



# **The Oaks at Whitaker Glen**

**A CONTINUING CARE RETIREMENT  
COMMUNITY**

## **Disclosure Statement**

**Whitaker Glen, Inc. d/b/a The Oaks at Whitaker Glen**

**Provider: Whitaker Glen, Inc.**

**Date of Disclosure Statement: 12/31/2025**

**Last Date for Delivery: 06/09/2027**

- **This Disclosure Statement must be delivered to a contracting party before the execution of a binding reservation agreement, continuing care contract, or continuing care at home contract.**
- **This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure the accuracy of the information provided.**
- **This Disclosure Statement has been filed with, and recorded by, the North Carolina Department of Insurance in accordance with Article 64A of Chapter 58 of the North Carolina General Statutes (“Article 64A”).**
- **This Disclosure Statement contains all information required by Article 64A and is correct in all material respects. Knowingly delivering a disclosure statement that contains an untrue statement or omits a material fact may subject Whitaker Glen, Inc. to penalties under Article 64A.**

## Financial Snapshot: Key Ratios for The Oaks at Whitaker Glen.

**Table FS-1. Financial Snapshot – Key Statutory Financial Ratios**

*Fiscal Year Ended December 31, 2025 (FY), with comparative historical and prospective periods*

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3	NC 25 <sup>th</sup> % <sup>1</sup>	NC 50 <sup>th</sup> % <sup>1</sup>	NC 75 <sup>th</sup> % <sup>1</sup>
<b>DCOH</b>	258	197	171	186	102	204	—	—	—
<b>CUSH</b>	N/A	N/A	N/A	4.77x	0.39x	0.81x	—	—	—
<b>OR</b>	126.4%	163.5%	191.1%	134.8%	128.5%	161.1%	—	—	—
<b>NOM</b>	-23.4%	-60.5%	-83.6%	-28.0%	-7.7%	3.9%	—	—	—
<b>NOM-A</b>	-28.3%	-33.6%	50.3%	12.4%	53.6%	64.8%	—	—	—
<b>DSCR</b>	N/A	N/A	N/A	1.35x	1.37x	1.60x	—	—	—
<b>CD</b>	N/A	N/A	N/A	0.13x	0.02x	0.05x	—	—	—
<b>CED</b>	0.62x	0.47x	2.73x	30.36x	89.13x	19.02x	—	—	—

### Liquidity Ratios:

- **Days Cash on Hand (DCOH).** Number of days the provider could pay its normal cash operating expenses using unrestricted cash and investments. More days generally means stronger liquidity.
- **Cushion Ratio (CUSH).** Number of times the provider’s unrestricted cash and investments could cover one year of debt service. Higher values mean more resources to pay debt service.

### Profitability Ratios:

- **Operating Ratio (OR).** Compares current operating expenses (excluding depreciation and amortization) to current operating revenues (excluding entrance fee amortization). Lower percentages mean operating revenues are more easily covering cash operating expenses.
- **Net Operating Margin (NOM).** Shows the result from core resident services. Higher values mean a stronger operating result from resident services.
- **Adjusted Net Operating Margin (NOM-A).** Shows the operating result after also counting net entrance fee cash received during the year. Higher values mean the result is improved when net entrance fee cash is included.

### Capital Structure Ratios:

- **Debt Service Coverage (DSCR).** Measures the provider’s ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.
- **Unrestricted Cash & Investments to Long-Term Debt (CD).** Compares unrestricted cash and investments to long-term debt. Higher values indicate more unrestricted cash and investments relative to debt.
- **Capital Expenditures to Depreciation (CED).** Compares what the provider is spending on capital improvements to the amount its assets are wearing out. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

See Appendix F for full statutory definitions of how ratios are derived.

<sup>1</sup> **NC Provider Quartiles.** Values will be compiled annually by the North Carolina Department of Insurance, stratified by community model (Entrance Fee, Rental, Equity), and are expected to be available in late 2026.

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# 1. Provider Identification

## Legal Responsibility for Continuing Care

Whitaker Glen, Inc. is the entity that enters into continuing care contracts with residents and is legally responsible for providing continuing care and performing all obligations under those contracts. No other person or entity is responsible for providing continuing care to residents except as expressly disclosed in this Disclosure Statement.

## Doing Business As (DBA)

Whitaker Glen, Inc. conducts business under the name “The Oaks at Whitaker Glen.” Whitaker Glen, Inc. has also used the name “The Oaks at Whitaker Glen – Mayview” in connection with the campus’s skilled nursing component. Whitaker Glen, Inc. remains the legal entity responsible for providing continuing care and performing all obligations under continuing care contracts.

Item	Information
<b>Legal Provider Name:</b>	Whitaker Glen, Inc.
<b>Doing Business As (DBA):</b>	The Oaks at Whitaker Glen
<b>Business Address:</b>	501 East Whitaker Mill Road, Raleigh, NC 27608
<b>Telephone Number:</b>	(919) 839-5604
<b>Legal Entity Type:</b>	For-profit corporation organized under the laws of North Carolina
<b>For-Profit / Nonprofit Status:</b>	For-profit
<b>Federal Tax Status:</b>	Not tax-exempt
<b>Ownership Type:</b>	Privately owned
<b>Tax Filing Status:</b>	Current on all required federal and state tax filings
<b>Ownership / Control:</b>	Whitaker Glen, Inc. is wholly owned by Cumberland Healthcare Properties, Inc., a Georgia corporation registered to do business in North Carolina.

## 2. Organizational Structure

### 2.1 Multi-Entity Organization Status

Whitaker Glen, Inc. is part of a multi-entity organization and is wholly owned by Cumberland Healthcare Properties, Inc., a Georgia corporation registered to do business in North Carolina.

### 2.2 Consolidation of Financial Statements

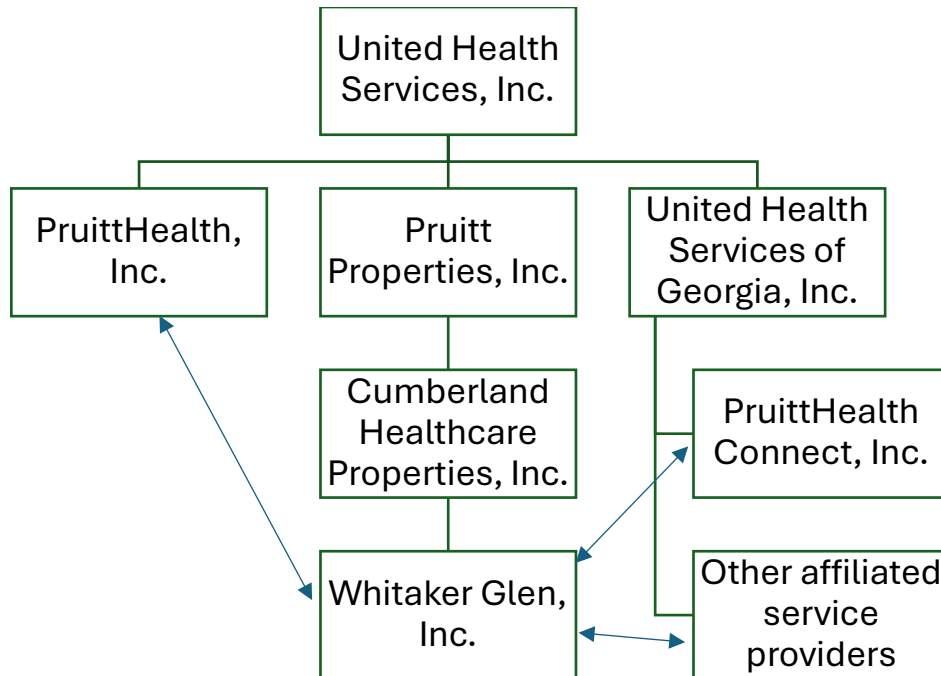
Audited financial statements are prepared on a stand-alone basis for Whitaker Glen, Inc. and are not presented on a consolidated basis with a parent or affiliated entities.

### 2.3 Controlling Person

Item	Information
<b>Name:</b>	Cumberland Healthcare Properties, Inc.
<b>Business Address:</b>	1626 Jeurgens Court, Norcross, Georgia 30093
<b>Telephone Number:</b>	(770) 279-6200

### 2.4 Company Structure Chart

The following chart summarizes the organizational structure of Whitaker Glen, Inc., its parent entities, and affiliates that materially affect campus operations or provide material services to Whitaker Glen, Inc.



**Accessible Text Equivalent:**

- **United Health Services, Inc.** – ultimate parent entity in the ownership structure shown above.
  - **Pruitt Properties, Inc.** – intermediate parent entity within the ownership structure.
  - **Cumberland Healthcare Properties, Inc.** – direct parent and controlling person of Whitaker Glen, Inc.
  - **Whitaker Glen, Inc.** – provider of continuing care contracts and operator of The Oaks at Whitaker Glen.
  - **PruittHealth, Inc.** – affiliated entity that provides back-office, administrative, consulting, and other support services to affiliated entities pursuant to contractual arrangements; it is not the provider of continuing care contracts.
  - **PruittHealth Connect, Inc.** - affiliated entity that provides information technology, systems, connectivity, and related support services to Whitaker Glen, Inc.
  - **Other affiliate service providers** – affiliated entities under common ownership or control that may provide goods, supplies, leases, or services to Whitaker Glen, Inc. in the ordinary course, as disclosed in Section 5 — Related Parties, where applicable.

Whitaker Glen, Inc. is part of a multi-entity organization that provides or supports a comprehensive model of care, including senior living communities, skilled nursing healthcare centers, assisted living and independent living communities, hospice and home health agencies, pharmacies, and supporting ancillary services, including rehabilitation,

care management, clinical consulting, medical supply, information technology, and healthcare management services. The organizational chart above is intended to identify Whitaker Glen, Inc.’s parent entities and affiliates that materially affect campus operations or provide material services to Whitaker Glen, Inc.; it is not intended to list every affiliate under common ownership or control. Additional information regarding Whitaker Glen, Inc.’s affiliates is available upon request.

### 3. Key Persons and Management Personnel

#### Definitions (for purposes of this Section):

- Outside Interests:** Any professional service firm, association, trust, partnership, or corporation in which the individual has, or which has in the individual, a ten percent (10%) or greater interest and that currently provides, or is expected to provide, goods, leases, or services to the provider of an aggregate value of \$5,000 or more. If none, the provider discloses “None.”
- Adverse Disclosures:** Any conviction of or plea of nolo contendere to a felony charge; any final judgment in a civil action for fraud, embezzlement, fraudulent conversion, or misappropriation of property; any currently effective injunctive or restrictive court order; or any suspension or revocation within the past five years of a state or federal license or permit as a result of governmental action. If none, the provider discloses “None.”

#### 3.1 Senior Officers of Whitaker Glen, Inc.

Name / Role	Education	Experience	Length of Service
<b>Neil L. Pruitt, Jr. – Chairman and Chief Executive Officer; Treasurer; Assistant Secretary; Director</b>	B.A., Economics – University of the South; M.B.A. and M.H.A. – Georgia State University	Chairman and Chief Executive Officer of PruittHealth; senior leadership experience in long-term care and related services	Since December 2009; serves as Chairman and CEO of Whitaker Glen, Inc.
<b>Philip W. Small – Secretary &amp; Director</b>	B.S., Accounting – Virginia Polytechnic Institute	Chief Investment Officer of PruittHealth; former Chief Financial Officer with oversight of financial operations of affiliated companies	Since December 2009; serves as Secretary and Director

**Business Address:** 1626 Jeurgens Court, Norcross, Georgia 30093

**Disclosure:** None of the senior officers listed above have reported any Outside Interests or Adverse Disclosures.

### 3.2 Community Management – The Oaks at Whitaker Glen

Name / Role	Education	Experience	Length of Service
<b>James T. Matthews, II – Executive Director</b>	B.S.B.A. Health Care Management – Appalachian State University	More than 20 years of senior living experience, including over 18 years in Continuing Care Retirement Communities; former administrator and executive director at multiple Life Plan Communities in North Carolina	Since January 6, 2025
<b>Donna T. Hill - Administrator</b>	Associate Degree, Merchandising and Design – Harbarger School of Business	More than 30 years of healthcare experience; member of Whitaker Glen management team since 1987; extensive experience in financial administration, resident relations, and facility operations	Administrator since November 22, 2013; employed by Whitaker Glen, Inc. since August 7, 1987

**Business Address:** 501 East Whitaker Mill Road, Raleigh, North Carolina 27608

**Disclosure:** No Outside Interests or Adverse Disclosures have been reported for the Executive Director or Administrator.

### 3.3 Board of Directors — Whitaker Glen, Inc.

Name / Role	Education	Experience	Length of Service
<b>Neil L. Pruitt, Jr. – Chairman and Chief Executive Officer; Treasurer; Assistant Secretary; Director</b>	B.A., Economics – University of the South; M.B.A. and M.H.A. – Georgia State University	Chairman and Chief Executive Officer of PruittHealth; senior leadership experience in long-term care and related services	Since December 2009; serves as Chairman and CEO of Whitaker Glen, Inc.
<b>Philip W. Small – Secretary &amp; Director</b>	B.S., Accounting – Virginia Polytechnic Institute	Chief Investment Officer of PruittHealth; former Chief Financial Officer with oversight of financial operations of affiliated companies	Since December 2009; serves as Secretary and Director
<b>Mary K. Ousley - Director</b>	B.A.A., – Eastern Kentucky University	Long-standing long-term care leader with more than 40 years of experience advancing clinical standards, regulatory policy, quality improvement, and resident care. Her career includes service as a registered nurse, facility owner, senior executive across provider organizations, and chair of the American Health Care Association.	Appointed as Independent Director effective December 1, 2025

**Business Address:** 501 East Whitaker Mill Road, Raleigh, North Carolina 27608

**Disclosure:** None of the directors of Whitaker Glen, Inc. have reported any Outside Interests or Adverse Disclosures.

### 3.4 Board of Directors — Cumberland Healthcare Properties, Inc.

Name / Role	Education	Experience	Length of Service
<b>Neil L. Pruitt, Jr. – Chairman and Chief Executive Officer;</b>	B.A., Economics – University of the South; M.B.A. and	Chairman and Chief Executive Officer of PruittHealth; senior	Director since December 2009.

<b>Name / Role</b>	<b>Education</b>	<b>Experience</b>	<b>Length of Service</b>
<b>Treasurer; Assistant Secretary; Director</b>	M.H.A. – Georgia State University	leadership experience in long-term care and related services	
<b>Randall Loggins – Vice President; Director</b>	B.B.A., Finance – The University of Georgia and M.B.A., Finance – Emory University	Chief Financial Officer of PruittHealth	Director since December 2009.
<b>Philip W. Small – Secretary &amp; Director</b>	B.S., Accounting – Virginia Polytechnic Institute	Chief Investment Officer of PruittHealth; former Chief Financial Officer with oversight of financial operations of affiliated companies	Since December 2009; serves as Secretary and Director

**Business Address:** 1626 Jeurgens Court, Norcross, Georgia 30093

**Disclosure:** None of the directors of Cumberland Healthcare Properties, Inc. have reported any Outside Interests or Adverse Disclosures.

### **3.5 Management Entity**

Whitaker Glen, Inc. does not employ an unrelated third-party manager to operate The Oaks at Whitaker Glen. Day-to-day operations are carried out by the Executive Director and on-site management of Whitaker Glen, Inc.

### **3.6 10% + Ownership Interests**

Whitaker Glen, Inc. is a privately held corporation. Ownership interests in Whitaker Glen, Inc. are held through corporate entities as disclosed in Sections 1 and 2.

No other individual has been identified as holding a ten percent (10%) or greater direct or indirect equity or beneficial interest in Whitaker Glen, Inc. or a controlling person of Whitaker Glen, Inc. while also exercising control over Whitaker Glen, Inc. or a controlling person.

## **4. Governing Body and Oversight**

### **4.1 Provider Governing Body**

Whitaker Glen, Inc. is governed by a Board of Directors. The Board is responsible for general corporate oversight of Whitaker Glen, Inc., including oversight of financial condition, regulatory compliance, management performance, and resident welfare. Day-to-day operations are delegated to community management.

#### **4.1.1 Selection of Members**

The Board of Directors of Whitaker Glen, Inc. is elected by the sole shareholder, Cumberland Healthcare Properties, Inc. Directors serve until their successors are elected and qualified, or until earlier death, resignation, or removal, and are reviewed and either ratified or changed annually in the ordinary course. Officers are elected by the Board in accordance with Whitaker Glen, Inc.'s governing documents.

#### **4.1.2 Oversight of Management and Operations**

The Board of Directors of Whitaker Glen, Inc. provides general corporate oversight, including long-term strategic planning, financing, appointment of officers, and other corporate matters. The Board delegates day-to-day operation of the community to community management, including the Executive Director and on-site administrative leadership. The Board exercises oversight through review of financial and operating information, approval of significant corporate actions, and general supervision of management performance and compliance.

#### **4.1.3 Committees**

Whitaker Glen, Inc. does not maintain standing committees.

### **4.2 Controlling Person Governing Body**

Cumberland Healthcare Properties, Inc., the controlling person of Whitaker Glen, Inc., is governed by its own Board of Directors. The board of Cumberland Healthcare Properties, Inc. exercises shareholder-level authority with respect to Whitaker Glen, Inc., including authority to elect the directors of Whitaker Glen, Inc. In the ordinary course, Cumberland Healthcare Properties, Inc. delegates general management and oversight of Whitaker Glen, Inc. to the Whitaker Glen, Inc. Board of Directors and management structure.

#### **4.2.1 Selection of Members**

The board of Cumberland Healthcare Properties, Inc. is elected by its sole shareholder, Pruitt Properties, Inc. Directors are appointed until a replacement is elected and are reviewed and either ratified or changed annually in the ordinary course. Officers are elected by the board of Cumberland Healthcare Properties, Inc.

#### **4.2.2 Oversight of Management and Operations**

Cumberland Healthcare Properties, Inc. retains shareholder-level powers and overlapping corporate authority as controlling person. In the ordinary course, those powers are

exercised through, or delegated to, the Whitaker Glen, Inc. Board of Directors and management structure. Day-to-day community operations and resident-level matters are administered by facility management.

#### **4.2.3 Committees**

Cumberland Healthcare Properties, Inc. does not maintain standing committees.

### **4.3 Division of Responsibilities**

Whitaker Glen, Inc.'s Board of Directors is responsible for general oversight of the provider and its corporate affairs, while day-to-day community operations and resident-level matters are administered by facility management. Cumberland Healthcare Properties, Inc., as controlling person, retains shareholder-level authority, which in the ordinary course is exercised through or delegated to the Whitaker Glen, Inc. Board of Directors and management structure.

## **5. Related Parties**

Whitaker Glen, Inc. has relationships with related parties under common ownership or common control. Each related-party arrangement that provided goods, leases, or services to Whitaker Glen, Inc. having an aggregate value of \$5,000 or more during the year ended December 31, 2025 is disclosed below. For purposes of this section, Actual/Probable Cost refers to the cost incurred by Whitaker Glen, Inc. during the year ended December 31, 2025.

### **5.1 Whitaker Glen Properties, Inc.**

- **Nature of Relationship:** Affiliate under common ownership and control.
- **Goods/Leases/Services Provided:** Whitaker Glen, Inc. leases the real property used in connection with The Oaks at Whitaker Glen from Whitaker Glen Properties, Inc.
- **Actual/Probable Cost:** Rent expense related to this affiliated facility lease was \$1,172,742 for the year ended December 31, 2025.

### **5.2 PruittHealth, Inc.**

- **Nature of Relationship:** Affiliate under common ownership and control.
- **Goods/Leases/Services Provided:** PruittHealth, Inc. provides management-related, administrative, accounting, payroll, operational support, and other corporate support services to Whitaker Glen, Inc.
- **Actual/Probable Cost:** Fees for these services were \$88,151 for the year ended December 31, 2025.

### 5.3 PruittHealth Connect, Inc.

- **Nature of Relationship:** Affiliate under common ownership and control.
- **Goods/Leases/Services Provided:** PruittHealth Connect, Inc. provides information technology, systems, connectivity, and related support services to Whitaker Glen, Inc.
- **Actual/Probable Cost:** Fees for these services were \$79,383 for the year ended December 31, 2025.

### 5.4 Other Affiliated Good and Services

- **Nature of Relationship:** Affiliate under common ownership and control.
- **Goods/Leases/Services Provided:** Whitaker Glen, Inc. purchases various supplies and services from several affiliated companies.
- **Actual/Probable Cost:** Purchases from affiliated companies during FY2025 amounted to \$118,759.

## 6. Relationships with Religious, Charitable, or Other Organizations

Whitaker Glen, Inc. is not affiliated with any religious, charitable, educational, or other organization that materially affects, or has the ability to affect, the provider's governance, operations, or financial support. No external organization has authority to appoint or approve members of Whitaker Glen, Inc.'s governing body, exercise governance control over the provider, or provide material financial support for the provider's obligations under continuing care contracts.

Whitaker Glen, Inc. has an affiliation with PruittCares; however, that affiliation does not materially affect the provider's governance, operations, or financial support.

## 7. Other Persons Responsible for Obligations

Except as described below, no other person or entity is responsible, directly or indirectly, for the financial or contractual obligations of Whitaker Glen, Inc.

United Health Services, Inc., the ultimate parent entity in the ownership structure described in Section 2, has provided a guaranty in connection with the February 2026 construction financing arrangement entered into by Whitaker Glen, Inc. and Whitaker Glen Properties, Inc. with Hancock Whitney Bank. The guaranty applies to the obligations covered by the applicable financing documents and does not make United Health Services, Inc. the provider of continuing care contracts or the operator of The Oaks at Whitaker Glen.

Whitaker Glen, Inc. remains the provider responsible for entering into and performing continuing care contracts with residents, except to the extent another person or entity is

expressly responsible under a written guaranty or other agreement described in this Disclosure Statement.

## **8. Obligated Groups**

Whitaker Glen, Inc. is not a member of an obligated group as of December 31, 2025. The provider will update this disclosure if any future financing arrangement creates an obligated group or commits Whitaker Glen, Inc. to become a member of an obligated group.

## **9. Debt Covenants and Compliance**

As of December 31, 2025, Whitaker Glen, Inc. is not aware of any noncompliance with debt covenants contained in long-term debt agreements applicable to the provider as of that date.

In February 2026, Whitaker Glen, Inc. and Whitaker Glen Properties, Inc. entered into a construction financing arrangement with Hancock Whitney Bank in connection with Phase II Improvements at The Oaks at Whitaker Glen. United Health Services, Inc. provided a guaranty in connection with the financing. The financing documents include customary covenants, reporting obligations, collateral provisions, and financial covenant requirements applicable after the periods specified in those documents. This post-year-end financing is also described in Section 30 — Expansion and Renovation Plans and Section 38 — Other Material Information, as applicable.

## **10. Third-Party Management Arrangements**

Whitaker Glen, Inc. does not employ an unrelated third-party manager to operate The Oaks at Whitaker Glen. Day-to-day operations are carried out by the Executive Director and on-site management employed by or acting on behalf of Whitaker Glen, Inc. Related-party management-related services, if any, are disclosed in Section 5 — Related Parties.

## **11. Real Property Leases**

Whitaker Glen, Inc. leases the real property used in connection with The Oaks at Whitaker Glen from Whitaker Glen Properties, Inc., an affiliated company under common ownership or common control.

The lease is governed by an Amended and Restated Lease Agreement dated August 31, 2012, as amended. The original term commenced September 1, 2012 and ended August 31, 2022. Pursuant to the Third Amendment to Lease Agreement dated August 31, 2022, the lease was extended through August 31, 2032. As of December 31, 2025, the remaining lease term was approximately six years and eight months.

## **12. Endowment Funds**

Whitaker Glen, Inc. does not maintain any endowment funds and does not have access to endowment funds through a related party.

## **13. Description and Location of the Community**

Whitaker Glen, Inc. operates The Oaks at Whitaker Glen continuing care retirement community located at 501 East Whitaker Mill Road, Raleigh, North Carolina.

The community is located on a fourteen-acre campus inside the Raleigh I-440 Beltline and includes an independent living component consisting of ninety-three residential units in three residential buildings. Each residential building includes a four-story, sky-lit, climate-controlled atrium.

The continuing care retirement community historically included, and is expected in the future to again include, additional health care components as part of the campus redevelopment plan, including planned skilled nursing and assisted living components, subject to financing, approvals, permitting, construction progress, and other development contingencies.

Whitaker Glen is undertaking a multi-phase renovation and redevelopment of the campus. The project includes renovations to the existing independent living units, development of additional independent living units, construction of new amenity spaces, and planned assisted living and skilled nursing components.

Phase One, consisting primarily of renovations to the existing independent living apartments and related predevelopment work, was substantially completed as of April 2026. Phase Two is expected to include twenty-nine additional independent living units, demolition of the existing skilled nursing facility, and construction of the pool and amenities building. Phase Three is expected to include a 102-unit assisted living facility and a 106-bed skilled nursing facility. Phase Four is expected to include a 112-unit independent living facility and clubhouse.

## **14. Living Units by Level of Care**

As of December 31, 2025, The Oaks at Whitaker Glen included the following living units by level of care:

- 93 independent living units

As part of the planned redevelopment and expansion of the campus, Whitaker Glen expects future assisted living and skilled nursing components to be developed or reopened, together with additional independent living capacity, subject to approvals, financing, permitting, construction progress, and other development contingencies.

## 15. Continuing Care at Home Program

Whitaker Glen, Inc. does not operate a Continuing Care at Home (CCaH) program.

## 16. Resident Population Served

As of December 31, 2025, the resident population served by The Oaks at Whitaker Glen under continuing care contracts was as follows:

- 75 residents in independent living

As of December 31, 2025, there was no waitlist for admission to the existing independent living community. Separately, Whitaker Glen maintained a deposit list for expansion units consisting of 55 individuals as of December 31, 2025. Individuals on the expansion deposit list are prospective applicants and are not residents of the community unless and until they have executed a continuing care contract and commenced residency.

To be placed on the waitlist or deposit list, a prospective resident may be required to submit a deposit. The refundability and application of deposits will be governed by the applicable reservation, application, or continuing care contract documents.

## 17. Occupancy Rates

The 12-month daily average occupancy rates for The Oaks at Whitaker Glen for the past five fiscal years were as follows:

**Table 17.1 – Historical Occupancy Rates (12-Month Daily Average)**

<b>Fiscal Year-End</b>	<b>Independent Living (%)</b>	<b>Skilled Nursing (%)</b>
12/31/2025	60.9%	Closed
12/31/2024	56.0%	Closed
12/31/2023	60.0%	Closed
12/31/2022	59.0%	54.0% (Closed in July)
12/31/2021	69.0%	56.7%

## 18. Semiannual Resident Meetings

Whitaker Glen, Inc. holds meetings with residents of The Oaks at Whitaker Glen at least twice each year, as required by law.

## **Fiscal Year 2025 Meeting Dates**

- April 2, 2025
- December 17, 2025

As required by law, a member of the provider’s governing body or a representative of the provider was present at each of the meetings. Randall Loggins attended both the April 2, 2025 and December 17, 2025 resident meetings.

## **19. Resident Property Rights**

Residents do not hold direct ownership or fee property rights in the real estate of The Oaks at Whitaker Glen. Residency and access to services are governed by the continuing care contract and related entrance fee / debenture documents.

Whitaker Glen’s obligations under resident nonnegotiable notes are secured by a deed of trust or similar security interest in campus real property in favor of holders of those resident notes, as described in the applicable contract documents and in Section 29 — Reserve Funding and Refund Security. This security arrangement does not give individual residents direct fee ownership of the real estate.

## **20. Services Provided Under the Contract**

Whitaker Glen, Inc. offers services under continuing care contracts at The Oaks at Whitaker Glen. The following disclosures describe the services included in those contracts, as well as services available at additional charge.

### **20.1 Health Care Services**

Residents of The Oaks at Whitaker Glen receive residential services on campus and have access to health-related services as described in the continuing care contracts. Whitaker Glen offers care for residents with minor ailments or injuries, counseling, and routine physical evaluations through affiliate home care providers for a fee.

If inpatient nursing services are required, residents may be admitted to a Health Care Center or an Affiliated Facility if admission criteria are satisfied, a physician orders admission, and an appropriate bed is available. During inpatient stays, the resident is responsible for the rates customarily charged by the applicable Health Care Center or Affiliated Facility. Upon Permanent Transfer to a Health Care Center or Affiliated Facility, the resident is no longer responsible for the Monthly Service Fee under the residence contract.

Prior to completion of the planned Health Care Center construction, Whitaker Glen arranges for certain health care services through affiliated facilities, including PruittHealth – Raleigh, PruittHealth – Carolina Point, PruittHealth – Durham, and other affiliated facilities as required.

Residents are also required to maintain a comprehensive health care program, including Medicare Part A and Part B if eligible, together with Medicare supplemental insurance or comparable coverage acceptable to Whitaker Glen.

## **20.2 Continuing Care Retirement Community (CCRC) Contracts**

Residents living at The Oaks at Whitaker Glen receive the following services as part of their Monthly Service Fee, with additional services available at an extra charge.

### **20.2.1 Services Included in Monthly Fees**

- Residence in the contracted residential unit
- Basic utilities, including water, sewer, electricity, heating, air conditioning, basic local telephone service, television receiving service, and internet service
- Security features, including sprinkler system, smoke and fire alarm system, and emergency call system
- Weekly housekeeping
- Trash removal
- Maintenance and repair of provider-owned property and equipment
- Use and maintenance of common areas, grounds, parking areas, and community amenities
- Scheduled transportation to selected, commonly used facilities
- Recreational, social, hobby, craft, and library programming

Meal plan services are also included, but the meal plan credit differs by contract type:

- **Existing Unit Contracts:**
  - \$200 per month for a residential unit with one occupant
  - \$300 per month for a residential unit with two occupants
- **Expansion Unit Contracts:**
  - \$500 per month per occupied residential unit

In each case, the meal plan credit may be used in the dining room, café, or university club during the month in which it is issued, and any unused portion is forfeited at the end of that month.

### **20.2.2 Services Available at Additional Charge**

- Optional meals beyond the included meal plan credit
- Additional housekeeping
- Dry cleaning
- Beauty shop and personal services

- Trips, fitness programs, and craft supplies
- Minor repairs to personal property, if available
- Care for minor ailments or injuries, counseling, and routine physical evaluations through affiliate home care providers
- Inpatient occupancy, care, and services at a Health Care Center or Affiliated Facility
- Any optional, special, or supplemental services or supplies not included in the Monthly Service Fee

Residents may also seek services from third parties that are not affiliates of Whitaker Glen. Whitaker Glen is not responsible for services provided by unrelated third parties or for the fees charged by those providers.

### **20.3 Continuing Care at Home (CCaH) Contracts**

Whitaker Glen, Inc. does not operate a Continuing Care at Home program.

### **20.4 Delivery of Services**

Core residential services at The Oaks at Whitaker Glen are provided directly by Whitaker Glen, Inc.

Certain health-related services are provided through related-party arrangements, including affiliate home care providers and affiliated skilled nursing or other health care facilities. Those related-party arrangements are described in Section 5 — Related Parties.

Optional services may also be obtained from unrelated third parties at the resident's expense. Whitaker Glen may require such third parties to provide proof of insurance and submit to a background check.

## **21. Resident Fees**

Nonancillary fees at The Oaks at Whitaker Glen consist of required fees under continuing care contracts, including monthly service fees, entrance fees, and, where applicable, non-refundable initiation fees. Fee schedules differ between existing independent living units and certain expansion units being presold as part of the campus redevelopment and expansion plan. The tables below present the current fee schedules for existing units and expansion units, along with historical information on monthly service fee and entrance fee changes over the past five fiscal years. Narrative explanations of household composition changes, transfer fees, and resale fees are also included.

## 21.1 Existing Unit Contracts

Existing Unit Contracts represent continuing care contracts for currently available independent living units at The Oaks at Whitaker Glen. Refundability terms vary by contract and refund plan and are described in Section 22.

**Table 21.1: Current Monthly Fees – Existing Unit Contracts\***

Unit Type	Single Occupant	Double Occupant
One Bedroom	\$2,500	\$3,500
Two Bedroom	\$3,300	\$4,300
Two Bedroom Deluxe	\$3,800	\$4,800

\*The fiscal year 2025 monthly service fee schedule reflects a restructuring of the community’s fee schedule and contract offerings. As a result, the current monthly service fee schedule may not be directly comparable to prior-year fee schedules.

The Monthly Service Fee is payable prior to occupying the residential unit and on the first day of each month thereafter. The Monthly Service Fee may be increased or decreased by Whitaker Glen as required by changes in operating costs, the cost of living, or other factors permitted under the continuing care contract. No increase in the Monthly Service Fee will take effect until at least thirty (30) days’ written notice has been provided to residents. The Monthly Service Fee is not reduced during periods when a resident is voluntarily absent from the community.

**Table 21.2: Historical Increases in Monthly Fees – Existing Unit contracts\***

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2025	-20.9%	-\$933	Annual
12/31/2024	6.7%	\$313	Annual
12/31/2023	6.6%	\$284	Annual
12/31/2022	7.0%	\$283	Annual
12/31/2021	4.7%	\$171	Annual

\*The fiscal year 2025 monthly service fee change reflects a restructuring of the community’s fee schedule and contract offerings. As a result, the 2025 monthly service fee change may not be directly comparable to prior-year annual rate adjustments.

**Table 21.3: Current Entrance Fees – Existing Unit Contracts\*****Lineage Plan – Existing Unit Contracts**

<b>Unit Type</b>	<b>Non-Refundable Initiation Fee</b>	<b>Residential Entrance Fee</b>	<b>Total Fees</b>
One Bedroom	\$8,000	\$116,000	\$124,000
Two Bedroom	\$8,500	\$199,500	\$208,000
Two Bedroom Deluxe	\$9,000	\$240,000	\$249,000

**Heritage Plan – Existing Unit Contracts**

<b>Unit Type</b>	<b>Non-Refundable Initiation Fee</b>	<b>Residential Entrance Fee</b>	<b>Total Fees</b>
One Bedroom	\$8,000	\$176,000	\$184,000
Two Bedroom	\$8,500	\$269,000	\$277,500
Two Bedroom Deluxe	\$9,000	\$296,000	\$305,000

\*The fiscal year 2025 entrance fee schedule reflects a restructuring of the community’s fee schedule, contract offerings, and refund plan nomenclature. Existing unit contracts are currently offered under the Lineage Plan and Heritage Plan. Expansion unit contracts are currently offered under the Lineage Plan, Heritage Plan, and Legacy Plan. Prior pricing materials may have referred to the Lineage Plan as the Traditional Plan and the Heritage Plan as the Equity Plan. Refundability terms vary by plan and are described in Section 22.

The non-refundable initiation fee is separate from the residential entrance fee. The residential entrance fee is evidenced by the Entrance Fee Agreement and Nonnegotiable Note. Refundability terms vary by plan and are described in Section 22.

**Table 21.4: Historical Increases in Entrance Fees – Existing Unit Contracts\***

<b>Fiscal Year-End</b>	<b>Average % Increase</b>	<b>Average \$ Increase</b>	<b>Frequency</b>
12/31/2025	101.3%	\$111,733	Annual
12/31/2024	No Increase	No Increase	Annual
12/31/2023	No Increase	No Increase	Annual

<b>Fiscal Year-End</b>	<b>Average % Increase</b>	<b>Average \$ Increase</b>	<b>Frequency</b>
12/31/2022	No Increase	No Increase	Annual
12/31/2021	No Increase	No Increase	Annual

\*The fiscal year 2025 entrance fee change reflects a restructuring of the community’s fee schedule, contract offerings, and refund plan nomenclature. As a result, the 2025 entrance fee change may not be directly comparable to prior-year annual entrance fee adjustments.

The historical increase tables above reflect the fee schedule applicable to existing independent living units. Expansion unit pricing was introduced in connection with the campus redevelopment and expansion plan and does not have a five-year historical increase history.

## 21.2 Expansion Unit Contracts

Expansion Unit Contracts represent continuing care contracts for independent living units being presold as part of the campus redevelopment and expansion plan. Expansion units have a separate fee schedule from existing independent living units. The Legacy Plan is currently offered only for expansion unit contracts. Refundability terms vary by plan and are described in Section 22.

**Table 21.5: Current Monthly Fees – Expansion Unit Contracts\***

<b>Unit Type</b>	<b>Single Occupant</b>	<b>Double Occupant</b>
Studio (One Bedroom)	\$2,500	\$3,600
Duo (Two Bedroom)	\$6,200	\$7,300

\*Expansion unit pricing applies to independent living units being presold as part of the redevelopment and expansion plan. The Legacy Plan is currently offered only for expansion unit contracts.

**Table 21.6: Current Entrance Fees – Expansion Unit Contracts\***

<b>Unit Type</b>	<b>Lineage Plan Entrance Fee</b>	<b>Heritage Plan Entrance Fee</b>	<b>Legacy Plan Entrance Fee</b>
Studio (One Bedroom)	\$177,000	\$276,000	\$348,000

<b>Unit Type</b>	<b>Lineage Plan Entrance Fee</b>	<b>Heritage Plan Entrance Fee</b>	<b>Legacy Plan Entrance Fee</b>
Duo (Two Bedroom)	\$436,000	\$695,000	\$783,000

\*Expansion unit pricing applies to independent living units being presold as part of the redevelopment and expansion plan. The Legacy Plan is currently offered only for expansion unit contracts.

### **21.3 Household Composition Changes**

If a resident marries or otherwise increases the number of persons residing in a living unit, the additional occupant must meet Whitaker Glen’s admission requirements and execute the applicable agreements. The Monthly Service Fee is adjusted to reflect double occupancy. A new Entrance Fee Agreement may also be required to reflect the additional occupant. If the additional occupant does not meet admission requirements, residency for that individual may be denied.

### **21.4 Transfer Fees and Resale Fees**

Residents do not hold ownership rights in their living units. Accordingly, Whitaker Glen, Inc. does not charge a resale fee.

Whitaker Glen, Inc. does not currently charge a standard transfer fee for intra-community transfers.

## **22. Refundable Entrance Fee Obligations**

### **22.1 Conditions for Refunds**

Whitaker Glen, Inc. offers declining-balance entrance fee contracts under which a portion of the original entrance fee may be refundable when a resident permanently vacates an independent living unit, provided that the contractual conditions for a refund have been satisfied. For existing unit contracts, the refundable portion is payable when the resident’s independent living unit is occupied by another individual and all other contractual requirements have been fulfilled. For expansion unit contracts, the refundable portion is payable through a floor-plan refund-group process under which eligible residents are paid in chronological order as units with the same floor plan are newly occupied by another individual. Refunds are payable within thirty (30) days after the applicable contractual conditions are met.

The current contract forms refer to the refund plans as the Legacy Plan, Heritage Plan, and Lineage Plan. Existing independent living unit contracts are currently offered under the Lineage Plan and Heritage Plan. Expansion unit contracts are currently offered under the

Lineage Plan, Heritage Plan, and Legacy Plan. Each plan reduces the refundable portion of the entrance fee over a twenty-five (25) month period.

Under the Legacy Plan, which is currently offered only for expansion unit contracts, the refundable amount is reduced by 1.0% of the original Note amount for each month or partial month the unit is occupied by the resident, for up to twenty-five (25) months, not to exceed a 25% reduction. Under the Heritage Plan, the refundable amount is reduced by 2.0% of the original Note amount for each month or partial month the unit is occupied by the resident, for up to twenty-five (25) months, not to exceed a 50% reduction. Under the Lineage Plan, the refundable amount is reduced by 4.0% of the original Note amount for each month or partial month the unit is occupied by the resident over a twenty-five (25) month period until the refundable amount is reduced to \$0. Refunds remain subject to the applicable contract terms, including deduction of amounts due and payable to Whitaker Glen, Inc. and the applicable refund timing and re-occupancy provisions.

## 22.2 Refund Obligations as of December 31, 2025

Category	Number of Contracts	Aggregate Amount
Refunds due once all contractual conditions are met	17	\$1,046,804
Refunds currently due (including amounts 30+ days past due)	0	\$0
Resident now in non-independent living unit – unit not resold	0	\$0
Resident now in non-independent living unit – unit resold	0	\$0

As of December 31, 2025, Whitaker Glen, Inc. had \$1,046,804 in total refundable entrance fee obligations. No refunds were contractually due or past due at year-end. Obligations will be satisfied in accordance with contract terms; however, the timing of refund payments depends on the pace of independent living unit turnover, re-occupancy, applicable floor-plan refund-group activity for expansion units, and satisfaction of all contractual refund conditions.

## 23. Financial Hardship Policies

### 23.1 Policies for Residents Unable to Pay

It is the policy of Whitaker Glen, Inc. to make every effort to prevent termination of a continuing care contract solely because of a resident's inability to pay the Monthly Service Fee or other sums due to Whitaker Glen as a result of circumstances beyond the resident's control.

This policy does not modify Whitaker Glen, Inc.'s contractual rights, including the right to terminate a continuing care contract for nonpayment in accordance with the contract's notice and cure provisions.

### 23.2 Sources of Financial Support

- **No endowment or assistance fund:** Whitaker Glen, Inc. does not maintain an endowment fund, benevolent care fund, or other designated resident assistance fund and does not have access to such a fund through a related party.
- **Discretionary arrangements:** Whitaker Glen, Inc. may, at its sole option, structure an agreement with a resident addressing the resident's financial situation. Any such arrangement is discretionary and determined on a case-by-case basis.

### 23.3 Conditions or Limitations

- **Not a contractual right:** Any financial hardship assistance or accommodation is a discretionary policy and is not a contractual right provided under the continuing care contract.
- **Financial information may be required:** If Whitaker Glen, Inc. requests a financial statement or other financial information, the resident is required to provide the requested information within ten (10) calendar days.
- **Contract enforcement remains available:** Whitaker Glen, Inc. retains the right to enforce payment obligations and to terminate a continuing care contract for nonpayment as provided in the contract, including after notice and the applicable opportunity to cure.

### 23.4 Narrative

Whitaker Glen, Inc. does not maintain a benevolent care or hardship assistance fund. Financial hardship situations, if any, are addressed on a case-by-case basis pursuant to Whitaker Glen, Inc.'s discretionary policy and the terms of the continuing care contract.

## 24. Contract Cancellation and Refund Policies

### 24.1 Provider-Initiated Cancellation

Whitaker Glen, Inc. may terminate a continuing care contract under the following circumstances:

- **Before occupancy or commencement of services, if:**
  - The applicant does not satisfy admission requirements under the continuing care contract; or
  - Whitaker Glen, Inc. determines the applicant cannot be admitted under the terms of the continuing care contract.
- **After occupancy or commencement of services, if:**
  - Persistent nonpayment of required fees occurs after notice and the applicable opportunity to cure as provided in the contract;
  - The resident commits a material breach of contract terms or fails to comply with community policies;
  - The Executive Director determines there has been a change in the resident's physical or mental condition that renders the resident incapable of living independently in the residential unit and the resident does not move to a Health Care Center, an Affiliated Facility, or other appropriate setting as provided in the contract; or
  - The Executive Director determines the resident has developed a contagious disease deemed hazardous to others under the terms of the contract.

In addition, during the first ninety (90) days of occupancy, Whitaker Glen, Inc. may terminate the continuing care contract and the resident's occupancy based upon its judgment that the resident's physical condition or emotional adjustment will not permit satisfactory residency.

## 24.2 Resident-Initiated Cancellation

A resident may cancel a continuing care contract under the following circumstances:

- **Before occupancy or commencement of services:**

A resident may terminate the continuing care contract prior to occupancy by providing written notice to Whitaker Glen, Inc. If the resident is unable to take occupancy due to death, illness, injury, or incapacity that would preclude independent living, the contract is canceled as provided in the contract documents. Refunds of deposits paid prior to occupancy are limited to termination during the rescission period or termination for Cause, as provided in the applicable agreements.

- **After occupancy or commencement of services:**

A resident may terminate the continuing care contract after occupancy by providing ninety (90) days' prior written notice. During the ninety (90) day notice period, the resident remains responsible for the Monthly Service Fee. If the resident gives written notice of termination within the initial ninety (90) days of occupancy, the Initiation Fee is refunded as provided in the contract.

## 24.3 Refunds Upon Cancellation

- **Rescission period:**

The Entrance Fee Agreement provides a thirty (30) day rescission period. If a contract is rescinded during the rescission period, amounts paid are refunded in accordance with the Entrance Fee Agreement, less applicable periodic charges, nonstandard costs incurred at the resident's request, and a service charge not to exceed the greater of \$1,000 or 2% of the debenture amount paid, as provided in the contract documents. Refunds under the rescission provisions are payable within one hundred eighty (180) days as provided in the Entrance Fee Agreement.

- **Cancellation prior to occupancy:**

If a contract is canceled prior to occupancy due to death, illness, injury, or incapacity that would preclude independent living, amounts paid under the applicable agreement are refunded in accordance with the contract documents, and the refund is payable within one hundred eighty (180) days as provided in the Entrance Fee Agreement. Except for rescission or termination for Cause, deposits made prior to occupancy are not refundable, as provided in the contract documents.

- **Cancellation after occupancy:**

Refundable entrance fees are returned only in accordance with Section 22 — Refundable Entrance Fee Obligations and the applicable Entrance Fee Agreement. Refunds are subject to the elected reduction schedule, deduction of amounts due and payable to Whitaker Glen, Inc., and the re-occupancy or refund-group

mechanics described in the Entrance Fee Agreement. Refunds of refundable entrance fees are limited to re-occupancy proceeds.

Upon termination of a continuing care contract, the resident's right to occupy the residential unit ends and Whitaker Glen, Inc. has no further obligation to provide accommodations or services except as expressly provided in the contract documents. If an entrance fee is refunded or credited upon transfer, any future residency would require a new application and execution of new agreements, subject to availability, admission requirements, and payment of the applicable fees.

## 24.4 Refunds Upon Death

- **Before occupancy or commencement of services:**

If a resident dies before occupancy and the contract is canceled as a result, refunds are handled under the rescission and/or termination for Cause provisions of the contract documents, as applicable, including the one hundred eighty (180) day refund timing standard described in the Entrance Fee Agreement.

- **After occupancy or commencement of services:**

If a resident dies after occupancy, refundable entrance fees are returned only in accordance with Section 22 — Refundable Entrance Fee Obligations and the applicable Entrance Fee Agreement, including the elected reduction schedule and the applicable re-occupancy or refund-group provisions.

## 25. Re-occupancy of Units

A residential unit at The Oaks at Whitaker Glen may be reassigned to a new resident when the prior resident permanently vacates the unit, including as a result of voluntary termination, death, Permanent Transfer, or provider-initiated termination under the continuing care contract.

### 25.1 Resident-Initiated Vacating

- **Voluntary termination:** When a resident terminates the continuing care contract and permanently vacates the residential unit.
- **Transfer to a higher level of care:** When a resident transfers from independent living to a Health Care Center or an Affiliated Facility and the continuing care contract permits reassignment of the original residential unit.

### 25.2 Provider-Initiated Vacating

- **Persistent nonpayment:** When a resident fails to pay required fees in accordance with the terms of the continuing care contract.

- **Material breach:** When a resident materially breaches the continuing care contract or fails to comply with community policies.
- **Inability to live independently:** When a resident is determined to be unable to live independently and does not transfer to an appropriate level of care as required under the contract.

### **25.3 Temporary Absences**

Temporary absences from a residential unit do not constitute a permanent vacating of the unit and do not permit reassignment to another resident. Temporary absences include, but are not limited to:

- Hospitalizations
- Rehabilitative or short-term care stays
- Other temporary absences during which the resident retains the contractual right to occupy the unit.

### **25.4 Refunds and Contractual Consequences**

Refunds associated with the vacating of a residential unit are handled in accordance with Section 22 — Refundable Entrance Fee Obligations and the applicable Entrance Fee Agreement. Refunds are contingent upon the applicable contractual conditions being satisfied, including re-occupancy or the applicable floor-plan refund-group process, and the timing of repayment may vary depending on market demand and the pace of residential unit turnover.

## **26. Resident Relocation**

Residents of The Oaks at Whitaker Glen may be required to relocate from their current living unit to another living unit or to a more protective accommodation under the circumstances described below.

## 26.1 Resident Needs

- **Health-Related Transfer:** When a resident's physical or mental condition deteriorates so that the resident is unable to live independently, or when the resident cannot live in the residential unit without endangering the resident or others, Whitaker Glen may require the resident to transfer to a more protective accommodation that is able to provide for the resident's safety and appropriate care.
- **Safety and Accessibility:** When a resident's condition requires additional support services to maintain safety and the resident refuses or is unable to secure those services, either through Whitaker Glen's Enhanced Living Program or a third-party agency, Whitaker Glen may require transfer to a more protective accommodation as provided in the continuing care contract.

## 26.2 Provider Needs

- **Compliance or Emergency Conditions:** Whitaker Glen may need to modify a resident's unit to meet legal requirements or the regulations of a fire department, public health department, or other duly constituted authority. If a temporary relocation is required to complete such a modification or address an emergency condition, Whitaker Glen may require relocation as necessary to comply with applicable requirements and maintain safe operations.
- **Operational Necessity:** When the continued occupancy of a living unit materially interferes with the orderly operation of the community and no reasonable alternative exists, Whitaker Glen may require relocation in limited circumstances consistent with the continuing care contract.

## 26.3 Process

- Relocation decisions for resident health and safety reasons are made by Whitaker Glen's Executive Director in accordance with the continuing care contract.
- Whitaker Glen will consult the resident, the resident's responsible party, and the resident's physician regarding transfer decisions when appropriate.
- Whitaker Glen will make commercially reasonable efforts to transfer the resident to an appropriate accommodation, including a Health Care Center or an Affiliated Facility if required, subject to admission criteria, availability, and the resident's choice of providers.
- If relocation is required for compliance or operational reasons, Whitaker Glen will inform the resident in advance and clarify whether the move is temporary or permanent.

## 26.4 Financial Obligations

All entrance fee and monthly fee obligations continue in accordance with the terms of the resident's contract unless the relocation constitutes a Permanent Transfer under the continuing care contract. Upon Permanent Transfer, as defined in the continuing care contract, to a Health Care Center or an Affiliated Facility, the resident is no longer responsible for payment of the Monthly Service Fee under the independent living contract, and any entrance fee refund rights or credits are governed by the applicable Entrance Fee Agreement.

The resident is responsible for the cost of moving and storing personal belongings when required under the continuing care contract.

## 27. Admission and Continuation Standards

### 27.1 Admission Requirements

Admission to The Oaks at Whitaker Glen is subject to both health and financial screening at the time of application.

#### 27.1.1 CCRC Contracts (Campus-Based)

- **Financial Standards:** Applicants must demonstrate sufficient financial resources to reasonably cover the entrance fee and projected monthly fees for the chosen living unit. As part of the admission process, the applicant's financial advisor may be asked to certify that the applicant has sufficient financial reserves to sustain residence at Whitaker Glen.
- **Health Standards:** Applicants for independent living must be capable of living safely and independently at the time of entry. As part of the admission process, the applicant may be required to provide medical information and physician certification sufficient for Whitaker Glen to determine whether the applicant can live safely and independently and whether any special needs must be addressed.
- **Other Admission Conditions:** Residents are required to maintain a comprehensive health care program as described in the continuing care contract. Whitaker Glen also reserves the right to deny admission if a resident declines to maintain a durable power of attorney, declines to provide required estate planning or personal information as described in the contract, or fails to maintain a personal physician licensed to practice medicine in North Carolina.

#### 27.1.2 CCaH Contracts (Continuing Care at Home)

Whitaker Glen, Inc. does not operate a Continuing Care at Home program.

### 27.2 Continuation Requirements

- **CCRC Contracts:** Once admitted, residents may continue to reside at the community subject to the terms of the continuing care contract, including payment

of required fees, compliance with community policies, and continued ability to reside safely in independent living. If a resident's health condition changes such that independent living is no longer appropriate, the resident may be required to transfer to a Health Care Center, an Affiliated Facility, or another appropriate setting as provided in the continuing care contract. Financial hardship situations, if any, are addressed in accordance with Section 23 — Financial Hardship Policies.

## **27.3 Changes in Condition Before Occupancy or Commencement of Services**

- **CCRC Contracts:** If a prospective resident's health or financial condition changes after execution of the continuing care contract but before initial occupancy, Whitaker Glen may re-evaluate eligibility for admission in accordance with the contract documents. If the prospective resident is unable to take occupancy due to death, illness, injury, or incapacity that would preclude independent living, the contract may be canceled as provided in the contract documents and refunds are made in accordance with Section 24 — Contract Cancellation and Refund Policies. If the contract is rescinded during the contractual rescission period, refunds are made in accordance with the rescission provisions. Except as provided for rescission or termination for Cause, deposits made prior to occupancy are not refundable.

## **28. Age and Insurance Requirements**

### **28.1 Age Requirements**

- **Minimum age for admission:** The minimum age for admission to The Oaks at Whitaker Glen under a continuing care contract is 55 years.
- **Younger spouse or additional occupant:** A younger spouse or additional occupant may be admitted if the primary applicant otherwise meets the applicable admission requirements and both individuals execute the required agreements.
- **Maximum age:** There is no maximum age limit for admission, provided the applicant meets the health and financial eligibility standards described in Section 27 — Admission and Continuation Standards.

### **28.2 Insurance Requirements**

Applicants for continuing care contracts are required to maintain a comprehensive health care program as described in the continuing care contract.

- **Medicare:** Residents eligible for Medicare Hospital Insurance, Part A, and Medicare Medical Insurance, Part B, are required to maintain such coverage.
- **Medicare supplement or comparable coverage:** In addition to Medicare Part A and Part B, residents must obtain and maintain Medicare supplemental insurance

satisfactory to Whitaker Glen. Residents not eligible for Medicare and Medicare supplemental insurance must obtain other comparable medical insurance coverage satisfactory to Whitaker Glen.

Residents who choose Medicare supplemental insurance with coverage more comprehensive than that required by Whitaker Glen may add additional coverage, including outpatient prescription coverage and other benefits, as permitted under the contract.

### **28.3 Special Conditions**

- **Application and ongoing requirement:** Required insurance coverage must be obtained and maintained as a condition of admission and continued residency under the continuing care contract.
- **Noncompliance:** Failure to obtain or maintain required insurance coverage may result in denial of admission, delayed occupancy, or other action as permitted under the continuing care contract, including contract termination where applicable.
- **Exceptions:** Residents who are not eligible for Medicare may satisfy the insurance requirement by maintaining other comparable medical insurance coverage satisfactory to Whitaker Glen, as provided in the continuing care contract.

## **29. Reserve Funding and Refund Security**

### **29.1 Cash and Investments**

As of December 31, 2025, Whitaker Glen, Inc. held cash and cash equivalents of \$46,927 and restricted assets maintained as the statutory operating reserve of \$2,925,704. The statutory operating reserve consisted of \$903,984 in money market funds and \$2,021,720 in investments.

Whitaker Glen, Inc. also held restricted assets related to resident security deposits and refundable entrance fee deposits as reflected in the financial statements.

### **29.2 Investment Management and Oversight**

Investment decisions for reserve assets are made by Whitaker Glen, Inc. through management oversight, with cash equivalents typically maintained in money market funds and investments maintained in municipal bonds and similar instruments. The 2025 financial statements report that municipal bonds are included in restricted assets maintained as the statutory operating reserve.

### 29.3 Statutory Operating Reserve Requirement

Under the rules and regulations of the North Carolina Department of Insurance applicable to continuing care retirement communities, Whitaker Glen, Inc. is required to maintain a statutory operating reserve based on forecasted annual operating costs, less depreciation and amortization, and the required reserve percentage depends on the applicable occupancy factor. The 2025 financial statements state that the statutory operating reserve for 2025 was calculated assuming an occupancy factor of less than 90%.

As of December 31, 2025, Whitaker Glen, Inc.'s required statutory operating reserve was \$3,148,992.

**Table 29.1: Statutory Operating Reserve Calculation (as of December 31, 2025)**

<b>Component</b>	<b>Amount</b>
Total projected operating expenses	\$7,037,505
Add: Debt service (principal and interest)	\$0
Less: Principal and interest (covered by Debt Service Reserve Fund)	\$0
Less: Depreciation and amortization	(\$739,521)
<b>Net projected operating costs</b>	<b>\$6,297,984</b>
Applicable reserve percentage based on occupancy	50%
<b>Required operating reserve</b>	<b>\$3,148,992</b>
Unrestricted cash and equivalents maintained for statutory operating reserve purposes	\$5,513,557
<b>Excess above required reserve</b>	<b>\$2,364,565</b>

**Summary:** The required statutory operating reserve was \$3,148,992 as of December 31, 2025. Whitaker Glen, Inc. maintains assets and support arrangements intended to satisfy applicable statutory operating reserve requirements.

Whitaker Glen, Inc. has a callable receivable in the amount of \$2,587,853 pursuant to a promissory note from United Health Services, Inc., the company's ultimate parent entity. In addition, United Health Services, Inc. has executed a guaranty under which it will make funds available to Whitaker Glen, Inc. as necessary to meet applicable operating reserve requirements.

## 29.4 Refund Security (Entrance Fee Refunds)

Entrance fee and debenture-related obligations are secured through the contractual mechanisms described in the applicable Entrance Fee Agreement and related documents. The resident debenture is a debt obligation of Whitaker Glen, Inc. and, under the continuing care contract documents, is evidenced by a Nonnegotiable Note. For purposes of this disclosure, references to the Nonnegotiable Note refer to the resident debenture obligation.

Entrance fees and deposits are held in escrow accounts in accordance with terms approved by the North Carolina Commissioner of Insurance. Whitaker Glen's entrance fee refund obligations are secured by a Deed of Trust on the campus real property. This security arrangement provides residents with a security interest in the campus real property for entrance fee refund obligations, subject to the terms, limitations, and priorities set forth in the applicable documents.

The statutory operating reserve is maintained to satisfy regulatory reserve requirements and is not a separately designated refund reserve. Accounts receivable and the related-party demand note receivable are allocated to support operating reserve requirements and are not separately designated as entrance fee refund reserves. Refund obligations continue to be governed by the terms of the continuing care contracts, including re-occupancy, floor-plan refund-group mechanics for expansion units, reduction schedules, deductions for amounts due and payable to Whitaker Glen, Inc., and refund timing conditions.

**Table 29.2: Unrestricted Cash and Investment Summary as of December 31, 2025**

Category	Amount	Notes
Total unrestricted cash, equivalents, and available operating reserve support	\$5,513,557	Includes assets and support arrangements maintained for statutory operating reserve purposes
Less: Required operating reserve	\$3,148,992	Must be maintained; release requires regulatory approval
Less: Board-designated for refunds	\$0	Internal designation; unrestricted under GAAP
<b>Excess unrestricted cash, equivalents, and available operating reserve support above required operating reserve and board-designated refund reserve</b>	<b>\$2,364,565</b>	Available for operations and refund needs (outside of designated reserves)

### 30. Expansion and Renovation Plans

Whitaker Glen, Inc. is undertaking a four-phase renovation and expansion of The Oaks at Whitaker Glen. PruittHealth and its affiliates are pursuing financing in connection with the redevelopment project.

Phase One primarily consisted of renovations to the existing independent living apartments and related predevelopment work. This phase was substantially completed as of April 2026 and management reports that the existing independent living apartments reached full occupancy following completion.

Phase Two is expected to include development of twenty-nine independent living units, demolition of the existing skilled nursing facility, and construction of the pool and amenities building. As of May 2026, all twenty-nine Phase Two units were fully pre-sold.

Phase Three is expected to include development of a 102-unit assisted living facility and a 106-bed skilled nursing facility. Phase Four is expected to include construction of a 112-unit independent living facility and clubhouse. As of May 2026, approximately 42% of the planned Phase Four independent living units had been sold or reserved.

The project remains subject to financing, Department of Insurance approvals, licensing and regulatory approvals, permits, construction schedules, market conditions, and other contingencies. The timing, scope, sequencing, and cost of the project may change, and individual phases may be delayed, modified, deferred, or completed separately. Residents may experience temporary construction-related disruptions, and Whitaker Glen intends to communicate material impacts as the project progresses.

### 31. Audit Opinion and Timeliness

The financial statements of Whitaker Glen, Inc. for the fiscal year ended December 31, 2025 were audited by Mauldin & Jenkins, LLC, Atlanta, Georgia.

- **Timeliness:** The audited financial statements were completed within 150 days of fiscal year-end.
- **Audit Opinion:** The independent auditor issued an unqualified opinion on the financial statements of Whitaker Glen, Inc.

Whitaker Glen, Inc. issues stand-alone audited financial statements and does not present its audited financial statements on a consolidated basis.

### 32. Audited Financial Statements

The audited financial statements of Whitaker Glen, Inc. for the fiscal year ended December 31, 2025, are attached hereto as Appendix A and form an integral part of this Disclosure Statement. These statements include the balance sheet, statement of operations, statement of changes in stockholder's equity (deficit), statement of cash flows, and

accompanying notes, and have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP).

### 33. Five-Year Prospective Financial Statements

The five-year prospective financial statements of Whitaker Glen, Inc. for the period 2026 through 2030 are attached hereto as Appendix B. The prospective financial statements include forecasted balance sheets as of December 31, 2026, 2027, 2028, 2029, and 2030, and the related forecasted statements of income, retained earnings, and cash flows for the years then ending, together with summaries of significant assumptions and accounting policies.

The prospective financial statements were prepared by management and compiled by J. Sam Johnson CPA, LLC in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. J. Sam Johnson CPA, LLC did not examine or review the financial forecast and does not express an opinion, a conclusion, or provide any assurance on the forecast.

The forecasted results may not be achieved, and actual results may differ materially from the forecasted results because events and circumstances frequently do not occur as expected. J. Sam Johnson CPA, LLC has no responsibility to update its report for events and circumstances occurring after the date of its report.

The Independent Accountant’s Report on the prospective financial statements is dated May 28, 2026.

### 34. Variances from Prospective Financial Statements

For the fiscal year ended December 31, 2025, management reviewed the results of operations of Whitaker Glen, Inc. against the prospective financial statements filed in the prior year. Variances included both financial line items and key assumptions used in preparing the projections. The following material variances were identified:

**Table 34.1: Variance Analysis - Fiscal Year Ended 12/31/25**

Category	Projected Amount	Actual Amount	Variance	Explanation
Property and Equipment	\$48,615,417	5,781,803	-\$42.8 million	Revised timing and scope of planned redevelopment and construction activity.

Category	Projected Amount	Actual Amount	Variance	Explanation
Depreciation and Amortization	\$2.4 million	\$593,613	-\$1.8 million	Revised timing and scope of planned redevelopment and construction activity.
Additional paid-in capital	\$16.8 million	\$21.9 million	+\$5.1 million	Increase due to capital conversion activity.
Advertising and marketing	\$449,134	\$690,537	+\$241,403	Increased marketing and resident acquisition activity during redevelopment period.

## 35. Key Financial Metrics

This section presents the eight statutory financial ratios required under N.C. Gen. Stat. § 58-64A-150(a)(39). Historical values are based on audited financial statements; prospective values are derived from the provider’s five-year prospective financial statements. Comparative statewide medians will be published by the North Carolina Department of Insurance beginning in late 2026.

For the tables below, FY = the most recent fiscal year end.

Full statutory text of definitions is provided in Appendix F.

### 35.1 Liquidity Ratios

**Days Cash on Hand (DCOH).** Number of days the provider (obligated group) could pay its normal cash operating expenses using unrestricted cash and investments. More days generally means stronger liquidity.

**Cushion Ratio (CUSH).** Number of times unrestricted cash and investments could cover one year of debt service. Higher values mean more resources to pay debt service.

**Table 35.1: Liquidity Ratios**

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	258	197	171	186	102	204
CUSH	N/A	N/A	N/A	4.77x	0.39x	0.81x

**Narrative:**

Whitaker Glen maintained positive liquidity throughout the historical period, with Days Cash on Hand of 258 days in 2023, 197 days in 2024, and 171 days in 2025. Management projects Days Cash on Hand to remain positive during the prospective period, although results are expected to fluctuate as redevelopment spending, statutory reserve requirements, entrance fee activity, and financing activity affect available cash and investments.

The Cushion Ratio was not applicable for 2023 through 2025 because Whitaker Glen had no reported annual debt service during those periods. Beginning in the prospective period, the Cushion Ratio reflects the impact of planned construction financing and related annual debt service.

**35.2 Profitability Ratios**

**Operating Ratio (OR).** Compares current operating expenses (excluding depreciation and amortization) to current operating revenues (excluding entrance fee amortization). Lower percentages mean operating revenues are more easily covering cash operating expenses.

**Net Operating Margin (NOM).** Shows the result from core resident services. Higher values mean a stronger operating result from resident services.

**Adjusted Net Operating Margin (NOM-A).** Shows the operating result after also counting net entrance fee cash received during the year. Higher values mean the result is improved when net entrance fee cash is included.

**Table 35.2: Profitability Ratios**

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
<b>OR</b>	126.4%	163.5%	191.1%	134.8%	128.5%	161.1%
<b>NOM</b>	-23.4%	-60.5%	-83.6%	-28.0%	-7.7%	3.9%
<b>NOM-A</b>	-28.3%	-33.6%	50.3%	12.4%	53.6%	64.8%

**Narrative:**

Whitaker Glen reported Operating Ratios above 100% and negative Net Operating Margins during the historical period, reflecting a period of transition for the community, including occupancy levels, operating costs, and redevelopment-related activity. Management projects operating performance to improve as the redevelopment plan progresses and forecasted revenues increase, although the Operating Ratio is expected to remain above 100% during the prospective period presented.

The Adjusted Net Operating Margin Ratio reflects the effect of net entrance fee cash activity in addition to resident operating income. This ratio improves during the prospective period

as entrance fee receipts associated with the redevelopment and expansion plan are projected to contribute to overall cash flow.

**35.3 Capital Structure Ratios**

**Debt Service Coverage (DSCR).** Measures ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.

**Unrestricted Cash & Investments to Long-Term Debt (CD).** Compares unrestricted cash and investments to long-term debt. Higher values indicate more unrestricted cash and investments relative to debt.

**Capital Expenditures to Depreciation (CED).** Indicates reinvestment relative to depreciation expense. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

**Table 35.3: Capital Structure Ratios**

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DSCR	N/A	N/A	N/A	1.35x	1.37x	1.60x
CD	N/A	N/A	N/A	0.13x	0.02x	0.05x
CED	0.62x	0.47x	2.73x	30.36x	89.13x	19.02x

**Narrative:**

Whitaker Glen had no reported long-term debt or annual debt service during the historical periods presented; therefore, the Debt Service Coverage Ratio and Unrestricted Cash and Investments to Long-Term Debt Ratio were not applicable for those periods. Beginning in the prospective period, the capital structure ratios reflect the planned use of construction financing to support the campus redevelopment and expansion plan.

Debt Service Coverage is projected to remain above 1.0x during the prospective period presented, based on forecasted operations, net entrance fee cash activity, and related annual debt service. The Unrestricted Cash and Investments to Long-Term Debt Ratio is projected to remain relatively low during the redevelopment period as forecasted long-term debt increases. The Capital Expenditures to Depreciation Ratio increases significantly during the prospective period, reflecting substantial reinvestment in the campus through construction, renovation, and expansion activity.

**35.4 Overall Summary**

Whitaker Glen’s historical ratios reflect a community in transition, with positive liquidity but challenged operating performance during 2023 through 2025. The prospective ratios reflect management’s redevelopment and expansion plan, including projected changes in

occupancy, entrance fee receipts and refunds, operating expenses, financing, and capital spending.

During the prospective period, management expects operating performance and adjusted margins to improve as the redevelopment plan progresses and entrance fee activity increases. At the same time, the forecast reflects increased leverage and significant capital spending associated with the planned campus redevelopment.

### **36. Actuarial Opinion and Balance**

Whitaker Glen, Inc. has not recently prepared a formal actuarial study or statement of actuarial opinion as of the date of this Disclosure Statement. The provider will comply with applicable actuarial requirements under Article 64A of the North Carolina General Statutes within the timeframes prescribed by statute.

### **37. Most Recent Department Examination Report**

The North Carolina Department of Insurance has not conducted an examination of Whitaker Glen, Inc. under Article 64A.

### **38. Other Material Information**

Management has reviewed whether there are any additional facts, circumstances, risks, or events that could reasonably be expected to influence a prospective or current resident's decision to contract with Whitaker Glen, Inc. Other than the disclosures provided in prior sections of this Disclosure Statement, management has determined that no additional material information requires disclosure at this time.

### **39. Contract Forms and Attachments**

Whitaker Glen, Inc. offers continuing care contracts for existing units and expansion units. Representative forms of the applicable Residence and Services Agreements and Entrance Fee Agreements are attached as Appendix D.

Whitaker Glen, Inc. does not operate a Continuing Care at Home program and does not offer Continuing Care at Home contracts.

The contract forms differ primarily with respect to entrance fee payment timing, meal plan credit amounts, and entrance fee refund mechanics for existing units versus expansion units. Existing unit contracts provide for refund payment after the resident's unit is occupied by another individual, subject to the applicable reduction schedule and contract terms. Expansion unit contracts provide for refund payment through a floor-plan refund-group process, subject to the applicable reduction schedule and contract terms.

## **Appendix Index**

The following Appendices are incorporated into and form an integral part of this Disclosure Statement. Each Appendix begins on a separate page.

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GOING  
FOR  
WATER

**WHITAKER GLEN, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2025**



CPAs & ADVISORS

**WHITAKER GLEN, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2025**

**WHITAKER GLEN, INC.**

**FINANCIAL REPORT  
DECEMBER 31, 2025**

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## INDEPENDENT AUDITOR'S REPORT

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**To the Board of Directors and Stockholder  
Whitaker Glen, Inc.**

### **Opinion**

We have audited the accompanying financial statements of **Whitaker Glen, Inc.** (a North Carolina corporation), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, changes in stockholder's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Whitaker Glen, Inc. as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Whitaker Glen, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Whitaker Glen, Inc.'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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
April 24, 2026

**WHITAKER GLEN, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2025 AND 2024**

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 46,927	\$ 3,131
Accounts receivable, net	215,781	32,731
Related-party note receivable	2,587,853	904,655
Prepaid expenses	1,686	983
Restricted assets - statutory operating reserve	970,671	810,658
Restricted assets - resident security deposits	40,028	141,055
Other current assets	29,539	-
Total current assets	<u>3,892,485</u>	<u>1,893,213</u>
Property and equipment, net	<u>5,781,803</u>	<u>4,781,422</u>
<b>NONCURRENT ASSETS</b>		
Restricted assets - statutory operating reserve, net of current portion	1,955,033	1,721,102
Restricted assets - resident security deposits, net of current portion	6,617,414	531,810
Intangible software licenses, net	8,309	24,927
Intangible - Certificate of Need	450,000	450,000
Other assets	209,378	-
Total noncurrent assets	<u>9,240,134</u>	<u>2,727,839</u>
Total assets	<u>\$ 18,914,422</u>	<u>\$ 9,402,474</u>
<b><u>LIABILITIES AND STOCKHOLDER'S EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable - trade	\$ 493,828	\$ 199,729
Accrued tax and property taxes	14,224	99,755
Accrued salaries and withholdings	211,162	127,471
Deferred revenue	865,522	235,704
Refundable debenture liability	2,267,721	810,658
Resident refunds payable	40,028	141,055
Total current liabilities	<u>3,892,485</u>	<u>1,614,372</u>
<b>LONG-TERM LIABILITIES</b>		
Deferred revenue, net of current portion	386,242	365,543
Refundable debenture liability, net of current portion	1,962,733	1,613,492
Refundable deposits - entrance fees	6,674,866	395,000
Total long-term liabilities	<u>9,023,841</u>	<u>2,374,035</u>
Total liabilities	<u>12,916,326</u>	<u>3,988,407</u>
<b>STOCKHOLDER'S EQUITY</b>		
Common stock, par value \$1 per share, 100,000 shares authorized, 5,000 shares issued and outstanding	5,000	5,000
Additional paid-in capital	21,906,694	18,581,607
Accumulated (deficit)	(15,913,598)	(13,172,540)
Total stockholder's equity	<u>5,998,096</u>	<u>5,414,067</u>
Total liabilities and stockholder's equity	<u>\$ 18,914,422</u>	<u>\$ 9,402,474</u>

**See Notes to Financial Statements.**

**WHITAKER GLEN, INC.**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>CONTRACT REVENUES:</b>		
Monthly service fees	\$ 2,898,248	\$ 2,521,275
Debenture revenue	676,214	511,125
Initiation revenue	135,000	53,500
Comprehensive care revenue	51,714	60,146
Supportive care revenue	187,485	119,955
Enhanced care revenue	40,812	58,679
Other income	147,762	108,426
Total contract revenues	<u>4,137,235</u>	<u>3,433,106</u>
<b>OTHER REVENUES:</b>		
Interest	123,590	154,102
(Loss) on sale of investments	(52,850)	(101,153)
Total other revenues	<u>70,740</u>	<u>52,949</u>
 Total revenues	 <u>4,207,975</u>	 <u>3,486,055</u>
<b>OPERATING EXPENSES</b>		
Dietary	754,688	580,943
Resident activities	20,528	92,766
Healthcare expenses	684,650	513,888
Operations expense	652,677	539,148
Rent	1,259,272	1,205,141
Utilities	383,654	328,881
Administrative and general expenses	1,430,597	599,042
Advertising and marketing	690,537	436,052
Insurance	171,283	233,442
Employee benefits	303,234	153,754
Other operating expense	4,300	7,714
Depreciation and amortization	593,613	569,258
Total operating expenses	<u>6,949,033</u>	<u>5,260,029</u>
 NET (LOSS)	 <u>\$ (2,741,058)</u>	 <u>\$ (1,773,974)</u>

**See Notes to Financial Statements.**

**WHITAKER GLEN, INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIT)**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	Common Stock		Additional Paid-In Capital	Accumulated (Deficit)	Total
	Shares	Amount			
Balance, December 31, 2023	5,000	\$ 5,000	\$ 16,842,566	\$ (11,398,566)	\$ 5,449,000
Capital conversion	-	-	1,739,041	-	1,739,041
Net (loss)	-	-	-	(1,773,974)	(1,773,974)
Balance, December 31, 2024	5,000	5,000	18,581,607	(13,172,540)	5,414,067
Capital conversion	-	-	3,325,087	-	3,325,087
Net (loss)	-	-	-	(2,741,058)	(2,741,058)
Balance, December 31, 2025	5,000	\$ 5,000	\$ 21,906,694	\$ (15,913,598)	\$ 5,998,096

**See Notes to Financial Statements.**

**WHITAKER GLEN, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss)	\$ (2,741,058)	\$ (1,773,974)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:		
Depreciation and amortization	590,424	569,257
Amortization of debentures	(676,214)	(511,125)
Loss (gain) on sale of investments	52,850	101,153
(Increase) decrease in operating assets:		
Accounts receivable	(183,050)	29,034
Prepaid expenses	(703)	7,710
Other current assets	(29,539)	-
Other assets	(209,378)	-
Increase (decrease) in operating liabilities:		
Accounts payable - trade	294,099	(46,807)
Accrued taxes and property taxes	(85,531)	(34,236)
Accrued salaries and withholdings	83,691	36,974
Resident refunds payable	(101,027)	61,120
Net cash (used in) operating activities	<u>(3,005,436)</u>	<u>(1,560,894)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(1,223,564)	(237,237)
Purchase of property and equipment	(1,574,187)	(260,018)
Proceeds from sale of investments	863,075	368,528
Net cash (used in) investing activities	<u>(1,934,676)</u>	<u>(128,727)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from debentures	2,365,466	841,050
Refunds of debentures	(615,783)	(579,818)
Proceeds from deposits - entrance fees	6,890,163	466,500
Proceeds from deposits - debentures	1,297,050	-
Refunds of deposits - entrance fees	(610,300)	(138,500)
Proceeds from related parties, net	1,641,889	1,739,041
Net cash provided by financing activities	<u>10,968,485</u>	<u>2,328,273</u>
<b>CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<b>6,028,373</b>	<b>638,652</b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, at beginning of year</b>	<b><u>675,996</u></b>	<b><u>37,344</u></b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, at end of year</b>	<b><u>\$ 6,704,369</u></b>	<b><u>\$ 675,996</u></b>
Cash and cash equivalents	\$ 46,927	\$ 3,131
Restricted assets - resident security deposits	<u>6,657,442</u>	<u>672,865</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, at end of year</b>	<b><u>\$ 6,704,369</u></b>	<b><u>\$ 675,996</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Schedule of noncash investing and financing transactions		
Conversion of related-party payable to equity	<u>\$ 3,325,087</u>	<u>\$ 1,739,041</u>

**See Notes to Financial Statements.**

# WHITAKER GLEN, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Business

Whitaker Glen, Inc. (the “Company”) is a licensed continuing care retirement community wholly-owned by Cumberland Healthcare Properties, Inc., a Georgia corporation registered to do business in North Carolina. The Company was organized in 1981, and since 1984 has operated a comprehensive retirement community providing residents with a high quality of life. In 2023, the Company announced a renovation and expansion of its independent living facility. The planned construction and redevelopment includes 340 units and beds and the renovation of 93 existing units. The overall projected construction cost is \$385 million which includes 5 phases and an anticipated completion date of Winter 2029.

#### Significant Accounting Policies

##### Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

##### Use of Estimates

Preparation of the Company’s financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. These estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from the Company’s estimates and assumptions. Significant estimates in the Company’s financial statements include contract revenue, insurance risk liabilities and recovery receivable, resident accounts receivable, amounts due to third parties, including third-party payors, and other contingencies.

##### Property and Equipment, Net

Property and equipment are recorded at cost, net of accumulated depreciation. The Company provides for depreciation using the straight-line method over estimated service lives. Expenditures for maintenance and repairs are expensed as incurred. When assets are sold, the related cost and accumulated depreciation are removed and resulting gains and losses are included in the statement of income in the year of disposal.

##### Income Tax

The Company is a Subchapter S Corporation for federal income tax purposes and has a tax year ending September 30 of each calendar year. Generally, no current or deferred federal or state taxes will be recognized by the Company. North Carolina requires the payment of franchise or net worth taxes, which are recorded in the accompanying statements of operations in the period the tax is due.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies (Continued)

##### Concentrations of Credit Risks

The Company maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed insured limits.

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

##### Fair Value of Financial Instruments

Investments in municipal bonds are reported at fair value. The municipal bonds are classified as trading securities.

The recorded values of cash and cash equivalents, restricted assets maintained as collateral, receivables, and payables approximate their fair values because of the relatively short maturity of these instruments.

In determining fair value, the Company may use various methods including market, income, and cost approaches. Based on these approaches, the Company utilizes certain assumptions by which market participants would use in pricing the assets or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities derived from other valuation methodologies, including option pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

The preceding methods described may produce a fair value calculation which may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies (Continued)

##### Statutory Operating Reserve

Under the rules and regulations of the Department of Insurance of North Carolina, which regulates continuing care retirement facilities in the state, the Company is required to maintain operating reserves from 25% to 50%, depending on the occupancy percentage, of the total forecasted annual operating costs. The statutory operating reserve is calculated using the forecasted expenses less depreciation and amortization and assuming an occupancy factor of less than 90%.

##### Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired and is amortized over a 10-year period.

##### Intangible - Certificate of Need (“CON”)

The CON was acquired in 2017, at a cost of \$400,000, for the purpose of adding more beds to the existing facility. In 2023, the Company applied for an additional CON due to the new planned construction to the existing facility. An additional \$50,000 was capitalized in relation to this. These CONs were determined to have an indefinite useful life and so are not amortized.

##### Refundable Debenture Liability

Upon execution of the residence agreement, a resident receives a debenture in exchange for consideration provided. The debenture is secured by a Deed of Trust upon the grantors’ interest in the Company’s real estate. The Deed of Trust is a second lien upon the real estate subordinate only to the lien of the first Deed of Trust securing the repayment of additional funds incident to the construction, furnishing, and operation of the Community.

Following a resident’s occupancy at the Company, due to death or termination of their residence agreement, the consideration received in exchange for the debenture is due and payable to the resident within thirty days after the residential unit is reoccupied. The Company records a current refundable debenture liability for the amount it expects to return to former residents within the next 12 months in exchange for outstanding debentures.

##### Contract Revenue

Contract revenues are related to resident services provided at the comprehensive retirement community, initiation revenue, and other income. Contract revenue is reported at the amount which reflects the consideration the Company expects to be entitled in exchange for fulfilling performance obligations. Performance obligations relate to goods and services provided to residents, which may vary and are determined based on the nature of the services provided.

Contract revenue is adjusted for estimates of variable consideration to arrive at the transaction price. The Company determines the transaction price based on contractually agreed-upon amounts or rates adjusted for estimates of variable consideration and the estimated transaction price reflects the amount to which the Company expects to be entitled in exchange for providing services to resident.

Revenue for services satisfied over time is recognized based on services incurred in relation to expected charges. The Company believes this method provides an accurate depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Significant Accounting Policies (Continued)**

##### **Contract Revenue (Continued)**

Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided by the Company.

The Company capitalizes incremental costs to obtain a contract in accordance with customers in accordance with ASC 340. These costs are commissions and bonuses paid that would not have been incurred if the contract had not been obtained. The costs are amortized over the weighted-average residency term which consistent with the transfer to the customer of the goods or services to which the asset relates. Capitalized costs to obtain a contract as of December 31, 2025 and 2024 are \$238,917 and \$-, respectively. Amortized contract cost expense for the year ended December 31, 2025 and 2024 are \$14,518 and \$-, respectively.

##### **Monthly Service Fees**

Monthly service fees are related to the residents agreed upon room and board rate and services. The Company may increase or decrease the monthly service fee if required by the cost of operations. In determining any change in the monthly service fee, the Company will consider changes in operating costs and the cost of living. Revenue from the monthly service fees is recognized over time as services are provided.

##### **Initiation Revenue**

The recognition of the initiation fee as revenue is constrained to the point in time when the fee becomes nonrefundable. The company recognizes initiation revenue ninety days after the resident occupies a unit at which point there is no remaining variability and all related performance obligations have been satisfied.

##### **Other Income**

The Company provides additional amenities and other personal needs to the residents. The revenue from these amenities and services are recognized as they are consumed by or transferred to the residents and performance obligations are satisfied.

##### **Debenture Revenue**

Upon execution of the residence agreement, along with consideration for the debenture, residents pay an additional entrance fee. The Company accounts for this entrance fee as deferred revenue and recognizes the debenture revenue ratably over the 25-month period as it fulfills its performance obligations under the residence agreement.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies (Continued)

##### Advertising Costs

Advertising costs are expensed as they are incurred and are included in the statements of operations.

##### Accounts Receivable and Allowance for Credit Losses

Accounts receivable consists primarily of amounts due from contract revenue monthly service fees and miscellaneous charges such as telephone, meals, resident activity fees, and purchased services billed in arrears to residents. Contract receivables are stated at the amount management expects to collect from outstanding balances. Contract receivables are generally due 30 days after the issuance of the invoice.

At origination, the Company evaluates credit risk based on a variety of credit quality factors including prior payment experience, customer financial information, credit ratings, industry trends, and other internal metrics. On a continuing basis, data for each resident is regularly reviewed based on past-due status to evaluate the adequacy of the allowance for credit losses.

Since the Company's contract receivables and contract assets share similar risk characteristics, the Company evaluates its contract receivables as one portfolio segment. If an individual receivable no longer shares risk characteristics with the pool (e.g., a specific customer bankruptcy), it is evaluated for credit losses on an individual basis. The allowance for credit losses is maintained based on a review of the Company's losses based on the aging of receivables, adjusted for current conditions. These adjustments specifically take into account industry-specific economic factors, as well as any specific customer collection issues and any other factors deemed relevant by management.

Effective January 1, 2025, the Company prospectively adopted ASU 2025-05, *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides a practical expedient and an accounting policy election for estimating expected credit losses under ASC 326:

- The Company has elected the practical expedient to assume that current economic conditions as of the balance sheet date will remain unchanged for the remaining life of its current contract receivables and contract assets. Consequently, the Company is not required to develop a separate reasonable and supportable forecast of future economic conditions.
- The Company has also elected to consider actual cash collection activity that occurred after the balance sheet date through the date of financial report issuance in estimating the allowance for credit losses as of December 31, 2025.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery; actual write-offs are charged against the allowance. If any recoveries are made from any accounts previously written off, they are recognized in income or as an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies (Continued)

#### Accounts Receivable and Allowance for Credit Losses (Continued)

Accounts receivables at December 31, 2025 and 2024 consist of the following:

	2025	2024
Accounts receivable	\$ 232,222	\$ 32,731
Less allowance for credit losses	(16,441)	-
Accounts receivable, net	\$ 215,781	\$ 32,731

Changes in allowance for credit losses for the year ended December 31, 2025 are as follows:

	2025
Balance at beginning of year	\$ -
Charge offs	-
Adjustments to provision for credit losses	16,441
Balance at end of year	\$ 16,441

### NOTE 2. REVENUE RECOGNITION

The disaggregation of the types of revenue generated by the Company for the years ended December 31, 2025 and 2024 is reported in the contract revenue section of the Statement of Operations.

The following table sets forth revenue disaggregated by recognition pattern for the years ended December 31:

	2025	2024
<b>Over Time</b>		
Monthly service fees	\$ 2,898,248	\$ 2,521,275
Debenture revenue	676,214	511,125
Supportive care	187,485	119,955
Comprehensive care	51,714	60,146
Enhanced care	40,812	58,679
<b>Point in Time</b>		
Initiation revenue	135,000	53,500
Other income	147,762	108,426
Total	\$ 4,137,235	\$ 3,433,106

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment are summarized by major classification as follows at December 31:

	2025	2024
Furniture, computers, and other equipment	\$ 2,193,275	\$ 2,064,137
Leasehold improvements	8,061,138	6,762,925
Construction in progress	2,342,717	2,195,881
	12,597,130	11,022,943
Less accumulated depreciation	(6,815,327)	(6,241,521)
Net property and equipment	\$ 5,781,803	\$ 4,781,422

Depreciation expense amounted to \$576,995 and \$552,640 for the years ended December 31, 2025 and 2024, respectively.

### NOTE 4. GOODWILL

Goodwill consists of the following at December 31:

	2025	2024
Goodwill	\$ 3,681,276	\$ 3,681,276
Less accumulated amortization	(3,681,276)	(3,681,276)
Net goodwill	\$ -	\$ -

Amortization expense amounted to \$- for the years ended December 31, 2025 and 2024.

### NOTE 5. OTHER ASSETS

Other assets consist of the following at December 31:

	2025	2024
Software license	\$ 86,468	\$ 86,468
Less accumulated amortization	(78,159)	(61,541)
Total other assets	\$ 8,309	\$ 24,927

Amortization expense on other assets was \$16,618 for both the years ended December 31, 2025 and 2024.

### NOTE 6. DEPOSITS – ENTRANCE FEES

A \$5,000 refundable deposit is required at the time of acceptance of the application to the Community. If a desired apartment is not available at the time an application is made, a prospective resident's name will be placed on a waiting list with a priority based on the date an application was received. Starting in November 2023, with the onset of construction of the facility expansion, a separate reservation deposit of \$1,000 is required for future residents who desire a newly constructed residence. The balance equal to 10% of the entrance fee is then due upon signing the Community Agreement.

Refundable deposits at December 31, 2025 and 2024 were \$6,674,866 and \$395,000, respectively.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. RETIREMENT PLAN

The Company sponsors a defined contribution profit-sharing plan that covers all full-time employees who have at least 90 days of service. The plan provides that the Company may make contributions in the amount equal to 3.25% of the annual compensation paid to employees in the plan year. The Company did not make profit-sharing contributions during 2025 or 2024.

The Company also sponsors a 401(k) plan. There were no matching contributions made to the plan during 2025 or 2024.

### NOTE 8. RELATED-PARTY TRANSACTIONS

The Company leases its facilities from affiliated companies. The rent expense for the years ended December 31, 2025 and 2024 was \$1,172,742 and \$1,138,585 respectively.

Prior to January 2023, the Company and the residents were holders of a secured receivable in the form of a Deed of Trust secured by the Whitaker Glen real property owned by affiliated companies. The value of the Deed of Trust at December 31, 2022 was \$7,560,000. The Company evaluated the need for the secured receivable in 2023 and determined the outstanding debenture liabilities are adequately secured by the Company's current accounts receivable, the related-party demand note receivable issued in 2023 and bonds comprising restricted assets - statutory operating reserve.

In 2023, the Company agreed to terminate the secured receivable. Contemporaneously, United Health Services, Inc., a related party, issued the Company a demand note receivable of \$309,900 at an interest rate of 8.1% per annum and agreed to discharge the Company from its related-party payables of \$18,753,511 as of December 31, 2022, in exchange for additional paid-in capital of \$11,503,451. The balance of the demand note receivable and accumulated interest was \$2,587,853 and \$904,655 as of December 31, 2025 and 2024, respectively.

The Company purchases various supplies and services from several affiliated companies. These purchases during the years ended December 31, 2025 and 2024 amounted to \$118,759 and \$82,884, respectively.

The Company pays an affiliated company to provide management-related services to the Company. The compensation for these services is a percentage of revenue. The management fee for the years ended December 31, 2025 and 2024 was \$167,534 and \$92,442, respectively.

### NOTE 9. INVESTMENTS

Investments are summarized as follows at December 31, 2025:

	Cost	Fair Value	Unrealized and Realized Appreciation
<b>Municipal bonds</b>	<b>\$ 2,884,747</b>	<b>\$ 2,925,704</b>	<b>\$ 40,957</b>

Investments are summarized as follows at December 31, 2024:

	Cost	Fair Value	Unrealized and Realized Appreciation
<b>Municipal bonds</b>	<b>\$ 2,801,482</b>	<b>\$ 2,808,592</b>	<b>\$ 7,110</b>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. INVESTMENTS (Continued)

Investments are included in the accompanying balance sheets under the line item titled restricted assets – statutory operating reserve.

The following schedule summarizes the investment loss for the years ended December 31, 2025 and 2024:

	2025	2024
Investment (loss)	\$ (52,850)	\$ (101,153)

### NOTE 10. STATUTORY OPERATING RESERVE

Under the rules and regulations of the Department of Insurance of North Carolina, which regulates continuing care retirement facilities in the state, the Company is required to maintain operating reserves from 25% to 50%, depending on the occupancy percentage, of the total forecasted annual operating costs. The statutory operating reserve is calculated using the forecasted expenses less depreciation and amortization and assuming an occupancy factor of less than 90% in 2025. Beginning in 2004, the Company became a continuing care retirement community subject to the rules and regulations requiring a statutory operating reserve.

The statutory operating reserve consists of the following at December 31, 2025 and 2024:

	2025	2024
Money market funds	\$ 903,984	\$ 276,832
Investments	2,021,720	2,531,760
	\$ 2,925,704	\$ 2,808,592

### NOTE 11. OPERATING LEASES

The Company leases its facilities from affiliated companies (See Note 8) under an operating lease expiring in 2032, with options to renew for variable periods extending to 2052. Rent expense for the years ended December 31, 2025 and 2024 was \$1,172,742 and \$1,138,585, respectively.

The future minimum annual rental payments are as follows:

Year Ending December 31,		
2026	\$	1,244,162
2027		1,281,487
2028		1,319,932
2029		1,359,530
2030		1,400,315
Thereafter		1,736,853
	\$	8,342,279

The Company leases equipment under operating leases with various terms. Rent expense for the years ended December 31, 2025 and 2024 was \$45,966 and \$48,808, respectively.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. FAIR VALUE MEASUREMENTS

For the years ended December 31, 2025 and 2024, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Municipal bonds: The market value is based on quoted market prices, when available, and/or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

The municipal bonds are shown as a Level 1 investment in the fair value hierarchy.

### NOTE 13. DEBENTURES

Applicants desiring to become residents of the Community agree to purchase a debenture from the Company in principal amounts ranging from \$40,000 to \$269,000. The proceeds from the debentures shall be utilized only for expenses incurred incident to the construction, furnishing, and operation of the Community. The debenture provides that the principal amount does not bear interest. The debentures were secured by a Deed of Trust on the real property leased by the Company (See Note 8). Pursuant to the specific debenture agreement, a portion of the principal is returned to the resident upon the termination of the applicable residence and services agreement. During 2012, debenture equity plans were implemented on new debentures issued. New debentures are reduced monthly over a 25-month period down to 50% or -% of the original debenture amount depending on the debenture plan chosen.

The debenture obligations and deferred revenue at December 31, 2025 and 2024 were as follows:

	2025	2024
Current refundable liability	\$ 2,267,721	\$ 810,658
Refundable liability, net of current portion	1,962,733	1,613,492
Current deferred revenue	865,522	235,704
Deferred revenue, net of current portion	386,242	365,543
Resident refunds payable	40,028	141,055
Total debenture obligations	\$ 5,522,246	\$ 3,166,452

### NOTE 14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 24, 2026, the date on which the financial statements were available to be issued.

*Forecasted Financial Statements*

WHITAKER GLEN, INC.

Years Ending December 31, 2026, 2027, 2028, 2029 and 2030

**WHITAKER GLEN, INC.**  
**Forecasted Financial Statements**  
**Years Ending December 31, 2026, 2027, 2028, 2029 and 2030**

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*J. Sam Johnson, CPA*  
*Catherine H. Peeples, CPA*

## INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors  
Whitaker Glen, Inc.  
Norcross, Georgia

Management is responsible for the accompanying forecast of Whitaker Glen, Inc., which comprises the forecasted balance sheets as of December 31, 2026, 2027, 2028, 2029 and 2030 and the related forecasted statements of income, retained earnings, and cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). 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 forecast 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, nor provide any form of assurance on this forecast.

The forecasted results may not be achieved, as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Toccoa, Georgia

*J. Sam Johnson CPA, LLC*

May 28, 2026

**WHITAKER GLEN, INC.**  
**Forecasted Balance Sheets**  
**As of December 31, 2026, 2027, 2028, 2029 and 2030**

<u>ASSETS</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 47,396	\$ 182,518	\$ 533,754	\$ 1,225,643	\$ 1,620,281
Accounts receivable, net	222,254	228,922	1,233,646	2,719,972	2,840,169
Related-party note receivable	6,193,085	8,752,338	-	-	17,752,533
Prepaid expenses	1,737	1,789	870,328	952,318	980,887
Restricted assets - statutory operating reserve	1,044,752	729,997	4,297,955	8,030,322	4,386,574
Restricted assets - resident security deposits	51,217	121,191	189,156	214,418	205,211
Other current assets	30,425	31,338	32,278	33,246	34,243
Total current assets	<u>7,590,866</u>	<u>10,048,093</u>	<u>7,157,117</u>	<u>13,175,919</u>	<u>27,819,898</u>
Property and equipment - net	<u>27,501,899</u>	<u>148,483,767</u>	<u>253,771,254</u>	<u>244,282,042</u>	<u>234,835,159</u>
<b>NONCURRENT ASSETS</b>					
Restricted assets - statutory operating reserve, net of current portion	2,104,240	1,470,291	8,656,531	16,173,909	8,835,018
Restricted assets - resident security deposits, net of current portion	8,467,167	20,035,226	31,271,276	35,447,502	33,925,408
Intangible - Certificate of Need	450,000	450,000	450,000	450,000	450,000
Other assets	209,378	209,378	209,378	209,378	209,378
Total noncurrent assets	<u>11,230,785</u>	<u>22,164,895</u>	<u>40,587,185</u>	<u>52,280,789</u>	<u>43,419,804</u>
Total assets	<u>\$ 46,323,550</u>	<u>\$ 180,696,755</u>	<u>\$ 301,515,556</u>	<u>\$ 309,738,750</u>	<u>\$ 306,074,861</u>
<b><u>LIABILITIES AND STOCKHOLDER'S EQUITY</u></b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable - trade	\$ 508,643	\$ 523,902	\$ 996,176	\$ 1,864,989	\$ 2,040,681
Accrued tax and property taxes	14,651	15,091	464,882	870,328	952,318
Accrued salaries and withholdings	217,497	224,022	230,743	237,665	244,795
Due to Related-parties	-	-	637,804	7,431,722	-
Deferred revenue	1,180,146	2,986,718	7,040,511	2,609,894	-
Refundable debenture liability	2,675,144	3,961,015	7,554,207	11,079,993	12,018,381
Resident refunds payable	-	-	-	-	-
Total current liabilities	<u>4,596,081</u>	<u>7,710,748</u>	<u>16,924,324</u>	<u>24,094,591</u>	<u>15,256,175</u>
<b>LONG-TERM LIABILITIES</b>					
Deferred revenue, net of current portion	526,644	1,332,833	3,141,851	1,164,674	-
Refundable debenture liability, net of current portion	2,315,362	3,428,294	6,538,235	9,589,834	10,402,018
Refundable deposits - entrance fees	8,145,832	10,682,966	9,343,342	1,144,729	-
Long term debt	24,648,595	149,534,059	257,619,353	254,592,282	251,362,483
Total long-term liabilities	<u>35,636,433</u>	<u>164,978,151</u>	<u>276,642,780</u>	<u>266,491,519</u>	<u>261,764,501</u>
Total liabilities	<u>40,232,514</u>	<u>172,688,899</u>	<u>293,567,104</u>	<u>290,586,110</u>	<u>277,020,676</u>
<b>STOCKHOLDER'S EQUITY</b>					
Common stock, par value \$1 per share, 100,000 shares authorized, 5,000 shares issued and outstanding	5,000	5,000	5,000	5,000	5,000
Additional paid-in capital	21,906,694	21,906,694	21,906,694	21,906,694	21,906,694
Accumulated (deficit)	<u>(15,820,658)</u>	<u>(13,903,838)</u>	<u>(13,963,242)</u>	<u>(2,759,054)</u>	<u>7,142,491</u>
Total stockholder's equity	<u>6,091,036</u>	<u>8,007,856</u>	<u>7,948,452</u>	<u>19,152,640</u>	<u>29,054,185</u>
Total liabilities and stockholder's equity	<u>\$ 46,323,550</u>	<u>\$ 180,696,755</u>	<u>\$ 301,515,556</u>	<u>\$ 309,738,750</u>	<u>\$ 306,074,861</u>

**WHITAKER GLEN, INC.**  
**Statements of Forecasted Income & Retained Earnings**  
**Years Ending December 31, 2026, 2027, 2028, 2029 and 2030**

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<b>CONTRACT REVENUES:</b>					
Monthly service fees	\$ 4,055,860	\$ 5,614,119	\$ 12,994,915	\$ 34,959,404	\$ 44,086,601
Debenture revenue	2,204,983	5,108,649	14,870,350	26,877,657	19,674,851
Initiation revenue	245,250	82,900	103,320	108,486	113,910
Comprehensive care revenue	53,712	97,589	244,713	781,267	1,081,703
Supportive care revenue	324,836	494,956	597,964	890,021	1,065,209
Enhanced care revenue	43,051	92,935	142,240	312,560	413,851
Other income	196,252	378,455	1,065,225	2,256,602	2,674,643
Total contract revenues	<u>7,123,942</u>	<u>11,869,603</u>	<u>30,018,728</u>	<u>66,185,996</u>	<u>69,110,767</u>
<b>OTHER REVENUES:</b>					
Interest	41,065	27,896	79,355	194,591	201,359
Loss on sale of investments	(34,564)	(26,746)	(75,774)	(185,794)	(187,129)
Total other revenues	<u>6,501</u>	<u>1,150</u>	<u>3,581</u>	<u>8,797</u>	<u>14,230</u>
Total revenues	<u>7,130,443</u>	<u>11,870,753</u>	<u>30,022,309</u>	<u>66,194,793</u>	<u>69,124,997</u>
<b>OPERATING EXPENSES</b>					
Dietary	890,795	966,681	2,089,165	3,848,207	4,383,499
Resident activities	151,796	191,657	364,514	549,614	568,454
Healthcare expenses	456,218	438,604	1,945,397	7,292,958	9,656,554
Operations expense	667,717	764,519	1,752,824	3,659,121	4,316,339
Rent	1,295,112	1,336,554	1,439,866	1,546,278	1,592,666
Utilities	418,111	483,608	968,504	1,499,617	1,587,493
Administrative and general expenses	1,538,510	2,359,994	4,328,581	7,525,573	7,993,408
Advertising and marketing	446,487	248,887	257,046	264,045	271,966
Insurance	127,085	253,574	611,154	946,386	974,777
Employee benefits	305,577	237,046	768,803	1,548,093	1,811,280
Interest expenses	-	1,297,041	9,689,876	16,656,132	16,453,403
Depreciation and amortization	739,521	1,372,703	5,841,429	9,609,213	9,566,882
Other operating expense	577	3,064	24,553	45,368	46,729
Total operating expenses	<u>7,037,505</u>	<u>9,953,932</u>	<u>30,081,713</u>	<u>54,990,604</u>	<u>59,223,452</u>
NET INCOME (LOSS)	<u>92,938</u>	<u>1,916,821</u>	<u>(59,404)</u>	<u>11,204,188</u>	<u>9,901,545</u>
Accumulated (Deficit) Beginning of year	<u>(15,913,596)</u>	<u>(15,820,658)</u>	<u>(13,903,838)</u>	<u>(13,963,242)</u>	<u>(2,759,054)</u>
Distribution to stockholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated (Deficit) End of year	<u>\$ (15,820,658)</u>	<u>\$ (13,903,838)</u>	<u>\$ (13,963,242)</u>	<u>\$ (2,759,054)</u>	<u>\$ 7,142,491</u>

**WHITAKER GLEN, INC.**  
**Statements of Forecasted Cash Flows**  
**Years Ending December 31, 2026, 2027, 2028, 2029 and 2030**

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net Income (Loss)	\$ 92,938	\$ 1,916,821	\$ (59,404)	\$ 11,204,188	\$ 9,901,545
Adjustments to reconcile net (loss) to net cash (used in) operating activities:					
Depreciation and amortization	739,521	1,372,703	5,841,429	9,609,213	9,566,882
Amortization of Debentures	(2,204,983)	(5,108,649)	(14,870,350)	(26,877,657)	(19,674,851)
Loss on sale of investments	34,564	26,746	75,774	185,794	187,129
(Increase) decrease in operating assets:					
Accounts receivable	(6,473)	(6,668)	(1,004,724)	(1,486,326)	(120,197)
Prepaid expenses	(51)	(52)	(868,539)	(81,990)	(28,569)
Other current assets	(886)	(913)	(940)	(968)	(997)
Increase (decrease) in operating liabilities:					
Accounts payable - trade	(14,815)	(15,259)	(472,274)	(868,813)	(175,692)
Accrued taxes and property taxes	(427)	(440)	(449,791)	(405,446)	(81,990)
Accrued salaries and withholdings	(6,335)	(6,525)	(6,721)	(6,922)	(7,130)
Resident refunds payable	40,028	-	-	-	-
Net cash used in operating activities	<u>(1,326,919)</u>	<u>(1,822,236)</u>	<u>(11,815,541)</u>	<u>(8,728,927)</u>	<u>(433,869)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(223,288)	948,704	(10,754,198)	(11,249,745)	10,982,639
Purchase of property and equipment	(22,451,308)	(122,354,571)	(111,128,916)	(120,000)	(120,000)
Net cash used in investing activities	<u>(22,674,596)</u>	<u>(121,405,867)</u>	<u>(121,883,114)</u>	<u>(11,369,745)</u>	<u>10,862,639</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from long-term debt and notes payable	24,648,595	125,105,386	109,753,982	-	-
Repayments of long-term debt and notes payable	-	(219,923)	(1,668,688)	(3,027,070)	(3,229,799)
Proceeds from debentures	3,420,061	10,120,214	27,436,294	27,047,247	17,650,855
Proceeds from deposits - entrance fees	-	-	-	-	386,572
Refunds from deposits - entrance fees	(389,977)	(9,100,899)	(12,643,639)	(12,400,100)	-
Due to from related parties, net	(3,676,695)	(2,541,553)	11,171,942	9,170,484	(24,841,760)
Net cash provided by financing activities	<u>24,001,985</u>	<u>123,363,225</u>	<u>134,049,891</u>	<u>20,790,561</u>	<u>(10,034,132)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	469	135,122	351,236	691,889	394,638
CASH AND CASH EQUIVALENTS, at beginning of year	46,927	47,396	182,518	533,754	1,225,643
CASH AND CASH EQUIVALENTS, at end of year	<u>\$ 47,396</u>	<u>\$ 182,518</u>	<u>\$ 533,754</u>	<u>\$ 1,225,643</u>	<u>\$ 1,620,281</u>

# WHITAKER GLEN, INC.

## Summary of Significant Forecast Assumptions & Accounting Policies

Management's purpose in releasing this financial forecast is for inclusion in Whitaker Glen, Inc.'s Disclosure Statement in accordance with Chapter 58, Article 64A of the North Carolina General Statutes. The report should not be used for any other purpose. The financial forecast presents, to the best of management's knowledge and belief, the Company's expected financial position, results of operations, and cash flows for the forecast period. Accordingly, the forecast reflects management's judgment as of May 30, 2026, the date of the forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast statements. There will be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Section .0108 of 11NCAC 11H specifies that certain categories or line items be included in the five-year forecast balance sheets and statements of forecasted income & retained earnings. Of those categories or line items, the following are not applicable to Whitaker Glen, Inc.: stockholder's equity – restricted and contributions/gifts. These line items are presented as \$0 in the forecasted financial statements.

### 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Business

Whitaker Glen, Inc. (the Company) is a privately held North Carolina Corporation. The Company was organized in 1981, and since 1984, has operated a comprehensive retirement community in Raleigh, North Carolina providing residents with a high quality of life. In 2004, Whitaker Glen, Inc. became licensed as a continuing care retirement community. In December 2009, Cumberland Healthcare Properties, Inc. purchased 100% of the stock of Whitaker Glen, Inc.

#### Basis of Accounting

The forecasted financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America, which is the basis that the Company expects to use when preparing its historical financial statements.

#### Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

**WHITAKER GLEN, INC.**  
**Summary of Significant Forecast Assumptions & Accounting Policies**

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For the forecasted statements of cash flows, the Company considers petty cash, cash on hand, cash in commercial checking accounts, money market funds and certificates of deposit to be “cash and cash equivalents.”

Accounts Receivable

Accounts receivable consist primarily of monthly service fees and miscellaneous resident charges billed in arrears, including food service charges, resident activity fees, beauty shop charges, laundry charges, and purchased services. Accounts receivable are reported net of an allowance for credit losses based on management’s evaluation of historical experience, aging, current conditions, and other relevant factors.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Routine maintenance, repairs, and renewals are charged to expenses. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. The Company’s capitalization threshold is \$500. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Life</u>
Furniture and fixtures	5 to 20 years
Leasehold improvements	7 to 40 years
Vehicles	5 years

Income Taxes

The Company is a wholly owned qualified subchapter S corporation subsidiary and as such the Company does not pay federal or state corporate income taxes on its taxable income. The shareholders of the parent are liable for the income taxes on their respective shares of the Company’s taxable income. Accordingly, no provision for income taxes is included in the forecasted financial statements.

**WHITAKER GLEN, INC.**  
**Summary of Significant Forecast Assumptions & Accounting Policies**

2. SUMMARY OF SIGNIFICANT ASSUMPTIONS

Property and Equipment

In 2023, the Company announced a renovation and expansion of its independent living facility. The planned construction and redevelopment includes 340 units and beds and the renovation of 93 existing units. The overall projected construction cost is \$385 million, which includes five phases and an anticipated completion date of Winter 2029.

Entrance Fees, Debentures and Deposits

The amount of entrance fees, debentures and deposits can vary year-to-year at year-end in response to apartment vacancies, turnover, the timing of resident move-ins, and the phased delivery of renovated and expanded units. The forecasted balances at December 31, 2026, and each subsequent year-end are based on forecasted occupancy, turnover rates, projected entrance fee pricing, and contract timing for residents moving to the community.

The entrance fee structure includes partially refundable and nonrefundable components. For forecast purposes, incoming resident contracts are assumed to reflect the current mix of available entrance fee plan options. The refundable portion of entrance fees is reduced ratably over a 25-month period, depending on the resident's elected plan, and the reduction is recognized as income in the forecasted statements of income. Refund activity is modeled based on projected turnover and expected refund timing.

Due to Related Parties

Due to related parties represents balances generated from transactions with affiliates. The changes in this balance are related to the Company's net cash flows.

Facility Utilization

Forecasted occupancy and the related revenue are based on the following occupancy for the years ending December 2026 through 2030: 87%, 98%, 74%, 79%, and 93%. Historically, occupancy has been as follows:

2025	60.9%
2024	56.0%
2023	60.0%
2022	59.0%
2021	69.0%
2020	76.0%

## WHITAKER GLEN, INC.

### Summary of Significant Forecast Assumptions & Accounting Policies

Forecasted occupancy varies by year based on the timing of phased redevelopment, unit availability, expected resident turnover, and fill-up assumptions for renovated and expanded units.

#### Contract Revenues

Monthly service fees revenue, debenture revenue, and gain on investments leveraged a third-party prepared financial model for the future construction projects.

Other income is forecasted to increase by 3% per year and the financial model.

#### Cost and Expenses

Cost and expenses forecast is based on a 3% annual inflation factor on actual operating expenses over the past year for health care expenses, utilities, insurance, employee benefits and advertising costs. Dietary, resident activities, operations expenses, depreciation and amortization, interest expenses, and fees for management related services forecast leveraged the financial model.

Rent expense for the independent living property and equipment is set at \$1,207,925 for the year ending 2026. Rent is forecasted to increase 3% per year. Mayview is closed for construction and no related rent is forecasted.

A fee for management related services of 6.01% of total revenue less health care income is forecasted for each year of the forecast.

### 3. STATUTORY OPERATING RESERVE

Under the rules and regulations of the Department of Insurance of North Carolina, the Company is required to maintain statutory operating reserves ranging from 25% to 50% of forecasted annual operating costs, depending on forecasted occupancy levels. The statutory operating reserve is calculated using forecasted operating expenses, adjusted for depreciation and amortization and scheduled principal payments on long-term debt, as reflected in the Company's reserve support schedule. Based on the forecast, required statutory operating reserves for the years ending December 31, 2026 through 2030 are approximately \$3,148,992, \$2,200,288, \$12,954,486, \$24,204,231, and \$13,221,592, respectively.

## **WHITAKER GLEN, INC.**

### **Summary of Significant Forecast Assumptions & Accounting Policies**

#### **4. ACCOUNTING FOR LEASES**

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, Leases Accounting (Topic ASC 842) is effective for years beginning after December 15, 2021. ASU 2016-02 requires entities with leases to recognize right of use assets and lease liabilities, and to record amortization of the right of use asset(s) over the life of the lease(s). The Company adopted ASU 2016-02, Leases Accounting (Topic ASC 842) on July 1, 2022. Per the guidance, the current lease does not meet the ASC842 requirements due to the owner of the company is on both lessor and lessee side. Thus, the leases are expensed in income statement and no lease liability is presented to balance sheet.

THE OAKS AT WHITAKER GLEN, a  
SENIOR LIFESTYLE COMMUNITY

RESIDENCE AND SERVICES AGREEMENT (EXPANSION UNITS)

THIS RESIDENCE AND SERVICES AGREEMENT (this "Agreement"), made and entered into as of \_\_\_\_\_ by and between WHITAKER GLEN, INC. (d/b/a The Oaks at Whitaker Glen), a North Carolina corporation, (hereinafter referred to alternately as "Whitaker Glen" or "The Oaks at Whitaker Glen"), and

\_\_\_\_\_ (hereinafter referred to as the "Resident").

Whitaker Glen is a corporation organized for the purpose of providing housing and services for people of retirement age, and for those purposes operates a senior lifestyle community in Raleigh, North Carolina known as "The Oaks at Whitaker Glen" or otherwise herein as the "Lifestyle Community".

In consideration of the Resident's promise to perform the obligations under this Agreement and the simultaneous execution of the Whitaker Glen Entrance Fee Agreement, Whitaker Glen agrees to provide the Resident with the accommodations and services at The Oaks at Whitaker Glen, subject to the terms and conditions of this Agreement. The effective date of residence will be established at a later time. The approximate date that occupancy is anticipated to be on or around \_\_\_\_\_. The Resident will be notified

at least thirty (30) days prior to the actual date occupancy will be available and shall occupy the unit no later than the date that is thirty (30) days following availability (the "Occupancy Period"). Within five (5) days after the receipt of such notice, the Resident must elect to occupy the unit by end of the Occupancy Period or defer occupancy. Deferral will not otherwise change the obligations of the Resident or of Whitaker Glen, provided that, in the event the Resident defers move-in beyond the Occupancy Period, (i) any unpaid Entrance Fee deposit balances shall be due at the end of the Occupancy Period, (ii) Resident shall be responsible for the Monthly Service Fee, Initiation Fee, and any other recurring charges hereunder as of the end of the Occupancy Period, and (iii) deferral may result in surrender of the floor plan requested in this Agreement, subject to availability. The Resident will maintain his or her priority position on the waiting list during the deferral period. Upon his or her later request for occupancy, the Resident will be furnished a similar unit when it becomes available based on his priority on the Whitaker Glen waiting list.

Whitaker Glen and the Resident further agree as follows:

Accommodations and Services

(a) Residence. Subject to the provisions of this Agreement, the Resident will have the personal, nonassignable right to reside

in [insert floor plan or unit description] (hereinafter referred to as the "Residential Unit"), for the term of this Agreement.

(b) Utilities. Whitaker Glen will furnish water and sewage service, electricity, heat, air-conditioning, basic local telephone service, the use of a television receiving system and internet service. The Resident will pay for additional telephone service and, if available, optional television programming.

(c) Security. The Resident's Residential Unit will be equipped with a sprinkler system, automatic smoke and fire alarm system and a call system. Personnel will be available to respond to security and emergency calls at all times.

(d) Activities. Whitaker Glen will provide a program of recreation, craft and hobby opportunities, library facilities, and social activities which will be designed to meet the physical, social, and psychological needs of its residents for intellectual stimulation and companionship. Scheduled transportation to selected, commonly used facilities will be provided by Whitaker Glen.

(e) Furnishings. The Resident's Residential Unit will be provided with window coverings, stove, dishwasher, side-by-side refrigerator/freezer, washer and dryer and, at Resident's election, either wall-to-wall carpeting or plank flooring. The Resident will

provide all other furnishings and furniture which are desired in the Residential Unit. Whitaker Glen will provide furnishings and furniture for common facilities.

(f) Housekeeping. Whitaker Glen will provide weekly housekeeping services. Additional housekeeping services are available upon request in accordance with subsection (m) below.

(g) Trash Removal. Whitaker Glen will provide appropriate facilities for the Resident to dispose of trash.

(h) Maintenance and Repairs. Whitaker Glen will perform the necessary repairs, maintenance, and replacement of its property and equipment. Repairs, maintenance, and replacement of the Resident's personal property will be the responsibility of the Resident. Minor repairs to the Resident's personal property may be provided at the Resident's expense by Whitaker Glen personnel depending on their availability. Throughout the term of this Agreement, the Resident will maintain the Residential Unit in a clean, sanitary, and orderly condition.

(i) Alterations. Any structural or physical change of any kind within the Residential Unit, including optional building features and any redecoration other than as scheduled by Whitaker Glen, will be made only after approval by Whitaker Glen. The cost of any change made or requested by the Resident and, at Whitaker

Glen's election, the cost of any future removal of the change(s) and restoration of the Residential Unit to its condition existing prior to Resident's occupancy will be borne solely by the Resident unless otherwise agreed in writing. The ownership of the change or improvement will be vested in Whitaker Glen.

(j) Common Facilities. Whitaker Glen will maintain common areas, such as the atriums, assembly areas, dining areas, library, craft room, recreational facilities, elevators, stairways, hallways and passageways in a clean, safe and attractive manner at all times for the use and benefit of all Residents. Whitaker Glen will also furnish grounds keeping service including lawn, tree, and shrubbery care and will maintain all interior plants and plantings in common areas.

(k) Parking. Whitaker Glen will provide parking areas in accordance with the requirements of the City of Raleigh and the overall development plan for The Oaks at Whitaker Glen.

(l) Meal Plan. Whitaker Glen will establish a meal plan account for the Residential Unit. Each month the Residential Unit is occupied, Whitaker Glen will credit \$500.00 (the "Meal Plan Credit") to the meal plan account. The Meal Plan Credit will be for the Resident's use in the dining room, café, or university club during the month in which it is issued. Any portion of the Meal

Plan Credit remaining after the end of the month will be forfeited and no longer available for use.

(m) Optional Services. Whitaker Glen offers optional services for meals, additional housekeeping, dry cleaning, and personal needs such as beauty shop, trips, fitness program, and craft supplies. In addition, Whitaker Glen will assist the Resident in seeking to obtain any service which is needed or desired by the Resident and is not specifically provided under this Agreement. Whitaker Glen shall have no responsibility for the services provided by third parties which are not affiliates of Whitaker Glen or any fees related thereto and, at Whitaker Glen's election, any such third parties may be required to provide proof of insurance and submit to a background check at the third parties' sole cost and expense.

#### Financial Considerations

(a) Initiation Fee. An Initiation Fee in the amount of \$\_\_\_\_\_ shall be payable to Whitaker Glen by the Resident. Any refundable deposit made during the application process shall be applied toward payment of the Initiation Fee and the amount payable by the Resident pursuant to the Entrance Fee Agreement executed simultaneously herewith. The Initiation Fee shall become non-

refundable ninety (90) days after the Resident's occupancy of the Residential Unit.

(b) Entrance Fee Agreement. As previously mentioned, the Resident will execute a Whitaker Glen Entrance Fee Agreement simultaneously with the execution of this Agreement, and both the Resident and Whitaker Glen will comply with the terms and provisions of such agreement. Pursuant to the terms of the Entrance Fee Agreement, the Resident will pay an entrance fee (hereinafter referred to as the "Entrance Fee") and will receive a Nonnegotiable Note (the "Note") issued by Whitaker Glen. The proceeds of the Note, as well as the proceeds of other notes issued by Whitaker Glen in exchange for payment of Entrance Fees, shall be utilized only for expenses incurred incident to the construction, furnishing, and operation of the Lifestyle Community. Such notes, including that issued to the Resident, shall be secured by a deed of trust upon the interest of the Grantors in the land and improvements comprising the Lifestyle Community.

The Note shall be a debt obligation of Whitaker Glen secured as aforementioned, and with the exception of such security, the rights granted thereunder shall not include a proprietary or other interest in the business, assets and properties of Whitaker Glen.

(c) Monthly Service Fee. The Monthly Service Fee for the Residential Unit and the number of occupants covered by this Agreement is payable prior to occupancy and on the first day of each month thereafter. Whitaker Glen will operate consistent with sound financial practices and maintain quality care and services. It is agreed that the Resident's Monthly Service Fee may be increased or decreased by Whitaker Glen if required by the costs of operation. In determining any change in the Monthly Service Fee, Whitaker Glen will consider, among other things, changes in operating costs and the cost of living. No increase in the Monthly Service Fee will take effect earlier than thirty (30) days after written notice of the change is given to the Resident, and the Resident agrees to pay the Monthly Service Fee should it be adjusted. No fee reduction will be made in the event the Resident is voluntarily absent from the Whitaker Glen facility. The Monthly Service Fee in effect on the date of this Agreement for the Residential Unit and number of occupants covered by this Agreement is \$\_\_\_\_\_.

(d) Extra Charges. The Resident will be invoiced by Whitaker Glen for optional services, special services, or supplies obtained for and furnished to the Resident which are not provided pursuant to this Agreement.

(e) Monthly Statements. Whitaker Glen will furnish the Resident with a monthly statement showing the amount due for the Monthly Service Fee and any other sums which are chargeable to the Resident. The balance shown on the monthly statement is due on the first day of each month and must be paid no later than the fifth day of the respective month.

(f) Failure to Make Payment. If the Resident fails to pay the Monthly Service Fee or other charges as required, Whitaker Glen will provide a second statement ten (10) days following the due date of the original monthly statement. The second statement will be accompanied by written notice that payment of the previously outstanding balance and any new outstanding balance must be made within fifteen (15) days or Whitaker Glen may terminate this Agreement and the Resident's occupancy of the Residential Unit.

(g) Financial Assistance. It is understood by the parties that the Resident has sufficient assets at the present time to meet expected costs of subsistence and services under this Agreement. Without in any way qualifying the right of Whitaker Glen to terminate this Agreement, it is the declared policy of Whitaker Glen that every effort will be made to prevent termination of this Agreement solely because of the Resident's inability to pay the Monthly Service Fee and any other sums due Whitaker Glen due to

circumstances beyond the Resident's control. Whitaker Glen, at its sole option, may structure an agreement with the Resident addressing that individual's financial situation.

(h) Financial Statement. If at any time Whitaker Glen feels it necessary to request a financial statement or other financial information from the Resident, the Resident agrees to provide such information to Whitaker Glen within ten (10) calendar days following such request.

#### Resident Health

(a) Infirmary. Whitaker Glen agrees to offer care for Residents with minor ailments or injuries, counseling, and routine physical evaluations via its affiliate home care providers for a fee. Accordingly, Whitaker Glen reserves the right to require that file certain medical information with the infirmary at occupancy and keep the information current.

(b) Health Care Center and Off-Hours Calls. Call systems available in the residential units will be monitored at all times when Whitaker Glen personnel are not available by either Enhanced Living personnel (CNAs) or, following completion, campus Skilled Nursing and Assisted Living Facility (the "Health Care Centers") personnel. Such personnel will respond to the "off-hours" emergency needs of the residents of Whitaker Glen. Should emergency procedures

be performed on the Resident, he or she hereby forever absolves, releases, and discharges, as applicable, Whitaker Glen, the Health Care Centers and their affiliates, officers, employees, and directors, and all persons on their staffs (including Enhanced Living personnel) who are in any way directly or indirectly connected with such procedures from any and all liability with respect thereto. Upon determination that inpatient nursing services are required, Whitaker Glen Residents will be admitted to a Health Care Center or other PruittHealth affiliated skilled nursing facility, including those identified on Exhibit A hereto (each an "Affiliated Facility") if they meet the requirements for admission and an appropriate bed is available. All admissions as inpatients to a Health Care Center or Affiliated Facility must be requested by a physician and in accordance with the procedures of the relevant Health Care Center. During inpatient stays in a Health Care Center or Affiliated Facility, the Resident shall pay for occupancy, care and services at rates customarily charged by the Health Care Center. Upon Permanent Transfer (as hereinafter defined) to a Health Care Center or Affiliated Facility, the Resident shall no longer be responsible for payment of the Monthly Service Fee and the Agreement shall terminate as hereafter provided. Prior to completion of Health Care Center construction, Whitaker Glen will continue to

arrange for the provision of certain Health Care Center services on an uninterrupted basis via those certain Affiliated Facilities known as (i) PruittHealth - Raleigh located at 2420 Lake Wheeler Road, Raleigh, NC 27603, (ii) PruittHealth - Carolina Point located at 5935 Mt Sinai Rd, Durham, NC 27705, (iii) PruittHealth - Durham located at 3100 Erwin Rd, Durham, NC 27705, and (iv) any other centers as required.

(c) Medical Director. Following completion of the Health Care Centers, Whitaker Glen will engage a physician duly licensed in the State of North Carolina (the "Medical Director") who will assist the staff at Whitaker Glen in evaluating a Resident's ability to live independently in accordance with this Agreement.

(d) Comprehensive Health Care Program. A major illness could have a potentially catastrophic financial impact on a Resident. All Residents eligible for Medicare Hospital Insurance (Part A) and Medicare Medical Insurance (Part B) shall be required to maintain such coverage. In addition to such coverage, all Residents must obtain and maintain Medicare Supplemental Insurance satisfactory to Whitaker Glen. Residents not eligible for Medicare and Medicare Supplemental Insurance must obtain other comparable medical insurance coverage satisfactory to Whitaker Glen. The aforementioned insurance coverage constitutes a comprehensive

health care program and within applicable limitations should generally cover: physician fees, hospital care, fees of surgeons and other specialists, diagnostic tests and procedures, therapy, durable medical equipment and home health visits. Residents who choose Medicare Supplemental Insurance with coverage more comprehensive than that required by Whitaker Glen may add additional coverage for the cost of outpatient drugs, coverage outside the United States, and other benefits.

(e) Permanent Transfer. If the Resident's physical or mental condition deteriorates so that it precludes the Resident's ability to live independently or if the Resident cannot live in the Residential Unit without endangering himself or others, Whitaker Glen may, in the sole discretion of its Executive Director, require transfer of the Resident, at the Resident's expense, to a more protective accommodation which is able to provide for the Resident's safety and appropriate care. In the event the Executive Director requires such a transfer, including for Resident's refusal or inability to secure services to maintain safety either through Whitaker Glen's Enhanced Living Program or a third-party agency, Whitaker Glen shall make commercially reasonable efforts to transfer Resident to a Health Care Center or Affiliated Facility, subject to Resident's choice of providers.

If a diagnosis is confirmed that in reasonable medical probability the Resident's condition is irreversible and there is negligible possibility of recovery that would permit independent living, Whitaker Glen may assign the Residential Unit to another individual. If the Resident should recover to the point that independent living is again possible, the Resident will have priority for accommodations at Whitaker Glen as they become available. The Resident will bear the cost of moving and storing personal belongings in the event of such transfer. Whitaker Glen will consult the Resident or his or her responsible party as well as the Resident's physician regarding transfer decisions.

#### Residence By Two Individuals

(a) Application. If two individuals sign this Agreement as Resident, the accommodations and services will be provided to both of them, and the cost of residence and services shall apply to both. The two individuals will be jointly and severally responsible for the payment of the Monthly Service Fee and additional charges, and the word "Resident" herein applies to both of them, as well as either of them, unless the context clearly requires otherwise. If two individuals execute this Agreement as Resident, a termination of the Agreement by one of them will not affect the continuation of this Agreement with the other.

(b) Sharing Occupancy. If the single occupant of the Residential Unit wishes to invite a non-resident to share the Residential Unit, the non-resident occupant must follow the application procedure then utilized by Whitaker Glen and both must execute a Residence and Services Agreement. With the exception of short-term visitors and guests, no person other than the Resident may occupy the Residential Unit covered by this Agreement.

Obligations of the Resident

(a) Adherence to Policies. Upon occupancy of the Residential Unit, the Resident will abide by the administrative policies and procedures for the operation and management of Whitaker Glen and such amendments, modifications or changes of those policies and procedures, as may be from time to time established by Whitaker Glen. The Resident agrees to follow and abide by these administrative policies, which are designed for the comfort, safety, and security of all the residents of The Oaks at Whitaker Glen. The Resident will be furnished a copy of current administrative policies and procedures upon taking occupancy. Whitaker Glen reserves the right to terminate this Agreement, and the Resident's occupancy hereunder, for cause in the event the Resident fails to follow the aforementioned policies and procedures. Such policies and procedures are incorporated into this

Agreement by reference and may be amended by Whitaker Glen from time to time.

(b) Liability for Debts. Whitaker Glen shall not be liable or responsible for any expense, debt, or obligation of any nature or any kind incurred or contracted by the Resident, and it shall not be obligated to furnish, supply, or provide the Resident support, maintenance, board or lodging when the Resident is absent from Whitaker Glen.

(c) Intentional Misconduct. The Resident agrees to pay or reimburse Whitaker Glen for any loss or damage suffered by Whitaker Glen as the result of the negligence or misconduct of the Resident. Whitaker Glen assumes no responsibility for any injury or damage to property resulting from such negligence or misconduct.

(d) Power of Attorney. Whitaker Glen reserves the right to deny admission in the event Resident declines to select and empower an attorney-in-fact prior to residency at Whitaker Glen and continuously maintain a comprehensive durable power of attorney executed in a form suitable for recordation in the office of the Register of Deeds. If applicable, a copy of the Resident's current Power of Attorney will be on file with Whitaker Glen at all times.

(e) Last Will and Testament. Whitaker Glen reserves the right to deny admission in the event, prior to becoming a resident of

Whitaker Glen, the Resident declines to provide in his Last Will and Testament, for the final disposition of all furniture and possessions located at The Oaks at Whitaker Glen and for burial and payment of funeral expenses. If Resident provides a Will, the Resident must keep the Will accurate and complete during residency. Upon occupancy, the Resident also agrees to provide Whitaker Glen pertinent data related to the above matters and to keep this information current.

(f) Personal Physician. The Resident agrees to select and maintain a personal physician licensed to practice medicine in North Carolina. The Resident's physician must be available to discuss the Resident's condition, transfer decisions, and ability to live independently in accordance with this Agreement.

#### Term of this Agreement

(a) Withdrawal Within the 30 Day Right of Rescission Period. The Resident may rescind this Agreement within thirty (30) days following execution.

(b) Termination Prior to Occupancy. The Resident may terminate this Agreement prior to occupancy of the Residential Unit by giving notice in writing to Whitaker Glen. If the Resident is unable to occupy the Residential Unit due to death, illness, injury, or incapacity (individually and collectively, "Cause"), this

Agreement shall terminate and be automatically canceled. Except in the event of a termination for Cause, Resident shall not be eligible for a refund of any deposits made under the Entrance Fee Agreement following termination under this subsection (b) or subsection (a) above.

(c) Trial Period. The first ninety (90) days of the Resident's occupancy will be on a trial basis. During this 90-day period, Whitaker Glen shall have the right to terminate this Agreement and the Resident's occupancy based upon its judgment that either the Resident's physical condition or emotional adjustment will not permit satisfactory residency at Whitaker Glen.

(d) Residence in Excess of Ninety Days. Subsequent to the aforementioned 90-day period, this Agreement shall be terminated only pursuant to the following subparagraphs (e), (f), (g), and (h).

(e) Death of Resident. This Agreement shall terminate upon the death of the Resident. In the event that two (2) individuals have executed this Agreement as the Resident, this Agreement shall terminate upon the death of the survivor of such individuals.

(f) Termination by Whitaker Glen. Whitaker Glen may terminate this Agreement and the Resident's occupancy of the Residential Unit if the Resident fails to make a payment to Whitaker

Glen required under this Agreement, and Whitaker Glen gives the notice required. In addition, Whitaker Glen may terminate this Agreement upon a determination by the Executive Director that (i) there has been a change in the physical or mental condition of the Resident which renders the Resident incapable of living independently in the Residential Unit, and the Resident does not move to the Health Care Center or an Affiliated Facility, or (ii) the Resident has developed a contagious disease deemed hazardous to others by the Executive Director. All such decisions by the Executive Director shall be in his or her sole discretion. Whitaker Glen may also terminate this Agreement for cause as previously provided or in the event that the Resident fails to comply with any of the terms and provisions of this Agreement.

(g) Termination by Resident. Following occupancy of the Residential Unit, Resident may terminate this Agreement at any time by providing Whitaker Glen with ninety (90) days prior written notice. During the ninety (90) day notice period, the Resident shall remain responsible for the payment of the Monthly Service Fee as it becomes due. If the Resident gives written notice of termination within the initial ninety (90) days of occupancy at Whitaker Glen, the Initiation Fee shall be refunded.

(h) Permanent Transfer to the Health Care Center or an Affiliated Facility. This Agreement shall terminate upon the Permanent Transfer to a Health Care Center, Affiliated Facility, or third-party facility and the removal of all personal belongings from the Residential Unit. "Permanent Transfer" shall mean the earlier to occur of (i) the sixty-first (61<sup>st</sup>) day of occupancy at the Health Care Center or Affiliated Facility or (ii) death or removal from the Health Care Center or Affiliated Facility sooner than the sixty-first (61<sup>st</sup>) day of occupancy.

(i) Condition of Residential Unit. Upon the termination of this Agreement, the Resident will vacate the Residential Unit and will leave it in good condition excepting only ordinary wear and tear. The Resident shall be liable to Whitaker Glen for any costs incurred in restoring the Residential Unit to such condition.

(j) Obligation of Whitaker Glen. Upon termination of this Agreement and upon compliance with the provisions of the Entrance Fee Agreement executed by the parties simultaneously with this Agreement, Whitaker Glen shall have no further obligation to the Resident, his or her heirs, successors, personal representatives, or assigns, and the Resident shall have no further right to occupy the Residential Unit.

## Entrance Fee Refund

(a) Entrance Fee. As evidenced by the execution of the Entrance Fee Agreement, the Resident agrees to pay an Entrance Fee in the total amount specified in the Entrance Fee Agreement. Refunds of refundable entrance fees are limited to reoccupancy proceeds.

(b) Legacy Plan. A Resident choosing the Legacy Plan will have the Entrance Fee Refund reduced according to the schedule in the following subparagraph (c).

(c) Legacy Plan Reduction Schedule. Beginning the first day of the month following the month in which the resident initially occupies the Residential Unit, the amount owed to the Applicant under the Agreement and the Note will be reduced by one percent (1.0 %) of the original Note amount for each month or partial month the unit is occupied by the resident but not more than twenty-five (25) months and not to exceed a reduction of more than twenty-five percent (25%) of the original amount owed under the Agreement. **As an example only to illustrate application of this provision**, if the amount owed a resident under the resident's Agreement is Five Hundred Thousand Dollars (\$500,000.00), then the reduction each month in the amount owed under the Agreement would be Five Thousand Dollars (\$5,000.00); ( $\$500,000.00 \times 1.0\% = \$5,000.00$ ). The monthly reduction of \$5,000.00 would continue to be applied for each month

or partial month the unit is occupied by the resident up to a total of 25 months or until the original amount owed under the Agreement had been reduced 25% or One Hundred Twenty-Five Thousand Dollars (\$125,000.00), whichever occurred first. In the example given above, the twenty-five months would equal exactly One Hundred Twenty-Five Thousand Dollars (\$125,000.00) and would also be equal to 25% of the original amount owed so the monthly reduction would stop after the 25th month. **The remaining balance owed to the Applicant under the Agreement and the Note would then be \$375,000.00.**

(d) Heritage Plan. A Resident choosing the Heritage Plan will have the Entrance Fee Refund reduced according to the schedule in the following subparagraph (e).

(e) Heritage Plan Reduction Schedule. Beginning the first day of the month following the month in which the Resident initially occupies the Residential Unit, the amount owed to the Resident under the Entrance Fee Agreement and the Note will be reduced by two percent (2.0 %) of the original Note amount for each month or partial month the unit is occupied by the Resident but not more than twenty-five (25) months and not to exceed a reduction of more than fifty percent (50%) of the original amount owed under the Entrance Fee Agreement. **As an example only to illustrate application of this provision,** if the amount owed a Resident under the

Resident's Entrance Fee Agreement is Five Hundred Thousand Dollars (\$500,000.00), then the reduction each month in the amount owed under the Entrance Fee Agreement would be Ten Thousand Dollars (\$10,000.00); ( $\$500,000.00 \times 2.0\% = \$10,000.00$ ). The monthly reduction of \$10,000.00 would continue to be applied for each month or partial month the unit is occupied by the Resident up to a total of 25 months or until the original amount owed under the Entrance Fee Agreement had been reduced 50% or Two Hundred Fifty Thousand Dollars (\$250,000.00), whichever occurred first. In the example given above, the twenty-five months would equal exactly Two Hundred Fifty Thousand Dollars (\$250,000.00) and would also be equal to 50% of the original amount owed so the monthly reduction would stop after the 25th month. **The remaining balance owed to the Resident under the Entrance Fee Agreement and the Note would then be \$250,000.00.**

(f) Lineage Plan. A Resident choosing the Lineage Plan will have the Entrance Fee Refund reduced according to the schedule in the following subparagraph (g).

(g) Lineage Plan Reduction Schedule. Beginning the first day of the month following the month in which the Resident initially occupies the Residential Unit, the amount owed to the Resident under the Entrance Fee Agreement and the Note will be reduced by four

percent (4.0%) of the original Note amount for each month or partial month the unit is occupied by the Resident over a twenty-five (25) month period until the original amount owed under the Entrance Fee Agreement is reduced to 0%. **As an example only to illustrate application of this provision,** if the amount owed a Resident under the Resident's Entrance Fee Agreement is Five Hundred Thousand Dollars (\$500,000.00), then the reduction each month in the amount owed under the Entrance Fee Agreement would be Twenty Thousand Dollars (\$20,000.00); ( $\$500,000.00 \times 4.0\% = \$20,000.00$ ). The monthly reduction of \$20,000.00 would continue to be applied for each month or partial month the unit is occupied by the Resident up to a total of 25 months or until the original amount owed under the Entrance Fee Agreement had been reduced to 0%. **After the 25<sup>th</sup> month, the remaining balance owed to the Resident under the Entrance Fee Agreement and the Note would be \$0.**

(h) Reduction of Refund. In addition to the reduction schedules set forth above, any Entrance Fee Refund due to the Resident shall be subject to the deduction of charges due and payable to Whitaker Glen.

#### Miscellaneous

(a) Disclosure Statement. By signing this Agreement, the Resident acknowledges the prior receipt of a current disclosure

statement as required by North Carolina General Statutes Chapter 58, Article 64.

(b) Affiliations. Whitaker Glen is not affiliated with a religious, charitable, or other non-profit organization.

(c) Personal Nature of Rights and Privileges. The rights and privileges of the Resident under this Agreement to living accommodations, facilities, and services are personal to the Resident and cannot be transferred or assigned by any action on the part of the Resident, by any proceeding at law, or otherwise.

(d) Limitations. The rights of the Resident are the rights and privileges expressly granted in this Agreement and the Entrance Fee Agreement and, except as provided therein, do not include any proprietary interest in the properties, business, or assets of Whitaker Glen. The Resident agrees that his or her rights under this Agreement shall at all times be subordinate to any obligations of Whitaker Glen pertaining to the property of Whitaker Glen, and the Resident further agrees to execute, acknowledge, and deliver any subordination agreement as may be required in order to establish the priorities of such obligation as a lien or liens against the property of Whitaker Glen.

(e) Personal Belongings. Whitaker Glen shall not be responsible for the loss of or damage to, any property belonging to

the Resident due to theft, mysterious disappearance, fire, or any other cause. It is expressly agreed that the Resident will provide at his or her expense insurance protection covering any loss or damage to his or her personal property. Whitaker Glen shall have the right to promptly remove all personal property from the Residential Unit of the Resident who is deceased, or whose accommodations have been released for occupancy by others, or whose Residence and Services Agreement has been terminated and to store the same. The Resident or his or her estate will be obligated for the payment of charges related to such storage and will reimburse Whitaker Glen for expenses which it incurs under this paragraph.

(f) Regulatory Agencies. Notwithstanding any other provision of this Agreement, Whitaker Glen shall have the right to modify the Residential Unit of the Resident to meet the requirements of law or the regulations of a Fire Department, Public Health Department, or other duly constituted authority or agency.

(g) Rights of Management. The absolute right of management of The Oaks at Whitaker Glen is reserved to Whitaker Glen, its Board of Directors, and its officers as delegated by such Board of Directors. Whitaker Glen reserves the right to accept or reject any person for residency.

(h) Right of Entry. Duly authorized employees of Whitaker Glen shall have the right to enter the Residential Unit at any reasonable time for management, maintenance, or emergency purposes.

(i) Waiver of Breach. The failure of Whitaker Glen in any one or more instances to insist upon the strict performance, observance, or compliance by the Resident with any of the terms or provisions of this Agreement, or its waiver of the breach by the Resident of any term or provision of this Agreement shall not be construed to be a waiver or relinquishment by Whitaker Glen of its right to insist upon strict compliance by the Resident with all of the terms and provisions of this Agreement.

(j) Entire Contract. This Agreement and the Entrance Fee Agreement executed simultaneously herewith constitute the entire contract between Whitaker Glen and the Resident. Whitaker Glen is not liable for nor bound in any manner by any statements, representations, or promises made by any person representing or purporting to represent Whitaker Glen, unless such statements, representations, or promises are set forth in this Agreement or the Entrance Fee Agreement.

(k) Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Whitaker Glen, and the

heirs, personal representatives, successors, and assigns of the Resident.

(l) Gender. As used herein, the masculine gender shall include the feminine, the feminine shall include the masculine, and the singular shall include the plural, as the use and context require.

(m) Further Agreement. Any further agreement between the parties is set forth in Exhibit B attached hereto, which has been executed by both the Resident and Whitaker Glen. If an Exhibit B is not attached hereto and so executed, there is no further agreement between Whitaker Glen and the Resident except as expressed herein and in the Entrance Fee Agreement.

*[Signatures on following page]*

IN WITNESS WHEREOF, the Resident has hereunto affixed his or her hand and seal to this Agreement, and Whitaker Glen has caused this instrument to be executed by its duly authorized officer and its corporate seal to be affixed below, all on the day and year first above written.

WITNESS:

RESIDENT:

\_\_\_\_\_

\_\_\_\_\_ (SEAL)

\_\_\_\_\_

\_\_\_\_\_ (SEAL)

WHITAKER GLEN, INC.

By \_\_\_\_\_  
Chairman and CEO

Exhibit A

Affiliated Facilities

PruittHealth - Carolina Point  
PruittHealth - Durham  
PruittHealth - Elkin  
PruittHealth - Farmville  
PruittHealth - Neuse  
PruittHealth - Raleigh  
PruittHealth - Rockingham  
PruittHealth - Sea Level  
PruittHealth - Town Center  
PruittHealth - Trent  
PruittHealth - Union Pointe  
The Oaks - Brevard

THE OAKS AT WHITAKER GLEN, a  
SENIOR LIFESTYLE COMMUNITY

RESIDENCE AND SERVICES AGREEMENT (EXISTING UNITS)

THIS RESIDENCE AND SERVICES AGREEMENT (this "Agreement"), made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between WHITAKER GLEN, INC. (d/b/a The Oaks at Whitaker Glen), a North Carolina corporation, (hereinafter referred to alternately as "Whitaker Glen" or "The Oaks at Whitaker Glen"), and

\_\_\_\_\_ (hereinafter referred to as the "Resident").

Whitaker Glen is a corporation organized for the purpose of providing housing and services for people of retirement age, and for those purposes operates a senior lifestyle community in Raleigh, North Carolina known as "The Oaks at Whitaker Glen" or otherwise herein as the "Lifestyle Community".

In consideration of the Resident's promise to perform the obligations under this Agreement and the simultaneous execution of the Whitaker Glen Entrance Fee Agreement, Whitaker Glen agrees to provide the Resident with the accommodations and services at The Oaks at Whitaker Glen, subject to the terms and conditions of this Agreement. The effective date of residence will be established at a later time. The approximate date that occupancy is anticipated to be on or around \_\_\_\_\_. The Resident will be notified

at least thirty (30) days prior to the actual date occupancy will be available and shall occupy the unit no later than the date that is thirty (30) days following availability (the "Occupancy Period"). Within five (5) days after the receipt of such notice, the Resident must elect to occupy the unit by end of the Occupancy Period or defer occupancy. Deferral will not otherwise change the obligations of the Resident or of Whitaker Glen, provided that, in the event the Resident defers move-in beyond the Occupancy Period, (i) any unpaid Entrance Fee deposit balances shall be due at the end of the Occupancy Period, (ii) Resident shall be responsible for the Monthly Service Fee, Initiation Fee, and any other recurring charges hereunder as of the end of the Occupancy Period, and (iii) deferral may result in surrender of the floor plan requested in this Agreement, subject to availability. The Resident will maintain his or her priority position on the waiting list during the deferral period. Upon his or her later request for occupancy, the Resident will be furnished a similar unit when it becomes available based on his priority on the Whitaker Glen waiting list.

Whitaker Glen and the Resident further agree as follows:

Accommodations and Services

(a) Residence. Subject to the provisions of this Agreement, the Resident will have the personal, nonassignable right to reside

in [Residential Unit \_\_\_\_\_] (hereinafter referred to as the "Residential Unit"), as shown on the plan of The Oaks at Whitaker Glen, for the term of this Agreement.

(b) Utilities. Whitaker Glen will furnish water and sewage service, electricity, heat, air-conditioning, basic local telephone service, the use of a television receiving system and internet service. The Resident will pay for additional telephone service and, if available, optional television programming.

(c) Security. The Resident's Residential Unit will be equipped with a sprinkler system, automatic smoke and fire alarm system and a call system. Personnel will be available to respond to security and emergency calls at all times.

(d) Activities. Whitaker Glen will provide a program of recreation, craft and hobby opportunities, library facilities, and social activities which will be designed to meet the physical, social, and psychological needs of its residents for intellectual stimulation and companionship. Scheduled transportation to selected, commonly used facilities will be provided by Whitaker Glen.

(e) Furnishings. The Resident's Residential Unit will be provided with window coverings, stove, dishwasher, side-by-side refrigerator/freezer, washer and dryer and, at Resident's election,

either wall-to-wall carpeting or plank flooring. The Resident will provide all other furnishings and furniture which are desired in the Residential Unit. Whitaker Glen will provide furnishings and furniture for common facilities.

(f) Housekeeping. Whitaker Glen will provide weekly housekeeping services. Additional housekeeping services are available upon request in accordance with subsection (m) below.

(g) Trash Removal. Whitaker Glen will provide appropriate facilities for the Resident to dispose of trash.

(h) Maintenance and Repairs. Whitaker Glen will perform the necessary repairs, maintenance, and replacement of its property and equipment. Repairs, maintenance, and replacement of the Resident's personal property will be the responsibility of the Resident. Minor repairs to the Resident's personal property may be provided at the Resident's expense by Whitaker Glen personnel depending on their availability. Throughout the term of this Agreement, the Resident will maintain the Residential Unit in a clean, sanitary, and orderly condition.

(i) Alterations. Any structural or physical change of any kind within the Residential Unit, including optional building features and any redecoration other than as scheduled by Whitaker Glen, will be made only after approval by Whitaker Glen. The cost

of any change made or requested by the Resident and, at Whitaker Glen's election, the cost of any future removal of the change(s) and restoration of the Residential Unit to its condition existing prior to Resident's occupancy will be borne solely by the Resident unless otherwise agreed in writing. The ownership of the change or improvement will be vested in Whitaker Glen.

(j) Common Facilities. Whitaker Glen will maintain common areas, such as the atriums, assembly areas, dining areas, library, craft room, recreational facilities, elevators, stairways, hallways and passageways in a clean, safe and attractive manner at all times for the use and benefit of all Residents. Whitaker Glen will also furnish grounds keeping service including lawn, tree, and shrubbery care and will maintain all interior plants and plantings in common areas.

(k) Parking. Whitaker Glen will provide parking areas in accordance with the requirements of the City of Raleigh and the overall development plan for The Oaks at Whitaker Glen.

(l) Meal Plan. Whitaker Glen will establish a meal plan account for the Residential Unit. Each month the Residential Unit is occupied, Whitaker Glen will credit \$200.00 for a Residential Unit with one occupant, and \$300.00 for a Residential Unit with two occupants (the "Meal Plan Credit") to the meal plan account. The

Meal Plan Credit will be for the Resident's use in the dining room, café, or university club during the month in which it is issued. Any portion of the Meal Plan Credit remaining after the end of the month will be forfeited and no longer available for use.

(m) Optional Services. Whitaker Glen offers optional services for meals, additional housekeeping, dry cleaning, and personal needs such as beauty shop, trips, fitness program, and craft supplies. In addition, Whitaker Glen will assist the Resident in seeking to obtain any service which is needed or desired by the Resident and is not specifically provided under this Agreement. Whitaker Glen shall have no responsibility for the services provided by third parties which are not affiliates of Whitaker Glen or any fees related thereto and, at Whitaker Glen's election, any such third parties may be required to provide proof of insurance and submit to a background check at the third parties' sole cost and expense.

#### Financial Considerations

(a) Initiation Fee. An Initiation Fee in the amount of \$\_\_\_\_\_ shall be payable to Whitaker Glen by the Resident. Any refundable deposit made during the application process shall be applied toward payment of the Initiation Fee and the amount payable by the Resident pursuant to the Entrance Fee Agreement executed

simultaneously herewith. The Initiation Fee shall become non-refundable ninety (90) days after the Resident's occupancy of the Residential Unit.

(b) Entrance Fee Agreement. As previously mentioned, the Resident will execute a Whitaker Glen Entrance Fee Agreement simultaneously with the execution of this Agreement, and both the Resident and Whitaker Glen will comply with the terms and provisions of such agreement. Pursuant to the terms of the Entrance Fee Agreement, the Resident will pay an entrance fee (hereinafter referred to as the "Entrance Fee") and will receive a Nonnegotiable Note (the "Note") issued by Whitaker Glen. The proceeds of the Note, as well as the proceeds of other notes issued by Whitaker Glen in exchange for payment of Entrance Fees, shall be utilized only for expenses incurred incident to the construction, furnishing, and operation of the Lifestyle Community. Such notes, including that issued to the Resident, shall be secured by a deed of trust upon the interest of the Grantors in the land and improvements comprising the Lifestyle Community, which shall be a second lien upon such land and improvements subordinate only to the lien of a first deed of trust securing the repayment of additional funds utilized incident to the construction, furnishing and operation of the Lifestyle Community.

The Note shall be a debt obligation of Whitaker Glen secured as aforementioned, and with the exception of such security, the rights granted thereunder shall not include a proprietary or other interest in the business, assets and properties of Whitaker Glen.

(c) Monthly Service Fee. The Monthly Service Fee for the Residential Unit and the number of occupants covered by this Agreement is payable prior to occupancy and on the first day of each month thereafter. Whitaker Glen will operate consistent with sound financial practices and maintain quality care and services. It is agreed that the Resident's Monthly Service Fee may be increased or decreased by Whitaker Glen if required by the costs of operation. In determining any change in the Monthly Service Fee, Whitaker Glen will consider, among other things, changes in operating costs and the cost of living. No increase in the Monthly Service Fee will take effect earlier than thirty (30) days after written notice of the change is given to the Resident, and the Resident agrees to pay the Monthly Service Fee should it be adjusted. No fee reduction will be made in the event the Resident is voluntarily absent from the Whitaker Glen facility. The Monthly Service Fee in effect on the date of this Agreement for the Residential Unit and number of occupants covered by this Agreement is \$[\_\_\_\_\_].

(d) Extra Charges. The Resident will be invoiced by Whitaker Glen for optional services, special services, or supplies obtained for and furnished to the Resident which are not provided pursuant to this Agreement.

(e) Monthly Statements. Whitaker Glen will furnish the Resident with a monthly statement showing the amount due for the Monthly Service Fee and any other sums which are chargeable to the Resident. The balance shown on the monthly statement is due on the first day of each month and must be paid no later than the fifth day of the respective month.

(f) Failure to Make Payment. If the Resident fails to pay the Monthly Service Fee or other charges as required, Whitaker Glen will provide a second statement ten (10) days following the due date of the original monthly statement. The second statement will be accompanied by written notice that payment of the previously outstanding balance and any new outstanding balance must be made within fifteen (15) days or Whitaker Glen may terminate this Agreement and the Resident's occupancy of the Residential Unit.

(g) Financial Assistance. It is understood by the parties that the Resident has sufficient assets at the present time to meet expected costs of subsistence and services under this Agreement. Without in any way qualifying the right of Whitaker Glen to

terminate this Agreement, it is the declared policy of Whitaker Glen that every effort will be made to prevent termination of this Agreement solely because of the Resident's inability to pay the Monthly Service Fee and any other sums due Whitaker Glen due to circumstances beyond the Resident's control. Whitaker Glen, at its sole option, may structure an agreement with the Resident addressing that individual's financial situation.

(h) Financial Statement. If at any time Whitaker Glen feels it necessary to request a financial statement or other financial information from the Resident, the Resident agrees to provide such information to Whitaker Glen within ten (10) calendar days following such request.

#### Resident Health

(a) Infirmary. Whitaker Glen agrees to offer care for Residents with minor ailments or injuries, counseling, and routine physical evaluations via its affiliate home care providers for a fee. Accordingly, Whitaker Glen reserves the right to require that Resident file certain medical information with the infirmary at occupancy and keep the information current.

(b) Health Care Center and Off-Hours Calls. Call systems available in the residential units will be monitored at all times when Whitaker Glen personnel are not available by either Enhanced

Living personnel (CNAs) or, following completion, campus Skilled Nursing and Assisted Living Facility personnel (the "Health Care Centers"). Such personnel will respond to the "off-hours" emergency needs of the residents of Whitaker Glen. Should emergency procedures be performed on the Resident, he or she hereby forever absolves, releases, and discharges, as applicable, Whitaker Glen, the Health Care Centers and their affiliates, officers, employees, and directors, and all persons on their staffs (including Enhanced Living personnel) who are in any way directly or indirectly connected with such procedures from any and all liability with respect thereto. Upon determination that inpatient nursing services are required, Whitaker Glen Residents will be admitted to a Health Care Center if they meet the requirements for admission and an appropriate bed is available. All admissions as inpatients to a Health Care Center must be requested by a physician and in accordance with the procedures of the Health Care Center. During inpatient stays in a Health Care Center, the Resident shall pay for occupancy, care and services at rates customarily charged by the Health Care Center. Upon Permanent Transfer (as hereinafter defined) to a Health Care Center, or any other PruittHealth affiliated skilled nursing facility identified on Exhibit A (each an "Affiliated Facility"), the Resident shall no longer be

responsible for payment of the Monthly Service Fee and the Agreement shall terminate as hereafter provided. Prior to completion of Health Care Center construction, Whitaker Glen will continue to arrange for the provision of certain Health Care Center services on an uninterrupted basis via those certain Affiliated Facilities known as (i) PruittHealth - Raleigh located at 2420 Lake Wheeler Road, Raleigh, NC 27603, (ii) PruittHealth - Carolina Point located at 5935 Mt Sinai Rd, Durham, NC 27705, (iii) PruittHealth - Durham located at 3100 Erwin Rd, Durham, NC 27705, and (iv) any other centers as required.

(c) Medical Director. Following completion of the Health Care centers, Whitaker Glen will engage a physician duly licensed in the State of North Carolina (the "Medical Director") who will assist the staff at Whitaker Glen in evaluating a Resident's ability to live independently in accordance with this Agreement.

(d) Comprehensive Health Care Program. A major illness could have a potentially catastrophic financial impact on a Resident. All Residents eligible for Medicare Hospital Insurance (Part A) and Medicare Medical Insurance (Part B) shall be required to maintain such coverage. In addition to such coverage, all Residents must obtain and maintain Medicare Supplemental Insurance satisfactory to Whitaker Glen. Residents not eligible for Medicare and Medicare

Supplemental Insurance must obtain other comparable medical insurance coverage satisfactory to Whitaker Glen. The aforementioned insurance coverage constitutes a comprehensive health care program and within applicable limitations should generally cover: physician fees, hospital care, fees of surgeons and other specialists, diagnostic tests and procedures, therapy, durable medical equipment and home health visits. Residents who choose Medicare Supplemental Insurance with coverage more comprehensive than that required by Whitaker Glen may add additional coverage for the cost of outpatient drugs, coverage outside the United States, and other benefits.

(e) Permanent Transfer. If the Resident's physical or mental condition deteriorates so that it precludes the Resident's ability to live independently or if the Resident cannot live in the Residential Unit without endangering himself or others, Whitaker Glen may, in the sole discretion of its Executive Director, require transfer of the Resident, at the Resident's expense, to a more protective accommodation which is able to provide for the Resident's safety and appropriate care. In the event the Executive Director requires such a transfer, including for Resident's refusal or inability to secure services to maintain safety either through Whitaker Glen's Enhanced Living Program or a third-party agency,

Whitaker Glen shall make commercially reasonable efforts to transfer Resident to a Health Care Center or Affiliated Facility, subject to Resident's choice of providers.

If a diagnosis is confirmed that in reasonable medical probability the Resident's condition is irreversible and there is negligible possibility of recovery that would permit independent living, Whitaker Glen may assign the Residential Unit to another individual. If the Resident should recover to the point that independent living is again possible, the Resident will have priority for accommodations at Whitaker Glen as they become available. The Resident will bear the cost of moving and storing personal belongings in the event of such transfer. Whitaker Glen will consult the Resident or his or her responsible party as well as the Resident's physician regarding transfer decisions.

#### Residence By Two Individuals

(a) Application. If two individuals sign this Agreement as Resident, the accommodations and services will be provided to both of them, and the cost of residence and services shall apply to both. The two individuals will be jointly and severally responsible for the payment of the Monthly Service Fee and additional charges, and the word "Resident" herein applies to both of them, as well as

either of them, unless the context clearly requires otherwise. If two individuals execute this Agreement as Resident, a termination of the Agreement by one of them will not affect the continuation of this Agreement with the other.

(b) Sharing Occupancy. If the single occupant of the Residential Unit wishes to invite a non-resident to share the Residential Unit, the non-resident occupant must follow the application procedure then utilized by Whitaker Glen and both must execute a Residence and Services Agreement. With the exception of short-term visitors and guests, no person other than the Resident may occupy the Residential Unit covered by this Agreement.

#### Obligations of the Resident

(a) Adherence to Policies. Upon occupancy of the Residential Unit, the Resident will abide by the administrative policies and procedures for the operation and management of Whitaker Glen and such amendments, modifications or changes of those policies and procedures, as may be from time to time established by Whitaker Glen. The Resident agrees to follow and abide by these administrative policies, which are designed for the comfort, safety, and security of all the residents of The Oaks at Whitaker Glen. The Resident will be furnished a copy of current

administrative policies and procedures upon taking occupancy. Whitaker Glen reserves the right to terminate this Agreement, and the Resident's occupancy hereunder, for cause in the event the Resident fails to follow the aforementioned policies and procedures. Such policies and procedures are incorporated into this Agreement by reference and may be amended by Whitaker Glen from time to time.

(b) Liability for Debts. Whitaker Glen shall not be liable or responsible for any expense, debt, or obligation of any nature or any kind incurred or contracted by the Resident, and it shall not be obligated to furnish, supply, or provide the Resident support, maintenance, board or lodging when the Resident is absent from Whitaker Glen.

(c) Intentional Misconduct. The Resident agrees to pay or reimburse Whitaker Glen for any loss or damage suffered by Whitaker Glen as the result of the negligence or intentional misconduct of the Resident. Whitaker Glen assumes no responsibility for any injury or damage to property resulting from such negligence or intentional misconduct.

(d) Power of Attorney. Whitaker Glen reserves the right to deny admission in the event Resident declines to select and empower an attorney-in-fact prior to residency at Whitaker Glen and to

continuously maintain a comprehensive durable power of attorney executed in a form suitable for recordation in the office of the Register of Deeds. If applicable, a copy of the Resident's current Power of Attorney will be on file with Whitaker Glen at all times.

(e) Last Will and Testament. Whitaker Glen reserves the right to deny admission in the event, prior to becoming a resident of Whitaker Glen, the Resident agrees to provide in his Last Will and Testament, for the final disposition of all furniture and possessions located at The Oaks at Whitaker Glen and for burial and payment of funeral expenses. If Resident provides a Will, the Resident must keep the Will accurate and complete at all times during residency. Upon occupancy, the Resident also agrees to provide Whitaker Glen pertinent data related to the above matters and to keep this information current.

(f) Personal Physician. The Resident agrees to select and maintain a personal physician licensed to practice medicine in North Carolina. The Resident's physician must be available to discuss the Resident's condition, transfer decisions, and ability to live independently in accordance with this Agreement.

#### Term of this Agreement

(a) Withdrawal Within the 30 Day Right of Rescission Period. The Resident may rescind this Agreement within thirty (30) days

following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of North Carolina General Statutes Chapter 58, Article 64. The Resident is not required to move into the facility before the expiration of the thirty (30) day period.

(b) Termination Prior to Occupancy. The Resident may terminate this Agreement prior to occupancy of the Residential Unit by giving notice in writing to Whitaker Glen. If the Resident is unable to occupy the Residential Unit due to death, illness, injury, or incapacity, this Agreement shall terminate and be automatically canceled.

(c) Trial Period. The first ninety (90) days of the Resident's occupancy will be on a trial basis. During this 90-day period, Whitaker Glen shall have the right to terminate this Agreement and the Resident's occupancy based upon its judgment that either the Resident's physical condition or emotional adjustment will not permit satisfactory residency at Whitaker Glen.

(d) Residence in Excess of Ninety Days. Subsequent to the aforementioned 90-day period, this Agreement shall be terminated only pursuant to the following subparagraphs (e), (f), (g), and (h).

(e) Death of Resident. This Agreement shall terminate upon the death of the Resident. In the event that two (2) individuals have executed this Agreement as the Resident, this Agreement shall terminate upon the death of the survivor of such individuals.

(f) Termination by Whitaker Glen. Whitaker Glen may terminate this Agreement and the Resident's occupancy of the Residential Unit if the Resident fails to make a payment to Whitaker Glen required under this Agreement, and Whitaker Glen gives the notice required. In addition, Whitaker Glen may terminate this Agreement upon a determination by the Executive Director that (i) there has been a change in the physical or mental condition of the Resident which renders the Resident incapable of living independently in the Residential Unit, and the Resident does not move to the Health Care Center or an Affiliated Facility, or (ii) the Resident has developed a contagious disease deemed hazardous to others by the Executive Director. All such decisions by the Executive Director shall be in his or her sole discretion. Whitaker Glen may also terminate this Agreement for cause as previously provided or in the event that the Resident fails to comply with any of the terms and provisions of this Agreement.

(g) Termination by Resident. The Resident may terminate this Agreement at any time by providing Whitaker Glen with ninety (90)

days prior written notice. During the ninety (90) day notice period, the Resident shall remain responsible for the payment of the Monthly Service Fee as it becomes due. If the Resident gives written notice of termination within the initial ninety (90) days of occupancy at Whitaker Glen, the Initiation Fee shall be refunded.

(h) Permanent Transfer to the Health Care Center or an Affiliated Facility. This Agreement shall terminate upon the Permanent Transfer to the Health Care Center, an Affiliated Facility, or third-party facility and the removal of all personal belongings from the Residential Unit. "Permanent Transfer" shall mean the earlier to occur of (i) the sixty-first (61<sup>st</sup>) day of occupancy at the Health Care Center or Affiliated Facility or (ii) death or removal from the Health Care Center or Affiliated Facility sooner than the sixty-first (61<sup>st</sup>) day of occupancy.

(i) Condition of Residential Unit. Upon the termination of this Agreement, the Resident will vacate the Residential Unit and will leave it in good condition excepting only ordinary wear and tear. The Resident shall be liable to Whitaker Glen for any costs incurred in restoring the Residential Unit to such condition.

(j) Obligation of Whitaker Glen. Upon termination of this Agreement and upon compliance with the provisions of the Entrance Fee Agreement executed by the parties simultaneously with this

Agreement, Whitaker Glen shall have no further obligation to the Resident, his or her heirs, successors, personal representatives, or assigns, and the Resident shall have no further right to occupy the Residential Unit.

#### Entrance Fee Refund

(a) Entrance Fee. As evidenced by the execution of the Entrance Fee Agreement, the Resident agrees to pay an Entrance Fee in the total amount specified in the Entrance Fee Agreement. Refunds of refundable entrance fees are limited to reoccupancy proceeds.

(b) Legacy Plan. A Resident choosing the Legacy Plan will have the Entrance Fee Refund reduced according to the schedule in the following subparagraph (c).

(c) Legacy Plan Reduction Schedule. Beginning the first day of the month following the month in which the resident initially occupies the Residential Unit, the amount owed to the Applicant under the Agreement and the Note will be reduced by one percent (1.0 %) of the original Note amount for each month or partial month the unit is occupied by the resident but not more than twenty-five (25) months and not to exceed a reduction of more than twenty-five percent (25%) of the original amount owed under the Agreement. **As an example only to illustrate application of this provision**, if the amount owed a resident under the resident's Agreement is Eighty

Thousand Dollars (\$80,000.00), then the reduction each month in the amount owed under the Agreement would be Eight Hundred Dollars (\$800.00); ( $\$80,000.00 \times 1.0\% = \$800$ ). The monthly reduction of \$800.00 would continue to be applied for each month or partial month the unit is occupied by the resident up to a total of 25 months or until the original amount owed under the Agreement had been reduced 25% or Twenty Thousand Dollars (\$20,000.00), whichever occurred first. In the example given above, the twenty-five months would equal exactly Twenty Thousand Dollars (\$20,000.00), and would also be equal to 25% of the original amount owed so the monthly reduction would stop after the 25th month. **The remaining balance owed to the Applicant under the Agreement and the Note would then be \$60,000.**

(d) Heritage Plan. A Resident choosing the Heritage Plan will have the Entrance Fee Refund reduced according to the schedule in the following subparagraph (e).

(e) Heritage Plan Reduction Schedule. Beginning the first day of the month following the month in which the Resident initially occupies the Residential Unit, the amount owed to the Resident under the Entrance Fee Agreement and the Note will be reduced by two percent (2.0 %) of the original Note amount for each month or partial month the unit is occupied by the Resident but not more than twenty-five (25) months and not to exceed a reduction of more

than fifty percent (50%) of the original amount owed under the Entrance Fee Agreement. **As an example only to illustrate application of this provision,** if the amount owed a Resident under the Resident's Entrance Fee Agreement is Eighty Thousand Dollars (\$80,000.00), then the reduction each month in the amount owed under the Entrance Fee Agreement would be One Thousand Six Hundred Dollars (\$1,600.00); ( $\$80,000.00 \times 2.0\% = \$1,600$ ). The monthly reduction of \$1,600.00 would continue to be applied for each month or partial month the unit is occupied by the Resident up to a total of 25 months or until the original amount owed under the Entrance Fee Agreement had been reduced 50% or Forty Thousand Dollars (\$40,000.00), whichever occurred first. In the example given above, the twenty-five months would equal exactly Forty Thousand Dollars (\$40,000.00), and would also be equal to 50% of the original amount owed so the monthly reduction would stop after the 25th month. **The remaining balance owed to the Resident under the Entrance Fee Agreement and the Note would then be \$40,000.**

(f) Lineage Plan. A Resident choosing the Lineage Plan will have the Entrance Fee Refund reduced according to the schedule in the following subparagraph (g).

(g) Lineage Plan Reduction Schedule. Beginning the first day of the month following the month in which the Resident initially

occupies the Residential Unit, the amount owed to the Resident under the Entrance Fee Agreement and the Note will be reduced by four percent (4.0%) of the original Note amount for each month or partial month the unit is occupied by the Resident over a twenty-five (25) month period until the original amount owed under the Entrance Fee Agreement is reduced to 0%. **As an example only to illustrate application of this provision,** if the amount owed a Resident under the Resident's Entrance Fee Agreement is Eighty Thousand Dollars (\$80,000.00), then the reduction each month in the amount owed under the Entrance Fee Agreement would be Three Thousand Two Hundred Dollars (\$3,200.00); ( $\$80,000.00 \times 4.0\% = \$3,200$ ). The monthly reduction of \$3,200.00 would continue to be applied for each month or partial month the unit is occupied by the Resident up to a total of 25 months or until the original amount owed under the Entrance Fee Agreement had been reduced to 0%. **After the 25<sup>th</sup> month, the remaining balance owed to the Resident under the Entrance Fee Agreement and the Note would be \$0.**

(h) Reduction of Refund. In addition to the reduction schedules set forth above, any Entrance Fee Refund due to the Resident shall be subject to the deduction of charges due and payable to Whitaker Glen.

#### Miscellaneous

(a) Disclosure Statement. By signing this Agreement, the Resident acknowledges the prior receipt of a current disclosure statement as required by North Carolina General Statutes Chapter 58, Article 64.

(b) Affiliations. Whitaker Glen is not affiliated with a religious, charitable, or other non-profit organization.

(c) Personal Nature of Rights and Privileges. The rights and privileges of the Resident under this Agreement to living accommodations, facilities, and services are personal to the Resident and cannot be transferred or assigned by any action on the part of the Resident, by any proceeding at law, or otherwise.

(d) Limitations. The rights of the Resident are the rights and privileges expressly granted in this Agreement and the Entrance Fee Agreement and, except as provided therein, do not include any proprietary interest in the properties, business, or assets of Whitaker Glen. The Resident agrees that his or her rights under this Agreement shall at all times be subordinate to any obligations of Whitaker Glen pertaining to the property of Whitaker Glen, and the Resident further agrees to execute, acknowledge, and deliver any subordination agreement as may be required in order to establish the priorities of such obligation as a lien or liens against the property of Whitaker Glen.

(e) Personal Belongings. Whitaker Glen shall not be responsible for the loss of or damage to, any property belonging to the Resident due to theft, mysterious disappearance, fire, or any other cause. It is expressly agreed that the Resident will provide at his or her expense insurance protection covering any loss or damage to his or her personal property. Whitaker Glen shall have the right to promptly remove all personal property from the Residential Unit of the Resident who is deceased, or whose accommodations have been released for occupancy by others, or whose Residence and Services Agreement has been terminated and to store the same. The Resident or his or her estate will be obligated for the payment of charges related to such storage and will reimburse Whitaker Glen for expenses which it incurs under this paragraph.

(f) Regulatory Agencies. Notwithstanding any other provision of this Agreement, Whitaker Glen shall have the right to modify the Residential Unit of the Resident to meet the requirements of law or the regulations of a Fire Department, Public Health Department, or other duly constituted authority or agency.

(g) Rights of Management. The absolute right of management of The Oaks at Whitaker Glen is reserved to Whitaker Glen, its Board of Directors, and its officers as delegated by such Board of

Directors. Whitaker Glen reserves the right to accept or reject any person for residency.

(h) Right of Entry. Duly authorized employees of Whitaker Glen shall have the right to enter the Residential Unit at any reasonable time for management, maintenance, or emergency purposes.

(i) Waiver of Breach. The failure of Whitaker Glen in any one or more instances to insist upon the strict performance, observance, or compliance by the Resident with any of the terms or provisions of this Agreement, or its waiver of the breach by the Resident of any term or provision of this Agreement shall not be construed to be a waiver or relinquishment by Whitaker Glen of its right to insist upon strict compliance by the Resident with all of the terms and provisions of this Agreement.

(j) Entire Contract. This Agreement and the Entrance Fee Agreement executed simultaneously herewith constitute the entire contract between Whitaker Glen and the Resident. Whitaker Glen is not liable for nor bound in any manner by any statements, representations, or promises made by any person representing or purporting to represent Whitaker Glen, unless such statements, representations, or promises are set forth in this Agreement or the Entrance Fee Agreement.

(k) Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Whitaker Glen, and the heirs, personal representatives, successors, and assigns of the Resident.

(l) Gender. As used herein, the masculine gender shall include the feminine, the feminine shall include the masculine, and the singular shall include the plural, as the use and context require.

(m) Further Agreement. Any further agreement between the parties is set forth in Exhibit B attached hereto, which has been executed by both the Resident and Whitaker Glen. If an Exhibit B is not attached hereto and so executed, there is no further agreement between Whitaker Glen and the Resident except as expressed herein and in the Entrance Fee Agreement.

*[Signatures on following page]*

IN WITNESS WHEREOF, the Resident has hereunto affixed his or her hand and seal to this Agreement, and Whitaker Glen has caused this instrument to be executed by its duly authorized officer and its corporate seal to be affixed below, all on the day and year first above written.

WITNESS:

RESIDENT:

\_\_\_\_\_

\_\_\_\_\_ (SEAL)

\_\_\_\_\_

\_\_\_\_\_ (SEAL)

WHITAKER GLEN, INC.

By \_\_\_\_\_  
Chairman and CEO

Exhibit A

Affiliated Facilities

PruittHealth - Carolina Point  
PruittHealth - Durham  
PruittHealth - Elkin  
PruittHealth - Farmville  
PruittHealth - Neuse  
PruittHealth - Raleigh  
PruittHealth - Rockingham  
PruittHealth - Sea Level  
PruittHealth - Town Center  
PruittHealth - Trent  
PruittHealth - Union Pointe  
The Oaks - Brevard

WHITAKER GLEN, INC.

ENTRANCE FEE AGREEMENT (EXISTING UNITS)

THIS ENTRANCE FEE AGREEMENT (hereinafter referred to as the "Agreement") made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between WHITAKER GLEN, INC. (d/b/a The Oaks at Whitaker Glen), a North Carolina corporation, (hereinafter referred to as "Whitaker Glen"), and \_\_\_\_\_ (hereinafter referred to as the "Applicant").

W I T N E S S E T H:

WHEREAS, Whitaker Glen is engaged in the operation of a senior lifestyle community called "The Oaks at Whitaker Glen " (the "Lifestyle Community") in Raleigh, North Carolina, and in connection therewith, is entering into Residence and Services Agreements with prospective residents of the Lifestyle Community;

WHEREAS, the Applicant desires to become a resident of the Lifestyle Community and to execute a Residence and Services Agreement with Whitaker Glen; and

WHEREAS, the Applicant desires to assist Whitaker Glen in its endeavor to operate the Lifestyle Community by paying an entrance fee to be evidenced by a Nonnegotiable Note issued by Whitaker Glen;  
NOW,

THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable

consideration, the receipt of which is hereby mutually acknowledged, Whitaker Glen and the Applicant hereby agree as follows:

(1) Acceptance of Applicant. As evidenced by the Residence and Services Agreement executed with this Agreement, Whitaker Glen hereby accepts the Applicant as a prospective resident of the Lifestyle Community under the terms and conditions set forth in such agreement.

(2) Entrance Fee. Payment of an entrance fee provides a resident with the lifetime use of a residence and the services and amenities available at the Lifestyle Community. At the time the Applicant makes application for residency at the Lifestyle Community, the Applicant will receive a copy of the Disclosure Statement and will pay an entrance fee deposit of ten percent [10%] of the applicable entrance fee. Fifty percent (50%) of the remaining balance will be paid at the time the Residence and Services Agreement and Entrance Fee Agreement are signed. The remaining balance and any remaining portion of the Initiation Fee shall be paid by Applicant upon the first to occur of (i) his or her occupancy of the unit specified in the Residence and Services Agreement, or (ii) the end of the Occupancy Period (as defined therein). The Applicant hereby agrees to pay an entrance fee (hereinafter referred to as the "Entrance Fee") to Whitaker Glen in the total amount of \$[\_\_\_\_\_]. The Applicant agrees that the

appropriate Reduction Schedule will be applied to the refund of the Entrance Fee if and as applicable. The Applicant further agrees that any refundable deposit made during the application process shall be applied toward payment of the Initiation Fee in the Residence and Services Agreement and the Entrance Fee, and agrees to pay the remaining portion of the Initiation Fee to Whitaker Glen thirty (30) days prior to occupancy at the Lifestyle Community. Upon payment in full of both the Initiation Fee and Entrance Fee, Whitaker Glen shall issue the Nonnegotiable Note (the "Note") to the Applicant.

(3) Provisions of the Note.

(a) The Note shall provide that the principal amount thereof shall not bear interest. Following issuance of the Note and the Applicant's occupancy at Whitaker Glen, such principal amount, less any applicable reduction (hereinafter referred to as the "Entrance Fee Refund"), shall be payable to the Applicant within thirty (30) days after the Applicant's Residential Unit (as defined in the Residence and Services Agreement) is occupied by another individual following (i) the death of the Applicant or (ii) the termination of his Residence and Services Agreement in accordance with the provisions of such agreement. It is provided, however, that should the Residence and Services Agreement be terminated as a result of the Applicant's Permanent Transfer to the Health Care Center or Affiliated Facility (as such terms are defined in the

Residence and Services Agreement), the Applicant will have the option to receive a refund within thirty (30) days after the Applicant's Residential Unit is occupied by another individual, or have the Entrance Fee Refund applied as a credit at the Health Care Center or Affiliated Facility to be used to pay for occupancy, care and services. If the Entrance Fee is refunded to the Applicant or credited upon transfer to the Health Care Center or Affiliated Facility, he can again occupy a residential unit at the Lifestyle Community, as the same becomes available, upon the payment to Whitaker Glen of the appropriate Entrance Fee for the unit to be occupied. Whitaker Glen reserves the right at its sole discretion to repay all or any portion of the Entrance Fee Refund to the Applicant at an earlier date than otherwise provided herein.

(b) Payment of the Entrance Fee Refund to the Applicant shall be subject to the deduction of charges due and payable to Whitaker Glen under the terms and conditions of the Residence and Services Agreement and further to a reduction in the Entrance Fee applicable to the type of plan chosen by the Applicant according to the following schedules:

(1) Legacy Plan Reduction Schedule:

Beginning the first day of the month following the month in which the resident initially occupies the Residential Unit, the amount owed to the Applicant under the Agreement and the Note will be reduced by one percent (1.0 %) of the original Note amount for

each month or partial month the unit is occupied by the resident but not more than twenty-five (25) months and not to exceed a reduction of more than twenty-five percent (25%) of the original amount owed under the Agreement. **As an example only to illustrate application of this provision**, if the amount owed a resident under the resident's Agreement is Eighty Thousand Dollars (\$80,000.00), then the reduction each month in the amount owed under the Agreement would be Eight Hundred Dollars (\$800.00); ( $\$80,000.00 \times 1.0\% = \$800$ ). The monthly reduction of \$800.00 would continue to be applied for each month or partial month the unit is occupied by the resident up to a total of 25 months or until the original amount owed under the Agreement had been reduced 25% or Twenty Thousand Dollars (\$20,000.00), whichever occurred first. In the example given above, the twenty-five months would equal exactly Twenty Thousand Dollars (\$20,000.00), and would also be equal to 25% of the original amount owed so the monthly reduction would stop after the 25th month. **The remaining balance owed to the Applicant under the Agreement and the Note would then be \$60,000.**

(2) Heritage Plan Reduction Schedule:

Beginning the first day of the month following the month in which the resident initially occupies the Residential Unit, the amount owed to the Applicant under the Agreement and the Note will be reduced by two percent (2.0 %) of the original Note amount for each month or partial month the unit is occupied by the resident

but not more than twenty-five (25) months and not to exceed a reduction of more than fifty percent (50%) of the original amount owed under the Agreement. **As an example only to illustrate application of this provision,** if the amount owed a resident under the resident's Agreement is Eighty Thousand Dollars (\$80,000.00), then the reduction each month in the amount owed under the Agreement would be One Thousand Six Hundred Dollars (\$1,600.00); ( $\$80,000.00 \times 2.0\% = \$1,600$ ). The monthly reduction of \$1,600.00 would continue to be applied for each month or partial month the unit is occupied by the resident up to a total of 25 months or until the original amount owed under the Agreement had been reduced 50% or Forty Thousand Dollars (\$40,000.00), whichever occurred first. In the example given above, the twenty-five months would equal exactly Forty Thousand Dollars (\$40,000.00), and would also be equal to 50% of the original amount owed so the monthly reduction would stop after the 25th month. **The remaining balance owed to the Applicant under the Agreement and the Note would then be \$40,000.**

(3) Lineage Plan Reduction Schedule:

Beginning the first day of the month following the month in which the resident initially occupies the Residential Unit, the amount owed to the Applicant under the Agreement and the Note will be reduced by four percent (4.0%) of the original Note amount for each month or partial month the unit is occupied by the resident over a twenty-five (25) month period until the original amount owed

under the Agreement is reduced to 0%. **As an example only to illustrate application of this provision,** if the amount owed a resident under the resident's Agreement is Eighty Thousand Dollars (\$80,000.00), then the reduction each month in the amount owed under the Agreement would be Three Thousand Two Hundred Dollars (\$3,200.00); ( $\$80,000.00 \times 4.0\% = \$3,200$ ). The monthly reduction of \$3,200.00 would continue to be applied for each month or partial month the unit is occupied by the resident up to a total of 25 months or until the original amount owed under the Agreement had been reduced to 0%. **After the 25<sup>th</sup> month, the remaining balance owed to the Applicant under the Agreement and the Note would be \$0.**

(c) The proceeds of the Note, as well as the proceeds of other notes issued by Whitaker Glen in exchange for payment of Entrance Fees, shall be utilized only for expenses incurred incident to the construction, furnishing, and operation of the Lifestyle Community. Such notes, including that issued to the Applicant, shall be secured by a deed of trust upon the interest of the Grantors in the land and improvements comprising the Lifestyle Community, which shall be a second lien upon such improvements subordinate only to the lien of a first deed of trust securing the repayment of additional funds utilized incident to the construction, furnishing and operation of the Lifestyle Community.

(4) Status of the Note. The Note shall be a debt obligation of Whitaker Glen secured as aforementioned, and with the exception

of such security, the rights granted thereunder shall not include a proprietary or other interest in the business, assets, and properties of Whitaker Glen.

(5) Rescission Period. The Applicant may rescind this Agreement prior to the date of occupancy, or after occupancy, by giving written notice to Whitaker Glen within thirty (30) days of the execution of the Agreement (the "Recission Period"). If the Agreement is rescinded during the Recission Period, the Applicant will receive all prior deposits, monies, or property transferred to Whitaker Glen less applicable periodic charges, nonstandard costs incurred at the request of the resident, and a service charge not to exceed the greater of \$1,000 or 2% of the debenture amount paid by the Applicant. The refund will be paid to the Applicant within one hundred eighty (180) days of receipt of the written notice to rescind.

(6) Termination of this Agreement Prior to Occupancy.

If the Applicant is unable to take occupancy of the Residential Unit due to death, illness, injury, or incapacity which, in the reasonable judgment of Whitaker Glen, would preclude the Applicant from living in an independent setting (individually and collectively, "Cause"), this Agreement shall be automatically canceled. If prior to the Applicant's occupancy at Whitaker Glen, the Applicant should terminate his Residence and Services Agreement, this Agreement shall terminate. Except in the event of

a termination for Cause or termination during the Recission Period for any reason, Applicant shall not be eligible for a refund of any deposits made hereunder following termination under this subsection (6) or subsection (5) above. Following a termination for Cause, all amounts paid under this Agreement shall be refunded to the Applicant in accordance with the terms hereof. Such refund shall be made within one hundred eighty (180) days following the aforementioned cancellation or termination.

(7) Applicant. In the event two (2) individuals have joined in entering into this Agreement with Whitaker Glen, the word "Applicant" herein shall refer to both such people, and they shall be jointly and severally responsible for the obligations of the Applicant hereunder.

(8) Gender. As used herein, the masculine gender shall include the feminine, the feminine shall include the masculine, and the singular shall include the plural.

(9) Binding. This Agreement shall be binding upon the parties hereto, their heirs, personal representatives, successors, and assigns.

*[Signatures on following page]*

IN WITNESS WHEREOF, the Applicant has hereunto affixed his hand and seal, and Whitaker Glen has caused this instrument to be executed by its duly authorized officer and its corporate seal hereunto affixed, all on the day and year first above written.

WITNESS:

APPLICANT:

\_\_\_\_\_

\_\_\_\_\_ (SEAL)

\_\_\_\_\_

\_\_\_\_\_ (SEAL)

WHITAKER GLEN, INC.

\_\_\_\_\_  
Chairman and CEO

WHITAKER GLEN, INC.

ENTRANCE FEE AGREEMENT (EXPANSION UNITS)

THIS ENTRANCE FEE AGREEMENT (hereinafter referred to as the "Agreement") made and entered into as of \_\_\_\_\_ by \_\_\_\_\_ and \_\_\_\_\_ between WHITAKER GLEN, INC.(d/b/a The Oaks at Whitaker Glen), a North Carolina corporation, (hereinafter referred to as "Whitaker Glen"), and \_\_\_\_\_ (hereinafter referred to as the "Applicant").

W I T N E S S E T H:

WHEREAS, Whitaker Glen is engaged in the operation of a senior lifestyle community called "The Oaks at Whitaker Glen " (the "Lifestyle Community") in Raleigh, North Carolina, and in connection therewith, is entering into Residence and Services Agreements with prospective residents of the Lifestyle Community;

WHEREAS, Whitaker Glen is expanding the Lifestyle Community (the "Expansion");

WHEREAS, the Applicant desires to reserve an Expansion unit in order to become a resident of the Lifestyle Community and to execute a Residence and Services Agreement with Whitaker Glen; and

WHEREAS, the Applicant desires to assist Whitaker Glen in its endeavor to operate the Lifestyle Community by paying an entrance fee to be evidenced by a Nonnegotiable Note issued by Whitaker Glen; NOW,

THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt of which is hereby mutually acknowledged, Whitaker Glen and the Applicant hereby agree as follows:

(1) Acceptance of Applicant. As evidenced by the Residence and Services Agreement executed with this Agreement, Whitaker Glen hereby accepts the Applicant as a prospective resident of the Lifestyle Community under the terms and conditions set forth in such agreement.

(2) Entrance Fee. Payment of an entrance fee provides a resident with the lifetime use of a residence and the services and amenities available at the Lifestyle Community. At the time the Applicant signs this agreement or otherwise submits an application for residency at the Lifestyle Community, whichever occurs first, the Applicant will receive a copy of the Disclosure Statement and will pay an entrance fee deposit of ten percent (10%) of the applicable entrance fee. Forty percent (40%) of the entrance fee will be paid upon commencement of constructing the Expansion. The remaining fifty percent (50%) of the balance and any remaining portion of the Initiation Fee shall be paid by Applicant upon the first to occur of (i) his or her occupancy of the unit specified in the Residence and Services Agreement, or (ii) the end of the Occupancy Period (as defined therein). The Applicant hereby agrees

to pay an entrance fee (hereinafter referred to as the "Entrance Fee") to Whitaker Glen in the total amount of \$\_\_\_\_\_. The Applicant agrees that the appropriate Reduction Schedule will be applied to the refund of the Entrance Fee if and as applicable. The Applicant further agrees that any refundable deposit made during the application process or otherwise prior to the date hereof shall be applied toward payment of the Initiation Fee in the Residence and Services Agreement and the Entrance Fee. Upon payment in full of both the Initiation Fee and Entrance Fee, Whitaker Glen shall issue the Nonnegotiable Note (the "Note") to the Applicant.

(3) Provisions of the Note.

(a) The Note shall provide that the principal amount thereof shall not bear interest. The principal Note amount, less any applicable reductions (hereinafter referred to as the "Entrance Fee Refund") shall be refundable to Applicant and payable according to the following schedule: (i) Applicant shall be initially eligible for an Entrance Fee Refund following the death of the Applicant or the termination of his or her Residence and Services Agreement in accordance with the provisions hereof and thereof; (ii) upon initial eligibility, Applicant shall be included in a group of refund-eligible residents with the same floor plan as Applicant's; and (iii) a refund shall be paid to a group member resident within thirty (30) days following each occurrence of a

residential unit with their same floor plan being newly occupied by another individual, in the chronological order such group member residents became eligible for a refund. It is provided, however, that should the Residence and Services Agreement be terminated as a result of the Applicant's Permanent Transfer to a Health Care Center or Affiliated Facility (as such terms are defined in the Residence and Services Agreement), the Applicant will have the Entrance Fee Refund applied as a credit at the relevant Health Care Center or Affiliated Facility to be used to pay for occupancy, care and services. If the Entrance Fee is credited upon transfer to the Health Care Center or Affiliated Facility, he or she can again occupy a residential unit at the Lifestyle Community, as the same becomes available, upon the payment to Whitaker Glen of the appropriate Entrance Fee for the unit to be occupied. Whitaker Glen reserves the right at its sole discretion to repay all or any portion of the Entrance Fee Refund to the Applicant at an earlier date than otherwise provided herein.

(b) Payment of the Entrance Fee Refund to the Applicant shall be subject to the deduction of charges due and payable to Whitaker Glen under the terms and conditions of the Residence and Services Agreement and further to a reduction in the Entrance Fee applicable to the type of plan chosen by the Applicant according to the following schedules:

(1) Legacy Plan Reduction Schedule:

Beginning the first day of the month following the month in which the resident initially occupies the Residential Unit, the amount owed to the Applicant under the Agreement and the Note will be reduced by one percent (1.0 %) of the original Note amount for each month or partial month the unit is occupied by the resident but not more than twenty-five (25) months and not to exceed a reduction of more than twenty-five percent (25%) of the original amount owed under the Agreement. **As an example only to illustrate application of this provision**, if the amount owed a resident under the resident's Agreement is Five Hundred Thousand Dollars (\$500,000.00), then the reduction each month in the amount owed under the Agreement would be Five Thousand Dollars (\$5,000.00); ( $\$500,000.00 \times 1.0\% = \$5,000.00$ ). The monthly reduction of \$5,000.00 would continue to be applied for each month or partial month the unit is occupied by the resident up to a total of 25 months or until the original amount owed under the Agreement had been reduced 25% or One Hundred Twenty-Five Thousand Dollars (\$125,000.00), whichever occurred first. In the example given above, the twenty-five months would equal exactly One Hundred Twenty-Five Thousand Dollars (\$125,000.00), and would also be equal to 25% of the original amount owed so the monthly reduction would stop after the 25th month. **The remaining balance owed to the Applicant under the Agreement and the Note would then be \$375,000.00.**

(2) Heritage Plan Reduction Schedule:

Beginning the first day of the month following the month in which the resident initially occupies the Residential Unit, the amount owed to the Applicant under the Agreement and the Note will be reduced by two percent (2.0 %) of the original Note amount for each month or partial month the unit is occupied by the resident but not more than twenty-five (25) months and not to exceed a reduction of more than fifty percent (50%) of the original amount owed under the Agreement. **As an example only to illustrate application of this provision**, if the amount owed a resident under the resident's Agreement is Five Hundred Thousand Dollars (\$500,000.00), then the reduction each month in the amount owed under the Agreement would be Ten Thousand Dollars (\$10,000.00); (\$500,000.00 X 2.0% = \$10,000.00). The monthly reduction of \$10,000.00 would continue to be applied for each month or partial month the unit is occupied by the resident up to a total of 25 months or until the original amount owed under the Agreement had been reduced 50% or Two Hundred Fifty Thousand Dollars (\$250,000.00), whichever occurred first. In the example given above, the twenty-five months would equal exactly Two Hundred Fifty Thousand Dollars (\$250,000.00), and would also be equal to 50% of the original amount owed so the monthly reduction would stop after the 25th month. **The remaining balance owed to the Applicant under the Agreement and the Note would then be \$250,000.00.**

(3) Lineage Plan Reduction Schedule:

Beginning the first day of the month following the month in which the resident initially occupies the Residential Unit, the amount owed to the Applicant under the Agreement and the Note will be reduced by four percent (4.0%) of the original Note amount for each month or partial month the unit is occupied by the resident over a twenty-five (25) month period until the original amount owed under the Agreement is reduced to 0%. **As an example only to illustrate application of this provision,** if the amount owed a resident under the resident's Agreement is Five Hundred Thousand Dollars (\$500,000.00), then the reduction each month in the amount owed under the Agreement would be Twenty Thousand Dollars (\$20,000.00); ( $\$500,000.00 \times 4.0\% = \$20,000.00$ ). The monthly reduction of \$20,000.00 would continue to be applied for each month or partial month the unit is occupied by the resident up to a total of 25 months or until the original amount owed under the Agreement had been reduced to 0%. **After the 25<sup>th</sup> month, the remaining balance owed to the Applicant under the Agreement and the Note would be \$0.**

(c) The proceeds of the Note, as well as the proceeds of other notes issued by Whitaker Glen in exchange for payment of Entrance Fees, shall be utilized only for expenses incurred incident to the construction, furnishing, and operation of the Lifestyle Community. Such notes, including that issued to the Applicant, shall be

secured by a deed of trust upon the interest of the Grantors in the land and improvements comprising the Lifestyle Community, which shall subordinate only to liens securing the repayment of additional funds utilized incident to the construction, furnishing and operation of the Lifestyle Community.

(4) Status of the Note. The Note shall be a debt obligation of Whitaker Glen secured as aforementioned, and with the exception of such security, the rights granted thereunder shall not include a proprietary or other interest in the business, assets, and properties of Whitaker Glen.

(5) Rescission Period. The Applicant may rescind this Agreement by giving written notice to Whitaker Glen within the thirty (30) days of the execution of the Agreement (the "Rescission Period"). If the Agreement is rescinded during the Rescission Period, the Applicant will receive all deposits, monies, or property transferred to Whitaker Glen less applicable periodic charges, nonstandard costs incurred at the request of the resident, and a service charge not to exceed the greater of \$1,000 or 2% of the debenture amount paid by the Applicant. The refund will be paid to the Applicant within one hundred eighty (180) days of receipt of the written notice to rescind.

(6) Termination of this Agreement Prior to Occupancy.  
If the Applicant is unable to take occupancy of the Residential Unit due to death, illness, injury, or incapacity which, in the

reasonable judgment of Whitaker Glen, would preclude the Applicant from living in an independent setting (individually and collectively, "Cause"), this Agreement shall be automatically canceled. If prior to the Applicant's occupancy at Whitaker Glen, the Applicant should terminate his Residence and Services Agreement, this Agreement shall terminate. Except in the event of a termination for Cause or termination during the Recission Period for any reason, Applicant shall not be eligible for a refund of any deposits made hereunder following termination under this subsection (6) or subsection (5) above. Following a termination for Cause, all amounts paid under this Agreement shall be refunded to the Applicant in accordance with the terms hereof. Such refund shall be made within one hundred eighty (180) days following the aforementioned cancellation or termination.

(7) Applicant. In the event two (2) individuals have joined in entering into this Agreement with Whitaker Glen, the word "Applicant" herein shall refer to both such people, and they shall be jointly and severally responsible for the obligations of the Applicant hereunder.

(8) Gender. As used herein, the masculine gender shall include the feminine, the feminine shall include the masculine, and the singular shall include the plural.

(9) Binding. This Agreement shall be binding upon the parties hereto, their heirs, personal representatives, successors, and assigns.

*[Signatures on following page]*

IN WITNESS WHEREOF, the Applicant has hereunto affixed his hand and seal, and Whitaker Glen has caused this instrument to be executed by its duly authorized officer and its corporate seal hereunto affixed, all on the day and year first above written.

WITNESS:

APPLICANT:

\_\_\_\_\_

\_\_\_\_\_ (SEAL)

\_\_\_\_\_

\_\_\_\_\_ (SEAL)

WHITAKER GLEN, INC.

\_\_\_\_\_  
Chairman and CEO

## Appendix E — Statutory Ratio and Supporting Definitions

**Adjusted Net Operating Margin Ratio.** *“A profitability ratio that measures the margin generated from the core operations of a provider and net cash proceeds from entrance fees. The quotient shall be calculated by dividing the sum of resident operating income and net proceeds from entrance fees by the sum of resident revenue and net cash proceeds from entrance fees.”* (G.S. 58-64A-145(1))

**Annual Debt Service.** *“The current year's capitalized interest cost plus interest expense and scheduled principal payments, excluding any balloon principal payment amounts and any portion of the annual debt service that has been or will be funded by debt for the payment of debt service.”* (G.S. 58-64A-5(7))

**Average Daily Cash Operating Expenses.** *“The total expenses of a provider incurred in the conduct of the provider's business over a defined period of time, divided by the number of days in that period. For purposes of this definition, ‘total expenses’ includes interest expense, but excludes depreciation expense, amortization expense, realized or unrealized nonoperating losses or expenses, bad debt expense, and other noncash expenses.”* (G.S. 58-64A-145(2))

**Capital Expenditures as a Percentage of Depreciation Ratio.** *“A capital structure ratio that indicates the level of capital reinvestment by a provider. The quotient shall be computed by dividing total purchases of property, plant, and equipment by total depreciation expense.”* (G.S. 58-64A-145(3))

**Cushion Ratio.** *“A liquidity ratio that measures a provider's ability to pay its annual debt service using its unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by annual debt service.”* (G.S. 58-64A-145(4))

**Days Cash on Hand Ratio.** *“A liquidity ratio that measures the number of days of cash operating expenses a provider could cover using its existing unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by average daily cash operating expenses.”* (G.S. 58-64A-145(5))

**Debt Service Coverage Ratio.** *“A capital structure ratio that measures a provider's ability to pay annual debt service with cash flow from net cash revenues and net entrance fee receipts. The quotient shall be calculated by dividing the sum of total excess of revenues over or under expenses plus interest expense, depreciation expense, amortization expense, other noncash operating losses or expenses, and net cash proceeds from entrance fees, minus entrance fee amortization, entrance fee refunds contractually past due, and other noncash operating gains or revenues divided by annual debt service. Entrance fees received from the initial residents of independent living units at a continuing care retirement community that have been financed in whole or in part with the proceeds of indebtedness shall be excluded from the net proceeds from entrance fees up to an amount equal to the aggregate of the principal amount of the indebtedness.”* (G.S. 58-64A-5(17))

**Net Cash Proceeds from Entrance Fees.** *“Total entrance fees received less entrance fees refunded, and less initial entrance fees received for new independent living units.”* (G.S. 58-64A-5(30))

**Net Operating Margin Ratio.** *“A profitability ratio that measures the margin generated from the core operations of a provider. The quotient shall be calculated by dividing resident operating income by resident revenue.”* (G.S. 58-64A-145(7))

**Operating Ratio.** *“A profitability ratio that measures whether current year cash operating revenues are sufficient to cover current year cash operating expenses without the inclusion of cash from entrance fee receipts. The quotient shall be computed by dividing total operating expenses, excluding depreciation expense and amortization expense, by total operating revenues, excluding amortization of entrance fees and other deferred revenue.”* (G.S. 58-64A-145(8))

**Prospective Financial Statements.** *“Financial forecasts or financial projections, including the summaries of significant assumptions and accounting policies prepared by an independent certified public accountant.”* (G.S. 58-64A-5(38))

**Resident Expense.** *“Total operating expenses excluding interest expense, depreciation expense, amortization expense, and income taxes.”* (G.S. 58-64A-145(10))

**Resident Revenue.** *“Total operating revenue excluding interest and dividend income, entrance fee amortization, and contributions.”* (G.S. 58-64A-145(11))

**Unrestricted Cash and Investments.** *“The sum of the provider's unrestricted cash, cash equivalents and investments, and any provider restricted funds that are available to pay debt or to pay operating expenses. For purposes of this definition, the assets serving as the operating reserve required by G.S. 58-64A-245 shall be considered unrestricted.”* (G.S. 58-64A-145(12))

**Unrestricted Cash and Investments to Long-Term Debt Ratio.** *“A capital structure ratio that (i) measures a provider's position in available cash and marketable securities in relation to its long-term debt and (ii) measures a provider's ability to withstand annual fluctuations in cash. The quotient shall be calculated by dividing unrestricted cash and investments by total long-term debt, less the current portion of long-term debt.”* (G.S. 58-64A-145(13))

**Source:** N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 (Session Law 2025-58). If the statutory definitions are amended, the statute as amended controls.