



HAYES BARTON PLACE

Disclosure Statement

May 31, 2025

**2600 Yettington Drive
Raleigh, North Carolina 27608
(919) 803-6734**

Unless earlier revised, this Disclosure Statement will remain effective until May 31, 2026. Delivery of this Disclosure Statement to a contracting party prior to execution of a contract for the provision of continuing care is required by North Carolina law. This Disclosure Statement has not been reviewed or approved by any governmental agency or representative to ensure accuracy or completeness of the information set out.

Updated June 1, 2026

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I. Introduction

Hayes Barton Place (the “CCRC” or the “Community”) is a continuing care retirement community which offers its residents (“Residents”) one-hundred sixty-nine (169) apartments (each an “Apartment”), twenty-four (24) garden flats (each a “Garden Flat”) and twenty-one (21) townhomes (each a “Townhome”) located in rental independent living facilities (collectively the “Independent Living Buildings”), thirteen (13) independent living for-sale or rent cottage condominium units (each a “Cottage Unit”) arranged in a freestanding cluster, a wide array of services, a clubhouse (the “Clubhouse”), and the security of priority access to an adjacent ninety-four (94) bed healthcare center (the “Healthcare Center”). The Community is situated on an approximately 8-acre site located in Raleigh, North Carolina (the “Site”). Each Cottage Unit, and any future residential condominium unit incorporated into the CCRC, are referred to herein as a “Unit”. The owner of a Unit is referred to herein as a “Unit Owner”. The Apartments, the Garden Flats, the Townhomes, the Cottage Units and any other residential Unit incorporated into the CCRC are each referred to herein as a “Residence”.

II. Organization, Ownership and Management

A. Organization

The North Carolina Department of Insurance issued a Permanent License for the CCRC to HBP Oberlin Senior Housing OPCO KP6, L.P and HBP Oberlin Senior Housing PROPCO KP6, L.P on October 21, 2024.

HBP Oberlin Senior Housing OPCO KP6, L.P (the “Operating Company”) is a Delaware for-profit limited partnership formed for the purpose of leasing and operating the Community. The business address of HBP Oberlin Senior Housing OPCO KP6, L.P is 2334 S. 41st Street, Wilmington, North Carolina 28403.

B. Facility Ownership

HBP Oberlin Senior Housing PROPCO KP6, L.P. (the “KP6 Property Company”) is a Delaware for-profit limited partnership formed for the purpose of developing and owning real property and certain buildings of the Community, specifically the Apartments, the Clubhouse, and the Healthcare Center. The business address of the KP6 Property Company is 2334 S. 41st Street, Wilmington, North Carolina 28403.

HBP Oberlin Garden Flats PROPCO, L.P. (the “Garden Flats Property Company”) and together with the KP6 Property Company, the “Property Company”) is a Delaware for-profit limited partnership affiliated with the KP6 Property Company that was formed for the purpose of owning the Garden Flats. The business address of the Garden Flats Property Company is 2334 S. 41st Street, Wilmington, North Carolina 28403.

LW Budleigh, LLC (the “TH Property Company”) is a North Carolina for-profit limited liability company formed for the purpose of developing and owning real

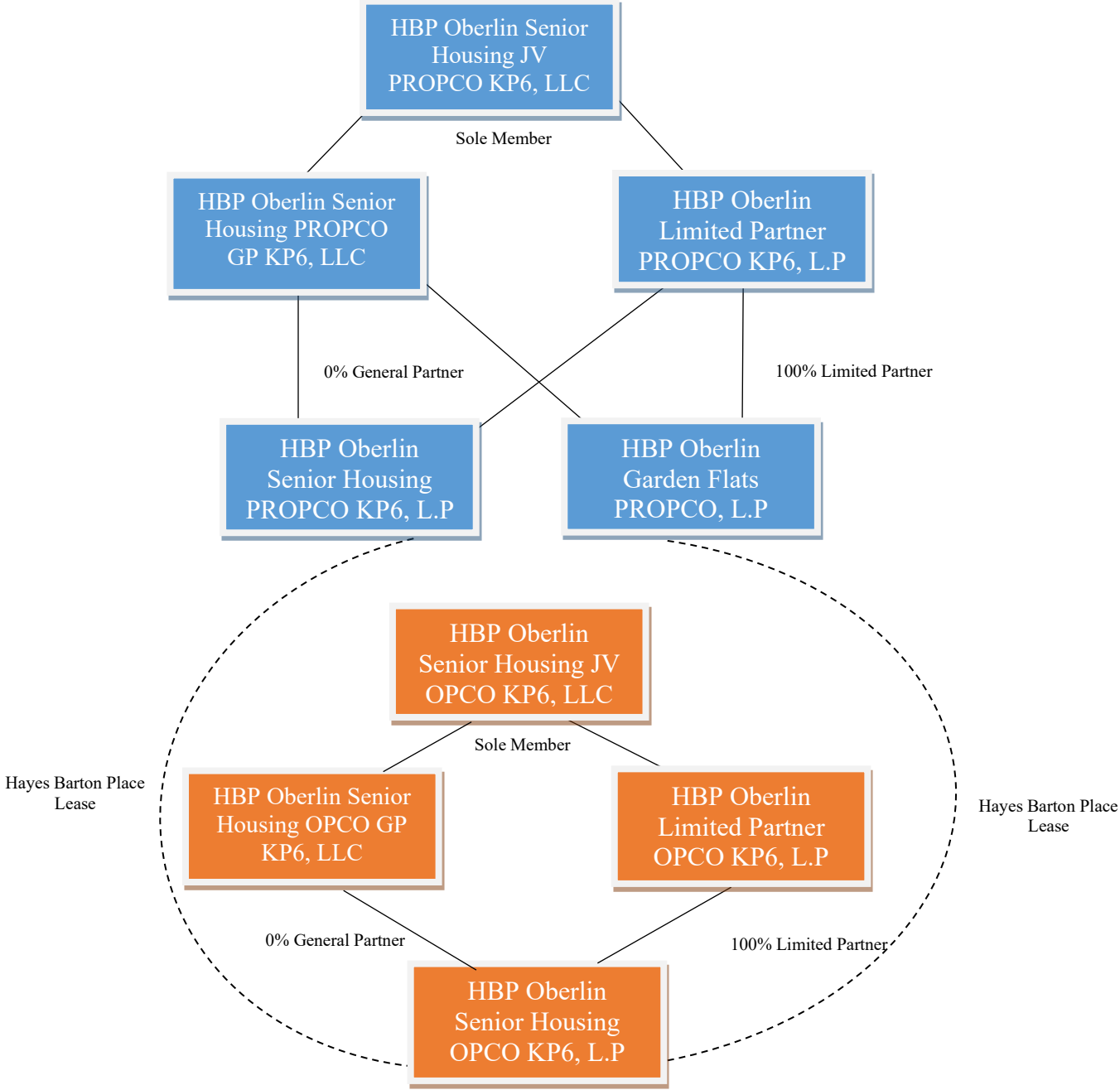
property and certain buildings of the Community, specifically the Townhomes. The business address of the TH Property Company is 2334 S. 41st Street, Wilmington, North Carolina 28403.

HBP Cottages, LLC (the “HBP Cottages”) is a North Carolina for-profit limited liability company that is affiliated with the Property Company that was formed for the purpose of owning, and subsequently selling, the Cottage Units. The business address of HBP Cottages is 2334 S. 41st Street, Wilmington, North Carolina 28403.

The KP6 Property Company purchased the Apartments, Clubhouse, and Healthcare Center land in December of 2022. The Garden Flats Property Company acquired the Garden Flats land in December of 2025. The Operating Company executed lease agreements with the Property Company (each a “Hayes Barton Place Lease”) for the Operating Company’s use and operation of the Independent Living Buildings, the Garden Flats, the Clubhouse, the Healthcare Center, and the associated common areas. Each Hayes Barton Place Lease has a term of five (5) years and rent under the lease is in an amount sufficient to satisfy the debt service coverage ratio required by the Property Company’s lenders.

The portion of the Site where the Cottages and related common areas are located (the “Cottage Area”), as shown on the Site’s Subdivision Map recorded in Book XX, page XX of the Wake County, North Carolina Registry (the “Map”). HBP Cottages owns the Cottage Area and each constructed Cottage Unit until they are sold. Upon the sale of a Cottage Unit, a purchaser thereof (each a “Cottage Unit Owner”) will take fee simple title to the Cottage Unit. The Cottage Unit Owners will collectively own and have rights and obligations with respect to the common property within Condominium (the “Common Area”) pursuant to the Condo Declaration. The Hayes Barton Place Owners’ Association, Inc., a North Carolina non-profit corporation (the “Association”) is responsible for the management of the Condominium and the Common Area and enforcing the terms of the Condo Declaration; provided, however, because of the unique character of this Association, the licensing required by the State of North Carolina for a continuing care retirement community, and the close functioning interrelationship that it shares with the CCRC, it is deemed necessary and desirable that management of the CCRC and the management of the Condominium be carried out in coordinated fashion to avoid wasteful duplication. Therefore, for so long as the CCRC is in existence, the powers and duties of the Association are specifically delegated to the Operating Company as “Management Agent”.

See the organization/ownership chart below.



C. Healthcare

The CCRC provides its Residents temporary or permanent assisted living services and skilled nursing services in the beds located within the Healthcare Center. The Healthcare Center is licensed for sixty-three (63) assisted living and memory support beds and thirty-one (31) skilled nursing beds. All sixty-three (63) of the assisted living and memory support beds and nine (9) of the skilled nursing beds are reserved for the Residents of the CCRC (the “Closed Beds”). The remaining twenty-two (22) Healthcare Center beds are available to the public (the “Open Beds”). In the event that the Closed Beds are fully occupied, the Resident will be given priority access to the available Open Beds.

D. Management

The Operating Company operates the CCRC. No other person or entity referred to herein has assumed any financial responsibility for the fulfillment of the Operating Company’s agreements or obligations, except as otherwise stated.

Raleigh CCRC Management, LLC

Raleigh CCRC Management, LLC (“Raleigh Management”) has executed a management agreements with the Operating Company pursuant to which the Operating Company pays Raleigh Management a fee of five percent (5%) of total revenues derived from independent living units and six percent (6%) of total revenues derived from assisted living beds, memory support beds, and skilled nursing beds.

Raleigh Management’s headquarters are at 2334 S. 41st St., Wilmington, NC 28403. The following individuals are key managers or corporate executives:

1. John A. McNeill, Jr. and Ronald B. McNeill

John A. McNeill Jr. and Ronald B. McNeill are managers of Liberty Senior Living Management, LLC (“LSL Management”), the sole member of Raleigh Management.

John (“Sandy”) A. McNeill, Jr. is a pharmacist by training and has had many years of business experience in the health care field. He has opened and operated four pharmacies and developed Medi-Care Supply Company from a relatively small operation with one location in 1975 to a multi-million-dollar corporation with 16 locations when it was sold in 1986 to a Fortune 500 company.

Ronald (“Ronnie”) B. McNeill is a Registered Professional Engineer with a Master’s Degree in Business Administration. He brings technical, financial and health care insurance reimbursement expertise to the project. He previously served as Chief Financial Officer and Billing Manager of

Medi-Care Supply Company. He contributes his substantial expertise in financial management and cost control to the efficient operation of the organization.

Together the McNeill's purchased their first nursing home in 1990, but the McNeill family's healthcare heritage dates all the way back to 1870 beginning with their great-grandfather. Over the last three decades the Liberty Healthcare Group has grown from a single nursing home to a fully integrated post-acute healthcare provider, which includes numerous nursing homes, assisted living facilities, independent living communities, continuing care retirement communities, and a home health and hospice company with several locations servicing various urban and rural counties in North Carolina, South Carolina, Florida, Louisiana and Virginia. The McNeill family also operates a durable medical equipment company under the Liberty family as well as a retail and a long-term care pharmacy and an institutional special need plan (ISNP), entitled Liberty Advantage. The McNeill family comes from a tradition of service, dating back generations, and Sandy and Ronnie continue that tradition today as principals of one of the largest and most comprehensive healthcare companies in the state.

2. William B. Purvis

William ("Will") Purvis is a Manager of LSL Management and President of Liberty Senior Living in Wilmington, North Carolina. He manages business development as well as capital financing for the Liberty companies. Prior to moving to Wilmington, Will worked with Grandbridge Real Estate Capital, a subsidiary of BB&T. Will was responsible for commercial mortgage production for the Eastern, Northeast and Triangle regions of the bank's network.

Will received a B.S. in Business Management from North Carolina State University and a Masters of Business Administration from Wake Forest University. He serves on the Senior Housing Product Council of Urban Land Institute, the Board of Directors for Cape Fear Council Boy Scouts of America, New Hanover Regional Medical Center Foundation, Wilmington Chamber of Commerce, and North Carolina Coastal Land Trust.

3. Bob Goyette

Bob Goyette is the Chief Operations Officer for LSL Management. He has over 32 years' experience in senior living operations. He has had multiple and progressive past positions to include Sales Director, Executive Director, Regional Vice-President, Divisional Vice-President and Chief Operations Officer. Bob served in the USAF Reserves as both a C-141 Crew Member and a Medical Services Corp Officer at Wright-

Patterson Air Force Base, Dayton, Ohio. He was previously an Adjunct Faculty professor at Western Kentucky University's Bachelor's program in Health Care Administration. Bob also served as a past Board Member of the Ohio, Kentucky and Virginia Assisted Living Associations. He received his MBA from Lipscomb University, Nashville, TN with a concentration in Health Care Administration. He has been involved in opening more than 50 Senior Living communities nationwide. Bob has a passion for leading and developing others to

4. Cindy Stancil

Cindy Stancil, LNHA is the Vice President of Operations Support of LSL Management. Cindy started her career in assisted living as the Administrator of Northridge Retirement Village in Raleigh, North Carolina in 1985. After four years of service, she moved to Wilmington, North Carolina, to open a new assisted living community, Liberty Commons Assisted Living. For over forty years, Mrs. Stancil's responsibilities have grown from being the Administrator of an assisted living community to budgeting and training, policy and procedures development and implementation, research, design and development of nursing home, independent, and assisted living projects.

Cindy has served as a Board Member of the North Carolina Assisted Living Association as past Secretary and past President. She has worked in Task Force groups such as "The Star Rating program", the MUST pre-screening form, etc. with the Medical Care Commission, Division of Medical Assistance and Division of Health Services Regulation. Mrs. Stancil is a Licensed Assisted Living Administrator as well as a Licensed Nursing Home Administrator.

5. Nicole Cook

Nicole Cook, RN LNHA provides operational support to the LSL Management team in the role of VP of Operations. Nicole is a native of Nashville, Tennessee, educated in North Carolina and has enjoyed a career in Healthcare for over 25 years. Nicole is an RN and is also licensed as a Nursing Home Administrator. Spending her career in both clinical and operational management, Nicole brings years of patient care and operational leadership to the team. With a passion for customer service and a dedication to quality patient care, she is active in ensuring that our Liberty Living communities provide the best possible experience for those we serve. Nicole resides in Wilmington, NC with her husband and daughter.

6. Sam Murray

Sam Murray oversees day-to-day operations for Hayes Barton Place in the role of Independent Living Executive Director. Sam is a native of Durham, North Carolina and a graduate of the University of North Carolina Wilmington. Sam began his career in the senior living industry while finishing college as a dining room server. Following graduation, he spent time as a Food & Beverage Manager and Marketing Director before moving to Apex, North Carolina in 2018 to become an Independent Living Executive Director. Sam's commitment to exceeding the expectations for customer service, resident care, and employee satisfaction at Hayes Barton Place is aligned with Liberty Senior Living's mission.

E. Related Parties

The CCRC is to be managed and operated by various related parties pursuant to agreements entered into between those parties and the CCRC. These transactions are considered related party transactions and are settled through related party cash accounts and payments to the other entities.

F. Legal Disclaimer

Neither the managers nor any principals listed above (i) have 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) are subject to a currently effective injunctive or restrictive court order, or within the past five years, had any state or federal license or permit suspended or revoked as a result of an action brought by any governmental agency or department, arising out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged, or facility subject to N.C.G.S. Section 58-64 or similar law in another state.

No professional service firm, association, trust, partnership, or corporation other than those stated above, in which any of the persons listed above has, or which has in any such person, a ten percent (10%) or greater interest and which it is presently intended shall currently or in the future provide goods, leases, or services to the facility, or to residents of the facility, of an aggregate value of five hundred dollars (\$500.00) or more within any year.

G. Affiliations

The Operating Company and the Property Company are each a private independent, for-profit limited partnership, are neither are affiliated with any religious, charitable or other affinity group.

HBP Cottages is a private independent, for-profit limited liability company, which is not affiliated with any religious, charitable or other affinity group.

III. Facility Description and Amenities

A. Location

The Community has an address of 2600 Yettington Drive, Raleigh, North Carolina.

B. Layout and Types of Accommodations

Accommodations of the CCRC include one-hundred ninety-three (193) rental Residences (consisting of 169 Apartments and 24 Garden Flats) with one, two, and three bedroom floor plans that range from approximately 800 to 3,000 square feet, and thirteen (13) independent living for-sale or rent Cottage Units. The Residents will be provided services pursuant to their respective Residency and Services Agreements. Subject to the terms and conditions of the Residency and Services Agreement and the limits of the CCRC's license, a full continuum of healthcare services is to be provided in the Healthcare Center. In addition, in the event the Closed Beds are fully occupied, Residents will be given priority access to the available Open Beds.

C. Amenities

1. Clubhouse. The Clubhouse is to be a social center for Residents to gather. The Clubhouse is to feature opportunities for formal and informal dining, a corner market with all day service, wireless internet, a business center, billiards and card rooms, and a multi-purpose room.
2. Wellness Center. The on-site wellness center (the "Wellness Center") is to provide an array of wellness programs for the Residents. Facilities and services are to include state-of-the-art fitness equipment, exercise classes, indoor heated pool and certain wellness education programs.

IV. Services

A. Basic Services. Subject to the terms and conditions of the Residency and Services Agreement, the following basic services (collectively "Basic Services") are to be included in the Monthly Service Fee (defined below):

1. Appliances and Furnishings. The rental Residences include the following appliances and furnishings: window coverings; standard flooring; appliances, including an electric range/self-cleaning oven, refrigerator/freezer with icemaker, garbage disposal, microwave, dishwasher, washer and dryer; smoke and fire detectors; an individual climate control system; an individual water heater; a 24-hour emergency call system and other permanent fixtures. All other appliances and

furnishings for the Residences not listed above are to be provided by the Resident.

2. Utilities. Heating, air conditioning, water, sewer, gas, electricity, basic cable television, internet, trash removal and pest control are included for each Residence. If a Resident exceeds the allotted utility consumption, the Resident may be charged for the excess consumption.
3. Meals. As part of the Monthly Service Fee, the Resident shall be given a monthly declining balance meal plan credit (the “Declining Balance Meal Credit”). The Resident shall be entitled to dine in any of the CCRC’s dining options and charges for the food and beverages of the Resident or of any guest of the Resident shall be deducted from such Declining Balance Meal Credit. Upon termination of the Residency and Services Agreement, any unused portion of the Declining Balance Meal Credit shall be forfeited. If the monthly charges of the Resident exceed the amount of the monthly Declining Balance Meal Credits, such additional charges shall be billed to the Resident on a monthly basis.
4. Housekeeping Services. The Resident agrees to keep the Residence in a clean and orderly condition. On a weekly basis, the Residences are provided with basic housekeeping services.
5. Maintenance Services. The Operating Company will be responsible for normal wear and tear, maintenance and replacement of the property, furnishings and equipment owned or leased by the Operating Company for use in the CCRC. A Resident will be responsible for any damage to such property, furnishings and equipment, including the cost of repair or replacement or the diminution in value thereof, caused by the Resident, the Resident’s guests or the Resident’s pets. The Residents will be responsible for the maintenance and repair of their personal property.
6. Grounds Keeping. The Operating Company will maintain and repair the CCRC’s grounds, including lawns, trees and shrubbery. Personal plantings and customization of landscaped areas are subject to the Operating Company’s approval.
7. Use of Community Common Areas. The Residents have the non-exclusive right, along with other residents, to use the CCRC’s common areas, including, but not limited to, the dining rooms, lounges, lobbies, library, social and recreational rooms and designated outdoor activity areas.
8. Use of the Wellness Center. Residents are provided with health and wellness programs and services at the on-site Wellness Center, including use of fitness equipment, exercise classes, use of an indoor heated pool and certain wellness education programs. The Residents will be advised

of any required fee for a wellness program before enrolling in such program.

9. Programs. Recreational, social, educational and cultural activities are coordinated by the CCRC's staff. Some activities are subject to an additional charge.
10. Parking. Residents are provided with parking areas for one personal vehicle per Resident and limited parking for the Residents' guests.
11. Transportation. The Residents will be provided with scheduled transportation to locations routinely visited by Residents of the CCRC, such as shopping centers, medical offices and social events. Some transportation is subject to an additional charge.
12. Emergency Response System. A twenty-four (24) hour emergency call system is available to the Residents. Response to a call shall be limited to an evaluation of the Resident's needs. If other medical response is determined necessary, the Resident is responsible for any costs associated with such other medical response, including emergency medical transportation.
13. Insurance. The Operating Company maintains general liability and hazard insurance on the property within the CCRC owned or leased by the Operating Company, but will not be responsible for the Resident's personal property. The Association will maintain general liability and hazard insurance on the Cottage Units and the Common Area. Each Resident (or Unit Owner) shall maintain general liability (i.e., to cover events that happen within the Residence). Additionally, each Resident (or Unit Owner) will need to obtain insurance to cover any loss of the Resident's personal property within the Residence.

B. Optional Services. A schedule of fees for services to be provided at extra cost including, but not limited to, those optional services described below (collectively "Optional Services"), shall be established by the CCRC and shall be made available to the Residents. The Optional Services currently offered by the CCRC include the following:

1. Transportation Services. If a Resident requests transportation in addition to that provided as a Basic Service, the CCRC may provide such transportation provided that adequate transportation staff is available at such date and time and to destinations that the CCRC has identified as being within the geographic area of transportation services.
2. Food Services. If a Resident requests food services or catered services in addition to those provided as a Basic Service, such additional food services or catered services may be provided for an additional cost.

3. Tray Service. Residents may request that meals be delivered to the Residence (“Tray Service”) for a delivery charge; provided, however, that the Tray Service may not be requested for more than three (3) consecutive days except at a physician’s or nurse’s direction.
4. Activities. Due to their special nature, a special fee may be required for some wellness and life enrichment programs.
5. Additional Housekeeping Services. If a Resident requests or requires housekeeping services in addition to those provided as a Basic Service, such services may be provided if adequate available staff is available to provide such services.
6. Spa Services. Spa and personal care services in the Wellness Center will be available in accordance with a published fee schedule.
7. Upgraded Television Channels. Upgraded television channels will be available to Residents in the Independent Living Buildings in accordance with a published fee schedule.
8. Additional Parking. Additional parking, including garage parking if available, may be made available to the Residents in accordance with a published fee schedule.
9. Personal Emergency Transmitter. The provision of a Personal Emergency Transmitter (“PET”) which shall transmit to the CCRC’s Concierge Desk.

C. Healthcare.

Healthcare services are provided to the Residents in the Healthcare Center. Care in the Healthcare Center will only be provided within the limits of the CCRC’s license. Hospital-level services are not provided within the Healthcare Center. Such level of care must be obtained from a hospital. The costs related to any hospitalization are the responsibility of the Resident.

The Healthcare Center’s Medical Director will determine the appropriate level of nursing care required by the Resident upon admission to the Healthcare Center. Residents who are unable to return to their Residence will have the benefit of permanent care in the Healthcare Center. If the appropriate level of healthcare based upon the needs of the Resident may not be obtained or are not provided within the Healthcare Center, such level of care must be provided by another provider of healthcare services, including, but not necessarily limited to, a hospital, and the costs of those services are the responsibility of the Resident. The Resident (i) acknowledges and agrees that none of the Operating Company, the Property Company, Raleigh Management, the CCRC nor any of their affiliates shall be responsible for any claims, damages or expenses resulting from injury or death suffered by the Resident which is caused by, attributable to or in any way connected with the negligence or intentional acts or omissions of the physicians, employees

or agents of such any such other provider of healthcare services and (ii) releases the Operating Company, the Property Company, Raleigh Management and their respective affiliates from liability for any such claims, damages or expenses.

V. Expansion/Development

Construction of the Apartments, the Townhomes, the Healthcare Center, and the Clubhouse was completed in January of 2025. The Cottage Units were completed in late 2025. The Garden Flats are scheduled to be completed in Q2 2026.

VI. The Continuing Care Concept

The CCRC's continuing care concept is to ensure a Resident, so long as the Resident is in compliance with the Residency and Services Agreement and resides in a Residence a wide array of personal services and long-term nursing care in the Healthcare Center if the Resident can no longer live independently.

VII. The Residency and Services Agreement

To reside in a Residence the prospective Resident and the Operating Company will enter into a Residency and Services Agreement (the "Residency and Services Agreement"). A copy of the Residency and Services Agreement applicable to the rental Residences is attached hereto as Exhibit E and copy of the Residency and Services Agreement applicable to the purchased Units is attached hereto as Exhibit F. As outlined in the Residency and Services Agreement, residency in the CCRC provides the Resident with use of the CCRC's common facilities, the Basic Services described above and healthcare in the Healthcare Center when the Resident is no longer capable of independent living. To the extent the terms of the Residency and Services Agreement differ from the summary contained in this Disclosure Statement, the terms of the Residency and Services Agreement shall control. The basic terms and conditions contained in the Residency and Services Agreement are summarized as follows:

- A. Term.** For rental Residences, the initial term of the Residency and Services Agreement shall be for thirteen (13) months beginning on the Occupancy Date. After the initial term, the Residency and Services Agreement will automatically renew for additional thirteen (13) months periods, unless terminated as set forth in the Residency and Services Agreement. For Residents purchasing a Unit, the term of the Residency and Services Agreement shall begin the Closing Date and continue until terminated pursuant to the terms of the Residency and Services Agreement applicable to the Units.
- B. Eligibility Requirements.** Eligibility for residency in the Community is conditioned upon, among other things more particularly described in the Residency and Services Agreement, the following:
 - 1. Age Criteria. The requirements for admission into the CCRC are nondiscriminatory except as to age. Admission is restricted to persons

sixty-two (62) years of age or older with the exception of a younger second occupant. An underage second occupant may be approved for residency in the Residence in the Operating Company's sole discretion but must, at a minimum, be fifty (50) years of age and meet the other requirements for residency in the CCRC. The Operating Company reserves the right to limit the number of Residents under the age of sixty-two (62) that will live in the CCRC.

2. Preliminary Health Screen. The Resident must be capable of living independently and must satisfy the then-current independent living criteria as published by the CCRC, which criteria may be amended from time to time in the Operating Company's sole discretion. The Resident shall provide the Operating Company with an internal preliminary health screen substantially in the form attached to the Residency and Services Agreement executed by the Resident and the Operating Company, completed by the Resident's primary physician and certifying that the Resident meets the independent living criteria within the period outlined in the Residency and Services Agreement.
3. Financial Condition. The Operating Company must be satisfied that the Resident has the financial income and assets to pay the Monthly Service Fee (as defined in the Residency and Services Agreement), extra meal charges, charges for additional services, personal living expenses, and the future adjustments of these charges during the term of the Residency and Services Agreement. The Resident shall provide the Operating Company with a Financial Statement substantially in the form attached to and within the period outlined in the Residency and Services Agreement. Immediately prior to occupying the Residence (such date of occupancy being the "Occupancy Date") or closing the purchase of a Unit (such date of closing being the "Closing Date") the Resident will affirm to the Operating Company that his or her personal financial situation does not differ materially and adversely from the financial situation presented in the application forms originally submitted to the Operating Company. If the Resident's then personal financial situation differs materially and adversely from the Resident's prior financial situation, the Operating Company may terminate the Residency and Services Agreement.
4. Required Membership in the CCRC for Unit Owners. On the Closing Date simultaneously with the purchase of a Unit, the Resident, or the Unit Owner on the Resident's behalf, is required to purchase a one-time, non-refundable, non-transferable membership (a "Membership") in the CCRC that provides the Resident with the benefits contained in the Residency and Services Agreement applicable to the Units. The cost of Membership (the "Membership Fee") which is equal to ten percent (10%) of the purchase price of the Unit or fair market value of the Unit as determined by a Qualified Appraisal (as defined below), as applicable, subject to increase from time to time on an annual basis, but in no event shall the

Membership Fee exceed twenty percent (20%) of the purchase price for the Unit paid by the purchaser or the fair market value of the Unit, as applicable. The Membership Fee is solely for the Resident's personal right to reside in the CCRC and does not provide a Membership for any subsequent purchaser of the Unit or any subsequent user of the Unit. Residents that rent a Unit from the Operating Company are not obligated to pay a Membership Fee.

- C. **Priority Partner Agreement.** A prospective resident may execute a non-binding Priority Partner Agreement (the "Priority Partner Agreement") to be placed on the waiting list for a Residence.
- D. **Residency and Services Agreement.** If approved for residency, the Resident shall execute a binding Residency and Services Agreement and submit it to the Operating Company, along with a Community Fee (as defined below).
- E. **Provisions Applicable When the Resident is not the Unit Owner.** With respect to the Units, if the Unit Owner acquires the Unit to be used by another person or persons, the Unit Owner must designate the person or persons who shall use the Membership (all such persons are collectively referred to as a "Designated Resident"), which Membership must be acquired at the time the Unit is purchased. No more than two individuals may be named as a Designated Resident and only the Resident(s) named in the Residency and Services Agreement shall be entitled to use of the Membership. The Designated Resident must satisfy the eligibility requirements for residency in the CCRC as described above and more fully in the Residency and Services Agreement. When the Designated Resident no longer occupies the Unit, and thereby ceases to use the Membership, the Membership shall expire. Provided, however, that if the Designated Resident ceases to occupy the Unit and lives in the Healthcare Center then the Membership continues and the Designated Resident and the Unit Owner shall continue to be jointly and severally responsible for payment of the Monthly Service Fee at the applicable rate. Any person who subsequently occupies the Unit, including the Unit Owner, must acquire a Membership for their use prior to occupying the Unit. Since under these circumstances there is no sales price upon which to determine the Membership Fee, the Membership Fee is based on the gross fair market value of the Unit, as determined by a Qualified Appraisal, and must be paid prior to re-occupancy of the Unit. This procedure for change of Resident due to circumstances other than a sale of the Unit will be followed with regard to each subsequent Resident until there is a resale of the Unit. "Qualified Appraisal" means an appraisal conducted by a qualified appraiser agreed upon by HBP Cottages and the Unit Owner. In the event HBP Cottages and the Unit Owner cannot agree upon the selection of an appraiser, each party shall designate an appraiser and the appraisers so designated shall select a third appraiser and all three appraisers shall set a value for the Unit in question. In the event there is disagreement as to value among the appraisers, the value shall be set at the greater of (i) the original purchase price of the Unit; or (ii) the average of the

three appraisals. The Designated Resident and the Unit Owner will be jointly and severally responsible for the Membership Fee, Monthly Service Fee and all other fees payable pursuant to the Residency and Services Agreement. Execution of the Residency and Services Agreement by the Unit Owner shall constitute the Unit Owner's personal guarantee for the benefit of the Operating Company, its successor and assigns, guaranteeing the Resident's payment of the Membership Fee, Monthly Service Fee and all other fees payable pursuant to the Residency and Services Agreement.

- F. Purchase and Sale Agreement.** With respect to the purchase of a Unit, the prospective Unit Owner shall enter into a Purchase and Sale Agreement with HBP Cottages or the existing Unit Owner. With respect to any purchase from HBP Cottages or any affiliate thereof, the prospective Unit Owner will make an earnest money deposit equal to ten percent (10%) of the purchase price for the Unit (the "Earnest Money"). The Earnest Money shall be held and applied in accordance with the terms of the Purchase and Sale Agreement. Any earnest money requirement applicable to the resale of the Unit where neither HBP Cottages nor any of its affiliates is the seller shall be in accordance with the terms of the purchase and sale agreement entered into between the buyer and seller thereunder.
- G. Changes to Residence.** Any structural or physical change or redecoration and remodeling of any kind within or outside the Residence may only be made by the Resident only with the prior written consent of the Operating Company, which shall be granted at the Operating Company's sole discretion, and at the sole expense of the Resident. All such improvements or changes shall be the property of the Operating Company. Upon vacating the Residence, the Resident, or the Resident's estate, shall be responsible for the costs of returning the Residence to the condition that existed prior to the Resident taking possession of the Residence.
- H. Changes in Condition Prior to Occupancy.** If after the execution of the Residency and Services Agreement and prior to the Occupancy Date the Resident's health or mental condition is such that, in the sole discretion of the Operating Company, the Resident no longer meets the qualifications to live independently in the CCRC, and the Residency and Services Agreement is not otherwise terminated, the Resident may be transferred directly to the Healthcare Center. All fees and other charges due must be paid prior to any direct transfer. In the event there is more than one Resident occupying the Residence, and one Resident is transferred directly to the Healthcare Center, the other Resident shall continue to be obligated under the Residency and Services Agreement and pay the required Monthly Service Fee applicable to a single Resident.
- I. Fees and Billing.** The Resident shall be required to pay the Monthly Service Fee and other fees as set forth in the Residency and Services Agreement. Fees payable by the Resident are described in more detail below.
- J. Permitted Occupants.** The Resident(s) named in the Residency and Services Agreement and no other person shall reside in or occupy the Residence during the

term of the Residency and Services Agreement, except with the express prior written approval of the Operating Company. If a second occupant who is not a party to the Residency and Services Agreement is accepted for residency in the CCRC after the date of the Residency and Services Agreement, such acceptance shall be subject to the approval of the Operating Company and adherence to policies then governing all other admissions and such second resident shall enter into a Residency and Services Agreement. If the second occupant does not meet the requirements for residency, or does not execute a Residency and Services Agreement, he or she shall not be permitted to occupy the Residence.

A second occupant includes, but is not limited to, a spouse as defined by State statute.

- K. Transfers.** Should a Resident of the Independent Living Building desire to transfer to another Residence, the Resident must notify the Operating Company in writing. Following receipt of this request, and subject to availability, the Operating Company may grant the Resident an option to move to the next available for-rent Residence of the type requested. Upon transfer to a new Residence, the Monthly Service Fee for the month in which the move takes place shall be prorated to reflect the percentage of the month that the Resident spends in each type of residence. With all transfers, there will be an up-fitting charge for the vacated residence based on the current rate established by the CCRC at the time of the transfer. The Resident will move all furnishings and belongings to the new residence within ten (10) days of the established occupancy date for the new residence. Any moving expense will be the responsibility of the Resident.
- L. Death or Transfer of One Resident.** If one of the Residents named in the Residency and Services Agreement dies, moves out or is permanently transferred to the Healthcare Center or any other nursing center, the remaining Resident will continue to be bound by the terms of the Residency and Services Agreement except that the Monthly Service Fee will be reduced to the single occupancy rate then in effect.
- M. Smoking Policy.** The CCRC is smoke-free. No smoking is permitted in the Residence (to include balconies) or in any other building or location in or on the CCRC's premises. The Resident agrees to abide by the CCRC's Rules and Regulations concerning smoking.
- N. Pets.** Subject to the prior written consent of the Operating Company, which such consent shall be at the sole and absolute discretion of the Operating Company, pets may be permitted in the Residences. All pets must be on a leash at all times while not in a Resident's Residence. Pets must be healthy, have current shots and rabies immunization, and be free of fleas and other parasites. The Resident must provide the Operating Company with documentation that their pets have received all required shots and immunizations. The Resident is responsible for any costs expended by the Operating Company for the failure of such Resident to adhere to the CCRC's pet policy, including, but not limited to, the cost of disinfection,

cleaning and fumigation. Pets are prohibited in the dining spaces, the Wellness Center, the multipurpose room, the chapel, and the art space and activity rooms. The Resident understands and agrees that the pet must be removed from the Residence, upon fourteen (14) days' prior written notice from the Operating Company, if the pet becomes a nuisance to other Residents of the CCRC, as determined by the Operating Company in its sole and absolute discretion. The Resident agrees that if the Resident has been approved to have a pet living in the Residence, and elects to do so, the Resident shall pay a non-refundable pet fee in the amount posted at the time the pet is registered.

O. Health Insurance. Prior to the Occupancy Date, the Resident shall provide evidence of health insurance coverage to the Operating Company at a level reasonably satisfactory to the Operating Company.

P. Termination.

1. Termination by Resident. Upon the termination of the Residency and Services Agreement, the Resident shall have no further right to reside in the CCRC. The Residency and Services Agreement may be terminated or cancelled by the Resident under the following terms and conditions:

(a) Rescission During First Thirty (30) Days. The Resident may terminate the Residency and Services Agreement for any reason within thirty (30) days following the later of the execution of the Residency and Services Agreement or receipt by the Resident of the Disclosure Statement (the "Rescission Period"), and the Resident is not required to move into the facility before expiration of the Rescission Period. The Resident's termination of the Residency and Services Agreement during the Rescission Period is without penalty, and subject to the terms of the Purchase Agreement, if applicable, all payments made by the Resident before such termination, less a service charge of One-Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Operating Company at the Resident's request and set forth in Exhibit A of the Residency and Services Agreement or in writing in a separate addendum to the Residency and Services Agreement, signed by the Resident and the Operating Company. Any refund shall be paid within thirty (30) days after the Operating Company receives written notice of the Resident's election to terminate the Residency and Services Agreement.

(b) Termination After Rescission Period but Prior to the Occupancy Date or the Closing Date. For Residents electing to reside in a Residence, the Resident may terminate the Residency and Services Agreement for any reason after the Rescission Period but prior to the Occupancy Date upon written notice to the Operating Company. In the event of such termination, and subject to the terms of the

Purchase Agreement, if applicable, the Resident shall be entitled to a refund of all monies paid to the Operating Company, except, as the case may be, the Community Fee, and any costs or other charges that the Resident and the Operating Company agree in advance are non-refundable.

- (c) General Termination Right for Rental Residences. For Residents that rent their Residence from the Operating Company, the Resident may terminate the Residency and Services Agreement at any time for any reason by giving the Operating Company thirty (30) days' written notice signed by the Resident (or both of them if there are two Residents). In the event of such termination by a Resident for reasons other than those permitted in the Residency and Services Agreement, the Resident shall pay the Operating Company liquidated damages of one month's rental charge for the Residence, calculated at the then current market rate and for all Optional Services rendered to the Resident through the date of termination. In addition, the Resident shall continue to be liable for the Monthly Service Fee until the date all outstanding payments are paid in full and all of the Resident's personal belongings are removed from the Residence or (ii) with respect to purchased Units, until the date the Unit is resold, transferred, or properly occupied by a new Resident who has been approved by the Operating Company and who has entered into a new Residency and Services Agreement.
- (d) General Termination Right for Purchased Units. For Residents of purchased Units, the Resident may terminate the Residency and Services Agreement at any time for any reason by giving the Operating Company thirty (30) days' written notice signed by the Resident (or both of them if there are two Residents). In the event of such termination by a Resident for reasons other than those permitted in the Residency and Services Agreement, the Resident shall pay the Operating Company for all Optional Services rendered to the Resident through the date of termination and the Resident shall continue to be liable for the Monthly Service Fee until the date the Unit is resold, transferred, or properly occupied by a new Resident approved by the Operating Company who has executed a Residency and Services Agreement and paid the Membership Fee. The Resident and the Unit Owner (if different than the Resident) shall be jointly and severally responsible for all obligations under the Residency and Services Agreement and otherwise including, without limitation, the amounts owed set forth in this paragraph.

2. Termination by Death or Serious Illness.

- (a) Termination by Death or Serious Illness Prior to the Occupancy Date or the Closing Date. If, prior to the Occupancy Date or the

Closing Date (as applicable), the Resident dies or is precluded from living in the CCRC under the terms of the Residency and Services Agreement as a result of serious illness, injury, non-qualification or incapacity, the Residency and Services Agreement will automatically terminate. In the event the Residency and Services Agreement is terminated as provided for in the Residency and Services Agreement, the Resident or the Resident's estate shall be entitled to a refund of any amounts paid to the Operating Company, except, as the case may be, a service charge of One-Thousand Dollars (\$1,000.00) and for costs or other charges that the Resident and the Operating Company agree in advance are non-refundable. Such refund shall be paid by the Operating Company within thirty (30) days after the Residency and Services Agreement is terminated pursuant to the applicable subsection of the Residency and Services Agreement. The foregoing notwithstanding, if there is more than one Resident, the Residency and Services Agreement will continue to be binding on the surviving or eligible Resident until the Residency and Services Agreement is terminated as to or by the surviving Resident as provided for in the Residency and Services Agreement.

- (b) Termination by Death or Serious Illness After the Occupancy Date for Rental Residences. For Residents that rent their Residence from the Operating Company, if the Resident dies after the Occupancy Date or the Resident is precluded from living in the CCRC under the terms of the Residency and Services Agreement as a result of serious illness, injury, or incapacity and the serious illness, injury or incapacity is not otherwise addressed by the provision of the Residency and Services Agreement, then the Residency and Services Agreement shall terminate. In such event, the Resident or the estate of the Resident shall pay for any Optional Services rendered to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the later of the date that all of the Resident's personal belongings are removed from the Residence and the Residence can be made ready for re-occupancy. The foregoing notwithstanding, if there is more than one Resident, the Residency and Services Agreement will continue to be binding on the surviving or eligible Resident until the Residency and Services Agreement is terminated as to or by the surviving Resident as provided for in the Residency and Services Agreement.
- (c) Termination by Death or Serious Illness After the Closing Date for Purchased Units. For Residents of purchased Units, if, after the Occupancy Date, the Resident dies or is precluded from living in the CCRC under the terms of the Residency and Services Agreement as a result of serious illness, injury, or incapacity and the serious illness, injury or incapacity that is not otherwise addressed by the

Residency and Services Agreement, the Residency and Services Agreement shall terminate. In the event of such termination, the Resident or the Resident's estate will retain all ownership rights in the Unit and will continue to be obligated to pay the Monthly Service Fee and the Condominium Fee, until the Unit is sold, transferred to or otherwise occupied by a new Resident approved by the Operating Company who has executed a Residency and Services Agreement and paid the Membership Fee. If the terminating Resident is a Designated Resident, then the Unit Owner and the Resident (or the Resident's estate) shall be jointly and severally responsible for all such obligations until the Unit is sold, transferred to or otherwise occupied by a new Resident approved by the Operating Company who has executed a Residency and Services Agreement and paid the Membership Fee. Transfer of a Unit under the last will and testament in the event a Resident dies, other than to the Resident's estate, is a conveyance upon which a Membership Fee must be paid if the devisee or beneficiary is approved by the Operating Company and elects to become a Resident of the CCRC. The foregoing notwithstanding, if there is more than one Resident, the Residency and Services Agreement will continue to be binding on the surviving or eligible Resident until it is terminated as to or by the surviving Resident as provided for therein.

3. Termination by the Operating Company.

- (a) Termination by the Company Prior to the Occupancy Date or the Closing Date. If, in the Operating Company's sole discretion, the Resident does not satisfy the criteria for occupancy in the CCRC, the Residency and Services Agreement shall terminate upon the Operating Company's notification to the Resident of non-approval. In such event, all amounts paid to the Operating Company shall be refunded to the Resident within thirty (30) days after the Operating Company provides the Resident notice of non-approval, except, as the case may be, for costs or other charges that the Resident and the Operating Company, HBP Cottages and/or their affiliates agree in advance are non-refundable, and if applicable, the Purchase and Sale Agreement shall automatically terminate.
- (b) Termination by the Operating Company after the Occupancy Date or the Closing Date. The Operating Company may terminate the Residency and Services Agreement immediately upon providing written notice to the Resident in the event of the following:
 - (1) The Resident fails to make payments of any amounts when due and such failure is not cured within fifteen (15) days after notice is given to the Resident;

- (2) The Resident fails to comply with any term of the Residency and Services Agreement not involving the payment of money or any provisions of the Rules and Regulations and the Resident fails to cure such non-compliance within seven (7) days after written notice from the Operating Company;
 - (3) The Resident or the Resident's authorized representative makes a material misrepresentation or omission in the information provided to the Operating Company for its consideration of the Resident for residency in the CCRC;
 - (4) The Resident's behavior interferes with or threatens to interfere with the safety of the Resident or the quiet enjoyment or safety of other Residents, visitors, and/or staff of the CCRC, or if the Resident's behavioral is a detriment to other Members, visitors, and/or staff of the CCRC and the Member does not correct such behavior within thirty (30) days after written notice from the Operating Company; or
 - (5) With respect to Residents of the Units, if the Company is removed as the Management Agent of the Association for any reason other than the Company's fraud, gross negligence or intentional misconduct as determined by a court of competent jurisdiction.
- (c) Effect of Termination by the Operating Company after the Occupancy Date or the Closing Date. In the event the Operating Company terminates the Residency and Services Agreement after the Occupancy Date pursuant to the applicable subsections of the Residency and Services Agreement, the Resident shall promptly vacate the Residence, but shall pay the Operating Company for all Optional Services rendered by the Operating Company through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Residence.

With respect to Residents of purchased Units, the Resident shall not have any further rights under the Residency and Services Agreement, but the Unit Owner will retain all ownership rights in the Unit and will continue to be obligated to pay the Monthly Service Fee and the Condominium Fee, until it is sold, transferred to or otherwise occupied by a new Resident approved by the Operating Company who has executed a Residency and Services Agreement and paid the Membership Fee. If the terminated Resident is a Designated Resident, then the Unit Owner and the Resident (or the Resident's estate) shall be jointly and severally responsible for all such obligations until the Unit is sold, transferred to or otherwise

occupied by a new Resident approved by the Operating Company who has executed a Residency and Services Agreement and paid the Membership Fee.

VIII. The Purchase and Sale Agreement

A prospective Unit Owner will either execute a Purchase and Sale Agreement with HBP Cottages (or its affiliate that owns the Unit) a Resale Purchase and Sale Agreement with a current Unit Owner (each referred to as “Purchase and Sale Agreement”). A copy of the form of the Purchase and Sale Agreement with HBP Cottages is attached hereto as Exhibit H. To the extent the terms of the Purchase and Sale Agreement differ from the summary contained in this Disclosure Statement, the terms of the Purchase and Sale Agreement shall control. The Resale Purchase and Sale Agreement contains the same basic terms as the Purchase and Sale Agreement.

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

- A. Purchase Price.** The purchase price for a Unit (the “Purchase Price”) shall be the amount set forth in the Purchase and Sale Agreement.
- B. Earnest Money.** Upon the execution of the Purchase and Sale Agreement, a prospective Unit Owner shall make the Earnest Money deposit equal to ten percent (10%) of the Purchase Price.
- C. Limited Warranty Deed.** On the Closing Date, good and marketable title, subject to permitted exceptions, shall be conveyed to the purchaser by Limited Warranty Deed.
- D. Membership Fee.** As described above, to purchase a Unit, the prospective purchaser must also purchase a Membership in the CCRC that provides the Resident with the benefits contained in the Residency and Services Agreement. The Membership Fee is payable at or prior to the Closing Date.
- E. Monthly Service Fee.** On the Closing Date, the Resident is required to begin paying the Monthly Service Fee and other charges set forth in the Residency and Services Agreement.
- F. Common Expenses.** On the Closing Date, the Resident shall pay the Association two (2) months’ worth of Condominium Fees as a contribution to the Association’s working capital fund. The amounts of the Condominium Fees to be paid at Closing shall be determined by the Association prior to Closing.
- G. Taxes.** After the Closing Date, the Unit Owner will pay real estate taxes on the Unit. Taxes for the calendar year in which the Closing Date occurs will be prorated as of the Closing Date.
- H. Purchaser’s Right to Cancel.** A prospective Unit Owner may cancel the Purchase and Sale Agreement by sending written notice of his or her wish to cancel

before the expiration of the Rescission Period. If the purchaser cancels during such time frame, all money paid to the Operating Company, HBP Cottages and their affiliates shall be refunded, except, as the case may be, for costs or other charges that the Resident and the Operating Company, HBP Cottages and/or their affiliates agree in advance are non-refundable. The refund shall be made within ten (10) days of after delivery of the cancellation notice. The purchaser may also cancel in the event of death or incapacity prior to the Closing Date.

I. Resale of the Unit. If a Unit is resold, the new buyer of the Unit will be assessed a Membership Fee at the then-current rate published by the CCRC. The Membership Fee shall be paid to HBP Cottages or its designee on the Closing Date. The amount of the Membership Fee shall not be included in the calculation of any real estate commission payable with respect to the resale of the Unit. If the Unit Owner transfers ownership or use of the Unit by gift, bequest, lease or any other method of conveyance that is not subject to an arm's length negotiation at fair market value to a family member or any other person, the Membership Fee shall be based on the fair market value of the Unit as determined by a Qualified Appraisal when such transfer occurs.

J. Right of First Refusal.

1. In consideration of the affirmative obligations of and benefits to all Unit Owners provided by HBP Cottages and its affiliates, when any Unit is offered for sale by a Unit Owner (other than HBP Cottages or its affiliates), HBP Cottages shall have the exclusive right of first refusal (the "Right of First Refusal") to purchase such Unit at the price and on the terms of any bona fide offer for such Unit made in writing to the Unit Owner.
2. Upon receiving a bona fide offer to purchase the Unit from a prospective buyer that the Unit Owner intends to accept but for the Right of First Refusal (a "BFP Offer"), the Unit Owner shall notify HBP Cottages in writing of the Unit Owner's intent to sell, and shall include a complete copy of the BFP Offer (the "BFP Offer Notice"). HBP Cottages shall have thirty (30) days after receipt of such BFP Offer Notice to exercise the Right of First Refusal on the same terms proposed in the BFP Offer by giving written notice to the Unit Owner. Should HBP Cottages fail or refuse, within thirty (30) days after receipt of the BFP Offer Notice, to exercise its option to purchase the Unit on the terms set forth in the BFP Offer, then the Unit Owner shall have the right to sell the Unit to the prospective purchaser at a price not lower than that offered to HBP Cottages, subject, however, to all covenants, restrictions, limitations and affirmative obligations set forth herein, the Purchase and Sale Agreement, the Condo Declaration and the Residency and Services Agreement. In the event the Unit Owner and the prospective purchaser fail or refuse to consummate such conveyance of the Unit within four (4) months of the date the BFP Offer Notice was transmitted to HBP Cottages at the price

and on the terms offered, or a price more favorable to the Unit Owner, the terms and limitations of the Right of First Refusal shall again be imposed upon any future sale of the Unit.

3. If HBP Cottages elects to purchase such Unit, the transaction shall be consummated on the terms set forth in the BFP Offer; provided, however, that HBP Cottages shall have a minimum of thirty (30) days from the date it notifies the Unit Owner that it intends to exercise the Right of First Refusal to consummate the transaction.
4. The Right of First Refusal shall not apply to (i) the transfer of a Unit to a trust for estate planning purposes, (ii) the transfer of a Unit to the Unit Owner's estate, or (iii) the right of a foreclosure of a mortgage on the Unit.
5. The Right of First Refusal is more fully described in the Condo Declaration.

IX. Fees

The following is a list of the fees and charges expected to be charged to the Residents of the CCRC:

A. Priority Deposit.

1. **Rental Residences.** Upon the execution of the Priority Partner Agreement, a prospective resident of a rental Residence shall submit to the Operating Company a payment of One-Thousand Dollars (\$1,000.00) (the "Rental Priority Deposit"). The Rental Priority Deposit is fully refundable should the prospective resident choose not to proceed and not enter into a Residency and Services Agreement for any reason. Upon execution of a Residency and Services Agreement, the Rental Priority Deposit shall be applied to the first month's Monthly Service Fee as required by the Residency and Services Agreement.
2. **Condominium Units.** Upon the execution of a Priority Partner Agreement, a prospective Unit Owner shall make a Ten Thousand and No/100 Dollars (\$10,000.00) priority deposit (the "Unit Priority Deposit"). The Unit Priority Deposit is fully refundable should the prospective resident choose not to enter into a Residency and Services Agreement and Purchase and Sale Agreement for any reason. Should the prospective Unit Owner elect to execute a Purchase and Sale Agreement, the Unit Priority Deposit will be applied towards the Unit Owner's Earnest Money deposit obligation.

- B. Community Fee.** Upon the execution of the Residency and Services Agreement, the Resident shall submit to the Operating Company a one-time non-refundable (except as defined in the Residency and Services Agreement) Community Fee equal to two (2) times the current Monthly Service Fee as set forth in the Residency and Services Agreement (the "Community Fee"). The Community Fee entitles

Residents priority access to all services and amenities of the Community once Residence is occupied. A Community Fee will not be charged to Residents upon any renewal of the Residency and Services Agreement.

- C. Monthly Service Fee.** Throughout the Term, the Resident shall pay to the Operating Company a Monthly Service Fee (the “Monthly Service Fee”) as described in Exhibit C attached to the Residency and Services Agreement. The Monthly Service Fee shall be paid by the Resident on or before the fifth (5th) day of each month for Basic Services to be rendered that month with the first payment due on or before the Occupancy Date. The Monthly Service Fee shall be due regardless of whether or not the Residence is actually occupied by the Resident on the scheduled Occupancy Date and such Monthly Service Fee will not be adjusted if the Resident is voluntarily absent from the CCRC at any time after such date. If the Resident obtains possession of the Residence prior to the first of a month, the Resident shall pay the Operating Company the first Monthly Service Fee on a pro-rata basis based on the actual number of days contained in the month. If the Residency and Services Agreement does not terminate at the expiration of the initial Term or a renewal Term, the Monthly Service Fee may continue to be payable beyond the date of termination as set forth in the Residency and Services Agreement.
- D. Adjustments to Monthly Service Fees.** The Operating Company reserves the right to change the amount of the Monthly Service Fee upon thirty (30) days’ prior notice prior. Adjustments to the Monthly Service Fee will be made as reasonably necessary according to the economic requirements and conditions of the CCRC and the level and quality of services provided to the residents of the CCRC and consistent with operating on a sound financial basis. See Exhibit G for five years of the historical average dollar amount of increases in fees. The Operating Company may adjust the Monthly Service Fee prior to occupancy of a Residence by the Resident if changes in the projected costs of providing the services at Community so require.
- E. Fees for Optional Services.** The Resident shall receive a monthly statement from the Operating Company showing the total amount of fees and other charges owed by the Resident, which shall be paid by the fifth (5th) day of each month. A list of fees for recurring Optional Services the Resident has elected to purchase as of the date of the Residency and Services Agreement shall be attached to the Residency and Services Agreement as Exhibit C.
- F. Healthcare Center Fees and Charges.** The Healthcare Center will consist of accommodations, equipment and staffing necessary for assisted living, assisted housing with services, skilled nursing care and memory support services on a temporary or permanent basis. The Operating Company shall establish and publish per diem rates for accommodations and services at the Healthcare Center. Each calendar year, the Resident shall receive a ten percent (10%) discount on fees the Resident accrues during its first thirty (30) days of residency in the Healthcare Center (each day being a “Discounted Fee Day”). The Resident may not carry any

unused Discounted Fee Days over to the following calendar year. Fees for residency in the Healthcare Center shall otherwise be payable in accordance with the Residency and Services Agreement and in accordance with the then published Healthcare Center per diem charge.

- G. Refund of Fees.** If the Resident cancels during the Rescission Period (as defined in the Residency and Services Agreement), subject to the terms of the Purchase Agreement, if applicable, the Rental Priority Deposit or Cottage Priority Deposit, as applicable, , the Community Fee and any other fees paid by Resident in accordance with the Residency and Services Agreement will be refunded to the Resident, without interest, less a service charge of One Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Operating Company at the Resident's request and set forth in Exhibit C of the Residency and Services Agreement or in a written separate addendum to the Residency and Services Agreement, signed by the Resident and the Operating Company. Any refund shall be paid within thirty (30) days after the Operating Company's receipt of the Resident's written notice of rescission. The Community Fee becomes non-refundable after the Rescission Period.
- H. Late Charges.** The Resident will be charged a one percent (1%) late payment charge per month on any Monthly Service Fees and extra charges that have not been paid within five (5) days after their due date.
- I. Fees Applicable Only to Purchasers of a Unit.** The following fees are only payable by Residents who elect to purchase a Unit:
1. Membership Fee. All Unit Owners shall be required to pay the Membership Fee on the Closing Date.
 2. Earnest Money. At the time a Unit Owner executes a Purchase and Sale Agreement, the Unit Owner shall deliver the Earnest Money as set forth above. The Earnest Money shall be credited against the Purchase Price for the Unit.
 3. Condominium Fee. For Residents that purchase a Unit, will pay a monthly fee to the Association (the "Condominium Fee"). The Condominium Fee will be based on the Association's actual operating costs (together with a reserve for replacements), as shown in the Association's annual operating budget formulated and adopted in accordance with the bylaws of the Association, and assessed based on the percentage of ownership interest in the Association's common elements. The Condominium Fee is a separate cost from the operation of the CCRC but will be billed in conjunction with the Monthly Service Fee as a convenience to the Resident. Condominium Fees for the first two (2) months of residency in a Unit will be paid on the Closing Date.

X. Financial Information

- A. **Audited Financial Statements.** Audited financial statements of the Community as of and for the year ended _____ are included as Exhibit A.
- B. **Actual versus Forecasted Results.** A narrative of material differences between the previously forecasted financial statements and actual results of operations for the year ended _____ for the Community are included in Exhibit B.
- C. **Interim Financial Statements.** Interim financial statements for the three-month period ended _____ for the Community are included as Exhibit C.
- D. **Five-Year Prospective Financial Statements.** Financial projections for each of the five years ending _____ for the Community as compiled by an independent public accountant are included as Exhibit D.
- E. **Reserves, Escrow and Trusts.** North Carolina law requires continuing care retirement communities such as the Community to maintain operating reserves equal to fifty percent (50%) of the total operating costs in a given year, or twenty-five percent (25%) of such total operating costs if occupancy as of a certain date exceeds ninety percent (90%) of the Community's capacity (such reserve amount is referred to herein as the "Statutory Reserve"). This law provides security to the Residents that the Community will be able to meet its contractual obligations to provide continuing care. The Community's Statutory Reserve will be maintained through an irrevocable standby letter of credit issued by a financial institution approved by the North Carolina Department of Insurance (the "Letter of Credit"). The Letter of Credit will name the Community as the beneficiary and be in an amount sufficient to satisfy the Statutory Reserve requirement. Any draws by the Community must be approved by NCDI before funds can be released by the bank.

XI. Other Material Information

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

EXHIBIT A
AUDITED FINANCIAL STATEMENTS
[ATTACHED]

EXHIBIT B

ACTUAL VERSUS PROJECTED RESULTS

NOT APPLICABLE

EXHIBIT C
INTERIM FINANCIAL STATEMENTS
[ATTACHED]

EXHIBIT D
5-YEAR PROSPECTIVE FINANCIAL STATEMENTS
[ATTACHED]

EXHIBIT E

RESIDENCY AND SERVICES AGREEMENT – RENTAL RESIDENCES

[ATTACHED]

EXHIBIT F

RESIDENCY AND SERVICES AGREEMENT – PURCHASED UNITS

[ATTACHED]

EXHIBIT G

HISTORICAL AVERAGE DOLLAR AMOUNT OF INCREASES IN
FEES

HAYES BARTON PLACE

EXHIBIT H
PURCHASE AND SALE AGREEMENT
[ATTACHED]

EXHIBIT A
AUDITED FINANCIAL STATEMENTS
[ATTACHED]

HAYES BARTON PLACE

COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Year Ended December 31, 2024

And Report of Independent Auditor

HAYES BARTON PLACE
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Report of Independent Auditor

To the Members
Hayes Barton Place
Wilmington, North Carolina

Opinion

We have audited the accompanying combined financial statements of Hayes Barton Place (the “Company”), a group of entities under common control, which comprise the combined balance sheet as of December 31, 2024, and the related combined statements of operations and comprehensive loss, changes in equity, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Combined Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental schedules are presented for the purpose of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements taken as a whole.

Cherry Bekaert LLP

Charlotte, North Carolina
May 13, 2025

HAYES BARTON PLACE
COMBINED BALANCE SHEET

DECEMBER 31, 2024

ASSETS

Current Assets:

Cash	\$ 2,450,701
Restricted cash	941,000
Accounts receivables - related parties	1,237,801
Prepaid expenses	<u>737,733</u>
Total Current Assets	<u>5,367,235</u>

Property and equipment, net	<u>200,493,105</u>
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Noncurrent Assets:

Intangible asset	80,128
Other assets, net	<u>507,571</u>
Total Noncurrent Assets	<u>587,699</u>

Total Assets	<u>\$ 206,448,039</u>
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LIABILITIES AND EQUITY

Current Liabilities:

Line of credit	\$ 165,221
Unearned revenue	3,740,821
Accrued expenses and other payables	<u>18,315,021</u>
Total Current Liabilities	<u>22,221,063</u>

Noncurrent Liabilities:

Note payable, net	124,338,068
Accounts payable - related parties	<u>1,924,550</u>
Total Noncurrent Liabilities	<u>126,262,618</u>
Total Liabilities	<u>148,483,681</u>

Equity:

Members' equity	58,655,649
Accumulated other comprehensive loss	<u>(691,291)</u>
Total Equity	<u>57,964,358</u>

Total Liabilities and Equity	<u>\$ 206,448,039</u>
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The accompanying notes to the combined financial statements are an integral part of these statements.

HAYES BARTON PLACE**COMBINED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS***YEAR ENDED DECEMBER 31, 2024*

Revenue:		
Interest income	\$	4,579
Other revenue		3,756
Total Revenue		<u>8,335</u>
Expenses:		
Physical plant		54,036
General and administrative		1,804,624
Depreciation and amortization		857,337
Interest expense		1,779,165
Total Expenses		<u>4,495,162</u>
Net Loss		(4,486,827)
Other Comprehensive Loss:		
Change in fair value of interest rate derivative		<u>(230,539)</u>
Comprehensive Loss	\$	<u><u>(4,717,366)</u></u>

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

HAYES BARTON PLACE
COMBINED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2024

	Accumulated Other Comprehensive Loss	Members' Equity	Total Equity
Balance, December 31, 2023	\$ (460,752)	\$ 63,142,476	\$ 62,681,724
Comprehensive loss	(230,539)	(4,486,827)	(4,717,366)
Balance, December 31, 2024	<u>\$ (691,291)</u>	<u>\$ 58,655,649</u>	<u>\$ 57,964,358</u>

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

HAYES BARTON PLACE
COMBINED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2024

Cash flows from operating activities:

Net loss	\$ (4,486,827)
Adjustments to reconcile net loss to net cash flows from operating activities:	
Depreciation and amortization	857,337
Amortization of debt issuance costs	468,886
Change in fair value of interest rate derivative	(230,539)
Prepaid expenses	(73,943)
Accounts receivable - related parties	(349,742)
Other assets	177,160
Accrued expenses and other payables	(3,768,700)
Unearned revenue	955,001
Accounts payable - related parties	1,117,989
Accounts payable - trade	165,221
Net cash flows from operating activities	<u>(5,168,157)</u>

Cash flows from investing activities:

Purchases of property and equipment	<u>(72,449,652)</u>
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Cash flows from financing activities:

Proceeds from issuance of debt	<u>78,985,970</u>
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Net change in cash and restricted cash	1,368,161
Cash and restricted cash, beginning of year	<u>2,023,540</u>
Cash and restricted cash, end of year	<u>\$ 3,391,701</u>

Reconciliation of cash and restricted cash to the combined balance sheet:

Cash	\$ 2,450,701
Restricted cash	<u>941,000</u>
	<u>\$ 3,391,701</u>

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	<u>\$ 2,894,920</u>
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The accompanying notes to the combined financial statements are an integral part of these statements.

HAYES BARTON PLACE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2024

Note 1—Nature of operations

Nature of Operations – Hayes Barton Place (the “Company”) is an economic entity comprised of two individual companies under common control as listed below. The Company was organized to provide senior living services in Raleigh, North Carolina. Services will include providing and maintaining a 169-unit independent living rental apartment building with assisted living services, skilled nursing care, and supporting services, along with 45 independent living flats and townhomes.

HBP Oberlin Senior Housing PROPCO KP6, L.P. (“Raleigh Properties”) is a Delaware for-profit limited partnership formed for the purpose of developing and owning real property and the buildings of the Community.

HBP Oberlin Senior Housing OPCO KP6, L.P. (“Raleigh Operating”) is a Delaware for-profit limited partnership formed for the purpose of leasing and operating the Community.

Raleigh Properties and Raleigh Operating hold the certificate of need for 63 assisted living beds (all closed beds) and 31 skilled nursing beds (9 closed).

In February 2022, the North Carolina Department of Insurance issued the Company a Start-Up Certificate.

Note 2—Summary of significant accounting policies

Principles of Combination – The combined financial statements include the accounts of Raleigh Properties and Raleigh Operating, which are owned and controlled by the members of the limited partnership. All significant intercompany accounts and transactions have been eliminated. The combined financial statements do not and are not intended to represent the activity of a legal entity.

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

Use of Estimates – The preparation of the combined financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

No assets or liabilities (real or contingent) of the individual members of any of the limited partnership are included in the combined financial statements of the Company, except those pertaining to the Company, which are reflected in the combined balance sheet.

Property and Equipment, Net – Property and equipment is stated at actual cost. Maintenance and repairs are charged to expense as incurred, and renewals and betterments are capitalized. Gains or losses on disposals are credited or charged to operations.

Construction-in-progress includes building costs, capitalized interests and legal fees.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation expense amounted to \$857,337 for the year ended December 31, 2024.

HAYES BARTON PLACE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2024

Note 2—Summary of significant accounting policies (continued)

The estimated useful lives used in computing depreciation and amortization are as follows:

Buildings and improvements	5 to 40 years
Land improvements	5 to 15 years
Furniture and fixtures	5 to 20 years
Vehicles	10 years
Software	3 years
Leasehold improvements	Lesser of 40 years or the lease term
Equipment	3 to 20 years

Debt Issuance Costs, Net – Loan origination costs are being amortized over the life of the loan utilizing a straight-line method which approximates the effective interest rate method. The amortization of these costs is included in interest expense in the combined statement of operations and comprehensive loss.

Income Taxes – The Company, with the consent of its members, has elected under the Internal Revenue Code to be taxed as a partnership. In lieu of corporate federal income taxes, the members of a limited partnership are taxed on their proportionate share of the Company's taxable income. Management has evaluated the effect of the guidance provided by U.S. GAAP on accounting for uncertainty in income taxes. Management has evaluated all other income tax positions that could have a significant effect on the combined financial statements and determined the Company had no uncertain income tax positions at December 31, 2024.

Intangible Asset – In accordance with U.S. GAAP, goodwill and intangible assets that have indefinite useful lives are not amortized but rather are tested at least annually for impairment. For the Company, this asset includes fees related to the Company's application for the certificate of need ("CON"). The Company's CON application to develop the Continuing Care Retirement Community ("CCRC") facility was approved on February 12, 2022. In accordance with accounting standards generally accepted in the United States of America, intangible assets with indefinite useful lives are reviewed for impairment in accordance with Accounting Standards Codification ("ASC") 350, *Intangibles – Goodwill and Other*, which requires the Company to evaluate the recoverability of long-lived assets annually and whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company continually evaluates whether events and circumstances have occurred that indicate the CON may warrant revision or that the remaining carrying value may not be recoverable. As permitted by ASC 350, the Company performed an annual qualitative assessment of impairment to determine whether the value of the CON was impaired. Based on the results of this qualitative assessment, the CON was not impaired as of December 31, 2024.

Impairment of Long-Lived Assets – The Company reviews the carrying value of its long-lived assets such as property and equipment, whether held for use or disposal when events and circumstances indicate that the carrying amount of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. The amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. Based on results of this review, property and equipment was not impaired as of December 31, 2024.

Deferred Marketing Costs – Management has implemented Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* and adopted the treatment of deferred marketing costs. Under the standard, the Company capitalizes marketing sales commissions and bonuses associated with securing new Residency and Services Agreements as an asset and amortizes these commissions over the estimated term of the respective Residency and Services Agreements. Deferred marketing costs are included within other assets on the combined balance sheet. Amortization of deferred marketing costs amounted to \$-0- for the year ended December 31, 2024.

HAYES BARTON PLACE
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2024

Note 2—Summary of significant accounting policies (continued)

Advertising Costs – Advertising costs are expensed in the year incurred and totaled \$520,002 for the year ended December 31, 2024.

Accounts Receivable – The allowance for credit losses is based on the Company's assessment of the collectability of customer accounts receivable. In accordance with ASC Topic 326, *Financial Instruments – Credit Losses*, the Company makes ongoing estimates relating to the collectability of accounts receivable and records an allowance for estimated losses expected from the inability of its customers to make required payments. The Company establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a customer's ability to pay, and creditworthiness of significant customers. These inputs are used to determine a range of expected credit losses and an allowance is recorded within the range. Accounts receivable are written off when there is no reasonable expectation of recovery. As of December 31, 2024, the allowance for credit losses was \$-0-.

Note 3—Property and equipment, net

Property and equipment, net at December 31, 2024 consists of the following:

Land	\$ 14,041,316
Equipment	5,637,779
Vehicle	331,413
Buildings	152,016,508
Furniture and fixtures	<u>1,523,356</u>
	173,550,372
Less accumulated depreciation	<u>(858,962)</u>
	172,691,410
Construction-in-progress	<u>27,801,695</u>
Property and equipment, net	<u><u>\$ 200,493,105</u></u>

Note 4—Intangible asset

Intangible asset (indefinite-lived) consisted of the following at December 31, 2024:

Certificate of need	<u><u>\$ 80,128</u></u>
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Note 5—Other assets, net

Other assets, net consisted of the following at December 31, 2024:

Deferred marketing costs	\$ 385,862
Deposits	<u>121,709</u>
Other assets, net	<u><u>\$ 507,571</u></u>

The Company recognized prepaid expenses pertaining to the transfer of beds from a related party as a part of the contributions from officers/members. These beds will be recognized as intangible assets when the healthcare building has been built and licensed.

HAYES BARTON PLACE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2024

Note 6—Note payable

On December 14, 2022, the Company entered into a loan agreement with a financial institution. The loan agreement provides for a note payable with maximum borrowings of \$154,687,500. The loan will be used to finance the construction of the CCRC facility. The interest rate on this note was a variable rate of 2.75% plus the one-month term Secured Overnight Financing Rate (4.49% at December 31, 2024). Interest only is due at the beginning of the month starting in January 1, 2023 with principal due at maturity. The note has a maturity date of December 14, 2026. During the year, the Company drew an additional \$78,985,970 adding to the balance of notes payable. Total outstanding balance on the note payable amounted to \$125,239,789, net of debt issuance costs of \$901,721, as of December 31, 2024.

Note 7—Derivative instrument

Hayes Barton Place Properties entered into a Master Rate Cap Agreement with Truist Bank, Inc. dated March 14, 2023 that effectively fixes the interest rate on the outstanding principal of the term note. The interest rate cap has a notional amount of \$44,509,791 at a fixed interest rate of 5.00%. The agreement expires on June 1, 2026. The swap contract is adjusted to current market values through other comprehensive loss. The fair value of the interest rate swap was recorded as an asset totaling approximately \$1,709 as of December 31, 2024. Changes in the fair value of the interest rate swap resulted in a loss of approximately \$230,539 for the year ended December 31, 2024, which has been reported within other comprehensive loss.

Note 8—Leases

Raleigh Properties (the “Lessor”) leases real estate which includes office space, nursing homes, and long-term care centers to Raleigh Operating (the “Lessee”) under the terms of the Operating Lease Agreement (the “Operating Lease”) effective November 14, 2024. The Operating Lease expires October 14, 2039.

The Lessor determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property and equipment for a period of time in exchange for consideration. The Lessor has elected to apply the practical expedient to account for lease and non-lease components as a single component, and all components qualify for this practical expedient as the timing and pattern of transfer of the lease and non-lease component are the same, and the lease would be classified as an operating lease if it were accounted for separately. The Lessor has determined that the leases are predominant in these contracts and are accounting for the combined leases as operating leases under ASC 842.

The presentation is dependent on lease classification. However, the Lessor only has operating leases from a lessor perspective. Assets leased by the Company under operating leases are presented as property and equipment in the Company’s combined balance sheet and depreciated over their estimated useful life.

The cost basis of land, buildings, and improvements and office furniture and equipment held under the terms of the lease agreement was \$173,550,372 and related accumulated depreciation was \$858,962 at December 31, 2024.

The Lessor receives rent payments directly from the Lessee. For the year ended December 31, 2024, the monthly payment was \$2 for the Lessor. According to the terms of the Operating Lease, the annual rent to be paid by the lessee ranges from \$-0- to \$454,832 throughout the remainder of the terms.

Total rental income for the year ended December 31, 2024 was \$637,336 for the Lessor and has been eliminated in the combined financial statements.

HAYES BARTON PLACE
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2024

Note 8—Leases (continued)

Minimum future cash rentals due to the Lessor under the terms of the operating lease agreements are approximately as follows:

Years Ending December 31,

2025	\$	507,046
2026		3,330,464
2027		4,836,626
2028		5,178,624
2029		5,303,884
Thereafter		53,670,176
	\$	<u>72,826,820</u>

Total rent expense incurred by the Lessee to the Lessor was approximately \$4 for the year ended December 31, 2024, including amortization of the right-of-use asset of approximately \$349,070. These amounts have been eliminated in the combined financial statements.

Note 9—Related party transactions

Other entities owned by Liberty Healthcare provide other benefits to the Company. These transactions are also considered related party transactions and are settled through related party cash accounts and payments to the other entities. As of December 31, 2024, total receivables and payables to related parties were \$1,237,801 and \$1,924,550, respectively.

Note 10—Pension plan

The Company offers a defined contribution plan (the “Plan”) to eligible employees as defined by the Plan. The Company will match employee contributions at the discretion of management. The Company contributed \$5,672 to the Plan for the year ended December 31, 2024.

Note 11—Subsequent events

The Company has evaluated subsequent events through May 13, 2025, in connection with the preparation of these combined financial statements, which is the date the combined financial statements were available to be issued. The Company is unaware of any subsequent events that should be recognized or disclosed in the combined financial statements.

SUPPLEMENTARY INFORMATION

HAYES BARTON PLACE
COMBINING BALANCE SHEET

DECEMBER 31, 2024

	Oberlin Senior Housing OPCO KP6, L.P.	Oberlin Senior Housing PROPCO KP6, L.P.	Eliminations	Total
ASSETS				
Current Assets:				
Cash	\$ 713,251	\$ 1,737,450	\$ -	\$ 2,450,701
Restricted cash	941,000	-	-	941,000
Accounts receivable - related parties	657,685	580,116	-	1,237,801
Accounts receivable - Hayes Barton Place	1,136,871	1,147,457	(2,284,328)	-
Prepaid expenses	77,733	660,000	-	737,733
Total Current Assets	<u>3,526,540</u>	<u>4,125,023</u>	<u>(2,284,328)</u>	<u>5,367,235</u>
Property and equipment, net	<u>-</u>	<u>200,493,105</u>	<u>-</u>	<u>200,493,105</u>
Noncurrent Assets:				
Intangible asset	-	80,128	-	80,128
Right-of-use asset	51,376,685	-	(51,376,685)	-
Other assets, net	385,862	121,709	-	507,571
Total Noncurrent Assets	<u>51,762,547</u>	<u>201,837</u>	<u>(51,376,685)</u>	<u>587,699</u>
Total Assets	<u>\$ 55,289,087</u>	<u>\$ 204,819,965</u>	<u>\$ (53,661,013)</u>	<u>\$ 206,448,039</u>

HAYES BARTON PLACE
COMBINING BALANCE SHEET (CONTINUED)

DECEMBER 31, 2024

	Oberlin Senior Housing OPCO KP6, L.P.	Oberlin Senior Housing PROPCO KP6, L.P.	Eliminations	Total
LIABILITIES AND EQUITY				
Current Liabilities:				
Trade accounts payable	\$ 165,221	\$ -	\$ -	\$ 165,221
Unearned revenue	3,363,938	376,883	-	3,740,821
Accrued expenses and other payables	1,152,960	17,162,061	-	18,315,021
Accounts payable - Hayes Barton Place	510,121	1,136,871	(1,646,992)	-
Current portion of right-of-use lease liability	118,625	-	(118,625)	-
Total Current Liabilities	<u>5,310,865</u>	<u>18,675,815</u>	<u>(1,765,617)</u>	<u>22,221,063</u>
Noncurrent Liabilities:				
Note payable, net	-	124,338,068	-	124,338,068
Accounts payable - related parties	1,571,279	353,271	-	1,924,550
Right-of-use lease liability, net of current portion	51,895,396	-	(51,895,396)	-
Total Noncurrent Liabilities	<u>53,466,675</u>	<u>124,691,339</u>	<u>(51,895,396)</u>	<u>126,262,618</u>
Total Liabilities	<u>58,777,540</u>	<u>143,367,154</u>	<u>(53,661,013)</u>	<u>148,483,681</u>
Equity:				
Members' equity (deficit)	(3,488,453)	62,144,102	-	58,655,649
Accumulated other comprehensive loss	-	(691,291)	-	(691,291)
Total Equity (Deficit)	<u>(3,488,453)</u>	<u>61,452,811</u>	<u>-</u>	<u>57,964,358</u>
Total Liabilities and Equity	<u>\$ 55,289,087</u>	<u>\$ 204,819,965</u>	<u>\$ (53,661,013)</u>	<u>\$ 206,448,039</u>

HAYES BARTON PLACE
COMBINING STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

YEAR ENDED DECEMBER 31, 2024

	Oberlin Senior Housing OPCO KP6, L.P.	Oberlin Senior Housing PROPCO KP6, L.P.	Eliminations	Total
Revenue:				
Interest income/loss	\$ 4,579	\$ -	\$ -	\$ 4,579
Other revenue	3,756	-	-	3,756
Rent revenue	-	637,336	(637,336)	-
Total Revenue	<u>8,335</u>	<u>637,336</u>	<u>(637,336)</u>	<u>8,335</u>
Expenses:				
Physical plant	342,302	-	(288,266)	54,036
General and administrative	1,801,288	3,336	-	1,804,624
Depreciation and amortization	349,070	857,337	(349,070)	857,337
Interest expense	-	1,779,165	-	1,779,165
Total Expenses	<u>2,492,660</u>	<u>2,639,838</u>	<u>(637,336)</u>	<u>4,495,162</u>
Net loss	(2,484,325)	(2,002,502)	-	(4,486,827)
Other Comprehensive Loss:				
Change in fair value of interest rate derivative	-	(230,539)	-	(230,539)
Comprehensive Loss	<u>\$ (2,484,325)</u>	<u>\$ (2,233,041)</u>	<u>\$ -</u>	<u>\$ (4,717,366)</u>

HAYES BARTON PLACE
COMBINING STATEMENT OF CHANGES IN MEMBERS' EQUITY

YEAR ENDED DECEMBER 31, 2024

	Oberlin Senior Housing OPCO KP6, L.P.	Oberlin Senior Housing PROPCO KP6, L.P.	Eliminations	Total
Balance, December 31, 2023	\$ (1,004,128)	\$ 63,685,852	\$ -	\$ 62,681,724
Comprehensive loss	(2,484,325)	(2,233,041)	-	(4,717,366)
Balance, December 31, 2024	<u>\$ (3,488,453)</u>	<u>\$ 61,452,811</u>	<u>\$ -</u>	<u>\$ 57,964,358</u>

HAYES BARTON PLACE
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2024

	Oberlin Senior Housing OPCO KP6, L.P.	Oberlin Senior Housing PROPCO KP6, L.P.	Eliminations	Total
Cash flows from operating activities:				
Net loss	\$ (2,484,325)	\$ (2,002,502)	\$ -	\$ (4,486,827)
Adjustments to reconcile net loss to net cash flows from operating activities:				
Depreciation and amortization	349,070	857,337	(349,070)	857,337
Amortization of debt issuance costs	-	468,886	-	468,886
Change in fair value of interest rate derivative	-	(230,539)	-	(230,539)
Right-of-use asset	(51,725,755)	-	51,725,755	-
Changes in operating assets and liabilities:				
Prepaid expenses	(73,943)	-	-	(73,943)
Accounts receivable - Hayes Barton Place	(190,894)	(1,147,457)	1,338,351	-
Accounts receivable - related parties	(519,627)	169,885	-	(349,742)
Other assets	(53,123)	230,283	-	177,160
Accrued expenses and other payables	244,907	(4,013,607)	-	(3,768,700)
Unearned revenue	956,578	(1,577)	-	955,001
Accounts payable - Hayes Barton Place	510,121	190,894	(701,015)	-
Accounts payable - related parties	810,671	307,318	-	1,117,989
Accounts payable - trade	165,221	-	-	165,221
Lease liabilities	52,014,021	-	(52,014,021)	-
Net cash flows from operating activities	<u>2,922</u>	<u>(5,171,079)</u>	<u>-</u>	<u>(5,168,157)</u>
Cash flows from investing activities:				
Purchases of property and equipment	-	(72,449,652)	-	(72,449,652)
Net cash flows from investing activities	<u>-</u>	<u>(72,449,652)</u>	<u>-</u>	<u>(72,449,652)</u>
Cash flows from financing activities:				
Proceeds from issuance of debt	-	78,985,970	-	78,985,970
Net cash flows from financing activities	<u>-</u>	<u>78,985,970</u>	<u>-</u>	<u>78,985,970</u>

HAYES BARTON PLACE
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED DECEMBER 31, 2024

	Oberlin Senior Housing OPCO KP6, L.P.	Oberlin Senior Housing PROPCO KP6, L.P.	Eliminations	Total
Net change in cash and restricted cash	\$ 2,922	\$ 1,365,239	\$ -	\$ 1,368,161
Cash and restricted cash, beginning of year	1,651,329	372,211	-	2,023,540
Cash and restricted cash, end of year	<u>\$ 1,654,251</u>	<u>\$ 1,737,450</u>	<u>\$ -</u>	<u>\$ 3,391,701</u>
Reconciliation of cash and restricted cash to the combining balance sheet:				
Cash	\$ 713,251	\$ 1,737,450	\$ -	\$ 2,450,701
Restricted cash	941,000	-	-	941,000
	<u>\$ 1,654,251</u>	<u>\$ 1,737,450</u>	<u>\$ -</u>	<u>\$ 3,391,701</u>
Supplemental disclosure of cash flow information:				
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 2,894,920</u>	<u>\$ -</u>	<u>\$ 2,894,920</u>

EXHIBIT B

ACTUAL VERSUS PROJECTED RESULTS

NOT APPLICABLE

Hayes Barton Place
Material Difference Narrative
For the Year Ended December 31, 2024

For purposes of comparison, HBP Oberlin Senior Housing Propco KP6, L.P. and HBP Oberlin Senior Housing Opco KP6, L.P. (collectively "Hayes Barton Place" or the "Company") used the following financial reports as of and for the year ended (actual)/ending (projected) December 31, 2024:

Audited - Obtained from the Supplemental Schedules of the audited financial statements of HBP Oberlin Senior Housing Propco KP6, L.P. and HBP Oberlin Senior Housing Opco KP6, L.P. (collectively "Hayes Barton Place") as of and for the year ended December 31, 2024.

Projected - Obtained from the projected financial statements for Raleigh CCRC Management, LLC and Raleigh CCRC Properties, LLC, the previously licensed entities, with the Independent Accountants' Compilation Report dated June 27, 2024, which was included in the Hayes Barton Place Disclosure Statement dated May 31, 2024.

The following explanations are furnished pursuant to Section 58-64-30 of the General Statutes of North Carolina. The explanations pertain to material differences between the Company's audited and projected financial statements, as described above, as of and for the year ending December 31, 2024. See the summary Balance Sheets, Statements of Operations and Statements of Cash Flows behind this narrative for amounts and percentages.

For purposes of this narrative, "material" differences are considered to be variances of \$1,000,000 and 10% on line item amounts.

Balance Sheets:

1. Property and Equipment- Property and Equipment was less than projections by approximately \$80,346,000 (29%). These purchases will be incurred in future periods due to timing and completion of construction.
2. Due to/from Related Parties - Net amount is 95% (\$12.9Million) less than projection. It was estimated that \$12.8Million would be needed from related parties in order to maintain a \$2M cash balance. Construction draws were enough to satisfy this need without the large inter-company payable.

	2024 Audited - Oberlin Senior Housing OPCO KP6, L.P.	2024 Audited - Oberlin Senior Housing PROPCO KP6, L.P.	Eliminations	Audit Combined	
Due to/from Rela	2024 Projection				
Accounts Receivæ	-	1,794	1,728	(2,284)	1,237
Accounts Payable	13,628	2,081	1,490	(1,647)	1,925
Net	(13,628)	(287)	237	(637)	(687)
					-95% (12,941)

3. Accounts Payable and Accrued Expenses- Accounts payable and accrued expenses at December 31, 2024 were more than projected by approximately \$17,369,000 (1563%). This is mainly due to the accrued retainage to contractors for construction still in process.
4. Long-term Debt - Long-term Debt was approximately \$67,567,000 (35%) less than projected as we are drawing money when necessary. More costs will be incurred in future periods.
5. Members' Equity - Long-term Debt was approximately \$19,049,000 (30%) less than projected as we are drawing money when necessary. More costs will be incurred in future periods.

Statements of Cash Flows:

6. General, Administrative, and Marketing - Costs incurred for the General, Administrative, and Marketing were approximately \$1,055,000 (37%) less than projected. This is due to the timing of opening later than anticipated so less expenses incurred during 2024.
7. Operating Income/(Loss) - The Operating Loss was \$1,170,000 (39%) less than anticipated. A lot of this is due to the variance in administrative, general, and marketing expenses mentioned in Note 6.
8. Interest Expense - Interest expenses was not projected for 2024 and the total incurred was \$1,779,000 over projection. This was the interest paid on the loans.
9. Net Income/(loss) - The Net Loss was more than projected at \$1,698,000 (56%). Depreciation and interest expense were not projected for 2024 and totaled to \$2,637,000 of expense above projections leading to this variance in the Net Loss.
10. Members' Contributions - Members' contributions were 100% less than projected for the year as no additional contributions were needed this year.

Statements of Cash Flows:

11. Depreciation - Depreciation was not projected in 2024. The total expense was \$1,206,000 approximately for the year.
12. Changes in Operating Assets/Liabilites - Changes in operating assets and liabilites were approximately \$5,042,000 (75%) less than projections. The assumptions in the projection anticipated purchases at a higher rate than was realized.
13. Capital Additions - Less than projected by \$67,567,000 (46%) due to the timing of construction. Costs will be capitalized at a later period.
14. Proceeds from Long-Term Debt - Proceeds from Long-Term Debt was 46% (\$79Million) less than projected. This is also due to the timing of the construction draws and the completion of construction. This is expected to be recorded in 2025.

Hayes Barton Place

At December 31, 2024

Balance Sheet (in '000s)	2024 Projection	Audited				Variance		%	See Material Difference Narrative
		2024 Audited - Oberlin Senior Housing OPCO KP6, L.P.	2024 Audited - Oberlin Senior Housing PROPCO KP6, L.P.	Eliminations	Audit Combined	\$			
Assets:									
Current assets:									
Cash	\$ 2,000	\$ 713	\$ 1,737		\$ 2,451	\$ 451	23%		
Cash - restricted	492	941	-		941	449	91%		
Prepaid expenses	17	78	660		738	721	4240%		
Other current assets	83	-	-		-	(83)	-100%		
Total current assets	2,592	1,732	2,397	-	4,129	1,537			
Noncurrent assets:									
Operating reserve - Company	\$ 800	\$ -	\$ -	\$ -	-	(800)	-100%		
Property and equipment	280,839	-	200,493	-	200,493	(80,346)	-29%	(1)	
Intangible assets	80	-	80	-	80	-	0%		
Due from related parties	-	1,794	1,728	(2,284)	1,237	1,237	100%	(2)	
Deferred marketing costs	332	-	-	-	-	(332)	-100%		
Other non-current assets	351	51,763	122	(51,377)	508	157	45%		
Total assets	\$ 284,994	\$ 55,289	\$ 204,820	\$ (53,661)	\$ 206,448	\$ (78,546)			
Liabilities and Members' Deficit:									
Current liabilities:									
Accounts payable and accrued expenses	1,111	1,318	17,162	-	18,480	17,369	1563%	(3)	
Accrued payroll and related withholdings	-	-	-	-	-	-	100%		
Deferred revenue, current	2,786	3,364	377	-	3,741	955	34%		
Long-term debt, current portion	-	119	-	(119)	0	0	100%		
Total current liabilities	3,897	4,801	17,539	(119)	22,221	18,324			
Long-term liabilities:									
Long-term debt, net of current portion and deferred financing cost	191,905	51,895	124,338	(51,895)	124,338	(67,567)	-35%	(4)	
Due to related parties	13,628	2,081	1,490	(1,647)	1,925	(11,703)	-86%	(2)	
Deferred revenue, noncurrent	-	-	-	-	-	-	100%		
Total long-term liabilities	205,533	53,977	125,828	(53,542)	126,263	(79,270)			
Total liabilities	209,430	58,778	143,367	(53,661)	148,484	(60,946)			
Members' equity	75,564	(3,488)	61,453		57,964	(17,600)	-23%	(5)	
Total liabilities and members' equity	\$ 284,994	\$ 55,289	\$ 204,820	\$ (53,661)	\$ 206,448	\$ (78,546)			

Hayes Barton Place
For the Year Ended December 31, 2024

Statement of Operations and Changes in Members' Equity(in 000s)	2024 Projection	2024 Audited - Oberlin Senior Housing OPCO KP6, L.P.	2024 Audited - Oberlin Senior Housing PROPCO KP6, L.P.	Eliminations	Audit Combined	Variance		See Material Difference Narrative
						\$	%	
Revenue:								
Other revenue	\$ -	\$ 8	\$ -	\$ -	\$ 8	\$ 8		100%
Total revenue	-	8	-	-	8	8		
Expenses:								
Nursing	70	-	-	-	-	(70)		-100%
Dietary	75	-	-	-	-	(75)		-100%
General, administrative, and marketing	2,860	1,801	3	-	1,805	(1,055)		-37%
Plant operations	15	342	-	(288)	54	39		260%
Property Costs	-	-	-	-	-	-		100%
Total expenses	3,020	2,144	3	(288)	1,859	(1,161)		
Operating income/(loss)	(3,020)	(2,135)	(3)	288	(1,850)	1,170		-39%
Other operating expenses:								
Investment/interest (income)/expense	-	-	1,779	-	1,779	1,779		100%
Rent expense/(revenue)	-	-	(637)	637	(0)	(0)		100%
Depreciation and amortization	-	349	857	(349)	857	857		100%
Other operating expenses:	-	-	231	-	231	231		
Total other operating expenses	-	349	2,230	288	2,867	2,867		
Net income/(loss)	(3,020)	(2,484)	(2,234)	0	(4,717)	(1,698)		56%
Members' deficit, beginning of year	62,682	(1,004)	63,686		62,682	(0)		0%
Members' contributions	15,902	-	-		-	(15,902)		-100%
Members' deficit, end of year	\$ 75,564	\$ (3,488)	\$ 61,452	\$ 0	\$ 57,964	\$ (17,601)		-23%

Hayes Barton Place
For the Year Ended December 31, 2024

Statement of Cash Flows (in 000s)	2024 Projection	2024 Audited -		Eliminations	Audit Combined	Variance		See Material Difference Narrative	
		Oberlin Senior Housing OPCO KP6, L.P.	Oberlin Senior Housing PROPCO KP6, L.P.			\$	%		
Cash flows from operating activities:									
Net income (loss) from operations	\$ (3,020)	\$ (2,484)	\$ (2,234)		\$ (4,718)	(1,698)	56%	(9)	
Adjustments to reconcile net income (loss) from operations to net cash provided by (used in) operating activities									
Depreciation	-	349	857		1,206	1,206	100%	(11)	
Changes in operating assets and liabilities, net	(6,699)	2,138	(3,795)		(1,657)	5,042	-75%	(12)	
Net cash flows from operating activities	(9,719)	3	(5,172)		(5,169)	4,550			
Cash flows from investing activities:									
Capital additions	\$ (151,468)	\$ -	\$ (72,450)		\$ (72,450)	\$ 79,018	-52%	(13)	
Net cash flows from investing activities	(151,468)	-	(72,450)		(72,450)	79,018			
Cash flows from financing activities:									
Proceeds from long-term debt	146,553		78,986		\$ 78,986	\$ (67,567)	-46%	(14)	
Deferred financing cost					\$ -	\$ -	100%		
Members' contributions	\$ 15,902	\$ -	\$ -		\$ -	\$ (15,902)	-100%	(10)	
Net cash flows from financing activities	162,455	-	78,986		78,986	(83,469)			
Change in cash	1,268	3	1,365		1,368	100	8%		
Cash, beginning of year	2,024	1,651	372		2,024	(0)	0%		
Cash, end of year	\$ 3,292	\$ 1,654	\$ 1,737		\$ 3,391	\$ 99	3%		
Cash Reconciliation:									
Cash	\$ 2,000	\$ 713	\$ 1,737		\$ 2,451	\$ 451	23%		
Cash - restricted	\$ 492	\$ 941	\$ -		\$ 941	449	91%		
Operating reserve - Company	\$ 800								
Total cash	\$ 3,292	\$ 1,654	\$ 1,737		\$ 3,392	\$ 900			

EXHIBIT C
INTERIM FINANCIAL STATEMENTS
[ATTACHED]

Hayes Barton Place
Combined Statements of Operations and Changes in Members' Equity
For the Three Months Ended March 31, 2025

	HBP Oberlin Senior Housing OPCO KP6, LP	HBP Oberlin Senior Housing PROPCO KP6, LP	Eliminations	Consolidated
Revenue:				
Community fee amortization (IL only)	\$ -	\$ -	\$ -	\$ -
Net resident revenue:				
Independent living	1,883,849	-	-	1,883,849
Assisted living	-	-	-	-
Skilled nursing	-	-	-	-
Provision for bad debt	-	-	-	-
Management fees	-	-	-	-
Other revenue	3,231,218	-	-	3,231,218
Total operating revenue	5,115,067	-	-	5,115,067
Expense:				
Direct expenses:				
Nursing services	68,391	-	-	68,391
Dietary	407,053	-	-	407,053
Wellness	28,131	-	-	28,131
Patient activities	59,247	-	-	59,247
Social Services	2,823	-	-	2,823
Physical therapy	-	-	-	-
Occupational therapy	-	-	-	-
Speech therapy	-	-	-	-
Medical supplies	-	-	-	-
Other ancillaries	-	-	-	-
Total direct expenses	565,645	-	-	565,645
GROSS MARGIN	4,549,422	-	-	4,549,422
Indirect expenses:				
Housekeeping	152,357	-	-	152,357
Laundry and linen	7,926	-	-	7,926
Barber & beauty	-	-	-	-
General and administrative	1,048,208	11,274	-	1,059,482
Management fee	260,962	-	-	260,962
Transportation	33,949	-	-	33,949
Plant operations	289,343	-	-	289,343
Property costs	42,353	-	-	42,353
Total indirect expenses	1,835,098	11,274	-	1,846,372
Total operating expenses	2,400,743	11,274	-	2,412,017
EBITDAR	2,714,324	(11,274)	-	2,703,050
Other revenue/(expense):				
Gain/(loss) on disposal of assets	-	-	-	-
Investment/interest income	-	-	-	-
Investment/interest expense	-	(1,950,932)	-	(1,950,932)
Amortization of deferred financing costs	-	(115,250)	-	(115,250)
Rent revenue	-	1,220,437	(1,220,437)	-
Rent expense	(1,231,817)	-	1,231,817	-
Amortization of marketing costs	(22,373)	-	-	(22,373)
Depreciation	(1,340)	(1,286,733)	-	(1,288,073)
Extraordinary expense	7,090	-	-	7,090
COVID expense	-	-	-	-
Owner's expense	5	-	-	5
Total other revenue/(expense)	(1,248,440)	(2,132,478)	11,380	(3,369,533)
NET INCOME/(LOSS)	1,465,889	(2,143,752)	11,380	(666,483)
Members' equity/(deficit), beginning of year	(3,488,453)	61,452,811	-	57,964,358
Members' contributions	-	-	-	-
Members' distributions	-	-	-	-
Members' equity/(deficit), end of year	\$ (2,022,564)	\$ 59,309,059	\$ 11,380	\$ 57,297,875

Hayes Barton Place
Combined Statements of Cash Flows
For the Three Months Ended March 31, 2025

	HBP Oberlin Senior Housing OPCO KP6, LP	HBP Oberlin Senior Housing PROPCO KP6, LP	Eliminations	Consolidated
Cash flows from operating activities:				
Net income/(loss)	\$ 1,465,889	(2,143,752)	-	(677,863)
Adjustments to reconcile income/(loss) to net cash provided by operating activities:			-	-
Depreciation	1,340	1,286,733	-	1,288,073
Amortization of deferred financing costs	-	115,250	-	115,250
(Gain)/Loss on sale of property and equipment	-	-	-	-
Amortization of community fees	-	-	-	-
Amortization of deferred marketing costs	22,373	-	-	22,373
Provision for bad debts	-	-	-	-
Unrealized (gain)/loss on investments	-	-	-	-
Change in working capital:			-	-
Resident accounts receivable	(7,502)	-	-	(7,502)
Other receivables	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	(186,765)	-	-	(186,765)
Accounts receivables - related parties	(9,264)	(822,087)	-	(831,351)
Intercompany receivable - Barclay at SouthPark	(155,724)	(95,832)	251,557	1
Other assets	1,027,059	-	-	1,027,059
Deferred revenue, current portion	(2,670,969)	(2,365)	-	(2,673,334)
Accounts payable and other accrued expenses and other payables	(133,542)	(7,150,552)	-	(7,284,094)
Accrued payroll and related withholdings	-	-	-	-
Resident refunds	-	-	-	-
Deferred revenue, noncurrent portion	-	-	-	-
Accounts payable - related parties	240,717	(214,052)	-	26,665
Intercompany payable - Barclay at SouthPark	605,954	(981,147)	(251,557)	(626,750)
Cash flows from operating activities	199,566	(10,007,803)	-	(9,808,237)
Cash flows from investing activities:				
Routine capital purchases	(553,493)	(2,394,427)	-	(2,947,920)
Proceeds from sale of assets	-	-	-	-
Change in investments	-	-	-	-
Cash flows from investing activities	(553,493)	(2,394,427)	-	(2,947,920)
Cash flows from financing activities:				
Proceeds from long-term debt	134,561	-	-	134,561
Deferred financing costs	-	(115,250)	-	(115,250)
Principal payment of long-term debt	421,950	13,655,102	-	14,077,052
Member contributions/(distributions)	-	-	-	-
Cash flows from financing activities	556,511	13,539,852	-	14,096,363
Change in cash and cash equivalents	202,584	1,137,622	-	1,340,206
Cash and cash equivalents, beginning of year	1,654,251	1,737,450	-	3,391,701
Cash and cash equivalents, end of year	\$ 1,856,835	\$ 2,875,072	\$ -	\$ 4,731,907
Cash - unrestricted	873,835	1,682,072	-	2,555,907
Cash - restricted/invested	983,000	1,193,000	-	2,176,000
Total cash	\$ 1,856,835	\$ 2,875,072	\$ -	\$ 4,731,907

Hayes Barton Place
Combined Balance Sheets
March 31, 2025

Assets	HBP Oberlin Senior Housing OPCO KP6, LP	HBP Oberlin Senior Housing PROPCO KP6, LP	Eliminations	Consolidated
Current assets:				
Cash	\$ 873,835	1,682,072	-	2,555,907
Cash - restricted	983,000	1,193,000	-	2,176,000
Accounts receivable:				
Resident accounts receivable, net	7,502	-	-	7,502
Other	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	264,498	660,000	-	924,498
Intercompany receivable - Hayes Barton Place	1,292,595	605,953	(1,898,549)	(1)
Total current assets	3,421,430	4,141,025	(1,898,549)	5,663,906
Non-current assets:				
Investments	-	-	-	-
Property and equipment	78,112	200,816,694	-	200,894,806
Intangible assets	474,041	864,233	-	1,338,274
Due from related parties	666,950	2,039,539	-	2,706,489
Deferred marketing costs, net of amortization	-	-	-	-
Other non-current assets	50,713,115	121,709	-	50,834,824
Total non-current assets	51,932,218	203,842,175	-	255,774,393
Total assets	\$ 55,353,648	\$ 207,983,199	\$ (1,898,549)	\$ 261,438,299
Liabilities and Members' Equity/(Deficits)				
Current liabilities:				
Long-term debt, current portion	\$ 540,575	-	-	540,575
Resident refunds payable, current portion:	-	-	-	-
Deferred revenue, current portion	692,969	374,518	-	1,067,487
Accounts payable and accrued expenses	1,184,639	10,011,509	-	11,196,148
Accrued payroll and related withholdings	-	-	-	-
Intercompany payable - Hayes Barton Place	1,116,075	155,724	(1,898,549)	(626,750)
Total current liabilities	3,534,258	10,541,751	(1,898,549)	12,177,460
Non-current liabilities and deferred revenue:				
Long-term debt, less current portion	52,029,957	137,993,170	-	190,023,127
Deferred financing costs, net of accumulated amortization	-	-	-	-
Due to related parties	1,811,997	139,219	-	1,951,216
Deferred revenue, noncurrent	-	-	-	-
Total non-current liabilities and deferred revenue	53,841,954	138,132,389	-	191,974,343
Total liabilities and deferred revenue	57,376,212	148,674,140	(1,898,549)	204,151,803
Members' equity/(deficit)	(2,022,564)	59,309,059	-	57,286,495
Total liabilities and members' equity/(deficit)	\$ 55,353,648	\$ 207,983,199	\$ (1,898,549)	\$ 261,438,298

EXHIBIT D
5-YEAR PROSPECTIVE FINANCIAL STATEMENTS
[ATTACHED]

Hayes Barton Place

Compilation of a Financial Projection

**For Each of the Five Years Ending
December 31, 2029**

(with Accountant's Compilation Report thereon)

Hayes Barton Place
Compilation of a Financial Projection
Five Years Ending December 31, 2028

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Accountant's Compilation Report

Hayes Barton Place
Wilmington, North Carolina

Management of Hayes Barton Place, an economic entity comprised of two individual companies under common control (the "Company"), and the day-to-day operating manager, Liberty Living Management, LLC (collectively "Management") is responsible for the accompanying financial projection of the Company, which comprises the projected combined balance sheets as of and for each of the five years ending December 31, 2029, the related projected combined statements of operations and changes in members' equity, and cash flows for each of the years then ending, and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA").

The 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 and other related costs to complete the health center units and beds, as well as related common areas, approximate the projected amounts;
- the independent living units and health center units and beds are successfully marketed and achieve and maintain projected occupancy levels during the projection period;
- the Company enters into a permanent loan agreement in December 2026 at rates and terms as assumed in the projection.

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.

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

Forvis Mazars, LLP

Atlanta, Georgia
June 6, 2025

Hayes Barton Place

Projected Combined Statements of Operations and Changes in Members' Equity For Each of the Five Years Ending December 31, (In Thousands)

	2025	2026	2027	2028	2029
Revenue:					
Independent living	\$ 16,913	\$ 23,352	\$ 30,079	\$ 30,982	\$ 31,911
Assisted living	1,237	7,002	7,533	7,759	7,992
Skilled nursing	1,621	5,703	6,556	6,752	6,956
Other revenue	3,739	1,589	708	729	751
Total operating revenue	23,510	37,646	44,876	46,222	47,610
Expense:					
Independent living	670	1,310	1,648	1,697	1,748
Assisted living	791	2,010	2,162	2,227	2,294
Skilled nursing	1,470	3,116	3,579	3,687	3,797
Dietary	2,887	4,442	5,415	5,577	5,745
Housekeeping	954	1,237	1,507	1,553	1,599
Laundry	162	618	754	776	800
General and administrative	3,385	3,491	3,769	3,882	3,998
Management Fee	1,204	2,009	2,384	2,457	2,530
Plant operations	1,209	2,102	2,563	2,640	2,719
Physical plant	516	618	754	776	800
Total operating expenses	13,248	20,953	24,535	25,272	26,030
 Operating income	 10,262	 16,693	 20,341	 20,950	 21,580
Other expense:					
Interest expense	6,560	6,931	9,186	9,070	8,946
Deferred financing cost amortization	451	503	52	52	52
Deferred marketing cost amortization	67	83	83	83	83
Depreciation	5,403	5,773	5,775	5,777	5,779
Total other expense	12,481	13,290	15,096	14,982	14,860
 Net income (loss)	 (2,219)	 3,403	 5,245	 5,968	 6,720
 Members' equity, beginning of year	 57,964	 55,745	 59,148	 64,393	 70,361
Members' equity, end of year	\$ 55,745	\$ 59,148	\$ 64,393	\$ 70,361	\$ 77,081

**See accompanying Accountant's Compilation Report and Summary of Significant
Projection Assumptions and Rationale**

Hayes Barton Place

Projected Combined Statements of Cash Flows For Each of the Five Years Ending December 31, (In Thousands)

	2025	2026	2027	2028	2029
Cash flows from operating activities:					
Net income (loss)	\$ (2,219)	\$ 3,403	\$ 5,245	\$ 5,968	\$ 6,720
Adjustments to reconcile net income (loss) to net cash from operating activities:					
Depreciation	5,403	5,773	5,775	5,777	5,779
Deferred financing cost amortization	451	503	52	52	52
Deferred marketing cost amortization	67	83	83	83	83
Accounts receivable - related parties	-	(2,000)	(2,000)	(6,000)	(7,500)
Accounts payable - related parties	15,835	(3,429)	(6,455)	(3,664)	(2,790)
Change in current assets, net	(2,660)	(2,047)	(1,029)	(194)	(200)
Change in current liabilities, net	(16,844)	586	245	10	12
Cash flows from operating activities	33	2,872	1,916	2,032	2,156
Cash flows from investing activities:					
Capital additions	(29,523)	(75)	(75)	(75)	(75)
Cash flows from investing activities	(29,523)	(75)	(75)	(75)	(75)
Cash flows from financing activities:					
Proceeds from long-term debt	29,448	154,688	-	-	-
Payoff of construction loan	-	(154,688)	-	-	-
Deferred financing costs	-	(1,547)	-	-	-
Principal payment of long-term debt	-	(1,300)	(1,891)	(2,007)	(2,131)
Cash flows from financing activities	29,448	(2,847)	(1,891)	(2,007)	(2,131)
Change in cash and restricted cash	(42)	(50)	(50)	(50)	(50)
Cash and restricted cash, beginning of year	3,392	3,350	3,300	3,250	3,200
Cash and restricted cash, end of year	\$ 3,350	\$ 3,300	\$ 3,250	\$ 3,200	\$ 3,150
Cash and restricted cash reconciliation:					
Cash	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Cash - restricted	550	500	450	400	350
Operating reserve - Company	800	800	800	800	800
Total cash and restricted cash	\$ 3,350	\$ 3,300	\$ 3,250	\$ 3,200	\$ 3,150

**See accompanying Accountant's Compilation Report and Summary of Significant
Projection Assumptions and Rationale**

Hayes Barton Place

Projected Combined Balance Sheets For Each of the Five Years Ending December 31, (In Thousands)

Assets	2025	2026	2027	2028	2029
Current assets:					
Cash	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Restricted cash	550	500	450	400	350
Resident accounts receivable, net	2,891	4,641	5,533	5,699	5,870
Inventories	362	574	672	692	713
Prepaid expenses	145	230	269	277	285
Total current assets	\$ 5,948	\$ 7,945	\$ 8,924	\$ 9,068	\$ 9,218
Non-current assets:					
Operating reserve - Company	800	800	800	800	800
Property and equipment, net	224,613	218,915	213,215	207,513	201,809
Intangible asset	80	80	80	80	80
Accounts receivable - related parties	1,237	3,237	5,237	11,237	18,737
Deferred marketing costs, net of amortization	(67)	(150)	(233)	(316)	(399)
Other non-current assets	508	508	508	508	508
Total non-current assets	227,171	223,390	219,607	219,822	221,535
Total assets	\$ 233,119	\$ 231,335	\$ 228,531	\$ 228,890	\$ 230,753
Liabilities and Members' Equity					
Current liabilities:					
Long-term debt, current portion	\$ 1,300	\$ 1,891	\$ 2,007	\$ 2,131	\$ 2,236
Unearned revenue, current portion	3,741	3,741	3,741	3,741	3,741
Accounts payable and accrued expenses	1,636	2,222	2,467	2,477	2,489
Total current liabilities	\$ 6,677	\$ 7,854	\$ 8,215	\$ 8,349	\$ 8,466
Non-current liabilities:					
Long-term debt, net	152,937	150,002	148,047	145,968	143,784
Accounts payable - related parties	17,760	14,331	7,876	4,212	1,422
Total non-current liabilities	170,697	164,333	155,923	150,180	145,206
Total liabilities	177,374	172,187	164,138	158,529	153,672
Members' equity	55,745	59,148	64,393	70,361	77,081
Total liabilities and members' equity	\$ 233,119	\$ 231,335	\$ 228,531	\$ 228,890	\$ 230,753

**See accompanying Accountant's Compilation Report and Summary of Significant
Projection Assumptions and Rationale**

Hayes Barton Place

Summary of Significant Projection Assumptions and Rationale

General

The accompanying financial projection presents, to the best of the knowledge and belief of management of Hayes Barton Place, an economic entity comprised of two individual companies under common control (the “Company”), and the day-to-day operating manager, Liberty Living Management, LLC (the “Operating Manager” (collectively “Management”), the expected financial position, results of operations and changes in members’ equity, and cash flows of the Company as of and for each of the five years ending December 31, 2029. Accordingly, the accompanying financial projection reflects Management’s judgment as of June 6, 2025, 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 Company’s annual disclosure statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the prospective financial statements.

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

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

- construction and other related costs to complete the health center units and beds, as well as related common areas, approximate the projected amounts;
- the independent living units and health center units and beds are successfully marketed and achieve and maintain projected occupancy levels during the projection period;
- the Company enters into a permanent loan agreement in December 2026 at rates and terms as assumed in the projection.

See Accountant’s Compilation Report

Background

The Company is an economic entity comprised of two individual companies listed below. Management plans to provide senior living services in Raleigh, North Carolina. Services are to include providing and maintaining an independent living retirement community, assisted living services, skilled nursing care, and supporting services (the “Community”). The Company plans to begin operations of the Community in January 2025. The following two individual companies form the Company.

HBP Oberlin Senior Housing PROPCO KP6, L.P. (“Raleigh Properties”) is a Delaware for-profit limited partnership formed for the purpose of developing and owning real property and the buildings of the Community.

HBP Oberlin Senior Housing OPCO KP6, L.P. (“Raleigh Operating”) is a Delaware for-profit limited partnership formed for the purpose of leasing and operating the Community.

The activities of Raleigh Properties and Raleigh Operating are included in Management’s projection.

The Community is to consist of 214 independent living rental apartments (the “Apartments”), flats (the “Flats”), and townhomes (the “Townhomes”) (collectively, the “Independent Living Units”), 25 assisted living units and 32 memory support units (these 57 units are collectively referred to as the “Assisted Living Units”) and 31 skilled nursing beds (the “Skilled Nursing Beds”). The Assisted Living Units and the Skilled Nursing Beds are collectively referred to as the “Healthcare Center.”

The Company currently holds the certificate of need (“CON”) for 63 assisted living beds and 31 skilled nursing beds. In February 2022, the North Carolina Department of Insurance (“NCDOI”) issued the Company a Start-Up Certificate.

Related Parties

The Operating Manager is owned by Liberty Healthcare Group, LLC (“Liberty Healthcare Group”), a North Carolina limited liability company. Other entities owned by Liberty Healthcare Group provide other benefits to the Company. These transactions are considered related party transactions and are settled through related party cash accounts and payments to the other entities.

Raleigh Operating plans to enter into a management agreement with the Operating Manager in which Raleigh Operating pays a management fee of 5.0 percent of total revenues derived from Independent Living Units and 6.0 percent of total revenues derived from Assisted Living Units and Skilled Nursing Beds (the “Management Fee”) to the Operating Manager, a related party to the Company.

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The Community

The Community, which began opening in phases in January 2025, is located in Raleigh, North Carolina on an approximately eight acres of land, comprised of three parcels.

The following table summarizes the types of units, approximate square footage and assumed monthly fees (“Monthly Fee”) or daily fees (“Daily Fee”) of the Community.

Unit Type	Number of Units / Beds	Square Footage	Monthly Fee ⁽¹⁾⁽²⁾⁽³⁾
Independent Living Units			
Apartments:			
One-bedroom	18	851	\$ 7,063
Two-bedroom	139	1,467	10,166
Three-bedroom	12	2,598	15,642
Flats	24	1,985	13,929
Townhomes	21	2,673	18,146
Total / Weighted Average	214	1,655	\$ 11,417
Assisted Living Units⁽⁴⁾			
Memory Support Units	32	385	\$ 9,291
Traditional Assisted Living Units	25	669	8,709
Total / Weighted Average	57	510	\$ 9,036
Skilled Nursing Beds			Daily Fee
Private		635	\$ 550
Medicare		635	605
Managed Medicare		635	414
Total / Weighted Average	31	635	\$ 523
Total Units / Beds	302		

Source: Management

- (1) The Monthly Fee and Daily Fee pricing is an average of the Month Fees and Daily Fees effective as of January 1, 2025. The Monthly Fees and Daily Service Fees increase each January for all Residents (hereinafter defined).
- (2) Residents of the Independent Living Units and direct admit Residents of the Assisted Living Units shall be required to pay a one-time, non-refundable fee equal to two month’s Monthly Fee for Residents of the Independent Living Units or \$3,000 for direct admission to the Assisted Living Units Residents (the “Community Fee”).
- (3) The second person Monthly Fee is assumed for the Independent Living Units and the Assisted Living Units is \$800 and \$2,600, respectively.
- (4) The Assisted Living Units are assumed to be licensed for 63 beds with six units available for double occupancy.

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The following table illustrates the timeline for construction, opening, and anticipated fill-up of the Community.

Permanent license approval received from NCDOI	November 2024
Certificate of occupancy	November 2024
Independent Living Units available	January 2025
Medicare license obtained	June 2025
Healthcare Center opens	July 2025
Healthcare Center achieves stabilized occupancy	September 2026
Independent Living Units achieve stabilized occupancy	December 2026

Source: Management

See Accountant's Compilation Report

Residency and Services Agreement

Services – Management plans to offer a residency agreement (“Residency and Services Agreement”) which is a rental contract under which the Company is obligated, upon payment by the resident (the “Resident” or “Residents”) of the Community Fee, and ongoing payment of the Monthly Fee, to provide certain services to the Resident. While the Resident occupies an Independent Living Unit, services provided include:

- Utilities, except telephone and internet service;
- Declining balance meal plan;
- Weekly housekeeping services;
- Interior unit and appliance maintenance;
- Maintenance of common area and the grounds;
- Use of common areas and wellness center;
- Uncovered parking;
- Scheduled transportation; and
- 24-hour emergency response system.

Management plans to offer optional services, including covered parking, personal laundry, additional transportation, additional dining, and additional housekeeping services, for an extra charge.

Admittance Standards – Prior to taking occupancy of a selected Independent Living Unit, the Resident shall execute a Residency and Services Agreement. The terms of the Residency and Services Agreement require the Company accept persons at least 62 years of age at the time of occupancy, who demonstrate the ability to live independently, and meet the financial obligations as a Resident. A reservation requires a signed Residency and Services Agreement and payment of a one-time, non-refundable Community Fee. Upon occupancy, Residents are expected to pay an ongoing Monthly Fee.

Healthcare Benefit – The Company plans to provide Residents temporary or permanent assisted living, memory care and skilled nursing services in the Healthcare Center, within the limits of the Company’s licensure. Residents are to receive an annual, non-cumulative discount of 10 percent from the current market rate during the first 30 days of residency in the Healthcare Center.

Terms of Residency – The initial Residency and Services Agreement shall be for a term of 13 months. After the initial term, the Resident has the option, each year, of executing another Residency and Services Agreement for 13 months. If another 13-month Residency and Services Agreement is not executed, the Residency and Services Agreement shall expire at the end of the term.

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Termination by the Resident Prior to Occupancy – The Resident may cancel at any time and for any reason during the 30-day rescission period as defined in the Residency and Services Agreement (the “Rescission Period”) and shall receive a refund of any fees paid less a service charge. After the Rescission Period, the Resident may terminate the Residency and Services Agreement prior to moving into the Community by giving 30 days’ prior written notice. Under this circumstance, the Community Fee becomes non-refundable after the Rescission Period.

Termination by the Resident After Occupancy – The Resident may terminate the Residency and Services Agreement after moving into the Community by giving 30 days’ prior written notice of termination, which shall be effective and irrevocable upon delivery. If the Resident terminates the Residency and Services Agreement prior to the expiration of the initial term or renewal term, then the Resident shall be liable for the Monthly Fee until the date that all of the Resident’s personal belongings are removed from the Independent Living Unit. In addition, the Resident shall be responsible for payment of liquidated damages of one month’s Monthly Fee.

The Residency and Services Agreement shall automatically terminate upon the death of the Resident (unless there is a surviving joint Resident) and a personal representative shall have 30 days from the date of death to remove personal property from the Independent Living Unit. The Resident’s estate is obligated to pay the Monthly Fee until the removal of possessions from the Independent Living Unit and key return to administration.

Termination by the Company – The Company may terminate the Residency and Services Agreement for just cause to include: (i) breach of agreement; (ii) misrepresenting information in the admission process; (iii) failure to pay any charges; (iv) Resident becomes infected with dangerous or contagious disease; or (v) violation of any reasonable procedures at the Community.

See Accountant’s Compilation Report

Summary of Significant Accounting Policies

- (a) Basis of Accounting – The Company is assumed to maintain its accounting and financial records according to the accrual basis of accounting.
- (b) Principles of Combination – The combined financial statements include the accounts of Raleigh Properties and Raleigh Operating, which are owned and controlled by the members of the limited liability partnership. All significant inter-company accounts and transactions have been eliminated, including right-of-use assets and right-of-use lease liability amounts.
- (c) Cash – Cash includes cash on hand and cash on deposit held by one financial institution.
- (d) Restricted Cash – Restricted cash is comprised of refundable priority deposits (the “Priority Deposit”) received from future residents, which are held in accordance with statute, law, or regulation of the federal, state, and local government. The Priority Deposit shall be applied to the security deposit paid by the resident upon execution of a Residency and Care Agreement.
- (e) Related-Party Transactions – The principal members of the Company and other entities, which they own or with which they are associated, are considered related parties. Management monitors cash flow at each related party entity and transfers cash on an as-needed basis.
- (f) Statutory Operating Reserve – North Carolina General Statute section 58-64-33, requires licensed CCRCs to maintain an operating reserve equal to 50 percent of the total projected operating expenses (adjusted for non-cash items) in a given year. If a CCRC maintains a combined independent and assisted living occupancy in excess of 90 percent, the operating reserve amount required equals 25 percent of projected operating expenses (adjusted for non-cash items). The reserve may be funded by cash, invested cash, or investment grade securities. Management assumes that the statutory operating reserve shall be funded by an irrevocable standby letter of credit from a financial institution. Management is to fund a \$800,000 operating reserve, at its discretion, to provide additional liquidity for Community’s operations.
- (g) Lease Accounting – ASU 2016-02 requires all leases with lease terms over twelve months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases are to be classified as either finance or operating. This distinction shall be relevant for the pattern of expense recognition in the statement of operations. Upon combining the Company’s projected financial statements, material lease transactions occurring during the projection period are recognized as internal lease transfers and eliminated from the financial presentation.

See Accountant’s Compilation Report

- (h) Property and Equipment – Property and equipment are recorded at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets. The cost of maintenance and repairs is charged to operations as incurred, whereas significant renewals and betterments are capitalized.
- (i) Deferred Marketing Costs – Management has implemented ASU No. 2014-09 Revenue from Contracts with Customers and adopted the treatment of deferred marketing costs. Under the standard, the Company capitalizes marketing sales commissions associated with securing new Residency and Care Agreements as an asset and amortizes these commissions over five years, the estimated term of the respective Residency and Care Agreements.
- (j) Intangible Asset – The intangible asset includes fees related to the Company’s application for the CON. In accordance with accounting standards generally accepted in the United States of America, intangible assets with indefinite useful lives are reviewed for impairment in accordance with Accounting Standards Codification (“ASC”) 350, Intangibles – Goodwill and Other, which requires the Company to evaluate the recoverability of long-lived assets annually and whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company continually evaluates whether events and circumstances have occurred that indicate the CON may warrant revision or that the remaining carrying value may not be recoverable. As permitted by ASC 350, the Company performs qualitative assessments of impairment to determine whether the value of the CON was impaired. Management assumes no impairment for the intangible asset to occur during the projection period.
- (k) Debt Financing Cost – Cost associated with the issuance of debt is capitalized and is amortized over the term of the related debt using the straight-line method, which approximates the effective interest method. Debt issuance costs are netted against the related debt on the combined projected balance sheet and the amortization is included on the combined projected statement of operations and changes in members’ equity.
- (l) Income Taxes – The Company has elected to be treated as a partnership for income tax purposes. The Company’s taxable income, its losses, and other pass-through items are reported on the members’ tax returns. Accordingly, no provision for income taxes has been included in the projection.

See Accountant’s Compilation Report

Summary of Revenue Assumptions

The following table summarizes the move-in assumptions for the Community during the projection period.

Fiscal Year/Month	Independent Living Move-in Schedule ⁽¹⁾ <i>Cumulative</i>			Assisted Living Units Move-in Schedule ⁽¹⁾ <i>Cumulative</i>			Skilled Nursing Beds Move-in Schedule ⁽¹⁾ <i>Cumulative</i>		
	Quarterly Move-ins Total	Unit Total	Unit % ⁽²⁾	Quarterly Move-ins Total	Unit Total	Unit % ⁽²⁾	Quarterly Move-ins Total	Bed Total	Bed % ⁽²⁾
2025									
1 st Quarter	100	100	47%	–	–	–	–	–	–
2 nd Quarter	20	120	56%	–	–	–	–	–	–
3 rd Quarter	15	135	63%	17	17	30%	15	15	48%
4 th Quarter	10	145	68%	13	30	53%	14	29	94%
2026									
1 st Quarter	15	160	75%	8	38	67%	–	29	94%
2 nd Quarter	16	176	82%	8	46	81%	–	29	94%
3 rd Quarter	16	192	90%	8	54	95%	–	29	94%
4 th Quarter	12	204	95%	–	54	95%	–	29	94%
2027									
Full Year	–	204	95%	–	54	95%	–	29	94%
Total	204	95%	54	95%	29	94%			

Source: Management

- (1) The Community opened in January 2025. Initial move-ins to the Assisted Living Units and Skilled Nursing Beds are assumed to begin in July 2025, with Medicare licensure of the Skilled Nursing Beds anticipated to be completed in June 2025.
- (2) Cumulative occupancy is based on 214 available Independent Living Units, 57 Assisted Living Units, and 31 Skilled Nursing Beds.

See Accountant's Compilation Report

The following table summarizes the assumed utilization of the Independent Living Units, Assisted Living Units, and Skilled Nursing Beds.

Table 4
Utilization

Fiscal Years Ending December 31,	Average Units / Beds Available	Average Units / Beds Occupied	Percent Occupied
Independent Living Units⁽¹⁾			
2025 ⁽²⁾	214	133	62.0%
2026	214	167	78.0%
2027 – 2029	214	204	95.0%
Assisted Living Units			
2025 ⁽²⁾	52	9	17.0%
2026	57	52	91.0%
2027 – 2029	57	54	95.0%
Skilled Nursing Beds⁽³⁾			
2025 ⁽²⁾	26	8	31.0%
2026	31	26	84.0%
2027 – 2029	31	29	94.0%

Source: Management

- (1) The double occupancy percentage for the Independent Living Units is assumed to be 49 percent throughout the projection period.
- (2) The Community opened in January 2025. Initial move-ins to the Assisted Living Units and Skilled Nursing Beds are assumed to begin in July 2025.
- (3) The payor mix for the Skilled Nursing Beds is assumed to be as follows throughout the projection period: Private pay: 2.0 percent; Medicare: 81.0 percent; and Managed Medicare: 17 percent.

Independent Living and Assisted Living Revenue

Resident service revenue for the Independent Living Units and Assisted Living Units is based upon the assumed Monthly Fees for services provided to Residents and the assumed occupancy of the Independent Living Units and Assisted Living Units. Monthly Fees for the Independent Living Units and the Assisted Living Units are assumed to increase 3.0 percent annually throughout the projection period.

Skilled Nursing Revenue

Resident service revenue for the Skilled Nursing Beds is based upon the assumed Daily Fees for services provided to Residents and the assumed occupancy of Skilled Nursing Beds. Daily Fees for the Skilled Nursing Beds are assumed to increase 3.0 percent annually throughout the projection period.

See Accountant's Compilation Report

Other Revenues

Revenue from other revenue is assumed to be derived from Community Fees, guest meals and other miscellaneous sources and is assumed to approximate 1.6 percent of annual resident service revenue throughout the projection period.

Summary of Operating Expense Assumptions

Salaries, Wages, and Employee Benefits

Salaries, wages, and employee benefits are assumed to increase 3.0 percent annually throughout the projection period.

Non-Salary Expenses

Non-salary expenses are assumed to increase 3.0 percent annually throughout the projection period.

Management Fee Expense

The Company is assumed to pay the Management Fee for the day-to-day management of the Community. The Management Fee is assumed to be based on 5.0 percent of the revenue derived from the Independent Living Units and 6.0 percent of the revenue derived from the Health Center.

See Accountant's Compilation Report

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.

Table 5
Statutory Operating Reserve Requirement
(in Thousands)

Fiscal Years Ending December 31,	2025	2026	2027	2028	2029
Projected expenses	\$ 25,729	\$ 34,243	\$ 39,631	\$ 40,254	\$ 40,890
Add: principal payments on long-term debt	–	1,300	1,891	2,007	2,131
Subtract:					
Depreciation	(5,403)	(5,773)	(5,775)	(5,777)	(5,779)
Amortization	(518)	(586)	(135)	(135)	(135)
Projected operating expenses – adjusted	19,808	29,184	35,612	36,349	37,107
Statutory Operating Reserve percent required ⁽¹⁾	50%	50%	25%	25%	25%
Statutory Operating Reserve⁽²⁾	\$ 9,904	\$ 14,592	\$ 8,903	\$ 9,087	\$ 9,277
Occupancy of the Independent Living Units and Assisted Living Units:					
Units available, end of year	271	271	271	271	271
Units occupied, end of year	143	219	258	258	258
Occupancy Percentage	53%	81%	95%	95.%	95.%

Source: Management

- (1) North Carolina General Statute Section 58-64-33 requires an operating reserve 50 percent or 25 percent of projected operating expenses-adjusted for occupancy of independent and assisted living below 90 percent or 90 percent or above, respectively.
- (2) Management plans to satisfy the statutory operating reserve requirement through an irrevocable standby letter of credit with a financial institution. Management also funds a \$800,000 operating reserve, at its discretion, to provide additional liquidity for Community operations.

See Accountant's Compilation Report

Property and Equipment

The Company is assumed to incur routine capital additions during the projection period, along with land and construction costs associated with the construction of the Community, 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 30 and 10 years, respectively. The Company's property and equipment costs, net of accumulated depreciation, during the projection period are summarized in the table below.

Table 6
Schedule of Property and Equipment
(in Thousands)

	2025	2026	2027	2028	2029
Beginning balance	\$ 201,352	\$ 230,875	\$ 230,950	\$ 231,025	\$ 231,100
Routine capital additions	75	75	75	75	75
New construction additions	29,448	–	–	–	–
Capitalized interest	–	–	–	–	–
Property and equipment, cost	\$ 230,875	\$ 230,950	\$ 231,025	\$ 231,100	231,175
Less: Accumulated depreciation	(6,262)	(12,035)	(17,810)	(23,587)	(29,366)
Property and equipment, net	\$ 224,613	\$ 218,915	\$ 213,215	\$ 207,513	\$ 201,809

Source: Management

See Accountant's Compilation Report

Long-Term Debt*Note Payable*

On December 14, 2022, the Company entered into a loan agreement with a financial institution. The loan agreement provides for a note payable with maximum borrowings of \$154,687,500 (the “Note Payable”). The loan was used to finance the construction of the Community. The Note Payable has a variable interest rate of 2.75 percent plus the one-month term Secured Overnight Financing Rate (4.49 percent at December 31, 2024). Interest only was due at the beginning of the month starting in January 1, 2023 with principal due at maturity. The Note Payable has a maturity of December 14, 2026. During fiscal year 2024, the Company drew an additional \$78,985,970 adding to the balance of the Note Payable. As of December 31, 2024, the outstanding balance on the Note Payable was approximately \$125,240,000, net of debt issuance costs of approximately \$902,000. The Company plans to draw the remaining approximately \$29,448,000 during fiscal year 2025 to complete the construction of the Community.

Permanent Loan

For purposes of the projection, Management assumes the outstanding balance of the Note Payable shall be refinanced with a permanent loan (the “Permanent Loan”) in December 2026. The Permanent Loan is assumed to approximate \$154,688,000 with a fixed interest rate of 6.0 percent per annum with monthly principal and interest payments beginning January 1, 2027. The Permanent Loan is assumed to be amortized over a 30-year period.

See Accountant’s Compilation Report

The following table presents the projected debt service for the Company.

Table 7
Principal and Interest Payments
(in Thousands)

Years Ending December 31,	Construction Loan		Permanent Loan		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2025 ⁽¹⁾	\$ –	\$ 6,560	\$ –	\$ –	\$ 6,560
2026	155,988 ⁽¹⁾	6,931	–	–	162,919
2027	–	–	1,891	9,186	11,077
2028	–	–	2,007	9,070	11,077
2029	–	–	2,131	8,946	11,077
Thereafter	–	–	148,659	88,004	236,663
Total	\$ 155,988	\$ 13,491	\$ 154,688	\$ 115,206	\$ 439,373

Source: Management

(1) Includes approximately \$1,300,000 of principal for the Construction Loan.

Current Assets and Current Liabilities

Operating revenue as used below includes net resident service fee revenue derived from the Skilled Nursing Beds. Operating expenses as used below exclude amortization, depreciation, and interest expense. Management has assumed working capital components based on industry experience as outlined in the following table.

Table 8
Working Capital – Days on Hand

Accounts receivable	45	days of operating revenues
Inventories	10	day of operating expenses
Prepaid expenses	4	days of operating expenses
Accounts payable and accrued expenses	30	days of operating expenses

Source: Management

See Accountant's Compilation Report

EXHIBIT E

CONTRACT FOR INDEPENDENT LIVING CONTINUING CARE

[ATTACHED]



HAYES BARTON PLACE

Residency and Services Agreement

**2600 Yettington Drive
Raleigh, North Carolina 27608
(919) 803-6734**

**02/15/2022
(Revised 5/28/2026)**

Term of Agreement Begins: _____

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HAYES BARTON PLACE

RESIDENCY AND SERVICES AGREEMENT

This RESIDENCY AND SERVICES AGREEMENT (the “Agreement”) is made this __ day of _____, _____, between HPB OBERLIN SENIOR HOUSING PROPCO, KP6, L.P. and HBP OBERLIN SENIOR HOUSING OPCO KP6, L.P., Delaware for-profit limited partnerships (the “Company” or “Community”) and _____ and _____ (herein individually or collectively called “Resident”). If two persons desire to share a Residence enter into this Agreement, the term Resident shall apply to them jointly and severally and to the survivor of them.

Selected Residence: _____

Community Fee: \$ _____

Monthly Service Fee (1st Person): \$ _____

Monthly Service Fee (2nd Person): \$ _____

WITNESSETH:

WHEREAS, the Company leases and operates the continuing care retirement community known as Hayes Barton Place (the “CCRC”), with independent living residences (each a “Residence” and collectively, the “Residences”) located at 2600 Yettington Drive; Raleigh, North Carolina 27608; and

WHEREAS, the Resident desires to use and occupy the Residence selected as indicated above (the “Selected Residence”) located in the CCRC’s independent living building (the “Independent Living Building”); and

WHEREAS, and the Company desires to make the Selected Residence available to the Resident.

NOW, THEREFORE, FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which the parties hereto acknowledge, and the full and faithful performance of all terms, covenants and conditions herein contained, the Resident and the Company hereby agree as follows:

1. Eligibility Requirements and Procedures.

The Resident will be qualified for admission as an occupant of the CCRC on the following terms and conditions:

- a. Age Criteria. The requirements for admission into the CCRC are nondiscriminatory except as to age. Admission is restricted to persons sixty-two (62) years of age or older with the exception of a younger second occupant. An underage second occupant may be approved for residency in the Residence in the Company’s sole discretion but must, at a minimum, be at least fifty (50) years of age and meet the other requirements for residency in the CCRC. The Company reserves the right to limit the number of residents under the age of sixty-two (62) that will live in the CCRC.

- b. Disclosure Statement. Upon execution of this Agreement, the Company will provide the Resident a copy of the current CCRC's Disclosure Statement (the "Disclosure Statement") which fully describes the organization, facilities, policies, services, fees, financial condition, projections, and the vital information related to the CCRC. Included in the Disclosure Statement is a copy of this Agreement.
- c. Application. Within thirty (30) days of execution of this Agreement, the Resident will complete or update a preliminary health screen substantially in the form attached hereto as Exhibit A (the "Preliminary Health Screen") and a confidential financial statement substantially in the form attached hereto as Exhibit B (the "Financial Statement") and deliver the same (all such documents collectively referred to herein as, the "Application Forms") to the Company. In the case of two Residents occupying a Residence, and in the event of the death of one of the occupants, the surviving Resident will be required to submit an update of the original Application Forms within thirty (30) days after the Company's request for the same.
- d. Preliminary Health Screen. The Resident must be capable of living independently and must satisfy the then current independent living criteria by the Company, which criteria may be amended from time to time in the Company's sole discretion. The Resident shall provide to the Company an internal Preliminary Health Screen completed by the Resident's primary physician and certifying that the Resident meets the independent living criteria within the period outlined in Section 1.d. of this Agreement.
- e. Financial Condition. The Company must be satisfied that the Resident has the financial income and assets to pay the Monthly Service Fee (as defined in Section 7.d. of this Agreement), extra meal charges, charges for additional services, personal living expenses, and the future adjustments of these charges during the Term (as defined in Section 4.a. herein) of this Agreement. The Resident shall provide to the Company a Financial Statement within the period outlined in Section 1.d. of this Agreement. After the Occupancy Date, the Company may require an updated Financial Statement.
- f. Interview. The Resident must have an interview with a representative from the Company prior to being approved for residency in the CCRC. This interview may include a non-medical assessment of the Resident(s) as an initial step in determining whether the requirements for residency may be met.
- g. Health Insurance. Prior to the Occupancy Date, the Resident shall provide evidence of health insurance coverage to the Company at a level reasonably satisfactory to the Company.
- h. Review of Application. The Company will review the completed Application Forms as a basis for initial approval for residency in the CCRC. The Company will accept or deny an application based on the criteria and policies it has established, as the same may be amended from time to time. The Company will notify the Resident in writing of its decision on the application. If the application is denied, this Agreement will automatically terminate.

- i. Physician's Report. Thirty (30) days prior to the Occupancy Date (as defined in Section 1.n. of this Agreement), the Resident is required to submit to the Company an updated Preliminary Health Screen. The Company will respect the privacy of the Resident's personal health information and is committed to maintaining the Resident's confidentiality.
- j. Representations and Warranties. The Resident affirms that the representations made in the Application Forms or other statements of financial capability are accurate and reflect the Resident's current status. The Resident acknowledges that such representations are the basis for which the Company agrees to enter into this Agreement.
- k. Authorization to Release Medical Information. As a part of the application process, the Resident agrees to execute any such authorization forms as required by the Company to obtain the information concerning the Resident's medical history and condition necessary to enable the Company to adequately evaluate whether the Resident is appropriate for residency in the CCRC.
- l. Will, Durable Power-of-Attorney and Healthcare Directives. Thirty (30) days prior to the Occupancy Date, the Resident shall have in place a valid and enforceable will, identifying an Executor of the Resident's estate, that provides for the distribution of his or her assets and personal effects. Such will or other document of instruction shall include adequate provisions regarding burial or cremation directions and other funeral arrangements. Furthermore, prior to the Occupancy Date, the Resident shall deliver, and during the Term of this Agreement shall maintain, a valid and effective North Carolina Durable Power of Attorney (the "Power-of-Attorney") and a living will or health care Power-of-Attorney (the "Health Directive") enforceable in accordance with the laws of the State of North Carolina. The Power-of-Attorney shall designate as the Resident's attorney in-fact any responsible person, including but not limited to, a lawyer, banker, or relative, to act on behalf of the Resident in the managing of the Resident's affairs and filing of the Resident's insurance or other benefits as fully and completely as if the Resident were acting personally. The Power-of Attorney shall be in such form that survives the Resident's incapacity or disability and otherwise be satisfactory to the Company. The Health Directive shall name a responsible person capable of making health care decisions in the case of incapacity or emergency.
- m. Notification of Availability. If the Resident is approved for residency in the CCRC, the Company will notify the Resident of the projected date of availability for occupancy (the "Notice of Availability Date") and the Resident will have thirty (30) days from date of the Notice of Availability Date to occupy the Residence (the date of occupancy hereinafter referred to as the "Occupancy Date") and begin paying the Monthly Service Fee. If the Resident is not approved for residency in the CCRC, this Agreement shall be terminated and all payments made by the Resident before such termination, except, as the case may be, a service charge of One Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at Resident's request and set forth in Exhibit C of this Agreement or in writing in a separate addendum to the Agreement, signed by the Resident and the Company. Such refund shall be paid shall be paid by the Company within thirty (30) days.

2. Basic Services and Programs.

Subject to the terms and conditions of this Agreement, the following basic services (collectively "Basic Services") are included in the Monthly Service Fee (defined below):

a. Description of Residence. The Resident shall be entitled to the exclusive use of Residence _ located in the CCRC's Independent Living Building.

b. Appliances and Furnishings. The Residence shall include the following appliances and furnishings:

- | | |
|------------------------------------------------------------------------|--------------------------------------------------------------|
| <input checked="" type="checkbox"/> Window coverings | <input checked="" type="checkbox"/> Standard flooring |
| <input checked="" type="checkbox"/> Electric range | <input checked="" type="checkbox"/> Self-cleaning oven |
| <input checked="" type="checkbox"/> Refrigerator/freezer with icemaker | <input checked="" type="checkbox"/> Garbage disposal |
| <input checked="" type="checkbox"/> Microwave | <input checked="" type="checkbox"/> Dishwasher |
| <input checked="" type="checkbox"/> Washer and dryer | <input checked="" type="checkbox"/> Smoke and fire detectors |
| <input checked="" type="checkbox"/> 24-hour emergency call system | <input checked="" type="checkbox"/> Climate control system |
| <input checked="" type="checkbox"/> Water heater | <input checked="" type="checkbox"/> Other permanent fixtures |

All other appliances and furnishings are to be provided by Resident.

c. Utilities. The following utility fees are included in the Monthly Service Fee:

- | | |
|------------------------------------------------------------|------------------------------------------------------|
| <input checked="" type="checkbox"/> Heating | <input checked="" type="checkbox"/> Air conditioning |
| <input checked="" type="checkbox"/> Water | <input checked="" type="checkbox"/> Sewer |
| <input checked="" type="checkbox"/> Gas | <input checked="" type="checkbox"/> Electricity |
| <input checked="" type="checkbox"/> Basic cable television | <input checked="" type="checkbox"/> Pest control |
| <input checked="" type="checkbox"/> Internet | <input checked="" type="checkbox"/> Trash removal |

d. Meals. As part of the Monthly Service Fee, the Resident shall be given a monthly declining balance meal plan credit (the "Declining Balance Meal Credit"). The Resident shall be entitled to dine in any of the CCRC's dining options and charges for the food and beverages of the Resident and any guest of the Resident shall be deducted from such Declining Balance Meal Credit. Upon termination of this Agreement, any unused portion of the Declining Balance Meal Credit shall be forfeited. If the monthly charges of the Resident exceed the amount of the monthly Declining Balance Meal Credit, such additional charges shall be billed to the Resident on a monthly basis.

e. Housekeeping Services. The Resident agrees to keep the Residence in a clean and orderly condition. On a weekly basis, the Company will provide basic housekeeping services in the Residence. Please refer to basic cleaning schedule provided to Resident at time of move in.

f. Maintenance Services. The Company will be responsible for normal wear and tear, maintenance and replacement of the property, furnishings and equipment owned by

or leased by the Company for use in the CCRC. The Resident will be responsible for any damage to such property, furnishings and equipment, including the cost of repair or replacement or the diminution in value thereof, caused by the Resident, the Resident's guests or the Resident's pets. The Resident will be responsible for the maintenance and repair of the Resident's personal property.

- g. Changes to Residence. Any structural or physical change or redecoration and remodeling of any kind within or outside the Residence may only be made by the Resident only with the prior written consent of the Company, which shall be granted at the Company's sole discretion, and at the sole expense of the Resident. All such improvements or changes shall be the property of the Company. Upon vacating the Residence, the Resident, or the Resident's estate, shall be responsible for the costs of returning the Residence to the condition that existed prior to the Resident taking possession of the Residence.
- h. Grounds Keeping. The Company will maintain and repair the CCRC's grounds, including lawns, trees and shrubbery. Personal plantings and customization of landscaped areas are subject to the Company's approval.
- i. Use of CCRC Common Areas. The Resident has the non-exclusive right, along with other residents, to use the CCRC's common areas, including, but not limited to, the dining rooms, lounges, lobbies, library, social and recreational rooms and designated outdoor activity areas.
- j. Use of the Wellness Center. The Company will provide health and wellness programs and services at its on-site wellness center (the "Wellness Center"), including use of fitness equipment, exercise classes, use of an indoor heated pool and certain wellness education programs. The Resident will be advised of any required fee for a wellness program before enrolling in such program.
- k. Programs. Recreational, social, educational and cultural programs will be coordinated by the CCRC's staff. Some activities are subject to an additional charge.
- l. Parking. The Company will provide parking areas for one personal vehicle and limited parking for the Resident's guests. The Company will provide parking areas for two personal vehicles for Flats and Townhomes.
- m. Transportation. The Company will provide scheduled transportation to locations routinely visited by residents of the CCRC such as shopping centers, medical offices and social events. Some transportation is subject to an additional charge.
- n. Emergency Response System. The Company will provide, on a twenty-four (24) hour basis, an emergency call system. Response to a call shall be limited to an evaluation of the Resident's needs. If other medical response is determined to be necessary, the Resident is responsible for any costs associated with such other medical response, including emergency medical transportation.
- o. Insurance. The Company will maintain general liability and hazard insurance on the property within the CCRC owned or leased by the Company, but will not be responsible for the Resident's personal property.

3. Optional Services.

A schedule of fees for services provided at extra cost including, but not limited to, those optional services described below (collectively “Optional Services”), shall be established by the Company and shall be made available to the Resident. The Optional Services currently expected to be offered by the Company include the following:

- a. Transportation Services. If the Resident requests transportation in addition to that provided as a Basic Service, the Company may provide such transportation service provided that the Company has adequate transportation staff available at such date and time and to destinations that the Company identifies as being within the geographic area of transportation services.
- b. Food Services. If the Resident requests food services or catered services in addition to those provided as a Basic Service, the Company may provide such additional food services or catered services for an additional cost.
- c. Tray Service. The Resident may request that meals be delivered to the Residence (“Tray Service”) for a delivery charge; provided however, that Tray Service may not be requested for more than three (3) consecutive days except at a physician’s or nurse’s direction.
- d. Activities. Due to their special nature, a special fee may be required for some wellness and life enrichment programs.
- e. Additional Housekeeping Services. If the Resident requests or requires housekeeping services in addition to those provided as a Basic Service, the Company may provide such services if staff is available to provide such services.
- f. Spa Services. Spa and personal care services in the Wellness Center will be available in accordance with a published fee schedule.
- g. Upgraded Television Channels. Upgraded television channels will be available to the Resident in accordance with a published fee schedule.
- h. Additional Parking. Additional parking, including garage parking if available, may be made available to the Residents in accordance with a published fee schedule.
- i. Personal Emergency Transmitter. The provision of a Personal Emergency Transmitter (“PET”) which shall transmit to the CCRC Concierge Desk.

4. Terms of Residence.

- a. Term of Agreement. The initial term of this Agreement shall be for thirteen (13) months beginning on the Occupancy Date (the “Initial Term”). After the Initial Term, this Agreement will automatically renew for additional thirteen (13) month periods (each a “Renewal Term”), unless terminated in accordance with Section 8 below. The Initial Term and any Renewal Terms may be referred to collectively as the “Term.” Prior to the expiration of the Initial Term or any Renewal Term, the Company reserves the right to present the Resident with a new version of the Residency and Services Agreement for signature by the Company and the Resident.

- b. Nature and Extent of Rights. The Resident's right to occupy the Residence shall exist and continue unless terminated as provided in this Agreement. Nothing contained herein shall be construed or is intended to require that the Company care for the Resident after expiration or termination of this Agreement.
- c. Terms of Occupancy. Signing of this Agreement does not deliver title to real or personal property, and this Agreement may not be assigned, transferred, inherited or devised. Any rights, privileges, benefits, or interests created by or under this Agreement shall be subordinated to any mortgage, deed of trust, or other security interest created on any of the premises or interests in the real estate comprising the CCRC and to all amendments, modifications, replacements or refunding thereof. The Resident agrees to execute and deliver any document required by the Company or by the holder of any mortgage, deed of trust or other interest to evidence or effect such subordination.
- d. Alteration or Modification. Notwithstanding any other provisions in this Agreement, the Company may alter or modify the Residence to meet requirements of any statute, law or regulation of the federal, state or local government. The Resident may not, without prior written consent of the Company, make any alterations or modifications to the Residence.
- e. Use. The Residence shall be used for residential purposes only and shall not be used for business or professional purposes, or in any manner in violation of any zoning or health ordinances.
- f. Permitted Occupants. The Resident(s) named herein and no other person shall reside in or occupy the Residence during the Term of this Agreement, except with the express prior written approval of the Company. If a second occupant who is not a party to this Agreement is accepted for residency in the CCRC after the date of this Agreement, such acceptance shall be subject to the approval of the Company and adherence to policies then governing all other admissions and such second resident shall enter into a Residency and Services Agreement. If the second occupant does not meet the requirements for residency, or does not execute a Residency and Services Agreement, he or she shall not be permitted to occupy the Residence.
- g. Transfers. Should the Resident desire to transfer to another Residence, the Resident must notify the Company in writing. Following receipt of this request, and subject to availability, the Company may grant the Resident an option to move to the next available Residence of the type requested. Upon transfer to a new residence, the Monthly Service Fee for the month in which the move takes place shall be prorated to reflect the percentage of the month that the Resident spends in each type of residence. With all transfers, there will be an up-fitting charge for the vacated residence based on the current rate established by the CCRC at the time of the transfer. The Resident will move all furnishings and belongings to the new residence within ten (10) days of the established occupancy date for the new residence. Any moving expense will be the responsibility of the Resident.
- h. Death or Transfer of One Resident. If one of the Residents named herein dies, moves out or is permanently transferred to the Healthcare Center or any other nursing center, the remaining Resident will continue to be bound by the terms of this

Agreement except that the Monthly Service Fee will be reduced to the Monthly Service Fee applicable to a single resident then in effect.

- i. Rules and Regulations. The Resident and its guests and invitees shall comply in all respects with the CCRC's operating rules and regulations (the "Rules and Regulations") established by the Company from time to time. The Company may revise or amend such Rules and Regulations at any time in its sole discretion. A copy of the Rules and Regulations will be made available to the Resident.
- j. Pets. Subject to the prior written consent of the Company, which such consent shall be at the sole and absolute discretion of the Company, pets may be permitted in the Residences. All pets must be on a leash at all times while not in a Resident's Residence. Pets must be healthy, have current shots and rabies immunization, and be free of fleas and other parasites. The Resident must provide the Company with documentation that their pets have received all required shots and immunizations. The Resident is responsible for any costs expended by the Company for the failure of the Resident to adhere to the CCRC's pet policy, including, but not limited to, the cost of disinfection, cleaning and fumigation. Pets are prohibited in the dining spaces, the Wellness Center, the multipurpose room, the chapel, and the art space and activity rooms. The Resident understands and agrees that the pet must be removed from the Residence, upon fourteen (14) days' prior written notice from the Company, if the pet becomes a nuisance to other residents of the CCRC, as determined by the Company in its sole and absolute discretion. The Resident agrees that if the Resident has been approved to have a pet living in the Residence, and elects to do so, the Resident shall pay a non-refundable pet fee in the amount posted at the time the pet is registered.
- k. Smoking Policy. The CCRC is smoke-free. No smoking is permitted in the Residence (to include any balconies) or in any other building or location in or on the CCRC's premises. The Resident agrees to abide by the CCRC's Rules and Regulations concerning smoking.

5. Nursing and Healthcare Services.

The CCRC will provide the Resident temporary or permanent assisted living services, skilled nursing services and memory support services (collectively the "Healthcare Services") in the healthcare center adjacent to the CCRC (the "Healthcare Center"). A number of the beds in the Healthcare Center have been designated as "closed beds" under state laws and/or regulations and, as such, are reserved for Residents (the "Closed Beds"). In the event that these Closed Beds are fully occupied, the Resident will be given priority access to the available unreserved beds (the "Open Beds"). Service in the Healthcare Center shall be provided within the limits of the Company's license.

If the appropriate level of Healthcare Services based upon the needs of the Resident may not be obtained or are not provided within the Healthcare Center, such level of care must be obtained from another provider of healthcare services, including, but not necessarily limited to, a hospital, and the costs of those services shall be the sole responsibility of the Resident. The Resident (i) acknowledges and agrees that the Company will not be responsible for any claims, damages or expenses resulting from injury or death suffered by the Resident that is caused by, attributable to or in any way connected with the negligence or intentional acts or omissions of the physicians, employees or agents of any

such other provider of healthcare services and (ii) releases the Company from liability for any such claims, damages or expenses.

6. Transfers of Resident.

- a. Direct Transfer to the Healthcare Center. If after the execution of this Agreement and prior to the Occupancy Date, the Resident's health or mental condition is such that, in the sole discretion of the Company, the Resident no longer meets the qualifications to live independently in the CCRC, and this Agreement is not otherwise terminated, the Resident may be transferred directly to the Healthcare Center. All fees and other charges due must be paid prior to any direct transfer. In the event there is more than one Resident occupying the Residence, and one Resident is transferred directly to the Healthcare Center, the other Resident shall continue to be obligated under this Agreement and pay the required Monthly Service Fee applicable to a single resident then in effect.

In the event the Healthcare Center is not yet completed and licensed to operate and the Resident's health or mental condition is such that, in the sole discretion of the Company, the Resident is precluded from living independently in the CCRC (the "Healthcare Transfers"), the Company will enter into a Transfer Agreement with a skilled nursing facility in reasonable proximity to the Company (the "Transfer Facility") pursuant to which the Transfer Facility shall agree to accept appropriate Healthcare Transfers from the Company. The Company will provide transportation to the Healthcare Transfers to the Transfer Facility until such time as the Healthcare Center is available; provided however, the cost of the care at such Transfer Facility will be the responsibility of the Healthcare Transfer.

- b. Transfers to the Healthcare Center. The Resident agrees that the Company shall have the right to determine whether the Resident should be temporarily or permanently transferred from the Residence to the Healthcare Center or from one level of care at the Healthcare Center to another level of care at the Healthcare Center. Such determination shall be in the Company's sole discretion and based on the professional opinion of the medical director of the Healthcare Center and the executive director of the CCRC that the Resident is no longer able to live independently or that living in the Residence will endanger the Resident or the health and/or safety of others. Should the Resident fail to cooperate with a transfer of the Resident requested by the Company, the Company shall have the right to terminate this Agreement and the Resident shall no longer be permitted to live in the CCRC.
- c. Transfer Outside the CCRC. If, in the opinion of the Company, the physical or mental condition of the Resident requires services beyond that which can be provided by the facilities or personnel in the CCRC and the Healthcare Center or is beyond the scope of the services provided for in this Agreement, the Company may require that the Resident be temporarily or permanently transferred to a hospital, center, institution or other care environment equipped to give such care; provided however, the cost of the care at any such outside facility will be the responsibility of the Resident.
- d. Relinquishment of Residence upon Permanent Transfer to the Healthcare Center or Outside Facility. If, in the sole discretion of the Company, the Resident's transfer to

the Healthcare Center or to an outside facility is considered permanent, the Resident shall relinquish the Residence and this Agreement shall terminate, unless there is a second Resident currently occupying the Residence or unless otherwise approved by the Company.

7. Fees and Charges.

The following is a list of the fees and charges expected to be charged to the Residents of the CCRC.

- a. Priority Deposit Fee. Upon execution of this Agreement, if the Resident previously paid a Priority Deposit pursuant to the Priority Partner Agreement, the Priority Deposit shall be applied to the first month's Monthly Service Fee as required by this Agreement.
- b. Community Fee. Upon the execution of this Agreement, the Company shall charge and the Resident shall pay a non-refundable (except as defined in Section 7.h. of this Agreement) Community Fee equal to two (2) times the current Monthly Service Fee (as defined in Section 7.c. of this Agreement) (the "Community Fee") as identified on page 1 of this Agreement and in Exhibit C attached hereto. The Community Fee entitles Residents priority access to all services and amenities of the Community once Residence is occupied. A Community Fee will not be charged to Residents upon any renewal of this Agreement.
- c. Monthly Service Fees. Throughout the Term, the Resident shall pay to the Company a Monthly Service Fee (the "Monthly Service Fee") as identified on page 1 of this Agreement and in Exhibit C attached hereto, for a single Resident. If the Residence will be occupied by two Residents pursuant to this Agreement, an additional monthly amount identified on page 1 of this Agreement and in Exhibit C shall be paid by the second Resident. The Monthly Service Fee shall be paid by the Resident on or before the fifth (5th) day of each month for Basic Services to be rendered that month with the first payment due on or before the Occupancy Date. The Monthly Service Fee shall be due regardless of whether or not the Residence is actually occupied by the Resident on the scheduled Occupancy Date and such Monthly Service Fee will not be adjusted if the Resident is voluntarily absent from the CCRC at any time after such date. If the Resident obtains possession of the Residence prior to the first of a month, the Resident shall pay the Company the first Monthly Service Fee on a pro-rata basis based on the actual number of days contained in the month. If this Agreement does not terminate at the expiration of the initial Term or a renewal Term, the Monthly Service Fee may continue to be payable beyond the date of termination as set forth in Section 8 below.
- d. Adjustments to Monthly Service Fees. The Company reserves the right to change the amount of the Monthly Service Fee upon thirty (30) days' written notice prior to any renewal of this Agreement. Adjustments to the Monthly Service Fee will be made as may be reasonably necessary according to the economic requirements and conditions of the CCRC, the level and quality of services provided to the residents of the CCRC and consistent with operating on a sound financial basis. The Company may adjust the Monthly Service Fee prior to occupancy of the Residence

by the Resident if changes in the projected costs of providing the services at Community so require.

- e. Fees for Optional Services. The Resident shall receive a monthly statement from the Company showing the total amount of fees and other charges owed by the Resident, which shall be paid by the fifth (5th) day of each month. A list of fees for recurring Optional Services the Resident has elected to purchase as of the date of this Agreement is attached hereto as Exhibit C.
- f. Healthcare Center Fees and Charges. The Healthcare Center will consist of accommodations, equipment and staffing necessary for assisted living, skilled nursing care and memory care services on a temporary or permanent basis. The Company shall establish and publish per diem rates for accommodations and services at the Healthcare Center. Each calendar year, the Resident shall receive a ten percent (10%) discount on fees the Resident accrues during its first thirty (30) days of residency in the Healthcare Center (each day being a “Discounted Fee Day”). The Resident may not carry any unused Discounted Fee Days over to the following calendar year. Fees for residency in the Healthcare Center shall otherwise be payable in accordance with the Residency and Services Agreement and in accordance with the then published Healthcare Center per diem charge.
- g. Fees for Occupancy in the Healthcare Center. In the event the Resident is transferred to the Healthcare Center, as determined in the sole discretion of the Company, the Resident shall pay the then published Healthcare Center per diem charge plus charges for other services not included in the Healthcare Center per diem charge, subject to available Discounted Fee Days. In addition, the Resident shall continue to be responsible for the Monthly Service Fee and other charges payable under this Agreement.
- h. Refund of Fees. If the Resident cancels during the Rescission Period (as defined in Section 8.a.i of this Agreement), the Priority Deposit, and Community Fee (and any other fees paid by Resident) in accordance with this Residency and Services Agreement will be refunded to the Resident, without interest, less a service charge of One Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at Resident’s request and set forth in Exhibit C of this Agreement or in writing in a separate addendum to the Agreement, signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company’s receipt of the Resident’s written notice of rescission. The Community Fee becomes non-refundable after the Rescission Period.
- i. Failure of the Community to be Developed. Should the Company determine that there is not sufficient interest to support the proposed Community, the Company shall refund the Priority Deposit and Community Fee (and any other fees paid by Resident) in accordance with the Residency and Services Agreement.
- j. Late Charges. The Company will charge a one percent (1%) late payment charge per month on any Monthly Service Fees and extra charges that have not been paid within five (5) days after their due date.

8. Termination.

a. Termination by Resident. Upon the termination of this Agreement, the Resident shall have no further right to reside in the CCRC. The Agreement may be terminated or cancelled by the Resident under the following terms and conditions:

- i. Rescission During First Thirty (30) Days. The Resident may terminate this Agreement for any reason within thirty (30) days following the later of the execution of this Agreement or receipt by the Resident of the Disclosure Statement (the “Rescission Period”), and the Resident is not required to move into the facility before expiration of the Rescission Period. The Resident’s termination of this Agreement during the Rescission Period is without penalty, and all payments made by the Resident before such termination, less a service charge of One Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at the Resident’s request and set forth in Exhibit C of this Agreement or in writing in a separate addendum to the Agreement signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company receives written notice of the Resident’s election to terminate this Agreement.
- ii. Termination After Rescission Period but Prior to the Occupancy Date. For Residents electing to reside in a Residence, the Resident may terminate the Residency and Services Agreement for any reason after the Rescission Period but prior to the Occupancy Date upon written notice to the Company. In the event of such termination, the Resident shall be entitled to a refund of all monies paid to the Company, except, as the case may be, the Community Fee, and any costs or other charges that the Resident and the Company agree in advance are non-refundable.
- iii. General Termination Right. The Resident may terminate this Agreement at any time for any reason by giving the Company thirty (30) days’ written notice signed by the Resident (or both of them if there are two Residents). In the event of termination by the Resident for reasons other than those permitted in this Agreement, the Resident shall pay the Company for all Optional Services rendered by the Company to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident’s personal belongings are removed from the Residence. In addition, the Resident shall be responsible for payment of liquidated damage of one month’s rental charge, calculated at then current market rate.

b. Termination by Death or Serious Illness.

- i. Termination by Death or Serious Illness Prior to the Occupancy Date. If, prior to the Occupancy Date, the Resident dies or is precluded from living in the CCRC under the terms of this Agreement as a result of serious illness, injury, non-qualification or incapacity, this Agreement will automatically terminate. In the event this Agreement is terminated as provided for in this subsection, the Resident or the Resident’s estate shall be entitled to a refund of any amounts paid to the Company, except, as the case may be, a service

charge of One Thousand Dollars (\$1,000.00) and for costs or other charges that the Resident and the Company agree in advance are non-refundable.

Such refund shall be paid by the Company within thirty (30) days after this Agreement is terminated pursuant to this subsection. The foregoing notwithstanding, if there is more than one Resident, this Agreement will continue to be binding on the surviving or eligible Resident until this Agreement is terminated as to or by the surviving Resident as provided for herein.

- ii. Termination by Death or Serious Illness After the Occupancy Date. If the Resident dies after the Occupancy Date or the Resident is precluded from living in the CCRC under the terms of this Agreement as a result of serious illness, injury, or incapacity and the serious illness, injury or incapacity is not otherwise addressed by the provisions of Section 6, then this Agreement shall terminate. In such event, the Resident or the estate of the Resident shall pay for any Optional Services rendered to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Residence and the Residence can be made ready for re-occupancy. The foregoing notwithstanding, if there is more than one Resident, this Agreement will continue to be binding on the surviving or eligible Resident until this Agreement is terminated as to or by the surviving Resident as provided for herein.

c. Termination by the Company.

- i. Termination by the Company Prior to the Occupancy Date. If, in the Company's sole discretion, the Resident does not satisfy the criteria for occupancy in the CCRC, this Agreement shall terminate upon the Company's notification to the Resident of non-approval. In such event, all amounts paid to the Company shall be refunded to the Resident within thirty (30) days after the Company provides the Resident notice of non-approval.
- ii. Termination by the Company after the Occupancy Date. The Company may terminate this Agreement upon thirty (30) days written notice to the Resident in the event of the following:
 - (1) The Resident fails to make payments to the Company of any amounts when due and such failure is not cured within fifteen (15) days after notice is given to the Resident;
 - (2) The Resident fails to comply with any term of this Agreement not involving the payment of money or any provisions of the Rules and Regulations and the Resident fails to cure such non-compliance within seven (7) days after written notice from the Company;
 - (3) The Resident or the Resident's authorized representative makes a material misrepresentation or omission in the information provided to

the Company for its consideration of the Resident for residency in the CCRC, including, but not limited to, the Preliminary Health Screen (Exhibit A) or the Financial Statement (Exhibit B);

- (4) Vacation of the Residence by the Resident in any manner that would indicate or lead Company to reasonably believe that Resident has vacated the Residence;
- (5) If, in the sole opinion of Company, and as recommended by the Resident Eligibility Committee, Resident is unable to maintain an independent living status or Resident's health has changed to the extent that Resident requires inpatient medical or custodial attention, Company shall provide Resident written notice to that effect, and Resident agrees to transfer to a location capable of providing the level of health or custodial care required under the circumstances, within a minimum of fifteen (15) days of receiving such notice. Resident will be responsible for transfer costs and the cost of care received at the location to which he/she transfers; and
- (6) Any physical or emotional incapacitation suffered by Resident after the Occupancy Date of this Agreement such that the Resident:
 - a. Becomes bedridden on a continuing basis;
 - b. Is unable or fails to perform the normal personal activities of daily living including but not limited to bathing, dressing, eating and/or toileting;
 - c. Becomes disruptive socially so as to threaten the peace and quiet enjoyment of other residents; or
 - d. For any reason creates any condition which would threaten the Resident's safety or wellbeing or that of any other resident or of the Community.

In the event that Resident cannot continue to reside in the Community due to medical conditions or death, the Agreement will terminate on the day all possessions are removed from the Community and any keys are returned and all fees and outstanding charges are paid to Company. An agreement termination due to medical reasons will require a written statement from the Resident's physician.

- iii. Immediate Termination. If the Company determines in its sole and absolute discretion that the Resident's behavior interferes with or threatens to interfere with the safety of the Resident or the quiet enjoyment or safety of other residents, visitors and/or staff of the CCRC, or if the Resident's behavior is a detriment to other residents, visitors, and/or staff of the CCRC, the Company may immediately terminate this Agreement and the Resident shall promptly vacate the Residence. In such event, the Resident shall pay the Company for all Optional Services rendered by the Company through the date of termination and shall continue to be liable for the Monthly

Service Fee until all of the Resident's personal belongings are removed from the Residence.

- iv. Effect of Termination by the Company after the Occupancy Date. In the event the Company terminates this Agreement after the Occupancy Date pursuant to subsection c.ii or c.iii above, the Resident shall promptly vacate the Residence, but shall pay the Company for all Optional Services rendered by the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Residence. In addition, the Resident shall be responsible for payment of liquidated damage of one month's rental charge, calculated at then current market rate.

9. Miscellaneous.

- a. Entire Agreement. This Agreement contains the entire agreement between the Resident and the Company. All prior discussions, agreements and negotiations are superseded by this Agreement.
- b. Successors and Assigns. The rights and privileges of the Resident under this Agreement, including but not limited to the right to and use the facilities of the CCRC under the terms of this Agreement, may not be transferred or assigned under any circumstances. The Company may transfer or assign this Agreement without the consent of the Resident. Except as provided for herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Company and to the heirs, executors, personal representatives, any attorney-in-fact and administrators of the Resident.
- c. Severability. If any provisions of this Agreement are held to be invalid or unenforceable, such invalidity or unenforceability will not affect any other provision of this Agreement and this Agreement shall be construed and enforced as if such provision had not been included.
- d. Indemnity. The Resident shall indemnify, defend and hold the Company harmless from any and all claims, damages or expenses, including attorney's fees and court costs, resulting from any injury or death to persons or damage to property caused by, resulting from, attributable to or in any way connected to the Resident's negligence or intentional act or omission.
- e. Joint and Several Liability. If there is more than one Resident, the rights and obligations of each of the Residents are joint and several, unless otherwise provided in this Agreement.
- f. Notice Provisions. Any notices, consents or other communications to the Company shall be in writing and addressed to all of the following parties:

Executive Director
HBP Oberlin Senior Housing OPCO KP6, L.P.
Mailing Address:
2600 Yettington Drive

The Resident's address for the purpose of receiving notice under this Agreement prior to the Occupancy Date will be the address following the Resident's signature below. The address of the Resident for purposes of receiving notice under this Agreement after the Occupancy Date shall be the address of the Residence.

- g. Religious or Charitable Affiliations. The Company is not affiliated with any religions or charitable organization
- h. Acknowledgement of Receipt of Disclosure Statement. The Resident acknowledges that the he or she has received a copy of the current Disclosure Statement of the CCRC.

Initials Resident _____
 Resident _____

- i. Reading and Signing of Agreement. By signing this Agreement below, the Resident represents that he or she has read and agrees to all of the terms of this Agreement.

[Signatures begin on following page]

The Company and the Resident have signed this Agreement to be effective as of the date set forth on the first page.

RESIDENT:

Print Name: _____

Signature: _____

Date: _____ Address: _____

RESIDENT:

Print Name: _____

Signature: _____

Date: _____

Address: _____

**HBP OBERLIN SENIOR HOUSING OPCO
KP6, L.P.:**

By: _____

_____, Authorized Representative

Date: _____

FEE SCHEDULE

Resident Name(s) _____

Residence # _____

Agreement Date _____

Fees Due at Residency and Services Agreement Execution:	Amount
Community Fee	
First Person Service Fee	
Second Person Service Fee	
Other Fees (specify):	
Total Amount Due at Move In	\$

Monthly Service Fees*:	Amount
First Person Service Fee	
Second Person Service Fee	
Total Monthly Service Fees	\$

*Note: Priority Deposit previously paid will be applied to the then current 1st month's Monthly Service Fees.

Note that the above-listed fees do not include fees for occupancy in the Healthcare Center that are described in Section 7 of the Agreement. In addition, fees for non-recurring Optional Services selected by the Resident shall be in the amount set forth in the schedule of fees provided by the Company.

The Resident acknowledges that he or she has reviewed and hereby approves the above tables of fees payable pursuant to this Agreement.

Initials Resident _____

Resident _____



HAYES BARTON PLACE

Residency and Services Agreement [Cottages]

**2600 Yettington Drive
Raleigh, North Carolina 27608
(919) 803-6734**

Term of Agreement Begins: _____

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HAYES BARTON PLACE

RESIDENCY AND SERVICES AGREEMENT

This RESIDENCY AND SERVICES AGREEMENT (the "Agreement") is made this ___ day of _____, _____, between HPB OBERLIN SENIOR HOUSING PROPCO, KP6, L.P. and HBP OBERLIN SENIOR HOUSING OPCO KP6, L.P., Delaware for-profit limited partnerships (the "Company") and _____ and _____ (herein individually or collectively called "Resident"). If two persons desire to share the Unit enter into this Agreement, the term Resident shall apply to them jointly and severally and to the survivor of them. If the Resident is a Designated Resident (as defined below), _____, the Unit Owner, executes this agreement to acknowledge that [he/she/it] is bound by the terms and conditions contained herein

Unit: _____

Community Fee: \$ _____

Monthly Service Fee (1st Person): \$ _____

Monthly Service Fee (2nd Person): \$ _____

WITNESSETH:

WHEREAS, the Company operates the continuing care retirement community known as "Hayes Barton Place" (the "CCRC"), with independent living residences located at 2600 Yettington Drive; Raleigh, North Carolina 27608; and

WHEREAS, the independent living options available to residents of the CCRC include the option to purchase a condominium cottage unit (all such units are collectively referred to herein as the "Cottages") located on the CCRC campus (the portion of the campus consisting of the Cottage and the common areas dedicated thereto is referred to herein as the "Cottage Area"); and

WHEREAS, the HBP Cottages, LLC, a North Carolina for-profit limited liability company (the "HBP Cottages"), an affiliate of the Company, purchased the Cottages for inclusion into the CCRC and created "The Hayes Barton Place Condominium" (the "Condominium") pursuant to that certain Declaration of Condominium for the Hayes Barton Place Condominium, recorded in Book [____], Page [____], in the Office of the Register of Deeds of Wake County, North Carolina (the "Condo Declaration"); and

WHEREAS, the Resident, or other person, firm, corporation, partnership, association, trust or other legal entity has entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement") for the purchase of Unit number _____ (the "Unit" or "Residence"); and

WHEREAS, the "Unit Owner" is the person, firm, corporation, partnership, association, trust or other legal entity that purchases the Unit pursuant to the Purchase and Sale Agreement or subsequently owns fee simple title to the Unit; and

WHEREAS, the purchase of the Unit requires that the Resident obtain the rights, privileges and responsibilities of membership in the CCRC as outlined by this Agreement.

NOW, THEREFORE, FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which the parties hereto acknowledge, and the full and faithful performance of all terms, covenants and conditions herein contained, the Resident, the Unit Owner (if different than the Resident) and the Company hereby agree as follows:

1. Required Membership in the CCRC. The Unit Owner is required, contemporaneously with the purchase of the Unit, to purchase a non-transferable membership (a “Membership”) in the CCRC, providing the Resident with the benefits contained in this Agreement. The cost of Membership (the “Membership Fee”) is equal to ten percent (10%) of the purchase price paid for the Unit, subject to increase from time to time on an annual basis, and is payable to HBP Cottages at or prior to the Closing Date (as defined below). The Membership Fee is solely for the Resident’s personal right to reside in the CCRC and does not provide a Membership for any subsequent purchaser or user of the Unit. The requirement to purchase a Membership in the CCRC and execute a Residency and Services Agreement shall not be applicable to any Unit purchased by HBP Cottages, the Company or any of their respective affiliates.
2. Membership Fee Non-Transferable. The Membership Fee is personal to the Resident, and is non-refundable and non-transferable. If the Unit Owner is the Resident, the Unit Owner’s Membership will expire when the Unit Owner sells or otherwise disposes of the Unit or ceases to occupy the Unit. Provided however, if the Unit Owner ceases to occupy the Unit and lives in the Healthcare Center, then the Membership will continue and the Unit Owner shall continue to be responsible for payment of the Monthly Service Fee at the applicable rate. If the Unit is occupied by a person or persons other than the Unit Owner, the provisions of Section 5 hereof shall apply.
3. Resale of Units. If the Unit is resold, the new buyer of the Unit will be assessed a Membership Fee that shall be paid to HBP Cottages at the closing of the resale of the Unit. The amount of the Membership Fee shall not be included in the calculation of any real estate commission payable with respect to the resale of the Unit. If the Unit Owner transfers ownership or use of the Unit by gift, bequest, lease or any other method of conveyance that is not subject to an arm’s length negotiation at fair market value to a family member or any other person, the Membership Fee shall be based on the fair market value of the Unit by a Qualified Appraisal when such transfer occurs. The Unit Owner shall be solely responsible for the cost of the Qualified Appraisal. “Qualified Appraisal” means an appraisal conducted by a qualified appraiser agreed upon by HBP Cottages and the Unit Owner. In the event HBP Cottages and the Unit Owner cannot agree upon the selection of an appraiser, each party shall designate an appraiser and the appraisers so designated shall select a third appraiser and all three appraisers shall set a value for the Unit in question. In the event there is disagreement as to value among the appraisers, the value shall be set at the greater of (i) the original purchase price of the Unit; or (ii) the average of the three appraisals.
4. Right of First Refusal.

- a. In consideration of the affirmative obligations of and benefits to all Unit Owners provided by the HBP Cottages and its affiliates, when any Unit is offered for sale by a Unit Owner (other than HBP Cottages or its affiliates), HBP Cottages shall have the exclusive right of first refusal (the "Right of First Refusal") to purchase such Unit at the price and on the terms of any bona fide offer for such Unit made in writing to the Unit Owner.
 - b. Upon receiving a bona fide offer to purchase the Unit from a prospective buyer that the Unit Owner intends to accept but for the Right of First Refusal (a "BFP Offer"), the Cottage Owner shall notify HBP Cottages in writing of the Cottage Unit Owner's intent to sell, and shall include a complete copy of the BFP Offer (the "BFP Offer Notice"). HBP Cottages shall have thirty (30) days after receipt of such BFP Offer Notice to exercise the Right of First Refusal on the same terms proposed in the BFP Offer by giving written notice to the Cottage Owner. Should HBP Cottages fail or refuse, within thirty (30) days after receipt of the BFP Offer Notice, to exercise its option to purchase the Cottage Unit on the terms set forth in the BFP Offer, then the Unit Owner shall have the right to sell the Cottage Unit to the prospective purchaser at a price not lower than that offered to HBP Cottages, subject, however, to all covenants, restrictions, limitations and affirmative obligations set forth herein, the Purchase and Sale Agreement, the Condo Declaration and the Residency and Services Agreement. In the event the Cottage Unit Owner and the prospective purchaser fail or refuse to consummate such conveyance of the Cottage Unit within four (4) months of the date the BFP Offer Notice was transmitted to HBP Cottages at the price and on the terms offered, or a price more favorable to the Cottage Unit Owner, the terms and limitations of the Right of First Refusal shall again be imposed upon any sale by the Cottage Unit Owner.
 - c. If HBP Cottages elects to purchase such Cottage Unit, the transaction shall be consummated on the terms set forth in the BFP Offer; provided, however, that HBP Cottages shall have a minimum of thirty (30) days from the date it notifies the Cottage Unit Owner that it intends to exercise the Right of First Refusal to consummate the transaction.
 - d. The Right of First Refusal shall not apply to (i) the transfer of a Cottage Unit to a trust for estate planning purposes, (ii) the transfer of a Cottage Unit to the Cottage Unit Owner's estate, or (iii) the right of a foreclosure of a mortgage on the Cottage Unit.
 - e. The Right of First Refusal is more fully described in the Condo Declaration.
5. Provisions Applicable When the Resident is not the Unit Owner. If the Unit Owner acquires the Unit to be used by another person or persons, the Unit Owner must designate the person or persons, who shall use the Membership (all such persons are collectively referred to as a "Designated Resident"), which Membership must be acquired at the time the Unit is purchased. No more than two individuals may be named as a Designated

Resident and only the Resident(s) named in this Agreement shall be entitled to use of the Membership. Any Designated Resident must also satisfy the eligibility requirements for residency in the CCRC as described in this Agreement. When the Designated Resident no longer occupies the Unit, and thereby ceases to use the Membership, the Membership shall expire. Provided however, if the Designated Resident ceases to occupy the Unit and lives in the Healthcare Center, then the Membership continues and the Designated Resident and the Unit Owner shall continue to be jointly and severally responsible for payment of the Monthly Service Fee at the applicable rate. Any person who subsequently occupies the Unit, including the Unit Owner, must acquire a Membership for their use prior to occupying the Unit. Since under these circumstances there is no sales price upon which to determine the Membership Fee, the Membership Fee is based on the gross fair market value of the Unit, as determined by a Qualified Appraisal, and must be paid prior to re-occupancy of the Unit.

The Designated Resident and the Unit Owner will be jointly and severally responsible for the Membership Fee and the Monthly Service Fee. Execution of this Agreement shall constitute the Unit Owner's personal guarantee for the benefit of the Company, its successor and assigns, guaranteeing the Resident's payment of the Membership Fee, the Monthly Service Fee and all other fees payable pursuant to this Agreement.

The provisions of this Section 5 also apply to individuals who qualify for residency in the CCRC and move into a Unit with an existing Resident, whether through marriage or other arrangements.

6. Eligibility Requirements and Procedures.

The Resident will be qualified for admission as an occupant of the CCRC on the following terms and conditions:

- a. Age Criteria. The requirements for admission into the CCRC are non-discriminatory except as to age. Admission is restricted to persons sixty-two (62) years of age or older with the exception of a younger second occupant. An underage second occupant may be approved for residency in the Unit in the Company's sole discretion but must, at a minimum, be at least fifty (50) years of age and meet the other requirements for residency in the CCRC. The Company reserves the right to limit the number of residents under the age of sixty-two (62) that will live in the CCRC.
- b. Disclosure Statement. Upon execution of this Agreement, the Company will provide the Resident a copy of the current CCRC's Disclosure Statement (the "Disclosure Statement") which fully describes the organization, facilities, policies, services, fees, financial condition, projections, and the vital information related to the CCRC. Included in the Disclosure Statement is a copy of this Agreement.
- c. Application. Within thirty (30) days of execution of the Priority Partner Agreement (as defined below), the Resident will complete or update a preliminary health screen substantially in the form attached hereto as Exhibit A (the "Preliminary Health Screen") and a confidential financial statement substantially in the form attached

hereto as Exhibit B (the “Financial Statement”) and deliver the same (all such documents collectively referred to herein as, the “Application Forms”) to the Company. In the case of two Residents occupying a Residence, and in the event of the death of one of the occupants, the surviving Resident will be required to submit an update of the original Application Forms within thirty (30) days after the Company’s request for the same. In the event the Resident is a Designated Resident, the Unit Owner shall also be required to deliver to Carolina Bay a confidential financial statement.

- d. Preliminary Health Screen. The Resident must be capable of living independently and must satisfy the then current independent living criteria by the Company, which criteria may be amended from time to time in the Company’s sole discretion. The Resident shall provide to the Company an internal Preliminary Health Screen completed by the Resident’s primary physician and certifying that the Resident meets the independent living criteria within the period outlined in this Agreement.
- e. Priority Partner Agreement. If the Unit Owner is purchasing the Unit from HBP Cottages, prior to entering into this Agreement, the Resident shall submit a Cottage Priority Partner Agreement (the “Priority Partner Agreement”) to the Company and HBP Cottages. The Resident may terminate the Priority Partner Agreement prior to entering into this Agreement for any reason by giving written notice to the Company and the Resident shall be refunded the Priority Deposit described therein within thirty (30) days of such notice. If the Unit Owner executes a Purchase and Sale Agreement with HBP Cottages, the Priority Partner Agreement shall terminate, and the Priority Deposit shall be held as additional Earnest Money pursuant to the terms of the Purchase and Sale Agreement. In the event of any conflict between the provisions of the Priority Partner Agreement and this Agreement and/or the Purchase and Sale Agreement, the provisions of this Agreement and/or the Purchase and Sale Agreement shall control.
- f. Purchase and Sale Agreement. To purchase the Unit, the prospective Unit Owner shall enter into a Purchase and Sale Agreement with HBP Cottages or the existing Unit Owner simultaneously with his or her execution of this Agreement. With respect to any purchase from HBP Cottages, the prospective Unit Owner will make an earnest money deposit equal to ten percent (10%) of the purchase price for the Unit (such deposit, together with the Priority Deposit, are collectively referred to as the “Earnest Money”). The Earnest Money shall be held and applied in accordance with the terms of the Purchase and Sale Agreement. Any earnest money requirement applicable to the resale of the Unit where neither Cottage Property nor

its affiliate is the seller shall be in accordance with the terms of the purchase and sale agreement entered into between the buyer and seller thereunder.

- g. Financial Condition. The Company must be satisfied that the Resident has the financial income and assets to pay the Monthly Service Fee (as defined below), extra meal charges, charges for additional services, personal living expenses, and the future adjustments of these charges during the term of this Agreement. The Resident shall provide to the Company a Financial Statement within the period outlined herein. Immediately prior to the Closing Date, the Resident and the Unit Owner will affirm to the Company that their personal financial situation does not differ materially or adversely from the financial situation as presented in the Application Forms. If the Resident's or Unit Owner's then personal financial situation differs materially and adversely from the Resident's or Unit Owner's prior financial situation, the Company may terminate this Agreement, which will result in the automatic termination of the Purchase and Sale Agreement. After the Closing Date, the Company may require an updated Financial Statement.
- h. Interview. The Resident must have an interview with a representative from the Company prior to being approved for residency in the CCRC. This interview may include a non-medical assessment of the Resident(s) as an initial step in determining whether the requirements for residency may be met.
- i. Health Insurance. Simultaneously with the delivery of the Application Forms, the Resident shall provide evidence of health insurance coverage to the Company at a level reasonably satisfactory to the Company.
- j. Review of Application. The Company will review the completed Application Forms as a basis for initial approval for residency in the CCRC. The Company will accept or deny an Application based on the criteria and policies it has established, as the same may be amended from time to time. The Company will notify the Resident and the Unit Owner in writing of its decision on the application. If the Resident is not approved for residency in the CCRC, this Agreement and the Purchase and Sale Agreement shall automatically terminate. Additionally, the Unit Owner acknowledges that it shall not be permitted to close on the resale of the Unit if the prospective buyer (or its prospective Designated Resident) fails to meet the qualifications for membership in the CCRC.
- k. Physician's Report. Thirty (30) days prior to the Closing Date (as defined below), the Resident is required to submit to the Company an updated Preliminary Health Screen. The Company will respect the privacy of the Resident's personal health information and is committed to maintaining the Resident's confidentiality.
- l. Representations and Warranties. The Resident and the Unit Owner affirm that the representations made in the Application Forms or other statements of financial capability are accurate and reflect the Resident's and Unit Owner's current status. The Resident and the Unit Owner acknowledge that such representations are the basis for which the Company agrees to enter into this Agreement.

- m. Authorization to Release Medical Information. As a part of the application process, the Resident agrees to execute any such authorization forms as required by the Company to obtain the information concerning the Resident's medical history and condition necessary to enable the Company to adequately evaluate whether the Resident is appropriate for residency in the CCRC.
- n. Will, Durable Power-of-Attorney and Healthcare Directives. Thirty (30) days prior to the Closing Date, the Resident shall have in place a valid and enforceable will, identifying an Executor of the Resident's estate, that provides for the distribution of his or her assets and personal effects. Such will or other document of instruction shall include adequate provisions regarding burial or cremation directions and other funeral arrangements. Furthermore, prior to the Closing Date, the Resident shall deliver, and during the term of this Agreement shall maintain, a valid and effective North Carolina Durable Power of Attorney (the "Power-of-Attorney") and a living will or health care Power-of-Attorney (the "Health Directive") enforceable in accordance with the laws of the State of North Carolina. The Power-of-Attorney shall designate as the Resident's attorney in-fact any responsible person, including but not limited to, a lawyer, banker, or relative, to act on behalf of the Resident in the managing of the Resident's affairs and filing of the Resident's insurance or other benefits as fully and completely as if the Resident were acting personally. The Power-of-Attorney shall be in such form that survives the Resident's incapacity or disability and otherwise be satisfactory to the Company. The Health Directive shall name a responsible person capable of making health care decisions in the case of incapacity or emergency.
- o. Notification of Closing Date. If the Resident is approved for residency in the CCRC, the Company will notify the Resident and the Unit Owner of the earliest date the closing of the purchase of the Unit can occur (the actual date of closing is hereinafter referred to as the "Closing Date"). Notwithstanding the fact that the Company has approved the Resident for residency in the CCRC, HBP Cottages shall not be obligated to close on the sale of the Unit until the Company has received, to its satisfaction, all items required to be delivered by the Resident and/or the Unit Owner prior to the Closing Date. If the Resident is not approved for residency in the CCRC, this Agreement shall be terminated and all payments made by the Resident before such termination, except, as the case may be, a service charge of One Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at Resident's request and set forth in Exhibit C of this Agreement or in writing in a separate addendum to the Agreement, signed by the

Resident and the Company. Such refund shall be paid shall be paid by the Company within thirty (30) days.

7. Basic Services and Programs.

Subject to the terms and conditions of this Agreement, the following basic services (collectively “Basic Services”) are included in the Monthly Service Fee (defined below):

- a. Utilities. The following utility fees are included in the Monthly Service Fee:
- | | |
|------------------------------------------------------------|------------------------------------------------------|
| <input checked="" type="checkbox"/> Heating | <input checked="" type="checkbox"/> Air conditioning |
| <input checked="" type="checkbox"/> Water | <input checked="" type="checkbox"/> Sewer |
| <input checked="" type="checkbox"/> Gas | <input checked="" type="checkbox"/> Electricity |
| <input checked="" type="checkbox"/> Basic cable television | <input checked="" type="checkbox"/> Pest control |
| <input checked="" type="checkbox"/> Internet | <input checked="" type="checkbox"/> Trash removal |
- b. Meals. As part of the Monthly Service Fee, the Resident shall be given a monthly declining balance meal plan credit (the “Declining Balance Meal Credit”). The Resident shall be entitled to dine in any of the CCRC’s dining options and charges for the food and beverages of the Resident and any guest of the Resident shall be deducted from such Declining Balance Meal Credit. Upon termination of this Agreement, any unused portion of the Declining Balance Meal Credit shall be forfeited. If the monthly charges of the Resident exceed the amount of the monthly Declining Balance Meal Credit, such additional charges shall be billed to the Resident on a monthly basis.
- c. Housekeeping Services. The Resident agrees to keep the Unit in a clean and orderly condition. On a weekly basis, the Company will provide basic housekeeping services in the Unit. Please refer to basic cleaning schedule provided to the Resident at time of move in.
- d. Maintenance Services. The Company will be responsible for normal wear and tear, maintenance and replacement of the property, furnishings and equipment owned by or leased by the Company for use in the CCRC. The Resident will be responsible for any damage to such property, furnishings and equipment, including the cost of repair or replacement or the diminution in value thereof, caused by the Resident, the Resident’s guests or the Resident’s pets. The Resident will be responsible for the maintenance and repair of the Resident’s personal property.
- e. Changes to Residence. Any structural or physical change or remodeling of any kind within or outside the Unit may only be made by the Resident only with the prior written consent of the Company, which shall be granted at the Company’s sole discretion, and at the sole expense of the Resident.

- f. Grounds Keeping. The Company will maintain and repair the CCRC's grounds, including lawns, trees and shrubbery. The Hayes Barton Place Owner's Association, Inc., a North Carolina non-profit corporation (the "Association") will maintain and repair the common areas of the Cottage Area. Personal plantings and customization of landscaped areas are subject to the Company's and/or the Association's approval.
- g. Use of CCRC Common Areas. The Resident has the non-exclusive right, along with other residents, to use the CCRC's common areas, including, but not limited to, the dining rooms, lounges, lobbies, library, social and recreational rooms and designated outdoor activity areas.
- h. Use of the Wellness Center. The Company will provide health and wellness programs and services at its on-site wellness center (the "Wellness Center"), including use of fitness equipment, exercise classes, use of an indoor heated pool and certain wellness education programs. The Resident will be advised of any required fee for a wellness program before enrolling in such program.
- i. Programs. Recreational, social, educational and cultural programs will be coordinated by the CCRC's staff. Some activities are subject to an additional charge.
- j. Parking. The Unit includes access to a detached garage. Limited parking will be provided for the Resident's guests.
- k. Transportation. The Company will provide scheduled transportation to locations routinely visited by residents of the CCRC such as shopping centers, medical offices and social events. Some transportation is subject to an additional charge.
- l. Emergency Response System. The Company will provide, on a twenty-four (24) hour basis, an emergency call system. Response to a call shall be limited to an evaluation of the Resident's needs. If other medical response is determined to be necessary, the Resident is responsible for any costs associated with such other medical response, including emergency medical transportation.
- m. Insurance. The Company will maintain general liability and hazard insurance on the property within the CCRC owned or leased by the Company, but will not be responsible for the Resident's personal property. The Association will maintain general liability and hazard insurance on the Cottages and the common areas of the Cottage Area. Each Resident (or Unit Owner) will need to obtain insurance to cover any loss of the Resident's personal property within the Unit.

8. Optional Services.

A schedule of fees for services provided at extra cost including, but not limited to, those optional services described below (collectively "Optional Services"), shall be established by the Company and shall be made available to the Resident. The Optional Services currently expected to be offered by the Company include the following:

- a. Transportation Services. If the Resident requests transportation in addition to that provided as a Basic Service, the Company may provide such transportation service provided that the Company has adequate transportation staff available at such date and time and to destinations that the Company identifies as being within the geographic area of transportation services.
- b. Food Services. If the Resident requests food services or catered services in addition to those provided as a Basic Service, the Company may provide such additional food services or catered services for an additional cost.
- c. Tray Service. The Resident may request that meals be delivered to the Residence (“Tray Service”) for a delivery charge; provided however, that Tray Service may not be requested for more than three (3) consecutive days except at a physician’s or nurse’s direction.
- d. Activities. Due to their special nature, a special fee may be required for some wellness and life enrichment programs.
- e. Additional Housekeeping Services. If the Resident requests or requires housekeeping services in addition to those provided as a Basic Service, the Company may provide such services if staff is available to provide such services.
- f. Spa Services. Spa and personal care services in the Wellness Center will be available in accordance with a published fee schedule.
- g. Additional Parking. Additional parking, including garage parking if available, may be made available to the Residents in accordance with a published fee schedule.
- h. Personal Emergency Transmitter. The provision of a Personal Emergency Transmitter (“PET”) which shall transmit to the CCRC Concierge Desk.

9. Terms of Residence.

- a. Term of Agreement. The term of this Agreement shall begin on the Closing Date and expire when terminated in accordance with the terms hereof (the "Term").
- b. Nature and Extent of Rights. The Resident's Membership and rights under this Agreement shall exist and continue unless terminated as provided herein. Nothing contained herein shall be construed or is intended to require that the Company care for the Resident after expiration or termination of this Agreement.
- c. Terms of Occupancy. Signing of this Agreement does not deliver title to real or personal property, and this Agreement may not be assigned, transferred, inherited or devised. Any rights, privileges, benefits, or interests created by or under this Agreement shall be subordinated to any mortgage, deed of trust, or other security interest created on any of the premises or interests in the real estate comprising the CCRC and to all amendments, modifications, replacements or refunding thereof. The Resident agrees to execute and deliver any document required by the Company or by the holder of any mortgage, deed of trust or other interest to evidence or effect such subordination.
- d. Alteration or Modification. Notwithstanding any other provisions in this Agreement, the Company may alter or modify the Residence to meet requirements of any statute, law or regulation of the federal, state or local Government. The Resident may not, without prior written consent of the Company, make any alterations or modifications to the Residence.
- e. Use. The Residence shall be used for residential purposes only and shall not be used for business or professional purposes, or in any manner in violation of any zoning or health ordinances.
- f. Permitted Occupants. The Resident(s) named herein and no other person shall reside in or occupy the Residence during the term of this Agreement, except with the express prior written approval of the Company. If a second occupant who is not a party to this Agreement is accepted for residency in the CCRC after the date of this Agreement, such acceptance shall be subject to the approval of the Company and adherence to policies then governing all other admissions and such second resident shall enter into a Residency and Services Agreement. If the second occupant does not meet the requirements for residency, or does not execute a Residency and Services Agreement, he or she shall not be permitted to occupy the Residence.
- g. Death or Transfer of One Resident. If one of the Residents named herein dies, moves out or is permanently transferred to the Healthcare Center or any other nursing center, the remaining Resident will continue to be bound by the terms of this Agreement except that the Monthly Service Fee will be reduced to the Monthly Service Fee applicable to a single resident then in effect.

- h. Rules and Regulations. The Resident and its guests and invitees shall comply in all respects with the CCRC's operating rules and regulations (the "Rules and Regulations") established by the Company from time to time. The Company may revise or amend such Rules and Regulations at any time in its sole discretion. A copy of the Rules and Regulations will be made available to the Resident.
 - i. Pets. Subject to the prior written consent of the Company, which such consent shall be at the sole and absolute discretion of the Company, pets may be permitted in the Residence. All pets must be on a leash at all times while not in a Resident's Residence. Pets must be healthy, have current shots and rabies immunization, and be free of fleas and other parasites. The Resident must provide the Company with documentation that their pets have received all required shots and immunizations. The Resident is responsible for any costs expended by the Company for the failure of the Resident to adhere to the CCRC's pet policy, including, but not limited to, the cost of disinfection, cleaning and fumigation. Pets are prohibited in the dining spaces, the Wellness Center, the multipurpose room, the chapel, and the art space and activity rooms. The Resident understands and agrees that the pet must be removed from the Residence, upon fourteen (14) days' prior written notice from the Company, if the pet becomes a nuisance to other residents of the CCRC, as determined by the Company in its sole and absolute discretion. The Resident agrees that if the Resident has been approved to have a pet living in the Residence, and elects to do so, the Resident shall pay a non-refundable pet fee in the amount posted at the time the pet is registered.
 - j. Smoking Policy. The CCRC is smoke-free. No smoking is permitted in the Residence (to include any balconies) or in any other building or location in or on the CCRC's premises. The Resident agrees to abide by the CCRC's Rules and Regulations concerning smoking.
10. Nursing and Healthcare Services.
- The CCRC will provide the Resident temporary or permanent assisted living services, skilled nursing services and memory support services (collectively the "Healthcare Services") in the healthcare center adjacent to the CCRC (the "Healthcare Center"). A number of the beds in the Healthcare Center have been designated as "closed beds" under state laws and/or regulations and, as such, are reserved for residents of the CCRC (the "Closed Beds"). In the event that these Closed Beds are fully occupied, the Resident will be given priority access to the available unreserved beds (the "Open Beds"). Service in the Healthcare Center shall be provided within the limits of the Company's license.

If the appropriate level of Healthcare Services based upon the needs of the Resident may not be obtained or are not provided within the Healthcare Center, such level of care must be obtained from another provider of healthcare services, including, but not necessarily limited to, a hospital, and the costs of those services shall be the sole responsibility of the Resident. The Resident (i) acknowledges and agrees that the Company will not be responsible for any claims, damages or expenses resulting from injury or death suffered by the Resident that is caused by, attributable to or in any way connected with the negligence or intentional acts or omissions of the physicians, employees or agents of any such other provider of healthcare services and (ii) releases the Company from liability for any such claims, damages or expenses.

11. Transfers of Resident.

- a. Direct Transfer to the Healthcare Center. If after the execution of this Agreement and prior to the Closing Date, the Resident's health or mental condition is such that, in the sole discretion of the Company, the Resident no longer meets the qualifications to live independently in the CCRC, and this Agreement is not otherwise terminated, the Resident may be transferred directly to the Healthcare Center. All fees and other charges due must be paid prior to any direct transfer. In the event there is more than one Resident occupying the Residence, and one Resident is transferred directly to the Healthcare Center, the other Resident shall continue to be obligated under this Agreement and pay the required Monthly Service Fee applicable to a single resident then in effect.
- b. Transfers to the Healthcare Center. The Resident agrees that the Company shall have the right to determine whether the Resident should be temporarily or permanently transferred from the Residence to the Healthcare Center or from one level of care at the Healthcare Center to another level of care at the Healthcare Center. Such determination shall be in the Company's sole discretion and based on the professional opinion of the medical director of the Healthcare Center and the executive director of the CCRC that the Resident is no longer able to live independently or that living in the Residence will endanger the Resident or the health and/or safety of others. Should the Resident fail to cooperate with a transfer of the Resident requested by the Company, the Company shall have the right to terminate this Agreement and the Resident shall no longer be permitted to live in the CCRC.
- c. Transfer Outside the CCRC. If, in the opinion of the Company, the physical or mental condition of the Resident requires services beyond that which can be provided by the facilities or personnel in the CCRC and the Healthcare Center or is beyond the scope of the services provided for in this Agreement, the Company may require that the Resident be temporarily or permanently transferred to a hospital, center, institution or other care environment equipped to give such care; provided however, the cost of the care at any such outside facility will be the responsibility of the Resident.

- d. Permanent Transfer to the Healthcare Center or Outside Facility. If, in the sole discretion of the Company, after consultation with the Resident's attending physician, the Resident's family or personal representative and the Resident, to the extent possible, the Resident's transfer to the Healthcare Center or to an outside facility is considered permanent, the provisions of Section 9(g) above shall apply.

12. Fees and Charges.

The following is a list of the fees and charges expected to be charged to the Residents of the CCRC.

- a. Priority Deposit Fee. Upon execution of this Agreement, if the Resident previously paid a Priority Deposit pursuant to the Priority Partner Agreement, the Priority Deposit shall be held as Earnest Money pursuant to the Purchase and Sale Agreement.
- b. Community Fee. Upon the execution of this Agreement, the Company shall charge and the Resident shall pay a non-refundable (except as otherwise set forth in this Agreement) Community Fee equal to two (2) times the current Monthly Service Fee (as identified on page 1 of this Agreement and in Exhibit C attached hereto)herein) (the "Community Fee") . The Community Fee entitles Residents priority access to all services and amenities of the CCRC once Residence is occupied.
- c. Membership Fee. The Resident, or the Unit Owner on the Resident's behalf, shall purchase the Membership by paying the one-time, non-refundable, non-transferable Membership Fee, to HBP Cottages by certified check or wire transfer to an account designated by HBP Cottages. The Membership Fee shall be paid to HBP Cottages on the Closing Date, and is subject to increase from time to time on annual basis, but in no event shall the Membership Fee exceed twenty percent (20%) of the purchase price for the Unit paid by the purchaser thereof.
- d. Monthly Service Fees. Throughout the Term, the Resident shall pay to the Company a Monthly Service Fee (the "Monthly Service Fee") as identified on page 1 of this Agreement and in Exhibit C attached hereto, for a single Resident. If the Residence will be occupied by two Residents pursuant to this Agreement, an additional monthly amount identified on page 1 of this Agreement and in Exhibit C attached hereto shall be paid by the second Resident. The Monthly Service Fee shall be paid by the Resident on or before the fifth (5th) day of each month for Basic Services to be rendered that month with the first payment due on or before the Closing Date. The Monthly Service Fee shall be due regardless of whether or not the Residence is actually occupied by the Resident on the Closing Date and such Monthly Service Fee will not be adjusted if the Resident is voluntarily absent from the CCRC at any time after such date. If the Resident obtains possession of the Residence prior to the first of a month, the Resident shall pay the Company the first Monthly Service Fee on a pro-rata basis based on the actual number of days contained in the month. The Condominium Fee described below shall be billed in conjunction with the Monthly Service Fee. After the termination of this Agreement,

the Monthly Service Fee may continue to be payable beyond the date of termination as set forth in this Agreement.

- e. Adjustments to Monthly Service Fees. The Company reserves the right to change the amount of the Monthly Service Fee upon thirty (30) days' written notice to the Resident. Adjustments to the Monthly Service Fee will be made as may be reasonably necessary according to the economic requirements and conditions of the CCRC, the level and quality of services provided to the residents of the CCRC and consistent with operating on a sound financial basis. The Company may adjust the Monthly Service Fee prior to occupancy of the Residence by the Resident if changes in the projected costs of providing the services at Community so require.
- f. Condominium Fee. As described in the Purchase and Sale Agreement and the Condo Declaration, the Resident shall pay a monthly fee to the Association (the "Condominium Fee"). The Condominium Fee will be based on the Condominium's actual operating costs (together with a reserve for replacements), as shown in the Condominium's annual operating budget formulated and adopted in accordance with the bylaws of the Condominium, and assessed based on the percentage of ownership interest in the Condominium's common elements. The Condominium Fee is a separate cost from the operation of the CCRC, but will be billed in conjunction with the Monthly Service Fee as a convenience to the Resident. The Condominium Fee is estimated to be \$____.00 per month, subject to change according to actual annual operating budgets. Condominium Fees for the first two (2) months of residency in a Unit will be paid on the Closing Date.
- g. Fees for Optional Services. The Resident shall receive a monthly statement from the Company showing the total amount of fees and other charges owed by the Resident, which shall be paid by the fifth (5th) day of each month. A list of fees for recurring Optional Services the Resident has elected to purchase as of the date of this Agreement is attached hereto as Exhibit C.
- h. Healthcare Center Fees and Charges. The Healthcare Center will consist of accommodations, equipment and staffing necessary for assisted living, skilled nursing care and memory care services on a temporary or permanent basis. The Company shall establish and publish per diem rates for accommodations and services at the Healthcare Center. Each calendar year, the Resident shall receive a ten percent (10%) discount on fees the Resident accrues during its first thirty (30) days of residency in the Healthcare Center (each day being a "Discounted Fee Day"). The Resident may not carry any unused Discounted Fee Days over to the following calendar year. Fees for residency in the Healthcare Center shall otherwise be payable in accordance with this Agreement and in accordance with the then published Healthcare Center per diem charge.
- i. Fees for Occupancy in the Healthcare Center. In the event the Resident is transferred to the Healthcare Center, as determined in the sole discretion of the Company, the Resident shall pay the then published Healthcare Center per diem charge plus charges for other services not included in the Healthcare Center per diem charge, subject to available Discounted Fee Days. In addition, the Resident

shall continue to be responsible for the Monthly Service Fee and other charges payable under this Agreement.

- j. Refund of Fees. If the Resident cancels during the Rescission Period (as defined below), the Priority Deposit, Community Fee, the Earnest Money and any other fees paid by Resident in accordance with this Agreement will be refunded to the Resident, without interest, less a service charge of One Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at Resident's request and set forth in Exhibit C of this Agreement or in writing in a separate addendum to the Agreement, signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company's receipt of the Resident's written notice of rescission. The Community Fee becomes non-refundable after the Rescission Period.
- k. Late Charges. The Company will charge a one percent (1%) late payment charge per month on any Monthly Service Fees and extra charges that have not been paid within five (5) days after their due date.

13. Termination.

- a. Termination by Resident. Upon the termination of this Agreement, the Resident's Membership shall terminate. The Agreement may be terminated or cancelled by the Resident under the following terms and conditions:
 - i. Rescission During First Thirty (30) Days. The Resident may terminate this Agreement for any reason within thirty (30) days following the later of the execution of this Agreement or receipt by the Resident of the Disclosure Statement (the "Rescission Period"), and the Resident is not required to move into the facility before expiration of the Rescission Period. The Resident's termination of this Agreement during the Rescission Period is without penalty, and all payments made by the Resident or the Unit Owner before such termination, less a service charge of One Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at the Resident's or Unit Owner's request and set forth in Exhibit C of this Agreement or in writing in a separate addendum to the Agreement signed by the Company, Resident and/or the Unit Owner. Any refund shall be paid within thirty (30) days after the Company receives written notice of the Resident's election to terminate this Agreement.
 - ii. Termination After Rescission Period but Prior to the Closing Date. For Residents electing to reside in a Residence, the Resident may terminate the Residency and Services Agreement for any reason after the Rescission Period but prior to the Closing Date upon written notice to the Company. In the event of such termination, and subject to the terms of the Purchase and Sale Agreement, the Resident shall be entitled to a refund of all monies paid to the Company, except, as the case may be, the Community Fee, and

any costs or other charges that the Resident and the Company agree in advance are non-refundable.

iii. General Termination Right. The Resident may terminate this Agreement at any time for any reason by giving the Company thirty (30) days' written notice signed by the Resident (or both of them if there are two Residents). In the event of termination by the Resident for reasons other than those permitted in this Agreement, the Resident shall pay the Company for all Optional Services rendered by the Company to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the date the Unit is resold, transferred, or properly occupied by a new resident approved by the Company who has executed a Residency and Services Agreement and paid the Membership Fee. The Resident and the Unit Owner (if different than the Resident) shall be jointly and severally responsible for all obligations under the Residency and Services Agreement and otherwise including, without limitation, the amounts owed set forth in this paragraph.

b. Termination by Death or Serious Illness.

i. Termination by Death or Serious Illness Prior to the Closing Date. If, prior to the Closing Date, the Resident dies or is precluded from living in the CCRC under the terms of this Agreement as a result of serious illness, injury, non-qualification or incapacity, this Agreement will automatically terminate. In the event this Agreement is terminated as provided for in this subsection, the Resident or the Resident's estate shall be entitled to a refund of any amounts paid to the Company, except, as the case may be, a service charge of One Thousand Dollars (\$1,000.00) and for costs or other charges that the Resident and the Company agree in advance are non-refundable. Such refund shall be paid by the Company within thirty (30) days after this Agreement is terminated pursuant to this subsection. The foregoing notwithstanding, if there is more than one Resident, this Agreement will continue to be binding on the surviving or eligible Resident until this Agreement is terminated as to or by the surviving Resident as provided for herein.

ii. Termination by Death or Serious Illness After the Closing Date. If the Resident dies after the Closing Date or the Resident is precluded from living in the CCRC under the terms of this Agreement as a result of serious illness, injury, or incapacity and the serious illness, injury or incapacity is not otherwise addressed by the provisions of this Agreement, then this Agreement shall terminate. In such event, the Resident or the estate will retain all ownership rights and obligations in the Unit and will continue to be obligated to pay the Monthly Service Fee and the Condominium Fee, until the Unit is sold, transferred to or otherwise occupied by a new resident approved by the Company who has executed a Residency and Services Agreement and paid the Membership Fee. If the terminating Resident is a Designated Resident, then the Unit Owner and the Resident (or the

Resident's estate) shall be jointly and severally responsible for all such obligations until the Unit is sold, transferred to or otherwise occupied by a new resident approved by the Company who has executed a Residency and Services Agreement and paid the Membership Fee. Transfer of a Unit under the last will and testament in the event a Resident dies, other than to the Resident's estate, is a conveyance upon which a Membership Fee must be paid if the devisee or beneficiary is approved by the Company and elects to become a resident of the CCRC. The foregoing notwithstanding, if there is more than one Resident, this Agreement will continue to be binding on the surviving or eligible Resident until this Agreement is terminated as to or by the surviving Resident as provided for herein.

c. Termination by the Company.

- i. Termination by the Company Prior to the Closing Date. If, in the Company's sole discretion, the Resident does not satisfy the criteria for occupancy in the CCRC, this Agreement shall terminate upon the Company's notification to the Resident of non-approval. In such event, all amounts paid to the Company shall be refunded to the Resident within thirty (30) days after the Company provides the Resident notice of non-approval, except, as the case may be, for costs or other charges that the Resident, the Unit Owner (if different than the Resident), the Company and/or HBP Cottages agree in advance are non-refundable, and the Purchase and Sale Agreement shall automatically terminate.
- ii. Termination by the Company after the Closing Date. The Company may terminate this Agreement immediately upon providing written notice to the Resident in the event of the following:
 - (1) The Resident fails to make payments to the Company or the Association of any amounts when due and such failure is not cured within fifteen (15) days after notice is given to the Resident;
 - (2) The Resident consistently fails to comply with any term of this Agreement not involving the payment of money or any provisions of the Rules and Regulations and the Resident fails to cure such non-compliance within seven (7) days after written notice from the Company;
 - (3) The Resident, the Resident's authorized representative or the Unit Owner makes a material misrepresentation or omission in the information provided to the Company for its consideration of the Resident for residency in the CCRC;
 - (4) The Resident's behavior interferes with or threatens to interfere with the safety of the Resident or the quiet enjoyment or safety of other Residents, visitors, and/or staff of the CCRC, or if the Resident's behavioral is a detriment to other Members, visitors, and/or staff of the

CCRC and the Member does not correct such behavior within thirty (30) days after written notice from the Company; or

(5) If the Company is removed as the Management Agent of the Association for any reason other than the Company's fraud, gross negligence or intentional misconduct as determined by a court of competent jurisdiction.

iii. Effect of Termination by the Company after the Closing Date. In the event the Company terminates this Agreement after the Closing Date as set forth above, then this Agreement shall terminate. In such event, the Unit Owner will retain all ownership rights in the Unit and will continue to be obligated to pay the Monthly Service Fee and the Condominium Fee until the Unit is sold, transferred to or otherwise occupied by a new resident approved by the Company who has executed a Residency and Services Agreement and paid the Membership Fee. If the terminated Resident is a Designated Resident, then the Unit Owner and the Resident (or the Resident's estate) shall be jointly and severally responsible for all such obligations until the Unit is sold, transferred to or otherwise occupied by a new resident approved by the Company who has executed a Residency and Services Agreement and paid the Membership Fee.

14. Resale. The Resident and the Unit Owner acknowledge that the resale of the Unit must be made to a person or persons who either meets the CCRC's eligibility for residence requirements or who is purchasing the Unit for a Designated Resident that is approved by the Company. The Resident and the Unit Owner also acknowledge and agree that if the Resident moves out of the Unit prior to its sale, the Resident and the Unit Owner, will be jointly and severally responsible for paying the Monthly Service Fee until the Unit is sold, transferred to or otherwise occupied a new resident approved by the Company who has executed a Residency and Services Agreement and paid the Membership Fee.

15. Miscellaneous.

a. Entire Agreement. This Agreement contains the entire agreement between the Resident and the Company. All prior discussions, agreements and negotiations are superseded by this Agreement.

b. Successors and Assigns. The rights and privileges of the Resident under this Agreement, including but not limited to the right to and use the facilities of the CCRC under the terms of this Agreement, may not be transferred or assigned under any circumstances. The Company may transfer or assign this Agreement without the consent of the Resident. Except as provided for herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Company and to the heirs, executors, personal representatives, any attorney-in-fact and administrators of the Resident.

c. Severability. If any provisions of this Agreement are held to be invalid or unenforceable, such invalidity or unenforceability will not affect any other

provision of this Agreement and this Agreement shall be construed and enforced as if such provision had not been included.

d. Indemnity. The Resident shall indemnify, defend and hold the Company harmless from any and all claims, damages or expenses, including attorney’s fees and court costs, resulting from any injury or death to persons or damage to property caused by, resulting from, attributable to or in any way connected to the Resident’s negligence or intentional act or omission.

e. Joint and Several Liability. If there is more than one Resident, the rights and obligations of each of the Residents are joint and several, unless otherwise provided in this Agreement. If the Resident is a Designated Resident, the rights and obligations of the Resident are joint and several amongst the Resident and the Unit Owner.

f. Notice Provisions. Any notices, consents or other communications to the Company shall be in writing and addressed to all of the following parties:

Executive Director
HBP Oberlin Senior Housing OPCO KP6, L.P.
Mailing Address:
2600 Yettington Drive
Raleigh, North Carolina 27608
(919) 803-6734

The Resident’s address for the purpose of receiving notice under this Agreement prior to the Closing Date will be the address following the Resident’s signature below. The address of the Resident for purposes of receiving notice under this Agreement after the Closing Date shall be the address of the Residence.

g. Religious or Charitable Affiliations. The Company is not affiliated with any religions or charitable organization

h. Acknowledgement of Receipt of Disclosure Statement. The Resident and the Unit Owner acknowledge they have received a copy of the current Disclosure Statement of the CCRC.

Initials Resident _____

 Resident _____

Unit Owner (if different than the Resident) _____

i. Reading and Signing of Agreement. By signing this Agreement below, the Resident and the Unit Owner represent to the Company they have read and agree to all of the terms of this Agreement.

[Signatures begin on following page]

The Company and the Resident have signed this Agreement to be effective as of the date set forth on the first page.

RESIDENT:

Print Name: _____

Signature: _____

Date: _____

Address: _____

RESIDENT:

Print Name: _____

Signature: _____

Date: _____

Address: _____

**HBP OBERLIN SENIOR HOUSING OPCO
KP6, L.P.:**

By: _____
_____, Authorized Representative

Date: _____

In the event the Unit Owner is not also the named Resident under this Agreement, the Unit Owner executes this Agreement to acknowledge its consent to the terms and conditions contained herein.

Print Name: _____

Signature: _____

Date: _____

Address: _____

EXHIBIT A
FORM OF PRELIMINARY HEALTH SCREEN



HAYES BARTON PLACE

Hayes Barton Place is a continuing care retirement community designed especially for older adults who are able to care for themselves, but choose to have certain services provided for them. Services include meals, housekeeping, maintenance, transportation and recreational activities.

Authorization for Release of Information

I, _____ hereby authorize my attending physician, _____ and his/her representatives to discuss and answer any questions regarding the attached form with the Executive Director. In addition, this authorization will serve as permission to release any additional medical records if requested. This form valid for six (6) months from the date it has been signed.

Signature of Resident _____

Address of Address _____

Date: _____



HAYES BARTON PLACE

Medical History & Physical Exam

Applicant's Name: _____

Date of Birth: _____ Last _____ First _____ Middle _____
Ht. _____ Wt. _____ B/P _____ P _____

Vision: _____ Poor _____ Fair _____ Good Glasses: _____

Hearing: _____ Poor _____ Fair _____ Good Deaf : _____ Hearing Aid: _____

Ambulation: _____ Cane _____ Walker _____ W/C
Transfers Self _____ Yes or _____ No _____ No Assistive Device Needed

Allergies:

Current Medication and Dosage (including PRN medications):

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Smoking: Current _____ Past _____

Drug/Alcohol Use: _____

Oxygen Use: _____ Dependent _____ PRN _____ HS

Review of Systems

Positive Findings

Eyes	
ENT	
Cardiovascular	
Respiratory	
Gastrointestinal	
Genitourinary	
Musculoskeletal	
Integumentary	
Neurological	
Psychiatric	
Endocrine	
Hematologic/Lymphatic	
Allergic/Immunologic	

Is this person able to perform the following: (Y or N)

- ___ Able to dress, bathe, eat, toilet and ambulate without assistance
- ___ Able to walk 25 feet or more to dining room chairs
- ___ Able to perform light daily tasks such as dishwashing, bed making
- ___ Able to do own laundry, including moving wet clothes from washer to dryer
- ___ Able to prepare light meals
- ___ Able to shop for groceries, put away groceries, etc
- ___ Able to administer own medication in correct dosages at correct time
- ___ Manages financial matters (budgets, writes checks, pays rent/bills)
- ___ Recognize own health needs and able to schedule own medical appointments
- ___ Continent or self manages incontinence; no urine on garments

Is there evidence of habitual use of narcotics, sedatives or alcohol? If yes, please explain:

Does this person require a special diet? If yes, please explain:

Does this person exhibit signs of senility or dementia? If yes, please explain:

In your opinion, does this person have the sensory, mental and physical ability to perceive an emergency and make an exit from this building, including ascent or descent of stairs **without** the assistance of another person or any mechanical device? If no, please explain: _____

In your opinion, is this person able to live independently? ___ Yes ___ No

In your opinion, does this person need nursing or convalescent care, i.e., Assisted or Skilled Nursing Care routinely provided in a community subject to licensure by the State Department of Health? ___ Yes ___ No

Signature of Physician _____

Name of Physician (print) _____

Address: _____

Phone #: _____ Date: _____

EXHIBIT B
FORM OF FINANCIAL STATEMENT



HAYES BARTON PLACE

Financial Statement

Name: _____ Date of Birth: _____

Name: _____ Date of Birth: _____

Address: _____ Phone: _____

Personal Data	Yes*		No		Annual Income		
	A	B	A	B		A	B
Do you have a will?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wages		
Do you have a trust?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Bonus		
Do you have a Long Term Care Policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Interest Income		
What are the daily rates for AL? SN?					Dividend Income		
Are you involved in any suits or legal actions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other Investment Income		
Are all personal income taxes current?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rental Income		
Are there any assets pledged or encumbered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Gen/Ltd Partnership		

Do you have any contingent liabilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pension/Annuity Income		
					Social Security		
					Other Income		
					Total	\$	\$

* Yes answers may require detailed responses

Assets		Liabilities	
Cash in Bank or Financial Institution (Sch. 1)	\$	Notes Payable/Other Loans/Pmts Due (Sch. 9)	\$
Cash surrender value of life insurance (Sch. 2)	\$	Loans on Life Insurance (Sch. 2)	\$
Notes and Accounts Receivable (Sch. 3)	\$	Loans on Personal Property (Sch. 6)	\$
Marketable Stocks and Bonds (Sch. 4)	\$	Real Estate Mortgages (Sch. 7)	\$
Partnership/ S Corp Interests (Sch. 5)	\$	Taxes Due	\$
Deferred Income (Years Deferred:)	\$	Credit Card Debt	\$
Real Estate (Sch. 7)	\$	Proprietorship Liabilities	\$
Vested Interest in Retirement / 401K (Sch. 8)	\$	Partnership Liabilities (Sch. 5)	\$
Personal Property (Sch. 6)	\$	Other Liabilities	\$
Other Assets	\$		\$
	\$		\$
	\$	TOTAL LIABILITIES	\$
	\$	NET WORTH	\$
TOTAL ASSETS	\$	TOTAL LIABILITIES & NET WORTH	\$

Attach additional sheets, if necessary

Schedule 1: Cash in Bank or Financial Institution			
Name of Bank or Financial Institution	Checking	Savings or CD's	Are these accounts pledged?
Total	\$	\$	

Schedule 2: Life Insurance					
Name of Insured	Beneficiary	Face Amount	Cash Value	Policy Loans	Assigned to:
Total	\$	\$	\$	\$	

Schedule 4: Schedule 3: Notes and Accounts Receivable

Name	Amount	Due Date
Total		\$

Schedule 4: Schedule 4: Marketable Securities				
Security Name	# Shares	Registered To	Cost	Market Value
Total			\$	\$

Schedule 5: Partnership / S Corp Interests			
Name	Ownership %	Partnership Equity	Debt
Total			\$

Schedule 6: Personal Property				
Description	Value	Balance	Payment	Lender
Total		\$	\$	\$

Schedule 7: Real Estate				
Description	Value	Balance	Payment	Lender
Total		\$	\$	\$

Schedule 8: Vested Interest in Retirement and 401 (k) Plans	
Plan Description / Trustee	Value
Total	
	\$

Schedule 9: Notes Payable / Other Loans / Payment Due			
Lender	Account Number	Balance	Payment

EXHIBIT C



HAYES BARTON PLACE

FEE SCHEDULE

Resident Name(s) _____

Residence # _____

Agreement Date _____

Fees Due at Residency and Services Agreement Execution:	Amount
Community Fee	
Other Fees (specify):	
Total amount due at Residency and Services Agreement execution	\$

Monthly Service Fees*:	Amount
First Person Service Fee	
Second Person Service Fee	
Other Fees (specify):	

Total Monthly Service Fees	\$
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Note that the above-listed fees do not include the Condominium Fee or fees for occupancy in the Healthcare Center that are described in the Agreement. In addition, fees for non-recurring Optional Services selected by the Resident shall be in the amount set forth in the schedule of fees provided by the Company.

The Resident acknowledges that he or she has reviewed and hereby approves the above tables of fees payable pursuant to this Agreement.

Initials Resident _____
 Resident _____

EXHIBIT F

HISTORICAL AVERAGE DOLLAR AMOUNT OF INCREASES IN FEES

HAYES BARTON PLACE

EXHIBIT F

HISTORICAL AVERAGE DOLLAR AMOUNT OF INCREASES IN FEES

HAYES BARTON PLACE

The following table is presented in accordance with North Carolina General Statute Section 58-64-20(a)(7)e. regarding Continuing Care Retirement Communities' Disclosure Statement requirement to show the frequency and average dollar amount increase in the weighted average Monthly Service Fees for independent living units, Assisted Living units, and Daily Service Fees for Skilled Nursing Beds at the Community for the previous five years.

	Effective 1/1/2021	Effective 1/1/2022	Effective 1/1/2023	Effective 1/1/2024	Effective 1/1/2025
Independent Living Units (Monthly Fees):					
Apartments:					
One-bedroom	*	*	*	*	\$ 341
One-bedroom w/ den	*	*	*	*	\$ 317
Two-bedroom	*	*	*	*	\$ 396
Two-bedroom w/ den	*	*	*	*	\$ 543
Three-bedroom	*	*	*	*	\$ 843
Three-bedroom w/ den	*	*	*	*	\$ 762
Second Person fee	*	*	*	*	\$ -

Independent living fees are revised annually effective January 1 and adjusted throughout the year at the time of each individual resident's contract renewal.

	Effective 3/1/2021	Effective 3/1/2022	Effective 3/1/2023	Effective 3/1/2024	Effective 3/1/2025
Healthcare Center:					
Assisted Living Units (Monthly Fees):					
Memory Care	*	*	*	*	*
Standard	*	*	*	*	*
Second Person fee	*	*	*	*	*
Skilled Nursing Beds (Daily Fees):					
Private	*	*	*	*	*