”); and
- an incentive fee based on a percentage of Monthly Revenues per month (the “Incentive Fee”) if the following criteria are met: 1) favorable responses to a Resident satisfaction survey or an employee engagement survey; 2) expense goal as set forth in the Corporation’s budget is achieved; 3) monthly occupancy goal as set forth in the Corporation’s budget is achieved; and 4) extraordinary performance by the Manager for the Community as determined by a vote of the board of directors.

The following table summarizes the Base Management Fee, Standard Services Fee, and the Incentive Fee as percentages of Monthly Revenues during the projection period.

<b>Fees</b>	<b>2024</b>	<b>2025 <sup>(1)</sup></b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Base Management Fee	3.90%	4.00%	4.00%	4.00%	4.00%
Standard Services Fee	0.50%	0.49%	0.49%	0.49%	0.49%
Incentive Fee	0.60%	0.50%	0.50%	0.50%	0.50%
<b>Total Management Fee</b>	<b>5.00%</b>	<b>4.99%</b>	<b>4.99%</b>	<b>4.99%</b>	<b>4.99%</b>

Source: Management

(1) The Management Agreement expires in 2025. For purposes of the projection, Management assumes the Management Agreement shall renew with a Management Fee that approximates the current Management Fee structure.

The Base Management Fee, the Standard Services Fee, and the Incentive Fee are collectively defined as the “Management Fee.”

## **Residency Agreement**

To be accepted for admission to an Independent Living Unit, a prospective Resident must be at least 62 years of age (in the case of double occupancy, at least one of the prospective Residents must be 62 years of age or older) at the time residency is established, meet health qualifications to live independently at the Community and exhibit an ability meet their financial obligations as a Resident of the selected Independent living Unit.

### *Reservation Agreement*

To reserve an Independent Living Unit, a prospective Resident is required to execute a reservation agreement (the “Reservation Agreement”), provide self-disclosure of his or her finances and place a deposit equal to 10 percent of the Entrance Fee (the “Entrance Fee Deposit”) on the selected Independent Living Unit. The remaining 90 percent of the Entrance Fee is due on or before the occupancy date of the Independent Living Unit (the “Occupancy Date”). The Reservation Agreement reserves the right of the prospective Resident to choose the selected Independent Living Unit (the “Residence”) and indicate his or her intent to execute a residence and services agreement (the “Residency Agreement”).

It is assumed that upon approval to collect reservation deposits for the New Independent Living Units, prospective Residents would sign a reservation agreement (the “Reservation Agreement”) and pay the applicable deposit amount (“Depositors”), which shall be held in an escrow account on behalf of Residents in accordance with North Carolina General Statute §58-64-35, earn market rate interest and is fully refundable, including the interest earned. Depositors for the New Independent Living Units would execute a Residency Agreement upon payment of the Entrance Fee at or prior to the Occupancy Date.

### *Residency Agreement*

The Residency Agreement is a contract under which the Corporation is obligated, upon payment by the Resident of an Entrance Fee and ongoing payments of the Monthly Fee, to provide certain services to the Resident of the Independent Living Unit. Payment of the Entrance Fee and Monthly Fee entitles the Resident to occupy the Residence and receive the following services and amenities:

- One full meal per day in the dining room or delivery service of lunch or dinner to the Residence;
- Weekly housekeeping and flat linen service;
- Utilities, including air conditioning, heating, electricity, water, sewer, and trash disposal;
- Cable television, local and long-distance telephone service, and internet access;
- Building and grounds maintenance;
- Scheduled local transportation;
- 24-hour security and emergency response system;
- Storage;
- Planned social, educational, cultural, spiritual, and recreational activities;
- Use of the common areas; and
- Up to 30 days of care each fiscal year at the Davis Community

Certain services are available to Residents for an additional charge. These services include, but are not limited to additional meals (including guest meals); guest accommodations, beauty/barber shop services; personal laundry service; additional outpatient services and special services; and extended home care services.

*Entrance Fee Plan*

The Corporation offers three Entrance Fee plans under the Residency Agreement. The Entrance Fee options, and related amortization schedules are as follows:

Refund Options <sup>(1)(2)</sup>	Amortization Schedule
Traditional Plan (Non-Refundable) <sup>(3)</sup>	If the Resident terminates the Residency Agreement prior to occupancy, the Resident is reimbursed the Entrance Fee, less a non-refundable fee. After occupancy, the Entrance Fee decreases two percent per month for 50 months.
50% Return-of-Capital Plan	If the Resident terminates the Residency Agreement prior to occupancy, the Resident is reimbursed the Entrance Fee, less a non-refundable fee. If the Resident terminates the Residency Agreement after occupancy, the Resident is reimbursed 50 percent of the Entrance Fee.
90% Return-of-Capital Plan	If the Resident terminates the Residency Agreement prior to occupancy, the Resident is reimbursed the Entrance Fee, less a non-refundable fee. If the Resident terminates the Residency Agreement after occupancy, the Resident is reimbursed 90 percent of the Entrance Fee.

Source: Management

- (1) Management has assumed approximately 8 percent of the Residents of the Existing Independent Living Units would select the Traditional Plan, approximately 70 percent would select the 50% Return-of-Capital Contract, and approximately 22 percent would select the 90% Return-of-Capital Contract.
- (2) Management has assumed 50 percent of the Residents of the New Independent Living Units would select the 50% Return-of-Capital Contract and 50 percent would select the 90% Return-of-Capital Contract.
- (3) The Traditional Plan is not offered in certain unit types for the Existing Independent Living Units and not anticipated to be offered for the New Independent Living Units.

### *Terminations Prior to Occupancy Date*

The Resident may terminate the Residency Agreement within thirty (30) days written notice of execution of the Residency Agreement or the receipt of a Disclosure Statement that meets the requirements of N.C.G.S. § 58-64-20 (the "Rescission Period"). The portion of the Entrance Fee paid to date is to be paid by the Corporation, without interest, less costs incurred by the Corporation, within 30 days following the receipt of written notification of such termination. In the event the Resident occupies the Independent Living Unit during the Rescission Period, any money transferred to the Corporation is to be refunded, without interest, less costs incurred by the Corporation, within 60 days following the receipt of written notification of such termination.

The Resident may terminate the Residency Agreement after the Rescission Period and prior to the Occupancy Date upon 30-days written notice of such termination. Any such refund paid will equal the portion of the Entrance Fee paid by the Resident less (i) a non-refundable fee equal to \$2,500 and (ii) any costs specifically incurred by the Corporation at the Resident's request. Any such refunds as described above will be paid by the Corporation within 60 days following the receipt of written notification of such termination.

### *Terminations After Occupancy Date*

Following expiration of the Rescission Period and after the Occupancy Date, the Residency Agreement may be terminated at any time upon 120-days written notice of such termination. Any refund due would be made within 30 days following the date a new Entrance Fee for the same Independent Living Unit reoccupied by a new resident and the receipt of the new Entrance Fee by the Corporation.

### *Health Care Benefit*

A Resident may be temporarily or permanently assigned to the Davis Community, if the Resident is determined to need such care. Accommodations provided at the Davis Community shall be in a private one-bedroom suite or shared suite, depending on the level of care required by the Resident. If the Resident wishes to occupy a larger suite, the Resident shall be assessed the incremental fee for the larger unit.

The Corporation covers the charges for temporary assisted living or nursing care for up to 30 calendar days for each Resident each fiscal year (the "Health Care Benefit"). If there are two Residents under the Residency Agreement, the Community allows the Residents to combine the Health Care Benefit to be used by only one Resident. During such time, the Resident shall continue to pay the Monthly Fee for their Independent Living Unit (first and second person as applicable), the charges for additional meals per day not covered by the Monthly Fee, and the charges for any additional services and supplies incurred by the Resident.

If the Resident utilizes more than the Health Care Benefit during a temporary stay, then they shall be responsible for paying the full daily rate charged by the Davis Community, as well as the Monthly Fee for their Independent Living Unit (first and second person as applicable) and the charges for any additional services and supplies incurred by the Resident.



Once permanently assigned to the Davis Community, the Resident no longer qualifies for the Health Care Benefit and he or she shall be required to vacate and release the Independent Living Unit. Any unused Health Care Benefit days shall not be carried over to the next year. The Monthly Fee shall continue until removal of the Resident's personal property from the Independent Living Unit. The Resident shall pay the applicable monthly or per diem charge to the Corporation (the "HC Charge"), in an amount equal to 75 percent of the monthly or daily semi-private pay rate then being charged.

In the case of couples, should only one Resident require permanent care at Champions, Davis HCC or another contracted facility, the other Resident would continue to occupy the Residence under the terms of the Residency Agreement and pay the first person Monthly Fee. The Resident at Champions, Davis HCC, or another contracted facility would pay the HC Per Diem Charge, plus the charges for any additional services and supplies.

## Summary of Significant Accounting Policies

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

Use of Estimates – The preparation of prospective financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts reported in the prospective financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and 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.

Restricted Cash – The Corporation has adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU” No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end of period total amounts shown on the projected statements of cash flows.

Assets Limited as to Use – Assets limited as to use represent funds required by the Corporation’s bond documents or other regulatory requirements to be held by a trustee (the “Trustee”) and include a statutory operating fund, and various bond interest accounts. Management assumes no material changes in fair values that would result in material net realized or unrealized gains or losses during the projection period. North Carolina General Statute Section 58-64-33 requires CCRCs to maintain an operating reserve equal to 50 percent of the total budgeted operating expenses (adjusted for noncash items) in a given year, or 25 percent of such total operating expenses (adjusted for non-cash items) if independent living units and assisted living Units occupancy exceeds 90 percent.

Accounts Receivable – Accounts receivable are carried at their original billed amounts. The Community has experienced few uncollectible accounts in the past as any past due receivables can be applied against refunds due to residents from their initial Entrance Fee. Accounts receivable are considered past due if any portion of the receivable balance is outstanding for more than 60 days. Interest is charged on accounts receivable outstanding for more than 90 days and is recognized as it is charged.

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:

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Land improvements	20 years
Buildings	20 to 40 years
Furniture and equipment	5 to 10 years

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

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

Deferred Revenue from Entrance Fees – The non-refundable portion of Entrance Fees paid by a Resident upon entering into a Residency Agreement are recorded as deferred revenue and amortized into income using the straight-line method over the estimated remaining life expectancy of the Resident, adjusted on an annual basis. The estimated amount of the contractual refund obligations that are expected to be refunded in a subsequent year are classified as a current liability.

Refundable Entrance Fees – Resident refunds payable include estimated Entrance Fee refunds due to Residents who have a 50 percent refundable Return-of-Capital Plan or a 90 percent refundable Return-of-Capital Plan. The Residency Agreement stipulates that the Entrance Fee is refundable within 30 days after the Resident’s Independent Living Unit is reserved by a new Resident and such new Resident has paid the full amount of the Entrance Fee.

Resident Deposits – Potential Residents sign a nonbinding reservation agreement with the Corporation and pay a deposit (the “Deposit). Deposits from Residents are kept in an escrow account in the Resident’s name. Any interest earnings accumulate to the benefit of the various Residents.

Net Assets – The Corporation conforms to the requirements of generally accepted accounting principles for external reporting by non-profit organizations and requires these resources be classified for accounting and reporting purposes into two net asset categories. The Corporation classifies its net assets for accounting and reporting purposes as Net Assets without Donor Restrictions or Net Assets with Donor Restrictions:

- *Net Assets without Donor Restrictions* – resources of the Corporation that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and the investment in property and equipment.
- *Net Assets with Donor Restrictions* - resources that carry a donor-imposed restriction that stipulates that donated assets be maintained in perpetuity, or for a specific time or purpose, but may permit the Corporation to use or expend part or all of the income derived from the donated assets.

Income Taxes – The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. For purposes of the projection, the Corporation has assumed no material unrecognized tax benefits or obligations during the projection period.

Obligation to Provide Future Services to Residents – The Corporation enters into continuing care contracts with various Residents. A continuing-care contract is an agreement between a Resident and the Corporation specifying the services and facilities to be provided to a Resident over his or her remaining life. Under the Residency Agreements, the Corporation has the ability to increase fees as deemed necessary.

The Corporation calculates annually the present value of the net cost of future services and the use of facilities to be provided to current Residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and the use of the facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. For purposes of the projection, Management has assumed no future service obligation liability.

## Summary of Revenue and Entrance Fee Assumptions

### *Independent Living Unit Revenue*

Service fee revenue for Residents living in the Independent Living Units is based upon the assumed occupancy and the Monthly Fee of the respective units. The Monthly Fees are assumed to increase 3.0 percent annually during the projection period.

The Existing Independent Living Units are assumed to maintain 90.0 percent occupancy in fiscal year 2024. In preparation for the Phase II Project, Management intends to transition residents out of 68 Existing Independent Living Units through attrition and unit transfers and assumes these units would be offline beginning in fiscal year 2025. The remaining units are assumed to remain at a 90.0 percent occupancy level throughout the remainder of the projection period.

The New Phase I Independent Living Units are assumed to achieve and maintain approximately 93 percent occupancy level by September 2024. The New Phase II Independent Living Units are assumed to achieve and maintain approximately 93 percent occupancy by April 2028.

The following table summarizes the assumed utilization of the Independent Living Units during the projection period:

Years Ended December 31,	Existing Independent Living Units			New Independent Living Units			Total ILU Occupancy
	Average Units Occupied	Average Units Available	Average Occupancy	Average Units Occupied	Average Units Available	Average Occupancy	
<i>Historical:</i>							
2021 <sup>(1)</sup>	215.4	244.5	87.7%	–	–	–	87.7%
2022	215.3	242.0	89.0%	–	–	–	89.0%
2023 <sup>(2)</sup>	218.0	245.0	89.0%	14.1	44.0	32.0%	80.3%
<i>Projected:</i>							
2024 <sup>(3)</sup>	174.6	194.0	90.0%	38.2	44.0	86.8%	89.4%
2025 <sup>(4)</sup>	159.3	177.0	90.0%	41.0	44.0	93.2%	90.6%
2026	159.3	177.0	90.0%	41.0	44.0	93.2%	90.6%
2027	159.3	177.0	90.0%	57.8	114.0	50.7%	74.6%
2028 <sup>(5)</sup>	159.3	177.0	90.0%	98.4	114.0	86.3%	88.6%

Source: Management

- (1) Two Existing Independent Living Units were used as temporary office space during the fiscal year ending December 31, 2021.
- (2) The 44 New Phase I Independent Living Units became available for occupancy in phases beginning in April 2023 through August 2023 and are anticipated to fill to an approximately 93 percent occupancy level by September 2024.
- (3) Average occupancy for the Existing Independent Living Units as of April 2024 was 218 units occupied out of 239 units available, or 91.2 percent.
- (4) In preparation for the Phase II Project, Management is vacating 68 Existing Independent Living Units through attrition and unit transfers and assumes the units will be offline beginning in fiscal year 2024.
- (5) The 70 New Phase II New Independent Living Units are assumed to be available for occupancy beginning in June 2027 and are anticipated to fill to an approximate 93.0 percent occupancy level by April 2028, for an average of 5.9 move-ins per month.

Second person occupancy for the Existing Independent Living Units is assumed to approximate 27 percent in 2024 decreasing to approximately 22 percent by 2028. The double occupancy for the New Phase I Independent Living Units is assumed to approximate 52 percent in 2024 decreasing to approximately 35 percent by 2028. The double occupancy for the New Phase II Independent Living Units is assumed to approximate 57 percent upon opening in 2027 and decrease to approximately 52 percent by 2028.

*New Phase II Independent Living Monthly Unit Move-in Schedule*

The following table summarizes the move-in assumptions for the New Phase II Independent Living Units during the projection period through stabilized occupancy.

<b>Fiscal Year/Month</b>	<b>New Phase II Independent Living Units</b>	<b>Cumulative Occupied</b>	<b>Cumulative Occupancy<sup>(1)(2)</sup></b>
<b>2027</b>			
June	9.0	9.0	12.9%
July	9.0	18.0	25.7%
August	8.0	26.0	37.1%
September	8.0	34.0	48.6%
October	7.0	41.0	58.6%
November	6.0	47.0	67.1%
December	5.0	52.0	74.3%
<b>2028</b>			
January	4.0	56.0	80.0%
February	4.0	60.0	85.7%
March	4.0	64.0	91.4%
April	1.1	65.1	93.0%

Source: Management

Notes:

- (1) Cumulative occupancy is based on 70 New Phase II Independent Living Units
- (2) For purposes of the projection, Management assumes initial Entrance Fees are received on all 70 New Phase II Independent Living Units. Due to vacancies and attrition, Management assumes an average stable occupancy for the New Phase II Independent Living Units of 93.0 percent.

*Annual Independent Living Turnover*

The number of Independent Living Units becoming available due to Resident turnover, the double occupancy rate, the number of annual Resident Entrance Fee refunds, and the movement of Independent Living Unit Residents into the Assisted Living Units or Skilled Nursing Beds due to death, withdrawal or transfer are provided by Management.

Initial New Independent Living Unit Entrance Fees are assumed to remain constant during the projection period, while Entrance Fees collected from attrition are assumed to increase 2.5 percent annually throughout the projection period. The following table presents the initial and attrition Entrance Fees received and the total Entrance Fees refunded.

	2024	2025	2026	2027	2028
<i>Number of Entrance Fees Received</i>					
New Phase I Independent Living Units – Initial <sup>(1)</sup>	11.0	–	–	–	–
New Phase II Independent Living Units – Initial <sup>(2)</sup>	–	–	–	52.0	18.0
Existing Independent Living Units – Attrition	22.8	23.2	23.4	23.6	23.8
New Phase I Independent Living Units – Attrition	0.9	1.9	2.2	2.6	3.0
New Phase II Independent Living Units – Attrition	–	–	–	–	1.8
<b>Total Number of Entrance Fees Received</b>	<b>34.7</b>	<b>25.1</b>	<b>25.6</b>	<b>78.2</b>	<b>46.6</b>
<i>Entrance Fees Received</i>					
New Independent Living Units – Initial	\$ 5,212	\$ –	\$ –	\$ 24,852	\$ 8,603
Existing Independent Living Units – Attrition	6,140	6,406	6,640	6,861	7,097
New Phase I Independent Living Units – Attrition	495	1,053	1,290	1,556	1,835
New Phase II Independent Living Units – Attrition	–	–	–	–	1,112
<b>Total Entrance Fees Received</b>	<b>\$ 11,847</b>	<b>\$ 7,459</b>	<b>\$ 7,930</b>	<b>\$ 33,269</b>	<b>\$ 18,647</b>
Total Entrance Fees Refunded <sup>(3)</sup>	(5,502)	(5,209)	(3,891)	(4,166)	(5,038)
<b>Entrance Fees Received, Net of Refunds</b>	<b>\$ 6,345</b>	<b>\$ 2,250</b>	<b>\$ 4,039</b>	<b>\$ 29,103</b>	<b>\$ 13,609</b>

Source: Management

- (1) For purposes of the projection, Management assumes initial Entrance Fees are received on all 44 New Phase I Independent Living Units. Due to vacancies and attrition, Management assumes an average stable occupancy for the New Phase I Independent Living Units of 93.0 percent.
- (2) For purposes of the projection, Management assumes initial Entrance Fees are received on all 70 New Phase II Independent Living Units. Due to vacancies and attrition, Management assumes an average stable occupancy for the New Phase II Independent Living Units of 93.0 percent.
- (3) In preparation for the Phase II Expansion, Management is vacating 68 Existing Independent Living Units throughout move-out and transfers and assumes these units will be offline beginning in fiscal year 2025. Management assumes an increase in entrance fee refunds related to this unit reduction of approximately \$2,493,000 in fiscal year 2024 and \$1,877,000 in fiscal year 2025.

*Assisted Living Beds and Skilled Nursing Beds Revenue*

Assisted Living Beds and Skilled Nursing Beds revenue is derived from gross Champions Monthly Fees and Davis HCC Daily Fees charged to the Community by the Davis Community, adjusted for the Resident’s HC Per Diem Charge, plus the charges for any additional services and supplies. Residency Agreements set fees for Assisted Living Beds and Skilled Nursing Beds paid by the Residents equal to 75 percent of the Champions Monthly Fee or the Davis HCC Daily Fee. Champions Monthly Fees and Davis HCC Daily Fees are assumed to increase 4.0 percent beginning January 1, 2024 and annually thereafter.

The following table summarizes the historical and projected utilization of Assisted Living Beds and Skilled Nursing Beds at Champions and Davis HCC, respectively, by Residents of the Community.

**Table 11**  
**Utilization of Assisted Living Beds and Skilled Nursing Beds at the Davis Community**

Years ended December 31,	Average Assisted Living Beds	Average Skilled Nursing Beds	Total
Historical:			
2022	29.1	10.8	39.9
2023	16.0	10.1	26.1
Projected:			
2024 <sup>(1)</sup>	16.0	7.3	23.3
2025	19.0	9.7	28.7
2026	21.0	11.0	32.0
2027	23.0	12.0	35.0
2028	25.0	13.0	38.0

Source: Management

(1) Average occupancy for the Assisted Living and Skilled Nursing Beds as of April 2024 was 16 and 6 occupied beds, respectively.

*Resident Care Center*

Certain routine outpatient services are included in the Monthly Fee. However, special services such as injections and medication management are governed by North Carolina regulations and are subject to an additional charge. Delivery service from several pharmacies to the Resident Care Center is provided for the Residents’ convenience. Other Resident Care Center services are available for an extra charge.

*Other Revenue*

Management assumes meal revenue and other miscellaneous revenue to increase approximately 3.0 percent annually throughout the projection period.



*Investment Income*

Interest earnings are assumed to approximate 2.0 percent annually throughout the projection period on the Corporation’s cash and investments, Statutory Operating Reserve Fund, and funds restricted by the board of directors.

**Summary of Operating Expense Assumptions**

Operating expenses are estimated by Management based on its experience at the Community and with the development and operation of other similar retirement communities. Staff salaries and benefits are based on prevailing local salary and wage rates and are assumed to increase 3.0 percent annually throughout the projection period. The cost of employee fringe benefits, consisting primarily of payroll taxes, health insurance and other costs for employees are assumed to approximate 21.0 percent throughout the projection period. The following table summarizes the staffing levels during the projection for all departments.

**Table 12**  
**Schedule of Assumed Staffing Levels (FTEs) (2028)**

Department	Existing	Phase II Project	Total
Administration and general	11.7	–	11.7
Activities	6.0	0.5	6.5
Clinic	7.3	–	7.3
Laundry and housekeeping	13.0	2.5	15.5
Home health	14.3	–	14.3
Dietary	39.7	3.0	42.7
Facilities	10.8	1.0	11.8
<b>Total FTE’s</b>	<b>102.8</b>	<b>7.0</b>	<b>109.8</b>

Source: Management

The rate paid to the Davis Community for Residents assigned to the Assisted Living Beds at Champions and the Skilled Nursing Beds at Davis HCC is assumed to increase 4.0 percent annually throughout the projection period.

Other non-salary operating expenses are assumed to include ongoing marketing costs, raw food costs, utilities, supplies, maintenance, and security contracts, building and general liability insurance, legal and accounting fees, and other miscellaneous expenses and are assumed to increase 3.0 percent annually throughout the projection period.

The Corporation is assumed to pay the Management Fee for the day-to-day management of the Community to the Manager. The Management Fee is based on approximately 5.0 percent of total annual gross operating revenue, excluding amortization of Entrance Fees and investment income.

### Assets Limited as to Use

Assets limited as to use represents funds required by the Corporation's debt obligations to be held by a trustee, statutory required funds, and board of directors designated funds. Amounts required to meet current liabilities of the Corporation have been classified as current assets in the projected balance sheet.

- (1) Bond Funds-Series 2021 Bonds, to contain the bond principal and interest payments to be used for payment of debt service on the Series 2021 Bonds (defined later in this report).
- (2) Bond Funds-Series 2026 Bonds, to contain the bond principal and interest payments to be used for payment of debt service on the Series 2026 Bonds (defined later in this report).
- (3) Funded Interest Fund – net funded from 2026 Bonds, is to be used to fund approximately 26 months of interest related to the Phase II Project.
- (4) Entrance Fee Fund assumed to be funded with initial New Independent Living Units Entrance Fees and to be released for the repayment of the Series 2021B-2 Bonds.
- (5) Board designated investments are restricted by the board of directors and are designated to refund advance fees.
- (6) Board designated asset replacement fund is restricted by the board of directors and are designated for the replacement of Community assets.
- (7) Debt Service Reserve Fund – Series 2026 Bonds is assumed to be funded with proceeds to be received from the closing of the Series 2026 Bonds of approximately \$3,795,000.
- (8) Resident trust fund consists of restricted cash held for Residents.
- (9) Designated for Statutory Operating Reserve Fund, required by the North Carolina General Statute Section 58-64-33 maintain an operating reserve equal to 50 percent of the total operating expenses (adjusted for non-cash items) in a given year, or 25 percent of such total operating expenses (adjusted for non-cash items) if the Community's occupancy exceeds 90 percent.
- (10) Construction Fund – to be funded at the closing from a portion of the 2026 Bond Proceeds, to be used to pay for construction and related costs of the Phase II Project.
- (11) Resident deposits fund consists of resident funds and deposits of advance payments to the Community.

## Statutory Operating Reserve

The following table summarizes the projected Statutory Operating Reserve, which is calculated as a percentage of the Company's projected cash operating expenses.

<b>Table 13</b>					
<b>Operating Reserve Requirement</b>					
<b>(in Thousands)</b>					
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027<sup>(2)</sup></b>	<b>2028</b>
Projected expenses	\$ 19,849	\$ 20,264	\$ 22,198	\$ 24,715	\$ 27,200
Add:					
Principal payments on long-term debt	17,865	–	1,141	22,287	8,513
Interest expense	1,689	1,619	1,603	3,350	3,791
Subtract:					
Depreciation and amortization	(3,579)	(3,680)	(3,794)	(4,562)	(5,384)
Debt adjustments	(18,546)	(775)	(2,744)	(25,637)	(12,304)
Projected expenses-adjusted	17,278	17,428	18,404	20,153	21,816
Operating reserve % required <sup>(1)</sup>	25%	25%	25%	50%	25%
<b>Operating reserve</b>	<b>\$ 4,320</b>	<b>\$ 4,357</b>	<b>\$ 4,601</b>	<b>\$ 10,077</b>	<b>\$ 5,454</b>
Independent Living and Assisted Living Units:					
Available, beginning of year	239	221	221	291	291
Occupied and reserved, beginning of year	216	200	200	252	265
Occupancy percentage	90%	91%	91%	87%	91%

Source: Management

(1) North Carolina state statute requires an operating reserve 50% or 25% of projected operating expenses-adjusted for occupancy of independent and assisted living below 90% or 90% or above, respectively.

(2) The New Phase II Independent Living Units are assumed to be available for occupancy beginning June 2027.

### Property and Equipment and Depreciation Expense

The Corporation is to incur routine capital additions during the projection period that are to be capitalized as property and equipment. Depreciation expense for all capital assets is computed based on the straight-line method for buildings and equipment over estimated average useful lives of 3 to 20 years, respectively. The Corporation's property and equipment costs, during the projection period are summarized in the table below.

**Table 14**  
**Schedule of Property and Equipment**  
**(In Thousands)**

Years Ended December 31,	2024	2025	2026	2027	2028
Beginning balance	\$126,285	\$130,282	\$131,966	\$170,184	\$190,270
Phase I Project costs	2,665	–	–	–	–
Phase II Project costs	–	–	33,034	16,516	–
Capitalized interest, net	–	–	3,434	1,506	–
Routine capital additions	1,332	1,684	1,750	2,064	2,144
Property and equipment, gross	\$130,282	\$131,966	\$170,184	\$190,270	\$192,414
Accumulated depreciation	(42,422)	(46,170)	(50,032)	(54,641)	(60,009)
Property and equipment, Ending balance, net	\$ 87,860	\$ 85,796	\$ 120,0152	\$ 135,629	\$ 132,405

Source: Management

### Long-Term Debt and Interest Expense

Total financial requirements to complete the Phase I Project were funded primarily through the issuance of \$64,656,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.), Series 2021 (the "Series 2021 Bonds").

#### *Series 2021A Bonds*

The Series 2021A Bonds (the "Series 2021A Bonds") consist of \$32,740,000 of tax-exempt rated fixed rate bonds, that were issued at an original issue premium, with an average coupon rate of 4.00 percent per annum. Interest on the Series 2021A Bonds is payable semi-annually on January 1 and July of each year beginning July 1, 2022. Principal on the Series 2021A Bonds is payable annually commencing January 1, 2037, with a final maturity of January 1, 2052. There was approximately \$32,740,000 outstanding as of December 31, 2023.

*Series 2021B-1 Bonds*

The Series 2021B-1 Bonds (the “Series 2021B-1 Bonds”) consist of \$14,051,000 of long-term, tax-exempt, direct purchase bank revenue bonds, to be advanced on a draw-down basis, with an average interest rate of 2.15 percent per annum. Interest on the Series 2021B-1 Bonds is payable monthly beginning January 1, 2022. Principal on the Series 2021B-1 Bonds is payable monthly commencing January 1, 2026 with a final maturity on December 1, 2036. There was approximately \$11,491,000 outstanding as of December 31, 2023. Management assumes to draw down an additional \$2,560,000 of the Series 2021B-1 Bonds in fiscal year 2024.

*Series 2021B-2 Bonds*

The Series 2021B-2 Bonds (the “Series 2021B-2 Bonds”, collectively with the Series 2021B-1 Bonds, the “Series 2021B Bonds”) consist of \$17,865,000 of short-term, tax-exempt, direct purchase bank revenue bonds, to be advanced on a draw-down basis, with an average interest rate of 1.60 percent per annum. Interest on the Series 2021B-2 Bonds is payable monthly beginning January 1, 2022. Principal on the Series 2021B-2 Bonds shall be repaid with initial New Phase I Independent Living Unit Entrance Fees. For purposes of the projection, principal payments are to be paid in January 2024, April 2024, July 2024, and October 2024. As of December 31, 2023, the Series 2021B-2 Bonds were fully drawn-down with an outstanding balance of \$17,865,000.

The following table presents the projected debt service for the Series 2021 Bonds.

**Table 15**  
**Principal and Interest Payments - Series 2021 Bonds**  
**(In Thousands)**

Years Ending December 31,	<u>Series 2021A Bonds</u>		<u>Series 2021B Bonds</u>		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2024	\$ –	\$ 1,310	\$ 17,865	\$ 396	\$ 19,571
2025	–	1,310	–	309	1,619
2026	–	1,310	1,141	296	2,747
2027	–	1,310	1,163	269	2,742
2028	–	1,310	1,200	244	2,754
Thereafter	32,740	22,034	10,547	953	66,274
<b>Total</b>	<b>\$ 32,740</b>	<b>\$ 28,584</b>	<b>\$ 31,916</b>	<b>\$ 2,467</b>	<b>\$ 95,707</b>

Source: Management

Total financial requirements to complete the Phase II Project are assumed to be funded primarily through the issuance of \$61,637,000 Series 2026 Bonds.

*Series 2026A Bonds*

The Series 2026A Bonds are assumed to consist of \$33,200,000 of tax-exempt rated fixed rate bonds with an average coupon rate of 6.5 percent per annum. Interest on the Series 2026A Bonds is assumed to be payable semi-annually on January 1 and July 1 of each year beginning July 1, 2026. Principal on the Series 2026A Bonds is assumed to be payable annually commencing January 1, 2042, with a final maturity of January 1, 2057.

*Series 2026B Bonds*

The Series 2026B Bonds are assumed to consist of \$28,437,000 of short-term, tax-exempt bonds, with an average interest rate of 4.50 percent per annum. Interest on the Series 2026B Bonds is assumed to be payable semi-annually on January 1 and July 1 of each year beginning July 1, 2026. Principal on the Series 2026B Bonds is assumed to be repaid with initial Entrance Fee receipts from the New Phase II Independent Living Units of approximately \$21,124,000, \$5,000,000, and \$2,313,000 in November 2027, March 2028, and June 2028, respectively.

The following table presents the projected debt service for the Series 2026 Bonds.

**Table 16**  
**Principal and Interest Payments - Series 2026 Bonds**  
**(In Thousands)**

Years Ending December 31,	Series 2026A Bonds		Series 2026B Bonds		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2024	\$ -	\$ -	\$ -	\$ -	\$ -
2025	-	-	-	-	-
2026	-	1,075	-	1,173	2,248
2027	-	2,158	21,124	1,200	24,482
2028	-	2,158	7,313	108	9,579
Thereafter	33,200	47,300	-	-	80,500
<b>Total</b>	<b>\$ 33,200</b>	<b>\$ 52,691</b>	<b>\$ 28,437</b>	<b>\$ 2,481</b>	<b>\$ 116,809</b>

Source: Management

### Current Assets and Current Liabilities

Operating revenue, as used below, includes resident service fees, home health, and other revenues and excludes Assisted Living Beds and Skilled Nursing Beds service fees. Operating expenses exclude amortization, depreciation, and interest expense. Management has assumed the following working capital components based on the Corporation's historical trends:

**Table 17**  
**Working Capital – Days on Hand**

Accounts receivables, net	7 days of operating revenues
Prepaid expenses and other current assets	20 days of operating expenses
Accounts payable	40 days of operating expenses
Accrued expenses and other current liabilities	10 days of operating expenses

Source: Management

## **Exhibit F**

### **Charges for Additional Services**



Exhibit H Charges for Additional Services  
(Subject to change at management discretion)

Dining Services

Dining Services including alcoholic beverages beyond those provided for in the Preferred Choice Dining Plan as described in the Resident Handbook

Private Events

Room Rental	\$100
Table/Chair Special Setup	\$100
Tablecloths	\$3/plate
Tablecloths with disposable dinnerware	\$5/plate
Staff Support (party planning)	\$35/hour
Server	\$22/hour
Bartender	\$22/hour
Food and Drinks Per Catering Event Price Sheet	

Carports

Monthly Rental	\$25
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Guest Accommodations

Guest Apartment	\$95/night
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Salon Services

Men

Haircut	\$20.00
Beard and Neck Trim	\$13.00

Women

Haircut	\$25.00
Shampoo, Blow Dry, Style	\$27.00
Shampoo, Hair Cut, Style	\$40.00
Deep Condition	\$15.00
Updo's - start at	\$40.00

Chemicals

Color	\$57.00
Color, Cut, Style	\$70.00
Partial Highlights	\$60.00
Partial Lowlights, Cut, Style	\$73.00
Full Highlights	\$73.00
Full Highlights, Cut, Style	\$80.00
Full Highlights and Lowlights	\$80.00
Highlights, Lowlights, Cut, Style	\$93.00
Permanents	\$70.00

Waxing Services

Eyebrow Shaping	\$17.00
Chin or Lip	\$15.00

Nail Care

Manicure	\$29.00
Pedicure	\$40.00
Spa Pedicure	\$55.00
Toenail Trim	\$20.00

#### Personal Laundry

Wash & press man's shirt	\$2.50
Wash & press blouse	\$2.50
Wash & press slacks/trousers	\$2.00
Wash & press dress	\$3.00
Wash & fold t-shirt	\$1.00
Wash & fold socks	\$0.50
Wash & fold underwear	\$0.75
Press only – pants	\$1.25
Press only – dress	\$1.75
Press only blouse & shirt	\$1.75
Pajamas	\$1.25
Handkerchief	\$0.50
Large items (comforters, etc.)	\$15.00 ea

#### Additional Housekeeping Services

Additional Cleaning	\$40
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#### Additional Maintenance Services

Special Maintenance Requests	\$40/hour
Front Door replacement key	\$150
Front Door replacement cylinder	\$150
Mailbox Key replacement	\$10
Gate Opener replacement	\$50
Garage Door Opener replacement	\$70
Medical Alert Pendant replacement	\$180
Medical Alert Pull Station replacement	\$240

#### Special Events / Transportation

Private Event 8:30am-4pm Monday-Friday	\$35/hour
Private Events All other hours based on availability	\$75/hour
Valet - 8am-4pm Monday-Friday	\$35/hour
Valet - Saturday-Sunday based on availability	\$56/hour

#### Home Care

CNA Daily Rate 3 hour minimum	\$28/hour
CNA Holiday Rate 3 hour minimum	\$56/hour
CNA Daily Rate 1-2 hour increments	\$35/hour
CNA Holiday Rate 1-2 hour increments	\$70/hour
Medication Management weekly	\$325/month

Medication Management weekly plus 1/day reminder	\$375/mont h
Medication Management weekly plus 2/day reminder	\$425/mont h
CNA Pod Services 8am-2pm or 2pm-8pm	\$90/day
CNA Pod Services 8am-8pm	\$170/day
TED house application	\$9
Mileage	\$0.67/mile