



# PORTERS NECK VILLAGE

## **DISCLOSURE STATEMENT**

**PORTERS NECK VILLAGE**

**CONTINUING CARE RETIREMENT COMMUNITY**

**PROVIDER: PLANTATION VILLAGE, INC.**

**DATE OF DISCLOSURE STATEMENT: December 31, 2025**

**LAST DATE FOR DELIVERY: June 9, 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 Plantation Village, Inc. to penalties under Article 64A.**

## Financial Snapshot: Key Ratios for Plantation Village, Inc.

**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>
DCOH	497	506	493	558	566	577	—	—	—
CUSH	8.24x	8.37x	8.49x	6.91x	7.60x	8.91x	—	—	—
OR	93%	85%	84%	84%	87%	80%	—	—	—
NOM	3%	13%	11%	8%	5%	15%	—	—	—
NOM-A	14%	29%	23%	29%	29%	30%	—	—	—
DSCR	1.08	2.40	1.82	1.70	2.57	2.89	—	—	—
CD	50%	18%	50%	32%	48%	58%	—	—	—
CED	8.17	1.73	1.09	5.84	5.80	0.29	—	—	—

### 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 Ration (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:

<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.

- **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.**

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## 1. Provider Identification

### Legal Responsibility for Continuing Care

Plantation Village, 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)

Plantation Village, Inc., conducts business under the name Porters Neck Village. The name Porters Neck Village is a trade name only and does not represent a separate legal entity. Plantation Village, Inc., remains legally responsible for providing continuing care and performing all obligations under continuing care contracts.

Item	Information
<b>Legal Provider Name:</b>	Plantation Village, Inc.
<b>Doing Business As (DBA):</b>	Porters Neck Village
<b>Business Address:</b>	1200 Porters Neck Road, Wilmington, NC 28411
<b>Telephone Number:</b>	+1 (910) 686-7181
<b>Legal Entity Type:</b>	Corporation
<b>For-Profit/Nonprofit Status:</b>	Not-for-Profit
<b>Federal Tax Status:</b>	Tax-exempt under 501(c)(3) of the Internal Revenue Code
<b>Ownership Type:</b>	Privately owned and controlled nonprofit organization. The provider is not part of any publicly held or traded corporate system.
<b>Tax Filing Status:</b>	Current on all required federal and state tax filings
<b>Ownership/Control:</b>	Plantation Village, Inc., is a North Carolina nonprofit corporation.

## 2. Organizational Structure

### 2.1 Multi-Entity Organization Status

Plantation Village, Inc. is a non-profit 501(c)(3) corporation, governed by a voluntary Board of Directors and is not part of a multi-entity organization.

### 2.2 Consolidation of Financial Statements

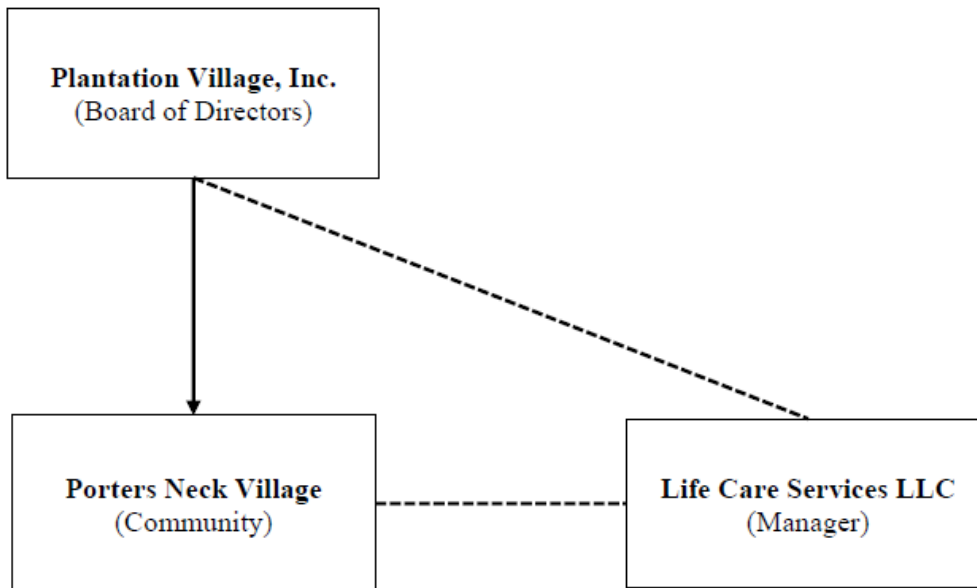
Audited financial statements are prepared on a consolidated basis with Plantation Village, Inc. Consolidating schedules within the audit present the financial position and results of operations of Plantation Village, Inc.

### 2.3 Controlling Person

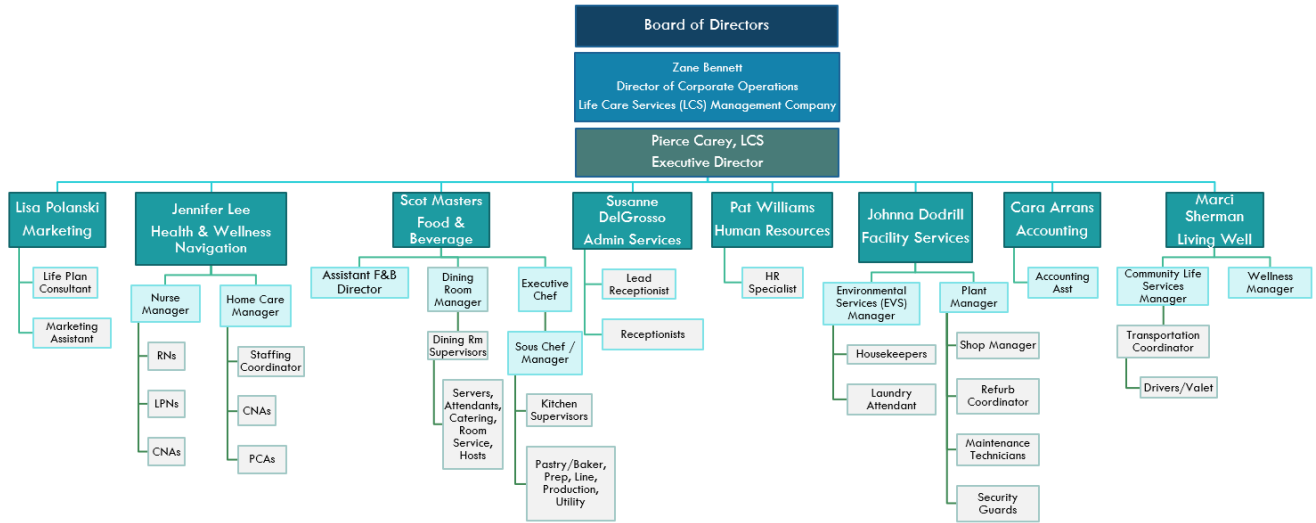
Item	Information
<b>Name:</b>	Plantation Village, Inc.
<b>Business Address:</b>	1200 Porters Neck Road, Wilmington, NC 28411
<b>Telephone Number:</b>	+1 (910) 686-7181

### 2.4 Company Structure Chart

The organizational structure of Plantation Village, Inc. is as follows:



Plantation Village, Inc. is a non-profit 501(c)(3) corporation, governed by a voluntary Board of Directors. There are no owners (direct or indirect) of Plantation Village, Inc. Life Care Services LLC is the manager of the community. There is no common ownership between Plantation Village, Inc. and Life Care Services LLC.



### 3. Key Persons and Management Personnel

#### 3.1 Senior Officers of Plantation Village, Inc.

Name/Role	Education	Experience	Length of Service
Kara Gansmann President	B.A., UNC Wilmington; J.D., North Dakota	Elder law and estate planning attorney, Cranfill Sumner LLP; President of Village Legacy Foundation Board; Former appellate court staff attorney	5 years, 4 months (since 01/01/2021)
Sharon Jessup Vice President	B.A., Political Science, M.P.A. UNC Chapel Hill	25+ years in senior living; Leadership across life plan, rental, and assisted living communities	2 years, 4 months (since 01/01/2024)
Mark Sweeney Treasurer	B.S., Business Administration Accountancy	Former financial executive at GE, PepsiCo, J.C. Penney, Garner Denver; CPA; Extensive board and non-profit	2 years, 4 months (since 01/01/2024)

		governance experience	
Mark Blake Secretary	B.S.E., Civil Engineering, Princeton	40+ years in engineering and construction; 27 years of experience with Port Authorities; licensed engineer (NC)	1 year, 4 months (since 01/01/2025)

**Business Address:** 1200 Porters Neck Road, Wilmington, NC 28411

**Disclosure:** Neither officer has reported any Outside Interests or Adverse Disclosures.

**3.2 Community Management – Porters Neck Village Continuing Care Retirement Community**

Name/Role	Education	Experience	Length of Service
Pierce Carey Executive Director	B.S., Health Service Administration, Simpson College; M.H.A., U. Central Florida	6+ years in senior living operations; recently served as Executive Director of CCRC in Maryland	0 years, 3 months (since 02/01/2026)
Jennifer Lee Administrator	A.S., Wake Technical; B.S.N, Kaplan	10+ years in progressive nursing leadership roles; recently served as Patient Services Manager. Work primarily focuses on adult and geriatric populations and care coordination	0 years, 11 months (since 06/23/2025)

**Business Address:** 1200 Porters Neck Road, Wilmington, NC 28411

**Disclosure:** The Executive Director or Administrator has reported no Outside Interests or Adverse Disclosures.

**3.3 Board of Directors – Plantation Village, Inc.**

Name/Role	Education	Experience	Length of Service
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Eric Bregman, Director	M.S. Accounting, UNC Greensboro	CPA, Earney & Company; Prior roles with Dixon Hughes Goodman, BB&T, Bernard Robinson & Co.; Leadership Greensboro, Class of 2016	5 years, 5 months (since 01/01/2021)
Ben Jacobson, Director	M.S. Accountancy; B.S. Business Administration, UNC Wilmington	Senior Manager. Earney & Company; Former Auditor, Ernst & Young; Certified Information Systems Auditor	0 years, 5 months (since 01/01/2026)
Matthew Beatty, Director	B.S., Business Administration, UNC Wilmington	Financial advisor and serves as chief operating officer; serves as member on Village Legacy Foundation Board of Directors	1 year, 5 months (since 01/01/2025)
Maxwell Shafer, Director	J.D., William & Mary	Commercial litigation attorney, Cranfill Sumner LLP; Appellate and Supreme Court amicus counsel experience	1 year, 5 months (since 01/01/2025)
Mark Blake, Director	B.S.E., Civil Engineering, Princeton	40+ years in engineering and construction; 27 years of experience with Port Authorities; licensed engineer (NC)	1 year, 5 months (since 01/01/2025)
Jill Williams, Director	B.A., Cornell; M.A., Vermont; M.A., Columbia	Background in research, public service, and 30+ years in IT and tech support at	0 years, 1 month (since 05/01/2026)

		Columbia University; extensive volunteer leadership, including officer roles, reflecting commitment to service	
Kara Gansmann, Director	B.A., UNC Wilmington; J.D., North Dakota	Elder law and estate planning attorney, Cranfill Sumner LLP; President of Village Legacy Foundation Board; Former appellate court staff attorney	5 years, 5 months (since 01/01/2021)
Ruth Glaser, Director	B.A. Sociology, UNC Wilmington; M.H.A. Duke	President & COO, Novant Health Pender Medical Center; Fellow of American College of Healthcare Executives	1 year, 5 months (since 01/01/2025)
Sharon Jessup, Director	B.A., Political Science, M.P.A. UNC Chapel Hill	25+ years in senior living; Leadership across life plan, rental, and assisted living communities	2 years, 5 months (since 01/01/2024)
Tom Roark, Director	(see experience)	Construction and facilities maintenance professional; Chief Engineer, Wilmington Hilton; Construction contracts administrator, LS3P Associates, Boney Architects	2 years, 5 months (since 01/01/2024)
Griffin Sutton, Director	Ph.D., Clinical Neuropsychology	Private practice neuropsychologist; Specialization in	2 years, 5 months (since 01/01/2024)

		lifespan and geriatric evaluations	
Mark Sweeney, Director	B.S., Business Administration Accountancy	Former financial executive at GE, PepsiCo, J.C. Penney, Garner Denver; CPA; Extensive board and non-profit governance experience	2 years, 5 months (since 01/01/2024)
Jeffrey Turpin, Director	B.S., Accounting, UNC Charlotte	CPA; Former CEO, President, CFO in convenience retail and real estate; Owner of JayTeas Properties I-IV	5 years, 5 months (since 01/01/2021)
Ann Jessup, Resident Council Representative	B.S.N., UNC Chapel Hill; M.A. Public Administration, Fairleigh Dickinson	60+ years in healthcare; founder and co-founder of hospice organizations; Past board chair and president roles	2 years, 1 month (since 05/01/2024)
Tom Burrell, Resident Council Representative	U.S. Military Academy (West Point); M.B.A., U.S. Army Comptroller Program	U.S. Army Service (1966-1992); Dept. of Defense and Homeland Security consultant; extensive board, HOA and planning commission leadership	0 years, 1 month (since 05/01/2026)

**Business Address:** 1200 Porters Neck Road, Wilmington, NC 28411

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

### 3.4 Management Entity – Life Care Services LLC

- **Nature of Role:** Nonprofit supporting organization controlled by Life Care Services LLC; employs the Executive Director; provides on-site management and centralized administrative services to Plantation Village, Inc.

- **Business Address:** 400 Locust St, Suite 820, Des Moines, IA 50309
- **Key Officers:**
  - Chris Bird – President, CEO, Manager
  - Daniel L. Lahey – Executive Vice President, Manager
  - GeLynna Shaw – Executive Vice President, Manager
  - Bridgette C. Uhlemann – Senior Vice President, Secretary, Manager
  - Jason Victor – Senior Vice President, Treasurer, Manager

### **3.5 10%+ Ownership Interests**

*(Individuals holding ten percent (10%) or more equity or beneficial interest in the provider or any controlling person)*

There is not any professional service firm, association, trust, partnership or corporation, in which the Executive Director or any member of the Board of Directors has a 10 percent or greater interest in and which it is presently intended shall currently or in the future provide goods, leases or services to the Village or to residents of the Village, of an aggregate value of \$500 or more within any year. Further there is not any professional service firm, association, trust, partnership, or corporation that currently provides any goods, leases or services of an aggregate value of \$500 or more within any year to the Village or to the residents of the Village that has a 10% or greater interest in any officer, director or management staff (including the Executive Director).

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

### **4.1 Provider Governing Body**

The Board of Directors of Plantation Village, Inc. currently consists of 14 members. The officers and directors serve without compensation for the good of the community. The officers or directors, nor any person involved in the management of the Village, do not have any proprietary interest in Plantation Village, Inc.

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

The Nominating/Board Development Committee oversees the recruitment, orientation, and development of Board membership. The Committee strives to identify and recruit new Board members as needed to ensure Board membership remains at the recommended level according to the bylaws. The Committee evaluates current Board makeup and recruits new members according to Board needs, areas of expertise desired, and/or connection to the community. The Committee encourages Board members to identify and recruit new Board members. The Committee takes the lead in developing and implementing Board orientation. The Committee shall consist of three (3) current Board members as appointed by the President.

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

The Board of Directors has the overall responsibility for the Village. Some of its primary duties involve the review and approval of building design, capital expenditures, operating budgets, and monitoring the Village's financial condition. The Board also adopts and approves the personnel policies for Village employees, annually reviews the

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

#### **4.1.3 Committees**

The Plantation Village, Inc. Board of Directors maintains standing committees for:

- Executive Committee
- Finance Committee
- Capital Expansion/Enhancement Committee
- Living Well Committee
- Governance Committee
- Nominating Committee

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

Plantation Village, Inc. is governed by its own Board of Directors. That board is responsible for policymaking, strategic decisions, financial oversight, guidance/coaching to the Executive Director, advocates for Porters Neck Village, evaluates management and negotiates contractual agreement with management company.

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

Please refer to Section 4.1.1.

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

Please refer to Section 4.1.2.

##### **4.2.3 Committees**

Please refer to Section 4.1.3.

#### **4.3 Division of Responsibilities**

To avoid duplication and ensure effective oversight:

- The Board of Directors serves as the governing body with fiduciary oversight and operates as a single entity responsible for policy making, strategic direction, and financial oversight. The Board provides guidance and coaching to the executive director, represents and advocates for Porters Neck Village within the community, evaluates management performance, and negotiates contractual agreements with the management company. The Board does not engage in daily

operations, individual management, compensation decisions, or assume owner or stakeholder roles.

- Associates are responsible for the day-to-day operations of the organization and maintain ongoing communication with residents, fellow associates, and the Board of Directors. They execute the established strategy, keep management informed, implement policies and procedures, train employees, uphold the code of ethics, and strive to meet or exceed quality standards. Associates manage fiscal responsibility within their departments, develop and adhere to budgets, and ensure responsiveness, but they do not govern, set policy, define long-range strategy, act as investors, or serve as personal assistants to residents or the Board of Directors.

## **5. Related Parties**

### **5.1 Life Care Services LLC**

- **Nature of Relationship:** Management Company for Plantation Village, Inc.
- **Goods/Leases/Services Provided:** Recruits and employs the Executive Director, supervises the licensing, equipping, and staffing of the Village, prepares annual budgets, establishes and operates a system of financial controls for the Village, including comparative analyses with other facilities, and oversees the food service and quality accommodations provided by the Village.
- **Actual/Probable Cost:** The monthly management fee is the greater of Fifty-Five Thousand Dollars (\$55,000) per month or Four and Eighty-Five Hundredths Percent (4.85%) of revenues for the then-current month.

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

The disclosures in this section address organizational relationships and are distinct from the party-related transactions reported in Section 5.

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

## **7. Other Persons Responsible for Obligations**

No other person or entity is responsible, directly or indirectly, for the financial or contractual obligations of the provider.

## **8. Obligated Groups**

The provider is not a member of an obligated group.

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

As of the most recent covenant testing date, the provider and its obligated group are in compliance with all covenants contained in debt agreements.

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

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

<https://www.lcsnet.com/management-services/management-services-overview>.

## **11. Real Property Leases**

The provider does not lease any part of the real property of the continuing care retirement community.

## **12. Endowment Funds**

The provider does not maintain any endowment funds and does not have access to endowment funds through a related party.

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

Plantation Village, Inc. operates Porters Neck Village located at 1200 Porters Neck Road, Wilmington, North Carolina 28411. The Village is located on 58 acres of land and is less than one-half mile from the Intracoastal Waterway and seven miles northeast of the Wilmington city limits. The site has frontage on Porters Neck Road and is located on adjoining property to The Davis Community. The Community currently has 7 three-story and 1 two story residential apartment buildings containing 143 independent living apartments as well as 96 one-story duplexes and quadraplexes. The complete continuum of care is contracted with the adjacent Davis Health Care Center, providing assisted living, memory support, skilled nursing and rehabilitation services.

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

As of December 31, 2025, Porters Neck Village Continuing Care Retirement community includes:

- 239 independent living units (2 cottages, 66 duplex homes, 28 villas, 143 apartments)

## **15. Continuing Care at Home Program**

This section is not applicable as the provider does not operate a Continuing Care at Home (CCaH) program.

### **15.1 Program Description**

The provider does not operate a continuing care at home program.

### **15.2 Geographic Areas Served**

The provider does not operate a continuing care at home program.

### 15.3 Enrollment

The provider does not operate a continuing care at home program.

### 15.4 Staffing and Resources

The provider does not operate a continuing care at home program.

### 16. Resident Population Served

As of December 31, 2025, the resident population served by Porters Neck Village Continuing Care Retirement Community under continuing care contracts was as follows:

- 294 residents in independent living

The community maintains a waitlist consisting of 29 individuals. A deposit of \$10,000 is required to secure a position on the waitlist. The deposit is not held in escrow and will be applied toward the required entrance fee deposit if the prospective resident elects to move forward with residency. The deposit is fully refundable within 30 days of signing the waitlist agreement. After the 30-day period, \$9,500 remains refundable, and \$500 is nonrefundable should the depositor cancel due to a change of mind. The deposit is also refundable if the individual is unable to qualify for residency due to a medical condition. Upon availability of a preferred residence and election to proceed, the waitlist deposit is applied toward the standard 10% entrance fee deposit.

### 17. Occupancy Rates

The 12-month daily average occupancy rates for Porter Neck Village Continuing Care Retirement Community 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>
12/31/2025	95.4%
12/31/2024	91.94%
12/31/2023	88.54%
12/31/2022	89.7%
12/31/2021	88.1%

### 18. Semiannual Resident Meetings

Plantation Village, Inc. holds meetings with residents of the Porters Neck Village Continuing Care Retirement Community on a monthly basis, in accordance with the law.

#### Fiscal Year 2026 Meeting Dates

- January 29<sup>th</sup>
- February 26<sup>th</sup>

- March 26<sup>th</sup>
- April 23<sup>rd</sup>
- May 28<sup>th</sup>
- June 25<sup>th</sup>
- July 23<sup>rd</sup>
- August 27<sup>th</sup>
- September 24<sup>th</sup>
- October 29<sup>th</sup>
- November 19<sup>th</sup>

As required by law, an independent member of the provider's board of directors was present at each of the meetings.

### **19. Resident Property Rights**

Residents do not hold ownership or property rights in the real estate of Porters Neck Village. Residency and access to services are governed solely by the continuing care contract.

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

Plantation Village, Inc. offers services under continuing care contracts at Porters Neck Village Retirement. The following disclosures describe the services included in each contract type, as well as those available for additional charge.

#### **20.1 Health Care Services**

Residents of Porters Neck Village Continuing Care Retirement Community have access to assisted living, skilled and intermediate nursing, and memory support care. Health services include 24-hour nursing, medication management, rehabilitative therapies, and coordination with residents' personal physicians.

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

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

Residents living in the Porters Neck Village Continuing Care Retirement Community campus receive the following services as part of their monthly fees, with additional services available at an extra charge.

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

The Monthly Fee includes the following services and amenities:

- Utilities, including electricity, water, sewer, heating, and cooling
- Basic cable television and internet service
- Maintenance of residences, buildings, and grounds
- Weekly housekeeping and linen service
- Dining services as defined by the community's dining program
- Scheduled transportation services
- Access to common areas, amenities, and community programs
- Security services and emergency response systems
- Limited home care or wellness services, if applicable

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

The following dining and hospitality services are available for an additional charge:

- Additional meals beyond the standard dining plan
- Guest meals
- Private dining and catering services
- Special events and hosted functions
- Alcoholic Beverages
- Salon and spa services
- Personal laundry and dry cleaning
- Additional housekeeping or maintenance services
- Transportation beyond scheduled services
- Guest accommodations
- Medical services, including therapy, supplies, and medications
- Home care services beyond those included in the Monthly Fee
- Other optional services as approved by the community

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

The provider does not operate a continuing care at home program.

### **20.3.1 Services Included in Monthly Fees**

The provider does not operate a continuing care at home program.

### **20.3.2 Services Available at Additional Charge**

The provider does not operate a continuing care at home program.

## 20.4 Delivery of Services

Core residential services are provided directly by Plantation Village, Inc. Certain therapies (physical, occupational, and speech) are furnished under contract with independent third parties. Some home health and nursing services are delivered through Plantation Village, Inc., a related party disclosed in Section 5.

## 21. Resident Fees

### 21.1 CCRC Contracts

CCRC contracts represent continuing care contracts for residents who live at the Porters Neck Village Continuing Care Retirement Community campus.

**Table 21.1: Current Monthly Fees (CCRC Contracts)**

Unit Type	Single Occupant	Double Occupant
Independent Living – Apartment	\$3,667– \$5,763	\$1,821
Independent Living – Villa	\$5,588 – \$6,273	\$1,821
Independent Living – Duplex	\$6,244 – \$8,085	\$1,821
Independent Living – Heron Cove	\$5,368 – \$5,939	\$1,821
Independent Living – Magnolia Walk	\$6,263 – \$7,439	\$1,821
Independent Living – Osprey Place	\$4,455 – \$6,010	\$1,821
Independent Living – Egret Landing	\$4,119 – \$7,106	\$1,821

Monthly fees are reviewed annually and may be adjusted to reflect changes in operating costs, staffing, health care expenses, and capital needs. Adjustments are subject to board approval, with no contractual cap on increases.

**Table 21.2: Historical Increases in Monthly Fees (CCRC Contracts)**

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2025	4.5%	\$413	Annual
12/31/2024	5.0%	\$301	Annual
12/31/2023	6.0%	\$289	Annual
12/31/2022	7.9%	\$364	Annual
12/31/2021	4.0%	\$167	Annual

**Table 21.3: Current Entrance Fees**

Unit Type	Entrance Fee (Single)	Entrance Fee (Double)
Independent Living – Apartment	\$95,000 – \$342,000	\$20,000
Independent Living – Villa	\$232,000 – \$496,500	\$20,000
Independent Living – Duplex	\$246,000 – \$996,500	\$20,000
Independent Living – Heron Cove	\$442,000 – \$563,500	\$20,000

Independent Living – Magnolia Walk	\$499,500 – \$785,000	\$20,000
Independent Living – Osprey Place	\$218,000 – \$563,000	\$20,000
Independent Living – Egret Landing	\$334,000 – \$767,900	\$20,000

Refundability terms vary by contract and are disclosed in Section 22.

**Table 21.4: Historical Increases in Entrance Fees (CCRC Contracts)**

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2025	3.0%	\$7,000	Annual
12/31/2024	7.6%	\$53,825	Annual
12/31/2023	2.4%	\$10,757	Annual
12/31/2022	3.0%	\$7,748	Annual
12/31/2021	3.0%	\$7,937	Annual

## 21.2 CCaH Contracts

The provider does not operate a continuing care at home program.

## 21.3 Household Composition Changes

If a resident marries or otherwise increases the number of persons residing in a living unit, an additional entrance fee is required for the new resident, based on the applicable fee schedule at the time of entry. The monthly fee is adjusted to the two-person rate. If the additional resident does not meet admission requirements, they may not be admitted under a continuing care contract.

## 21.4 Transfer Fees and Resale Fees

If a resident transfers to a different independent living unit, a transfer fee of \$2,500 is charged. No resale fees are charged because residents do not hold ownership rights in their living units.

## 22. Refundable Entrance Fee Obligations

### 22.1 Conditions for Refunds

Certain continuing care contracts at Porters Neck Village include a 90%, 75%, or 50% refund provision, known as The Return of Capital™ Plan. Under the 90 Percent Return of Capital™ Plan, the resident or resident's estate will be eligible for a partial reimbursement of up to 90 percent of the Entrance Fee. Under the 75 Percent Return of Capital™ Plan, the resident or resident's estate will be eligible for a partial reimbursement of up to 75 percent of the Entrance Fee. Under the 50 Percent Return of Capital™ Plan, the resident or resident's estate will be eligible for a partial reimbursement of up to 50 percent of the Entrance Fee. Partial reimbursement is subject to the deductions specified in the Return of Capital™ Residency Agreements and will be paid only after receipt of the proceeds paid by the new resident and reoccupancy of the residence.

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

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

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

After occupancy, if we or the Resident cancels the residency agreement pursuant to Section 8 or 9 of the Residency Agreement, or in the event of the resident's death, the resident or resident's estate will receive a refund of either 90 percent, 75 percent, or 50 percent of the Entrance Fee (depending on which Return of Capital™ Plan Residency Agreement was entered into with the resident). Under the Traditional plan, the Entrance Fee paid by the resident will reduce at a rate of 2 percent per month of occupancy (or portion thereof). After 50 months of occupancy under the Traditional plan, the Entrance Fee reduces to a zero balance, and no refund will be paid. Refund, if any, will be paid

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

**22.2 Refund Obligations as of December 31, 2025**

<b>Category</b>	<b>Number of Contracts</b>	<b>Aggregate Amount</b>
Refunds due once all contractual conditions are met	4	\$911,564
Refunds currently due (including amounts 30+ days past due)	0	\$0
Resident now in non-independent living unit – unit not resold	6	\$642,249
Resident now in non-independent living unit – unit resold	14	\$2,526,162

**23. Financial Hardship Policies**

**23.1 Policies for Residents Unable to Pay**

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

**23.2 Sources of Financial Support**

Financial assistance, if approved, is provided by the community through a hardship assistance program designed to help residents meet their monthly service fee obligations. Assistance may take the form of a reduction, deferment, or subsidy of the monthly service fee, as determined by the Provider. Any assistance granted is funded through the Provider’s operating resources and is subject to approval by management, the Finance Committee, and the Board of Directors.

**23.3 Conditions or Limitations**

Financial assistance is subject to strict eligibility criteria and approval processes. Residents must demonstrate financial need by submitting a formal application disclosing all income, expenses, and assets.

Eligibility is limited to residents whose assets and income fall below established thresholds and whose inability to pay results from circumstances beyond their control.

Residents may be required to utilize available assets before assistance is granted and may be asked to relocate to a smaller residence, if available, to reduce expenses.

Assistance is not guaranteed and must be approved by the Provider following review by management, the Finance Committee, and the Board of Directors. Applications are reviewed at least annually, and continued eligibility is subject to ongoing financial review.

Assistance will not be granted if financial hardship results from actions such as unapproved transfers or gifts of assets, failure to disclose financial information, or intentional reduction of assets. Any assistance provided may be offset against amounts otherwise refundable to the resident under the Residency Agreement.

### **23.4 Narrative**

The Provider maintains a hardship assistance policy intended to support residents who encounter financial difficulty after entering the community due to unforeseen or uncontrollable circumstances. The program is designed to allow eligible residents to remain in the community while meeting essential living expenses.

Residents requesting assistance must complete a detailed financial application and participate in a review process led by the Executive Director. Recommendations for assistance are subject to approval by the Finance Committee and the Board of Directors.

Assistance may include temporary or ongoing adjustments to the monthly service fee; however, such assistance is discretionary and subject to the Provider's financial capacity. Residents receiving assistance are required to reapply annually or upon significant changes in financial condition.

The Provider's policy reflects a commitment to resident stability while ensuring the long-term financial viability of the community.

## **24. Contract Cancellation and Refund Policies**

### **24.1 Provider-Initiated Cancellation**

We may cancel a Residency Agreement after it has been accepted only for just cause as set forth in the Residency Agreements. Just cause shall exist if (i) the resident does not comply with the terms of the Residency Agreement or the published operating procedures, covenants rules, regulations, and policies for residents of the Village, (ii) nonpayment of

fees; (iii) resident's health status or behavior constitutes a substantial threat to the health or safety of the resident, other residents, and others, or would result in physical damage to the property of others or the Village; and/or (iv) there is a major change in the resident's physical or mental condition, and said condition cannot be cared for in Champions Assisted Living or Davis Health Care Center (or alternate facilities) within the limits of their licenses.

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

Before canceling a Residency Agreement, we will give the resident written notice of the reasons and will give the resident 30 days to correct the problem. However, if it is determined that the 30 days is detrimental to the resident or other residents or staff of the Village, this waiting period will not be required.

#### **24.2 Resident-Initiated Cancellation**

The resident may cancel a Residency Agreement for any reason at any time before the resident moves into the Village. After moving into the Village, the resident may cancel a Residency Agreement at any time by giving us 120 days' written notice.

#### **24.3 Refunds Upon Cancellation**

If we cancel the residency agreement, the resident will be entitled to receive a portion of the Entrance Fee.

#### **24.4 Refunds Upon Death**

- **Before occupancy or commencement of services:** If, prior to occupancy, the Resident (or Second Person) dies or becomes unable to occupy the Residence because of illness, injury, or incapacity, the Agreement will automatically cancel upon receipt of notice of the Resident's death, illness, injury or incapacity. We will return to Resident (or Resident's estate or legal representative) the portion of the Entrance Fee the Resident had paid to that date, without interest, less any costs incurred at their request and set forth in Exhibit A or in writing in a separate addendum. Said refund will be made within sixty (60) days following (i) the date of automatic cancellation of this Agreement; or (ii) the date of our receipt of the Resident's notice of cancellation.
- **After occupancy or commencement of services:** In the event of the Resident's (or Second Person's) death (if there are two of you, the death of the surviving resident), the Agreement will automatically cancel. The Resident's estate will be responsible for paying the Monthly Fee until the later of (i) thirty (30) days after their death or (ii) removal of their personal property from the Residence and from any storage unit. Refund of the Entrance Fee will be as described in Paragraph 6.5.

## 25. Re-occupancy of Units

A living unit at Porters Neck Village may be reassigned to a new resident under the following circumstances:

### 25.1 Resident-Initiated Vacating

- **Voluntary termination:** A resident may voluntarily terminate occupancy of a residence by providing written notice in accordance with the terms of the Residency Agreement, typically requiring advance notice and continued payment of applicable fees through the notice period and until the removal of personal property. Upon termination, the unit becomes available for reassignment.
- **Transfer to a higher level of care:** A residence may be reassigned when a resident is permanently transferred to assisted living or a health care setting following a determination by the Executive Director and Medical Director that a higher level of care is required; in such cases, the resident is required to vacate and release the residence within a specified period after notice, allowing the unit to be made available for a new resident.

### 25.2 Provider-Initiated Vacating

- **Contract cancellation by provider:** The provider may initiate vacating of the Residence and cancel the Residency Agreement only for just cause. Just cause includes circumstances where the Resident fails to comply with the terms of the Agreement, applicable operating procedures, or community rules, or when the Resident's continued occupancy is no longer appropriate under terms of the Agreement.

Prior to cancellation, the Provider shall give the Resident written notice stating the reasons for the proposed cancellation and allowing thirty (30) days to cure the identified issue, if curable. If the issue is corrected within the thirty (30) day period, the Agreement shall remain in effect. If the issue is not corrected within that period, the Provider may terminate the Agreement and require the Resident to vacate the Residence as provided under the Agreement.

- **Persistent nonpayment:** Persistent nonpayment of required fees or charges constitutes just cause for provider-initiated vacating. Persistent nonpayment includes failure to timely pay the Entrance Fee, Monthly Fee, care-related charges, or any other amounts required under the Agreement. In such cases, the Provider may issue written notice and proceed with cancellation in accordance with the notice and cure provisions of the Agreement if payment is not made within the required time period.

### **25.3 Temporary Absences**

If the Resident is absent from the Community for more than fourteen (14) consecutive days, the Monthly Fee will be reduced by the raw food costs determined by the Community's budgeting process. The Resident is required to provide advance notice to Community Administration of the absence in order to qualify for reduction in the Monthly Fee.

### **25.4 Refunds**

Refunds associated with the vacating of a living unit are handled in accordance with Section 22 – Refundable Entrance Fee Obligations. Refunds are contingent upon re-occupancy by a new resident, and the timing of repayment may vary depending on market demand and the pace of living unit turnover.

## **26. Resident Relocation**

Residents of Porters Neck Village Continuing Care Retirement Community may be required to relocate from their current living unit to another living unit within the community under the following circumstances:

### **26.1 Resident Needs**

- **Health-Related Transfer:** Residents may be required to relocate to another living unit or level of care when, in the judgment of management and medical professionals, a change in physical or mental condition necessitates a setting that better supports the resident's health, safety, or care needs.
- **Safety and Accessibility:** Such relocations may include transfer to Champions Assisted Living, the Davis Health Care Center, or another suitable accommodation to ensure appropriate care and protection.

### **26.2 Provider Needs**

- **Renovation or Construction:** Residents may be required to temporarily or permanently relocate when physical modifications, renovations, or construction activities are necessary to maintain or improve the community or to comply with applicable laws and regulations; in such instances, alternate accommodations will be provided as needed while the work is completed.
- **Operational Necessity:** Relocation may also occur due to operational needs of the community, including occupancy management, availability of appropriate care settings, or other administrative considerations necessary to ensure efficient operation and delivery of services, while maintaining the safety and well-being of residents.

### **26.3 Process**

When relocation is required, the decision is made by management, typically in consultation with the Medical Director, the attending physician, the resident, and, when appropriate, the resident's family or responsible party. Residents will be notified of the need to relocate, and where feasible, provided with alternative accommodations, with

timelines and responsibilities (including vacating and removal of personal property) clearly communicated as part of the process.

#### **26.4 Financial Obligations**

All entrance fee and monthly fee obligations continue in accordance with the terms of the residents' contract, regardless of relocation.

### **27. Admission and Continuation Standards**

#### **27.1 Admission Requirements**

Admission to Porters Neck Village is subject to both health and financial screening at the time of the application.

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

- **Financial Standards:** At the time of the execution of a Residency Agreement, the resident must have sufficient financial resources to pay the Entrance Fee, second person Entrance Fee, Monthly Fees and any extra charges incurred as defined in the Residency Agreement.
- **Health Standards:** An inquiry will be made of all prospective residents regarding the prospective resident's ability to live in a residence, with or without reasonable accommodation or reasonable modification. To determine whether a prospective resident meets the health guidelines, the following information will be gathered: (1) insurance and health information will be obtained on a Confidential Data Application and Resident Health Information Form – to be completed by the prospective resident; (2) a Memory Health Assessment will be administered by the Village; and (3) a Confidential Medical History and Health Examination will be completed by the prospective resident's physician.

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

The provider does not operate a continuing care at home program.

#### **27.2 Continuation Requirements**

- **CCRC Contracts:** Residents are required to maintain both financial and health qualifications throughout their residency. Financially, residents must continue to meet their obligations under the Residency Agreement, including payment of the Entrance Fee, Monthly Fee, and any additional applicable charges. Failure to do so may result in cancellation unless financial hardship assistance is granted at the discretion of the Provider. From a health perspective, residents must remain capable of being appropriately cared for within the community or its affiliated care settings, and a material change in physical or mental condition that cannot be accommodated within licensed levels of care may constitute grounds for transfer or termination. While the Agreement provides for lifetime residence and access to higher levels of care, such continuation is conditioned on compliance with contractual obligations and the resident's needs remaining within the scope of services the community can provide.

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

- **CCRC Contracts:** If a prospective resident's financial, physical, or mental condition changes after execution of the Residency Agreement but prior to occupancy, the provider reserves the right to cancel the Residency Agreement under specified reasons. Specifically, if the individual dies or becomes unable to occupy the residence due to illness, injury, or incapacity, the Agreement automatically terminates upon notice. Additionally, a prospective resident may elect to cancel the Agreement due to a substantial change in condition, and the provider will process applicable refunds in accordance with contract terms. These provisions allow the provider to effectively deny or discontinue admission prior to occupancy when a material change in condition affects eligibility for residency.

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

### **28.1 Age Requirements**

- The minimum age for admission to Porters Neck Village under a continuing care contract is 62 years.
- If a second person, who is not a party to the Residency Agreement, wishes to become a resident of the Village, that person's acceptance will be in accordance with the Village's current residency policy. A second person Entrance Fee as determined by the Village will be paid upon residency. In addition, each month the then-current Monthly Fee for second persons will be paid. If the second person does not meet the requirements for residency, he or she will not be permitted to occupy the residence for more than 30 days (except with our written approval), and the resident may cancel the Residency Agreement.

### **28.2 Insurance Requirements**

Applicants for CCRC contracts must:

- Be enrolled in Medicare Parts A and B at the time of admission; and
- Maintain a Medicare supplement policy or equivalent health insurance to cover services not provided by Medicare.

Should the resident's supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay, or should the resident fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay, the resident shall be financially responsible for paying deductibles, co-insurance amounts, and any other costs for each Medicare qualified stay in the Davis Health Care Center (or the alternate health care facility). If failure to maintain Medicare Part A, Medicare Part B, or supplemental health insurance causes depletion of resources and impairs the ability to meet financial obligations, The Village need not defer your financial obligations and we retain the right to cancel the Agreement.

### **28.3 Special Conditions**

The provider is not subject to any special conditions, restrictions, or requirements beyond those otherwise disclosed in this Disclosure Statement and required by applicable law.

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

### **29.1 Cash and Investments**

The provider maintains cash and investment accounts to support operations, satisfy statutory reserve requirements, and meet future obligations, including resident refunds and capital needs. Certain assets are designated by the Board of Directors as “assets limited as to use,” which may include funds for entrance fee refunds, capital replacements, and other operational purposes.

Refunds of entrance fees for independent living residents are generally contingent upon reoccupancy and receipt of a new entrance fee and are not separately secured through escrow or other refund security arrangements.

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

- **Oversight Body:** The Board of Directors retains ultimate responsibility for the management and oversight of the Provider’s cash and investment accounts. The Board has delegated primary oversight of investments to its Finance Committee. The Finance Committee is responsible for establishing and maintaining investment policies, selecting and overseeing investment advisors, and monitoring performance relative to established objectives.
- **Day-to-Day Management:** Day-to-day administration and coordination of investment activities are carried out by community management in conjunction with an external investment advisor retained by the Provider.
- **Policy and Controls:** Investments are managed in accordance with a formal investment policy designed to preserve capital, maintain appropriate asset allocation and diversification, and align with the Provider’s financial objectives and risk tolerance. This policy includes guidelines and controls to mitigate undue investment risk and is reviewed periodically by the Finance Committee.

### **29.3 Statutory Operating Reserve Requirement**

The statutory operating reserve is calculated in accordance with North Carolina regulations and is generally based on a specified number of months of operating expenses, including costs associated with providing services to residents across all levels of care. The provider determines the required reserve by applying the regulatory formula to its most recent financial data and compares the required amount to actual reserves maintained.

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

<b>Component</b>	<b>Amount</b>
Total projected operating expenses	\$23,177,000
Add: Debt service (principal and interest)	\$1,141,000
Less: Principal and interest (covered by Debt Service Reserve Fund)	\$3,997,000
Less: Depreciation and amortization	\$3,930,000
<b>Net projected operating costs</b>	<b>\$20,388,000</b>
Applicable reserve percentage based on occupancy	25%
<b>Required operating reserve</b>	<b>\$5,097,000</b>
Unrestricted cash & investments on hand	\$23,611,846
<b>Excess above required reserve</b>	<b>\$18,514,846</b>

**Summary:**

**29.4 Refund Security (Entrance Fee Refunds)**

Board designates 50% of potential refunds be held in reserves for residents permanently assigned to assigned living or skilled nursing.

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

<b>Category</b>	<b>Amount</b>	<b>Notes</b>
Total unrestricted cash & investments	\$23,611,846	
Less: Required operating reserve	\$5,097,000	
Less: Board-designated for refunds	\$12,988,369	Future assets, EF, Refunds, Maximum debt service, deductibles
<b>Excess unrestricted cash and investments above operating reserve and board designated refund reserve</b>	<b>\$5,526,477</b>	

**30. Expansion and Renovation Plans**

Current Project Master Plan

The Owner previously disclosed a long-term master plan established in 2019 to renovate and expand the common and amenity spaces and to replace portions of the independent living residential inventory. Phase I of this master plan has been completed and included significant renovations and expansion of the Community Building and amenities, completion of a new maintenance complex and hobby shop, enhanced outdoor amenities, and the addition of 44 independent living units, which began occupancy in April 2023. Construction for Phase I was completed in February 2024.

The Owner is now advancing Phase II of the approved master plan, which represents residential redevelopment within the existing campus. Phase II is focused on the replacement of aging independent living residences with new units designed to better align with current market preferences and resident expectations. The project remains subject to final design, Board approval, and approval by the North Carolina Department of Insurance.

Phase II will commence on the east side of the campus and includes the removal of nine existing residential buildings, consisting of one 36-unit, three-story apartment building and eight quadrplex buildings, representing 68 units. These residences are proposed to be replaced with 67 new independent living units, maintaining overall unit count while substantially improving unit quality, functionality, and accessibility.

The replacement residences are planned as a series of smaller-scale, hybrid residential buildings, consistent with and modeled after the Phase I residential product, which demonstrated strong market approval. The new units will primarily consist of two-bedroom apartments with a limited number of one-bedroom units and are expected to include features such as in-unit laundry, exterior patios, wider doorways, and modernized layouts, many of which are not present in the existing units being replaced.

Market response to Phase II has been positive. Porters Neck Village began accepting refundable deposits for Phase II in March 2025. As of February 2026, the community has received 55 deposits equal to ten percent of the entrance fee, representing approximately 83% pre-sales, demonstrating strong demand and pre-sales velocity prior to construction.

The Owner does not anticipate that Phase II will have a significant negative impact on current residents. As with Phase I, the replacement of older units with new residences is expected to further the community's competitiveness, improve operational efficiencies, and support the long-term sustainability of the community by aligning its residential offerings with contemporary independent living standards.

### **31. Audit Opinion and Timeliness**

The consolidated financial statements of Plantation Village, Inc. for the fiscal year ended December 31, 2025, were prepared and completed by Forvis Mazars, LLP.

- **Timeliness:** The audit was completed and issued within 150 days of fiscal year-end, meeting statutory requirements.
- **Audit Opinion:** The independent auditor issued an unqualified (a "clean" audit opinion) on the consolidated financial statements.

Plantation Village, Inc. does not issue stand-alone audited financial statements; its financial information is presented within the consolidation audit of Plantation Village, Inc.

### 32. Audited Financial Statements

The audited financial statements of Plantation Village, Inc. for the years ended December 31<sup>st</sup>, 2025 and 2024 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 cashflows, and accompanying notes, and have been prepared in accordance with generally accepted accounting principles (GAAP).

### 33. Five-Year Prospective Financial Statement

The five-year prospective financial statements of Plantation Village, Inc. for the period 2026 through 2030 are attached hereto as Appendix B. These statements were prepared and compiled by Forvis Mazars, LLP and include a summary of significant assumptions and accounting policies.

### 34. Variances from Prospective Financial Statements

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

**Table 34.1: Variance Analysis – Fiscal Year Ended December 31, 2026**

Category	Projected Amount	Actual Amount	Variance	Explanation
Assisted Living/Health Center Census	29	20.3	8.7	Favorable variances in contracted higher levels of care results in unfavorable revenue and more favorable expense.
Amortization of advance fees	2,006,455	2,659,169	652,714	Deaths/move outs higher than expected
Insurance	2,185,311	1,676,448	508,863	Experienced premium reductions (midyear)

### 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 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 – Provider Only**

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	497	506	493	558	566	577
CUSH	8.24	8.37	8.49	6.91	7.60	8.91

Narrative – Provider Only: Liquidity decreased through FY 2025 while paying for Phase 2 costs that were reimbursed in May 2026. Cash was also used to fund a small duplex project which will be fully paid for by entrance fees in March 2026.

#### 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 – Provider Only**

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
OR	93%	85%	84%	84%	87%	80%

<b>NOM</b>	3%	13%	11%	8%	5%	15%
<b>NOM-A</b>	14%	29%	23%	29%	29%	30%

Narrative – Provider Only: Margins are projected to remain strong over the next 3 years but Porters Neck Village remains conservative in their projects during construction of Phase 2.

### 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.

**Table 35.3: Capital Structure Ratios – Provider Only**

<b>Ratio</b>	<b>FY-2</b>	<b>FY-1</b>	<b>FY</b>	<b>FY+1</b>	<b>FY+2</b>	<b>FY+3</b>
<b>DSCR</b>	1.08	2.40	1.82	1.70	2.57	2.89
<b>CD</b>	50%	48%	50%	32%	48%	58%
<b>CED</b>	8.17	1.73	1.09	5.84	5.80	0.29

Narrative – Provider Only: The financing of the Phase 2 construction project decreases ratios in 2026 but will strengthen in 2027 once the project begins to be occupied and generating revenue.

### 35.4 Overall Summary

The provider maintains strong liquidity and stable operating performance with sufficient resources to meet obligations. Financial ratios reflect a temporary impact from Phase II construction but are projected to improve as new units are occupied and generate revenue. Overall, the provider is expected to maintain sound financial capacity.

### 36. Actuarial Opinion and Balance

The opinion of a qualified independent actuary is attached hereto as Appendix C. The actuarial report evaluates Plantation Village, Inc.’s current and projected financial position and determines whether Plantation Village, Inc. is in satisfactory actuarial balance.

The actuary reviewed Plantation Village, Inc.’s prospective financial statements for the next five years using standard actuarial methods and assumptions and concluded that Plantation Village, Inc. is in satisfactory actuarial balance as of December 31, 2025. Key assumptions include mortality, morbidity, resident entrance and withdrawal fees, fee increase patters, and long-term investment return.

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

The North Carolina Department of Insurance has not conducted an examination of Plantation Village, Inc. pursuant to Article 64A of the North Carolina General Statutes.

### **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 Plantation Village, 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**

Plantation Village, Inc. offers continuing care contracts. Representative forms of each are attached hereto as Appendix D.

#### **39.1 Continuing Care Contracts**

Plantation Village, Inc. offers four forms of continuing care contracts, which differ primarily in their entrance fee refunds:

- 90% Return of Capital Residency Agreement – Residents pay a higher entrance fee, and 90% of the fee (less applicable deductions) is refundable after the unit is resold.
- 75% Return of Capital Residency Agreement – Residents pay a higher entrance fee, and 75% of the fee (less applicable deductions) is refundable after the unit is resold.
- 50% Return of Capital Residency Agreement – Residents pay a higher entrance fee, and 50% of the fee (less applicable deductions) is refundable after the unit is resold.
- 0% Traditional Residency Agreement – Residents pay the lowest entrance fee. The refundable portion of the entrance fee decreases monthly and amortizes to 0% after a two-year period. Once the amortization period has elapsed, no refund is payable upon termination or death of the resident.

All other terms and conditions of the independent living contracts are substantially similar. A representative form of these contracts is included in Appendix D.

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

The provider does not operate a continuing care at home program.


**Appendix A – Audited Financial Statements**



**Plantation Village, Inc.  
d/b/a Porters Neck Village and  
Subsidiary**

**Independent Auditor's Report and Consolidated  
Financial Statements**

December 31, 2025 and 2024



**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**  
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## Independent Auditor's Report

Board of Directors  
Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary  
Wilmington, North Carolina

### ***Opinion***

We have audited the consolidated financial statements of Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary (the "Community"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Community 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 (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of the Community and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

**Forvis Mazars, LLP**

**Charlotte, North Carolina  
April 2, 2026**

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**  
**Consolidated Balance Sheets**  
**December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 6,101,477	\$ 8,073,079
Assets limited as to use, current portion	5,662,455	2,566,929
Accounts receivable	237,249	237,099
Sales tax receivable	1,550,947	1,351,114
Entrance fees receivable	-	511,145
Prepaid expenses and other	<u>1,084,385</u>	<u>1,346,764</u>
<b>Total Current Assets</b>	14,636,513	14,086,130
Assets limited as to use, noncurrent portion	21,345,500	18,777,128
Deferred marketing costs, net	172,653	118,753
Property and equipment, net	<u>88,158,940</u>	<u>87,687,561</u>
<b>Total Assets</b>	<u>\$ 124,313,606</u>	<u>\$ 120,669,572</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 617,851	\$ 1,357,892
Accrued expenses	350,980	398,199
Accrued interest	654,800	654,800
Refunds payable	449,175	610,623
Deposits and advanced payments	3,547,630	517,115
Long-term debt, current portion	<u>1,141,000</u>	<u>-</u>
<b>Total Current Liabilities</b>	6,761,436	3,538,629
Refundable fees	2,354,975	1,771,936
Refundable entrance fees	37,426,404	38,358,937
Deferred revenue from entrance fees	16,766,482	17,020,105
Long-term debt, less current maturities	<u>47,415,120</u>	<u>48,659,025</u>
<b>Total Liabilities</b>	110,724,417	109,348,632
<b>Net Assets without Donor Restrictions</b>	<u>13,589,189</u>	<u>11,320,940</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 124,313,606</u>	<u>\$ 120,669,572</u>

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**  
**Consolidated Statements of Operations and Changes in Net Assets**  
**Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Revenue, Gains and Other Support</b>		
Resident services	\$ 17,165,463	\$ 16,650,253
Amortization of entrance fees	2,659,169	2,510,801
Other operating revenue	877,731	669,475
<b>Total Revenue, Gains, and Other Support</b>	<u>20,702,363</u>	<u>19,830,529</u>
<b>Operating Expenses</b>		
Resident care	4,050,516	3,715,290
Dietary	3,323,372	3,007,556
Housekeeping	784,461	771,701
Plant facility costs	2,675,885	2,620,808
General and administrative	5,138,564	4,954,741
Depreciation	3,966,185	3,810,741
Interest	1,500,814	1,718,495
<b>Total Operating Expenses</b>	<u>21,439,797</u>	<u>20,599,332</u>
<b>Operating Loss</b>	(737,434)	(768,803)
<b>Non-Operating Income</b>		
Investment income, net	3,011,439	2,046,042
Other non-operating income	(5,756)	625,000
<b>Excess of Revenues over Expenses</b>	2,268,249	1,902,239
<b>Net Assets, Beginning of Year</b>	<u>11,320,940</u>	<u>9,418,701</u>
<b>Net Assets, End of Year</b>	<u>\$ 13,589,189</u>	<u>\$ 11,320,940</u>

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Operating Activities</b>		
Excess of revenues over expenses	\$ 2,268,249	\$ 1,902,239
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities		
Proceeds from non-refundable entrance fees and deposits	2,916,691	2,242,948
Amortization of advance fees	(2,659,169)	(2,510,801)
Net realized gains	-	(37,364)
Net unrealized gains	(2,076,925)	(1,069,858)
Depreciation	3,966,185	3,810,741
Amortization of deferred financing costs	33,556	33,555
Amortization of bond premium	(136,461)	(136,460)
Gains on sale of assets	10,128	-
Changes in assets and liabilities		
Accounts receivable	(172,383)	24,593
Sales tax receivable	(199,833)	(185,257)
Prepaid expenses and other	262,379	(437,482)
Accounts payable	(866,675)	810,497
Accrued expenses	(47,219)	(254,350)
Deferred marketing costs	(53,900)	(10,225)
<b>Net Cash Provided by Operating Activities</b>	<u>3,244,623</u>	<u>4,182,776</u>
<b>Investing Activities</b>		
Proceeds from sale of assets limited as to use	-	2,812,299
Purchases of assets limited as to use	(491,447)	(3,171,159)
Proceeds from sale of property and equipment	2,500	-
Purchase of property and equipment	(4,323,558)	(6,574,759)
<b>Net Cash Used by Investing Activities</b>	<u>(4,812,505)</u>	<u>(6,933,619)</u>
<b>Financing Activities</b>		
Proceeds from refundable entrance fees	6,280,315	3,157,177
Refunds of entrance fees	(3,588,509)	(2,648,973)
Payments on long-term debt	-	(17,865,000)
Proceeds from issuance of bonds payable	-	2,560,314
<b>Net Cash Provided (Used) by Financing Activities</b>	<u>2,691,806</u>	<u>(14,796,482)</u>
<b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>	1,123,924	(17,547,325)
<b>Cash, Cash Equivalents, and Restricted Cash, Beginning of Year</b>	<u>14,348,162</u>	<u>31,895,487</u>
<b>Cash, Cash Equivalents, and Restricted Cash, End of Year</b>	<u>\$ 15,472,086</u>	<u>\$ 14,348,162</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest, including capitalized interest	\$ 1,500,814	\$ 1,718,495
Notes receivable received for entrance fees	\$ -	\$ 511,145
Additions of property and equipment included in accounts payable	\$ 126,634	\$ -

## **Note 1. Summary of Significant Accounting Policies**

### ***Organization & Principles of Consolidation***

Plantation Village, Inc. d/b/a Porters Neck Village (the “Community”) is a nonprofit organization which principally provides housing, health care, and other related services to residents through the operation of a continuing care retirement community in Wilmington, North Carolina containing 177 apartments, 48 villas, 2 cottages, and 66 duplex homes, along with two guest apartments and common areas.

On April 17, 2023, the Community applied and received an assumed business name certificate. The new assumed name is Porters Neck Village.

In 2025, the Village Legacy Foundation (the “Foundation”) was established as a 501(c)3 tax exempt organization to encourage and motivate the making of gifts and donations by deeds, will, trust or otherwise for the advancement, promotion, extension, and maintenance of the various causes and objectives fostered by the Foundation and the Community. The Community is the sole corporate member of the Foundation and therefore these consolidated financial statements include the accounts of the Community and the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation. The Foundation had no activity during the year ended December 31, 2025.

### ***Basis of Presentation***

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

### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### ***Concentration of Credit Risk***

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

### ***Cash and Cash Equivalents***

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

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

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 6,101,477	\$ 8,073,079
Assets whose use is limited		
Held by bond trustee	3,708,154	3,708,154
Deposits and advanced payments	5,571,223	2,480,372
Resident funds	<u>91,232</u>	<u>86,557</u>
 Total cash, cash equivalents and restricted cash shown in statements of cash flows	 <u>\$ 15,472,086</u>	 <u>\$ 14,348,162</u>

***Assets Limited as to Use***

Assets limited as to use consists of cash and mutual funds. The use of these assets are restricted or limited under terms of certain agreements, the Community’s bond trustee relating to the expansion project, or by the designation of the Community’s Board of Directors. Mutual funds are carried at fair value in the balance sheets. Investment income, including unrealized and realized gains and losses, are included in excess of revenues over expenses. Amounts required for current liabilities are classified as current assets.

***Accounts Receivable***

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

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

***Sales Tax Receivable***

Sales tax receivable consists of sales tax refunds due from the State of North Carolina related to sales tax paid on the Phase I Expansion Project. Since the Community is a tax-exempt entity, paying sales tax items, the Community is allowed to request reimbursement for amounts paid. The Community files claims semiannually and as of date of this report, all claims through the period ended December 31, 2025 have been filed and are pending reimbursement.

***Entrance Fees Receivable***

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

***Property and Equipment, Net***

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

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

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2025 and 2024**

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The Community assesses long-lived assets for impairment when events or circumstances exist that indicate the carrying amount of these assets may not be recoverable. At December 31, 2025, there were no impaired long-lived assets.

***Deferred Revenue from Entrance Fees***

A residency agreement is required of all residents. The Community has historically provided two alternative residency agreements: traditional or return-of-capital plans. The traditional contract includes contract terms that 2 percent of contract total becomes nonrefundable per month for the first 50 months and thereafter 100 percent is nonrefundable. The Community currently offers either 90 percent, 75 percent, or 50 percent return-of-capital plans. Each agreement provides for payment of an advance (entrance) fee and monthly service fees, each of which are subject to periodic increases. Return-of-capital residency agreements also provide for partial refunds of entrance fees upon termination of the agreement, but only upon re-occupancy of the unit and the collection of a new entrance fee.

Nonrefundable entrance fees are deferred and amortized to income using a declining balance method based on a percentage of the remaining balance, over the average expected remaining life of each resident beginning on the date of closing as the performance obligation is the material right associated with access to future services as described in FASB ASC 606-10-55. The balance of deferred revenue from entrance fees as of January 1, 2024 was \$16,776,813.

***Deposits and Advanced Fees***

Each prospective Community resident is required to pay an entrance fee deposit. Entrance fee deposits are maintained in an account at a financial institution. These funds will be applied to each prospective resident's total entrance fee due upon occupancy. Each prospective Community resident's entrance fee deposit is subject to refund at any time prior to occupying their unit.

***Refundable Fees***

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

***Refundable Entrance Fees***

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

***Debt Issuance Costs***

Debt issuance costs include the costs incurred in relation to the issuance of debt. The debt issuance costs are being amortized over the life of the debt using the straight-line method, which is not materially different from the effective interest rate method under U.S. GAAP.

***Obligation to Provide Future Services***

The Community annually calculates the present value of the net estimated cost of future services and use of facilities to be provided to current residents and compares that amount to the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities, discounted at 4.18 percent and 5.00 percent, as of December 31, 2025 and 2024, respectively, exceeds the deferred revenue from advance fees, a liability would be recorded (obligation to provide future services) with a corresponding charge to income. To date, deferred revenue from advance fees has exceeded the present value of the net estimated cost of future services and use of facilities.

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2025 and 2024**

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***Net Assets***

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

***Net Assets without Donor Restrictions***

Net assets available for use in general operations which are subject to various board designations but are not subject to donor-imposed stipulations.

***Net Assets with Donor Restrictions***

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, through the conclusion of a stipulated time restriction or accomplishment of a purpose restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions. There were no net assets with donor restrictions at December 31, 2025 and 2024.

***Resident Services Revenue and Other Operating Revenue***

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

Other operating revenue consists primarily of home care revenue which is comprised of monthly fees for time spent for care in their residence. The costs to the Community of the residents assigned to the health center or assisted living facility are included in resident care expenses.

***Marketing Expenses***

All marketing expenses other than incremental costs of obtaining an initial contract associated with the initial occupancy of units are expensed in the year in which they are incurred. Marketing expenses were approximately \$708,000 and \$487,000 in 2025 and 2024, respectively.

***Excess of Revenues over Expenses***

The Statements of Operations and Changes in Net Assets include excess of revenues over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenues over expenses, consistent with industry practice, would include net assets released from restriction for purchase of property and equipment, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

***Income Taxes***

The Community has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501 (c)(3) of the Internal Revenue Code ("IRC") and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. Similar provisions apply to state income taxes in the North Carolina law. In the opinion of management, the Community has no uncertain tax positions as of December 31, 2025 or 2024.

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2025 and 2024**

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***Subsequent Events***

On April 1, 2026, the Community obtained approval from the North Carolina Local Government Commission (LGC) for the issuance of its tax exempt North Carolina Medical Care Commission Series 2026 Retirement Facilities First Mortgage Revenue Bonds (“Series 2026 Bonds”), which is estimated to include approximately \$23.6 million of Retirement Facilities First Mortgage Revenue Bonds, Series 2026A, \$4.4 million of Entrance Fee Principal Redemption Retirement Facilities First Mortgage Revenue Bonds, Series 2026B-1, \$9.2 million of Entrance Fee Principal Redemption Retirement Facilities First Mortgage Revenue Bonds, Series 2026B-2, and \$18.4 million of Entrance Fee Facilities First Mortgage Revenue Bonds, Series 2026B-3. The financing is expected to close in May 2026 and is intended to provide funding for the expansion and renovation of the Community, to pay interest accruing on the Series 2026 Bonds for approximately 24 months, and to pay certain expenses incurred with the issuance of the Series 2026 Bonds.

The Community has evaluated its subsequent events (events occurring after December 31, 2025), through April 2, 2026, which represents the date the financial statements were issued.

**Note 2. Fair Value Measurements**

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

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

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2025 and 2024**

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

*Assets Measured at Fair Value on a Recurring Basis*

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

The Community does not have any financial assets or liabilities measured on a recurring basis categorized as Level 2 or Level 3, and there were no transfers in or out of Level 3 for years ended December 31, 2025 and 2024. There were no changes during 2025 or 2024 to the Community's valuation techniques used to measure asset fair values on a recurring basis.

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

	<b>December 31, 2025</b>			
	<b>Fair Value Measurements Using</b>			
<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
Mutual funds	\$ 17,637,346	\$ 17,637,346	\$ -	\$ -

The Community had \$15,472,086 of cash and cash equivalents included within cash and cash equivalents and assets limited as to use on the balance sheets which are not included in the fair value hierarchy.

	<b>December 31, 2024</b>			
	<b>Fair Value Measurements Using</b>			
<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
Mutual funds	\$ 15,068,974	\$ 15,068,974	\$ -	\$ -

The Community had \$14,348,162 of cash and cash equivalents included within cash and cash equivalents and assets limited as to use on the balance sheets which are not included in the fair value hierarchy.

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2025 and 2024**

**Note 3. Assets Limited as to Use**

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

	<u>2025</u>	<u>2024</u>
Current portion		
Deposits and advanced payments	\$ 5,571,223	\$ 2,480,372
Resident funds	<u>91,232</u>	<u>86,557</u>
	<u>5,662,455</u>	<u>2,566,929</u>
Noncurrent portion		
Resident funds	126,977	108,486
Under regulatory requirement, operating reserve (Note 7)	4,522,000	4,489,750
Held by bond trustee	3,708,154	3,708,154
By Board for future asset replacement	3,966,185	3,810,741
By Board for return of capital	1,177,488	885,968
By Board for debt service	2,778,917	2,784,595
By Board for property insurance deductibles	<u>5,065,779</u>	<u>2,989,434</u>
	<u>21,345,500</u>	<u>18,777,128</u>
	<u>\$ 27,007,955</u>	<u>\$ 21,344,057</u>

As of December 31, 2025 and 2024, the Board of Directors designated amounts as follows: For future asset replacements in an amount equal to one year of depreciation expense; For funds for return of capital in an amount equal to 50 percent of the refundable fee balance for residents permanently assigned to a long-term care facility; For debt service in an amount to cover required principal and interest payments; and For property , and funds for property insurance in an amount determined by the Board for possible property losses resulting from storm damage not covered under the Community's wind, hail, and flood insurance policies, including claim deductible and under uninsured risk. These amounts may be invested in investment accounts and other cash and cash equivalent accounts. The Board of Directors may modify its policy for designated amounts from time to time.

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

A summary of net investment income for the years ended December 31 follows:

	<u>2025</u>	<u>2024</u>
Interest income	\$ 934,514	\$ 938,820
Net realized gains	-	37,364
Net unrealized gains	<u>2,076,925</u>	<u>1,069,858</u>
Net investment income	<u>\$ 3,011,439</u>	<u>\$ 2,046,042</u>

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2025 and 2024**

**Note 4. Property and Equipment**

Property and equipment consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Land	\$ 868,556	\$ 868,556
Land improvements	7,666,411	6,647,038
Buildings	113,484,307	101,977,719
Fixed and movable equipment	4,660,745	2,936,690
Furniture and fixtures	3,194,354	3,077,539
Vehicles	<u>790,605</u>	<u>737,805</u>
	130,664,978	116,245,347
Accumulated depreciation	<u>(46,655,525)</u>	<u>(42,702,159)</u>
	84,009,453	73,543,188
Construction-in-progress	<u>4,149,487</u>	<u>14,144,373</u>
Total property and equipment	<u>\$ 88,158,940</u>	<u>\$ 87,687,561</u>

Construction in progress includes various projects, the largest of which is Project Phase I. The estimated cost to complete Project Phase 1 is approximately \$411,000 at December 31, 2025. As further described in Note 1, Subsequent Events, the Community is continuing its multiple phase expansion and renovation project, which includes planned demolition of certain buildings in 2026.

**Note 5. Debt**

Long-term debt at December 31, 2025 and 2024, consist of the following:

	<u>2025</u>	<u>2024</u>
First Mortgage Revenue and Refunding Revenue Bonds		
Series 2021A Term Bonds		
2041 Term Bond		
Due in various installments through 1/1/2041 at 4.00%	\$ 8,130,000	\$ 8,130,000
2052 Term Bond		
Due in various installments through 1/1/2052 at 4.00%	24,610,000	24,610,000
First Mortgage Revenue Bonds		
Series 2021B-1 Draw Down Bonds		
Due in various installments through 12/1/2036 at 2.15%	<u>14,051,000</u>	<u>14,051,000</u>
	46,791,000	46,791,000
Unamortized premium	2,637,563	2,774,024
Unamortized debt issuance costs	<u>(872,443)</u>	<u>(905,999)</u>
	48,556,120	48,659,025
Current maturities	<u>(1,141,000)</u>	<u>-</u>
	<u>\$ 47,415,120</u>	<u>\$ 48,659,025</u>

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2025 and 2024**

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In December 2021, the Community issued \$32,740,000 in Retirement Facilities First Mortgage Revenue and Refunding Revenue Series 2021A Bonds (“2021A Bonds”), \$14,051,000 in Retirement Facilities First Mortgage Revenue Series 2021B-1 Bonds, (“2021B-1 Bonds”), and \$17,865,000 in Retirement Facilities First Mortgage Revenue Series 2021B-2 Bonds (“2021B-2 Bonds”), collectively the “Series 2021 Bonds”. The Series 2021 Bonds are tax-exempt and were issued through the North Carolina Medical Care Commission.

The 2021A Bonds bear interest at a fixed rate of 4.00%. Interest and principal payments are due on all 2021A Bonds annually through January 1, 2052. The proceeds of the 2021A Bonds, net of issuance costs and amounts deposited into a trustee reserve fund were used to pay or reimburse the Community for refunding existing debt and the initial phase of multiple phase expansion and renovation project (the “Project Phase 1”). Project Phase 1 includes, but is not limited to, constructing and equipping 44 new independent living apartments and related common areas, renovating various dining facilities and resident activity spaces, upgrading informational technology systems throughout the Community, relocating maintenance facilities, and improving outdoor spaces.

The 2021B-1 Bonds bear interest at a fixed rate of 2.15%. The proceeds from the 2021B-1 Bonds and 2021B-2 Bonds (collectively, the “2021B Bonds”), net of issuance costs, were used to pay or reimburse the Community for the costs of the Project Phase 1 and fund interest on the 2021B Bonds. The 2021B Bonds were purchased by First Citizens Bank & Trust Company and were issued on a draw-down basis. All amounts were drawn as of December 31, 2024. Interest payments on the 2021B-1 Bonds are due annually through January 1, 2036. Principal payments begin on January 1, 2026 and are due monthly thereafter through final maturity on December 1, 2036.

The 2021B-2 Bonds in the amount of \$17,865,000 were repaid during the year ended December 31, 2024.

The Community secured an additional \$3,000,000 line of credit during the year ended December 31, 2025. No amounts were drawn as of December 31, 2025.

The Community incurred debt issuance costs of approximately \$1,006,000 in association with the issuance of the Series 2021 Bonds. There was approximately \$134,000 and \$100,000 of accumulated amortization at December 31, 2025 and 2024, respectively and approximately \$34,000 of amortization expense was recorded during each of the years ended December 31, 2025 and 2024. The Series 2021 Bonds are subject to annual mandatory sinking fund requirements prior to their due dates. There are certain covenants associated with the 2021A Bonds as outlined in the Loan Agreement. The most restrictive of these covenants requires maintenance of a long-term debt service coverage ratio, as defined, of not less than 1.20. Management believes that the Community is in compliance with all covenants as of December 31, 2025.

Principal repayments on long-term debt, excluding the unamortized premium and debt issuance costs as of December 31, 2025, for the next five years and thereafter, are summarized as follows:

2026	\$ 1,141,000
2027	1,163,000
2028	1,200,000
2029	1,217,000
2030	1,259,000
Thereafter	<u>40,811,000</u>
	<u>\$ 46,791,000</u>

As further described in Note 1, Subsequent Events, the Community is continuing its multiple phase expansion and renovation project and expects to issue additional tax-exempt debt in 2026.

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2025 and 2024**

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**Note 6. Management Agreement**

The Community operates under a management agreement with Life Care Services, LLC (“LCS”). Under this agreement, LCS coordinates the ongoing project management of the Community. In consideration for these services, the Community pays LCS a base monthly management fee and an additional incentive fee based upon achieving prescribed operating criteria. The management fee is subject to annual adjustment for cost-of-living increases or facility expansion. Management fees, incentive fees and miscellaneous charges under agreements with LCS totaled approximately \$1,183,000 and \$1,081,000 for the years ended December 31, 2025 and 2024, respectively. At December 31, 2025 and 2024, approximately \$76,000 and \$67,000, respectively, were included in accounts payable on the balance sheets to LCS for various fees and charges under the agreement. The management agreement with LCS was effective for the five-year period beginning January 1, 2021. On January 1, 2026, the Community renewed the management agreement with LCS for an additional five-year period. There were no material changes in the renewed agreement.

**Note 7. Regulatory Matters**

Continuing care retirement communities located in North Carolina are licensed and monitored by the State Department of Insurance under Article 64 of Chapter 58 of the North Carolina General Statutes. The Commissioner of Insurance has the authority to revoke or restrict the license of, or impose additional requirements on, any continuing care facility under certain circumstances specified in General Statute 58-64-10.

North Carolina General Statute 58-64-33 requires that continuing care retirement communities with occupancy levels in excess of 90 percent maintain an operating reserve equal to 25 percent of total operating costs forecasted for the twelve-month period following the most recent annual statement filed with the Department of Insurance upon approval of the Commissioner, unless otherwise instructed by the Commissioner. Continuing care retirement communities with less than 90 percent occupancy are required to maintain an operating reserve equal to 50 percent of forecasted total operating costs. Total operating costs shall include budgeted operating expenses plus debt service less depreciation and amortization expense and revenue associated with non-contractual expenses. The Community's occupancy was approximately 95% and 92% in 2025 and 2024, respectively. At December 31, 2025 and 2024, the Board of Directors had specifically designated \$4,522,000 and \$4,490,000, respectively, for the purpose of meeting this requirement (Note 3).

The operating reserve can only be released upon the submittal of a detailed request from the Community and must be approved by the North Carolina Department of Insurance.

**Note 8. Professional Liability Insurance**

The Community is not currently involved in litigation related to professional liability claims. Management believes that if any claims were asserted, they would be settled within the limits of insurance coverage, which is on an occurrence basis, with limits of \$1,000,000 per claim and \$3,000,000 in the aggregate.

**Note 9. Retirement Plan**

The Community provides a retirement plan under Section 403(b) of the Internal Revenue Code. The Community matches 50 percent of the first 6 percent of employee contributions for a maximum match of 3 percent an employee's annual salary. Employees are eligible to participate in the plan after 90 days of service. An employee is eligible for

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2025 and 2024**

the employer match after one year of service during which he or she has worked at least 1,000 hours (an average of 20 hours per week) and is at least age 21. Employees are subject to a six-year vesting schedule for the Community's contributions. For the years ended December 31, 2025 and 2024, the Community contributed approximately \$82,000 and \$93,000, respectively.

**Note 10. Liquidity and Availability**

Financial assets available for general expenditures in the next 12 months, classified as current assets and comprised of cash and cash equivalents, accounts receivable, and the sales tax receivable were \$7,889,673 and \$10,172,437 as of December 31, 2025 and 2024, respectively.

The Community operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures, debt service, and budgeted capital expenditures. The accompanying statement of cash flows on page 5, which identifies sources and uses of cash, indicates net cash provided by operating activities in 2025 and 2024. As explained in Note 3 at December 31, 2025 and 2024, \$21,345,500 and \$18,777,128, respectively, of noncurrent assets limited as to use is generally not available due to board designation, regulatory and trustee requirements but could be released to fund operations with appropriate Board and regulatory approval. The Community regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

**Note 11. Schedule of Expenses by Natural Category and Function**

The costs of providing the Community's program and other activities have been summarized on a functional basis below. Expenses that can be identified with a specific program or support service are charged directly to the program or support service. Costs common to multiple functions have been allocated using an objective basis, such as time spent, salaries, square feet, and other basis.

	<b>Expenses for Year Ended December 31, 2025</b>			
	<b>Health Care Services</b>	<b>Resident Services</b>	<b>General &amp; Administration</b>	<b>Total</b>
Salaries and benefits	\$ 1,236,476	\$ 3,640,772	\$ 834,614	\$ 5,711,862
Dietary	-	1,248,295	-	1,248,295
Housekeeping	-	28,400	-	28,400
Plant facility costs	-	1,210,851	-	1,210,851
Supplies	5,005	342,425	56,207	403,637
Utilities	-	773,874	-	773,874
General and administrative	2,281,232	867,353	3,447,294	6,595,879
Depreciation	3,131	3,800,740	162,314	3,966,185
Interest	-	-	1,500,814	1,500,814
Total operating expenses	<u>\$ 3,525,844</u>	<u>\$ 11,912,710</u>	<u>\$ 6,001,243</u>	<u>\$ 21,439,797</u>

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2025 and 2024**

	<b>Expenses for Year Ended December 31, 2024</b>			
	<b>Health Care Services</b>	<b>Resident Services</b>	<b>General &amp; Administration</b>	<b>Total</b>
Salaries and benefits	\$ 1,131,884	\$ 3,399,287	\$ 836,155	\$ 5,367,326
Dietary	-	1,091,413	-	1,091,413
Housekeeping	-	67,674	-	67,674
Plant facility costs	-	1,156,941	-	1,156,941
Supplies	8,741	320,960	97,850	427,551
Utilities	-	780,214	-	780,214
General and administrative	2,107,216	607,437	3,464,324	6,178,977
Depreciation	3,686	3,748,225	58,830	3,810,741
Interest	-	-	1,706,620	1,706,620
Total operating expenses	<u>\$ 3,251,527</u>	<u>\$ 11,172,151</u>	<u>\$ 6,163,779</u>	<u>\$ 20,587,457</u>

General and administrative expense include those costs that are not directly identifiable with any specific program, but which provide for all the overall support of the Community. General and administrative activities include those that provide governance, oversight, business management, financial recordkeeping, budgeting, legal services, human resources management, and similar activities that ensure an adequate working environment and an equitable employment program. Resources expended for fundraising from the general public are not significant.

**Appendix B – Five-Year Prospective Financial Statements**

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**

**Compilation of a Financial Forecast**

**Five Years Ending December 31, 2030**

(with Accountant's Compilation Report thereon)

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**

**Compilation of a Financial Forecast**

**Five Years Ending December 31, 2030**

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## Accountant's Compilation Report

Board of Directors  
Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary  
Wilmington, North Carolina

Management of Plantation Village, Inc. d/b/a Porters Neck Village (the "Corporation") and Village Legacy Foundation (the "Foundation") and the Corporation's third party manager, Life Care Services, LLC (collectively, "Management") are responsible for the accompanying financial forecast of the Corporation and the Foundation, which comprises the forecasted consolidated balance sheets as of and for each of the five years ending December 31, 2030 and the related forecasted consolidated statements of operations and changes in net assets, and cash flows for each of the years then ending, and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial forecast established by the American Institute of Certified Public Accountants ("AICPA").

The accompanying forecast and this report were prepared for inclusion with the disclosure statement filing requirements of North Carolina General Statutes, Chapter 58, Article 64A. Accordingly, this report should not be used for any other purpose.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial 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, or provide any form of assurance on this financial forecast. The forecasted results may not be achieved, as there will usually be differences between the prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

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

**Forvis Mazars, LLP**

Atlanta, Georgia  
May 20, 2026

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**

Forecasted Consolidated Statements of Operations and Changes in Net Assets  
For the Years Ending December 31,  
(In Thousands)

	2026	2027	2028	2029	2030
<b>Revenue, gains and other support:</b>					
Resident services	\$ 18,182	\$ 18,811	\$ 23,776	\$ 25,819	\$ 27,112
Amortization of entrance fees	3,796	4,160	5,088	6,423	7,300
Other operating revenue	913	950	988	1,027	1,068
<b>Total revenues, gains, and other support</b>	<b>22,891</b>	<b>23,921</b>	<b>29,852</b>	<b>33,269</b>	<b>35,480</b>
<b>Operating expenses:</b>					
Resident care	4,833	4,698	5,164	5,596	6,071
Dietary	3,404	3,762	4,413	4,639	4,805
Housekeeping	1,059	1,241	1,452	1,514	1,574
Plant facility costs	2,559	2,512	3,166	3,351	3,641
General and administrative	5,792	6,642	6,753	7,229	7,692
Depreciation	3,997	4,718	5,443	5,549	5,658
Interest	1,533	1,934	2,982	2,692	2,652
<b>Total operating expenses</b>	<b>23,177</b>	<b>25,507</b>	<b>29,373</b>	<b>30,570</b>	<b>32,093</b>
Operating income (loss)	(286)	(1,586)	479	2,699	3,387
<b>Non-operating income:</b>					
Investment income, net	607	723	709	958	1,188
Excess of revenues over (under) expenses	321	(863)	1,188	3,657	4,575
Net assets, beginning of year	13,589	13,910	13,047	14,235	17,892
<b>Net assets, end of year</b>	<b>\$ 13,910</b>	<b>\$ 13,047</b>	<b>\$ 14,235</b>	<b>\$ 17,892</b>	<b>\$ 22,467</b>

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

## Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary

### Forecasted Consolidated Statements of Cash Flows For the Years Ending December 31, (In Thousands)

	2026	2027	2028	2029	2030
<b>Operating Activities</b>					
Excess of revenues over (under) expenses	\$ 321	\$ (863)	\$ 1,188	\$ 3,657	\$ 4,575
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by (used in) operating activities:					
Proceeds from non-refundable entrance fees and deposits, net	3,595	1,057	1,397	3,860	4,206
Amortization of entrance fees	(3,796)	(4,160)	(5,088)	(6,423)	(7,300)
Depreciation	3,997	4,718	5,443	5,549	5,658
Amortization of deferred financing costs	76	156	156	156	156
Amortization of bond premium	(146)	(144)	(144)	(144)	(144)
Changes in assets and liabilities					
Accounts receivable	(133)	(5)	(17)	(17)	(18)
Prepaid expenses and other	117	(66)	(115)	(75)	(80)
Accounts payable	59	46	80	53	56
Accrued expenses	1,638	(803)	(16)	36	32
Deferred marketing costs	3	3	3	3	3
<b>Net cash provided by (used in) operating activities</b>	<b>5,731</b>	<b>(61)</b>	<b>2,887</b>	<b>6,655</b>	<b>7,144</b>
<b>Investment Activities</b>					
Change in assets limited as to use	(647)	(5,756)	3,392	2,780	(223)
Purchase of property and equipment	(23,343)	(27,345)	(1,568)	(1,618)	(1,668)
Capitalized interest expense, net	(1,249)	(1,175)	-	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>(25,239)</b>	<b>(34,276)</b>	<b>1,824</b>	<b>1,162</b>	<b>(1,891)</b>
<b>Financing Activities</b>					
Proceeds from refundable entrance fees	7,532	25,468	24,169	8,546	8,053
Refunds of entrance fees	(6,553)	(5,373)	(6,114)	(6,806)	(7,099)
Payments on long-term debt	(1,141)	(8,853)	(25,510)	(1,217)	(1,574)
Proceeds from issuance of bonds payable, net	53,848	-	-	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>53,686</b>	<b>11,242</b>	<b>(7,455)</b>	<b>523</b>	<b>(620)</b>
Net change in cash, cash equivalents and restricted cash	\$ 34,178	\$ (23,095)	\$ (2,744)	\$ 8,340	\$ 4,633
Cash, cash equivalents, and restricted cash, beginning of year	15,472	49,650	26,555	23,811	32,151
<b>Cash, cash equivalents, and restricted cash, end of year</b>	<b>\$ 49,650</b>	<b>\$ 26,555</b>	<b>\$ 23,811</b>	<b>\$ 32,151</b>	<b>\$ 36,784</b>
Cash, cash equivalents, and restricted cash reconciliation:					
Cash and cash equivalents	\$ 12,240	\$ 9,385	\$ 19,603	\$ 27,943	\$ 32,576
Resident deposits	3,960	2,148	500	500	500
Construction Account	26,506	-	-	-	-
Entrance Fee Fund	-	10,435	-	-	-
Funded Interest Account	3,236	879	-	-	-
Other board restricted accounts	3,708	3,708	3,708	3,708	3,708
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 49,650</b>	<b>\$ 26,555</b>	<b>\$ 23,811</b>	<b>\$ 32,151</b>	<b>\$ 36,784</b>
Supplemental disclosure of cash flow information					
Cash paid for interest, including capitalized interest	\$ 1,606	\$ 4,653	\$ 3,041	\$ 2,682	\$ 2,648

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

**Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**

Forecasted Consolidated Balance Sheets  
At December 31,  
(In Thousands)

	2026	2027	2028	2029	2030
<b>Assets</b>					
Current Assets					
Cash and cash equivalents	\$ 12,240	\$ 9,385	\$ 19,603	\$ 27,943	\$ 32,576
Assets limited as to use, current portion	4,735	2,924	2,167	2,184	2,186
Accounts receivable	370	375	392	409	427
Sales tax receivable	1,551	1,551	1,551	1,551	1,551
Prepaid expenses and other	967	1,033	1,148	1,223	1,303
<b>Total current assets</b>	<b>19,863</b>	<b>15,268</b>	<b>24,861</b>	<b>33,310</b>	<b>38,043</b>
Assets limited as to use, noncurrent portion	50,959	38,286	22,689	19,892	20,113
Deferred marketing costs, net	170	167	164	161	158
Property and equipment, net	108,755	132,557	128,682	124,751	120,761
<b>Total assets</b>	<b>\$ 179,747</b>	<b>\$ 186,278</b>	<b>\$ 176,396</b>	<b>\$ 178,114</b>	<b>\$ 179,075</b>
<b>Liabilities and Net Assets</b>					
Current liabilities					
Accounts payable	\$ 677	\$ 723	\$ 803	\$ 856	\$ 912
Accrued expenses	483	516	574	612	652
Accrued interest	2,161	1,325	1,251	1,249	1,241
Refunds payable	449	449	449	449	449
Deposits and advanced payments	3,960	2,148	500	500	500
Long-term debt, current portion	8,853	25,510	1,217	1,574	1,592
<b>Total current liabilities</b>	<b>16,583</b>	<b>30,671</b>	<b>4,794</b>	<b>5,240</b>	<b>5,346</b>
Refundable fees	3,477	3,512	3,547	3,582	3,618
Refundable entrance fees	42,234	46,249	49,703	51,257	52,995
Deferred revenue from entrance fees	11,204	25,958	38,481	36,069	32,155
Long-term debt, net of current portion	92,339	66,841	65,636	64,074	62,494
<b>Total liabilities</b>	<b>165,837</b>	<b>173,231</b>	<b>162,161</b>	<b>160,222</b>	<b>156,608</b>
Net assets without donor restrictions	13,910	13,047	14,235	17,892	22,467
<b>Total liabilities and net assets</b>	<b>\$ 179,747</b>	<b>\$ 186,278</b>	<b>\$ 176,396</b>	<b>\$ 178,114</b>	<b>\$ 179,075</b>

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

## **Plantation Village, Inc. d/b/a Porters Neck Village and Subsidiary**

### **Summary of Significant Forecasted Assumptions and Rationale**

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#### **Basis of Presentation**

The accompanying financial forecast presents, to the best of the knowledge and belief of management of Plantation Village, Inc. d/b/a Porters Neck Village (the “Corporation”), Village Legacy Foundation (the “Foundation”), and the Corporation’s third-party manager, Life Care Services, LLC (the “Manager”) (collectively, “Management”), the expected consolidated financial position, results of operations, and cash flows of the Corporation and the Foundation as of and for each of the five years ending December 31, 2030. Accordingly, the accompanying forecast reflects Management’s judgment as of May 20, 2026, the date of this forecast, of the expected conditions and its expected course of action during the forecast period. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Management’s purpose in releasing this financial forecast is for inclusion in the Corporation’s annual disclosure statement in accordance with Chapter 58, Article 64A, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose.

The assumptions disclosed herein are those that Management believes are significant to the prospective financial statements. The prospective financial statements included in the forecast have been prepared in accordance with the accounting principles generally accepted in the United States of America. Significant accounting policies are described in the appropriate assumptions and notes to the prospective financial statements. The assumptions described are not all-inclusive.

#### **Background**

The Corporation is a North Carolina nonprofit corporation which principally provides housing, health care, and other related services to residents through the operation of a retirement community known as “Porters Neck Village” (the “Community”) in Wilmington, North Carolina. The Corporation was incorporated on September 22, 1982, as a nonprofit charitable entity under Section 501(c)(3) of the Internal Revenue Code.

The Corporation is governed by an eight to 15 volunteer member board of directors (the “Directors”), which currently consists of 16 members, including two residents of the Community and one non-voting Medical Director. A Director is elected to a three-year term, and elected Directors may not serve more than two consecutive three-year terms. On April 17, 2023, the Corporation applied for and received the assumed business name of Porters Neck Village.

In 2025, the Foundation was established as a 501(c)3 tax exempt organization to encourage and motivate the making of gifts and donations by deeds, will, trust or otherwise for the advancement, promotion, extension, and maintenance of the various causes and objectives fostered by the Corporation and the Foundation. The Corporation is the sole corporate member of the Foundation. The Foundation had no activity during the year ended December 31, 2025. Management assumes no Foundation activity during the forecast period.

## The Community

The Community, which opened in 1988, is located on approximately 56 acres. The Community currently consists of 225 independent living residences, including 95 apartments; 86 cottages, homes and villas; 44 village flats apartments (collectively the “Existing Independent Living Units”), and common areas. The Existing Independent Living Units were constructed and completed in multiple phases in 1989, 2001, 2005, 2015 and 2023.

Common areas in the Community include a main lobby/lounge with fireplace, dining areas, solarium, lounges, personal laundry facilities, private storage, arts and crafts room, library, beauty/barber salon, auditorium, indoor pool, exercise room, woodworking shop, outdoor areas for gardening, nature pathways and administrative offices.

The following table summarizes the type, number, approximate square footage, monthly fees (“Monthly Fees”) and entrance fees (“Entrance Fees”) for the Existing Independent Living Units.

**Table 1**  
**Existing Independent Living Units**

Independent Living Unit Type	Available Units <sup>(2)(3)</sup>	Square Footage	Traditional Plan Entrance Fee <sup>(1)(4)</sup>	50% Return of Capital Entrance Fee Plan <sup>(1)(5)</sup>	90% Return of Capital Entrance Fee Plan <sup>(1)</sup>	Monthly Fee
<i>Apartments:</i>						
Studio	4	521	\$95,000	\$119,500	\$181,500	\$3,667
<i>One-Bedroom Units:</i>						
One Bedroom Traditional	23	721	\$119,500	\$151,500	229,500	\$4,064
One Bedroom Deluxe	18	856	\$140,000	\$177,000	269,000	\$4,445
One Bedroom Elmwood	3	917	\$182,500	\$275,000	351,000	\$4,455
One Bedroom Ashland	3	942	\$187,500	\$283,500	360,500	\$4,544
<i>Two-Bedroom Units:</i>						
Two Bedroom Traditional	6	996	\$161,500	\$205,000	\$310,000	\$4,844
Two Bedroom Lakeside	11	1,023	\$171,000	\$219,500	\$329,500	\$4,975
Two Bedroom Combo	1	1,300	\$181,500	\$229,500	\$345,000	\$5,090
Two Bedroom Classic	2	1,325	\$184,500	\$234,000	\$352,500	\$5,763
Two Bedroom Ingleside	4	1,180	\$218,500	\$328,500	\$419,000	\$4,854
Two Bedroom Oatland	2	1,256	\$223,500	\$336,000	\$429,500	\$5,009
Two Bedroom Orton	6	1,359	\$278,000	\$419,000	\$535,500	\$5,703
Two Bedroom Woodlawn	3	1,397	\$269,000	\$405,000	\$517,000	\$5,664
Two Bedroom Waverly	1	1,450	\$283,500	\$425,500	\$544,000	\$5,934
Two Bedroom Carlisle	3	1,488	\$298,500	\$450,000	\$574,500	\$5,971
Two Bedroom Covington	2	1,491	\$292,500	\$442,000	\$563,500	\$6,010
<b>Total/Wtd Averages</b>	<b>92</b>	<b>971</b>	<b>\$170,859</b>	<b>\$234,136</b>	<b>\$328,359</b>	<b>\$4,696</b>
<i>Cottages/Homes/Villas:</i>						
Ashton Cottage	1	1,720	\$399,500	\$557,000	\$768,500	\$7,239
Baywater Cottage	1	1,690	\$389,500	\$537,500	\$749,000	\$7,070
Vista	4	1,260	\$246,000	\$315,000	\$476,000	\$6,244
Regency	4	1,375	\$257,500	\$330,500	\$499,500	\$6,259
Vista II	9	1,440	\$263,500	\$337,000	\$509,000	\$6,464
Regency II	9	1,460	\$274,000	\$350,000	\$526,500	\$6,504
Royale	5	1,480	\$282,000	\$360,500	\$546,000	\$6,557
Grande	5	1,510	\$287,500	\$368,500	\$555,000	\$6,642
Royale II	13	1,620	\$384,000	\$491,500	\$741,500	\$6,849
Grande II	13	1,690	\$391,500	\$501,500	\$755,000	\$6,974
Duplex A Meadowlark	2	1,720	\$394,500	\$547,000	\$758,000	\$7,239
Duplex B Meadowlark	2	1,690	\$384,000	\$527,500	\$739,500	\$7,070
Custom/Traditional Villa	8	1,260	\$232,000	\$296,500	\$446,000	\$5,588
Villa Special	8	1,433	\$256,500	\$328,500	\$496,500	\$6,273
Duplex Tidewater <sup>(6)</sup>	2	2,215	—	—	\$996,500	\$8,085
<b>Total/Wtd Averages</b>	<b>86</b>	<b>1,521</b>	<b>\$302,727</b>	<b>\$390,262</b>	<b>\$607,285</b>	<b>\$6,586</b>
<i>Village Flats</i>						
Sand Dollar	4	1,400	n/a	\$442,000	\$563,500	\$5,368
Juniper	4	1,484	n/a	\$452,000	\$576,000	\$5,939
Indigo	12	1,526	n/a	\$499,500	\$637,500	\$6,200
Sagewood	18	1,643	n/a	\$527,500	\$672,500	\$6,820
Figure Eight	6	1,919	n/a	\$614,000	\$785,000	\$7,439
<b>Total/Wtd Averages</b>	<b>44</b>	<b>1,612</b>	<b>n/a</b>	<b>\$517,023</b>	<b>\$659,614</b>	<b>\$6,523</b>
<b>Total/Wtd Averages-All</b>	<b>222</b>	<b>1,311</b>	<b>\$188,079</b>	<b>\$350,685</b>	<b>\$502,065</b>	<b>\$5,790</b>
<b>Second Person Fees</b>			<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$1,821</b>

Source: Management

### Notes to the table:

- (1) Entrance Fees and Monthly Fees are effective January 1, 2026.
- (2) Total Existing Independent Living Units shown excludes 68 vacant units anticipated to be demolished as part of the Project (hereinafter defined).
- (3) There are 225 total Existing Independent Living Units at the Community. However, two apartments are currently utilized as guest rooms and one apartment is utilized as a sales center and are not currently available for occupancy.
- (4) The traditional Entrance Fee plan is not offered in certain unit types.
- (5) Approximately 60 percent of existing residents have selected the 50% Return of Capital Entrance Fee Plan.
- (6) The second person Entrance Fee and Monthly Fee for the Tidewater units approximate \$20,000 and \$1,743, respectively, upon opening in April 2026.

### *Assisted Living and Skilled Nursing Services*

Assisted living and skilled nursing services for residents of the Community (the “Residents”) are provided through a Transfer Agreement (hereinafter defined) between the Corporation and Cornelia Nixon Davis, Inc. (the “HC Provider”) which operates The Davis Community (the “Davis Community”), a non-related healthcare provider adjacent to the Community. The Davis Community consists of Champions Assisted Living, an assisted living community with 123 assisted living units (“Champions”), and the Davis Health Care Center, a skilled nursing facility with 99 skilled nursing beds and 20 short-term rehabilitation suites (“Davis HCC”).

### *Resident Care Center*

Management provides emergency health care in the resident care center (the “Resident Care Center”), which is staffed by emergency personnel 24-hours a day, seven days a week. The Resident Care Center is utilized to respond to Resident's emergency calls and to provide temporary nursing care and outpatient services. Outpatient services are provided by a nurse during regularly scheduled office hours. Nurses are available for routine consultations and checks of weight, blood pressure and other preventive care services.

### **The Project**

The Corporation is planning a demolition and expansion project at the Community including, (a) the demolition of 68 Existing Independent Living Units located in nine buildings including eight quads and one 36-unit apartment building; (b) the construction of 67 new independent living units with covered parking (the “New Independent Living Units”) (for a net loss of one independent living unit); (c) the construction and equipping of a new community building, and (d) the construction, equipping and renovation of various outdoor walking paths, outdoor common areas and other common area improvements (collectively, the “Project”).

The Corporation has engaged LCS Development LLC (the “Developer”) to provide Project development and marketing services.

The following table summarizes the planned type, number, approximate square footage, Entrance Fees and Monthly Fees for the New Independent Living Units.

**Table 2**  
**New Independent Living Unit Configuration**

<b>Independent Living Unit Type</b>	<b>Unit Count</b>	<b>Square Footage</b>	<b>50% Return of Capital Entrance Fee Plan <sup>(1)</sup></b>	<b>75% Return of Capital Entrance Fee Plan <sup>(1)</sup></b>	<b>90% Return of Capital Entrance Fee Plan <sup>(1)</sup></b>	<b>Monthly Fees<sup>(1)</sup></b>
<i>One Bedrooms</i>						
Arlie – One Bedroom Deluxe	3	905	\$332,000	\$382,200	\$423,500	\$3,729
Sandpiper – One Bedroom	3	1,000	\$366,000	\$421,200	\$466,900	\$4,119
<i>Two Bedrooms</i>						
Egret – Two Bedroom	6	1,100	\$402,000	\$462,400	\$512,600	\$4,531
Carolina – Two Bedroom Deluxe	6	1,395	\$507,000	\$583,700	\$647,400	\$5,746
Sand Dollar – Two Bedroom Den	20	1,425	\$516,000	\$594,000	\$658,900	\$5,870
Seaspray – Two Bedroom Den	6	1,445	\$526,000	\$604,200	\$670,300	\$5,952
Juniper – Two Bedroom Den	20	1,540	\$560,000	\$643,300	\$713,700	\$6,344
Lumina – Combo	3	1,725	\$626,000	\$719,400	\$798,200	\$7,106
<b>Total/Weighted Averages – All</b>	<b>67</b>	<b>1,400</b>	<b>\$508,985</b>	<b>\$585,316</b>	<b>\$649,248</b>	<b>\$5,769</b>
<b>Second Person Fees</b>			<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$1,821</b>

Source: Management

(1) The Entrance Fees and Monthly Fees shown for the New Independent Living Units are in 2026 dollars and are currently being marketed to potential residents.

*Project Timeline*

The anticipated timeline for financing, construction completion and fill-up of the Project is shown below.

**Table 3**  
**Anticipated Project Timeline**

Demolition of existing building (68 vacant Independent Living Units)	February 2026
Initial site improvements	April 2026
Close on Series 2026 Bonds	May 2026
Construction commences on the Project	May 2026
New Independent Living Units available for occupancy	August / September 2027
New Independent Living Units achieve occupancy of 94%	October 2028

Source: Management and the Developer

The following table summarizes the Community’s unit configuration prior to and after completion of the Project.

**Table 4**  
**Unit Configuration**

<b>Level of care</b>	<b>Current Unit Configuration</b>	<b>New Units</b>	<b>Upon Completion</b>
Existing Independent Living <sup>(1)</sup>	222	–	222
Project	–	67	67
<b>Total</b>	<b>222</b>	<b>67</b>	<b>289</b>

Source: Management

(1) Total Existing Independent Living Units shown excludes 68 vacant units anticipated to be demolished as part of the Project.

The Existing Independent Living Units and the New Independent Living Units are collectively defined as the “Independent Living Units.”

## Summary of Project Financing

The total financial requirements to complete the Project are to approximate \$56,076,000. The Corporation proposes to fund these financial requirements primarily through the issuance of \$55,060,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Porters Neck Village) Series 2026 Bonds (the “Series 2026 Bonds”), a contribution from the Corporation, and interest earnings on trustee-held funds. Management has assumed the following sources and uses of funds in preparing the financial forecast based on information provided by Herbert J. Sims & Company (the “Underwriter”).

**Table 5**  
**Sources and Uses of Funds**  
**(In Thousands)**

<b>Sources of Funds:</b>	
Series 2026A Bonds <sup>(1)</sup>	\$ 23,060
Series 2026B-1 Bonds <sup>(1)</sup>	4,400
Series 2026B-2 Bonds <sup>(1)</sup>	9,200
Series 2026B-3 Bonds <sup>(1)</sup>	18,400
Series 2026 Bonds	\$ 55,060
Original issue discount <sup>(2)</sup>	(33)
Interest earnings on trustee-held funds <sup>(3)</sup>	972
Contribution <sup>(4)</sup>	77
<b>Total Sources of Funds</b>	<b>\$ 56,076</b>
<b>Uses of Funds:</b>	
Direct construction costs <sup>(5)</sup>	\$ 40,523
Marketing costs <sup>(6)</sup>	1,173
Design fees <sup>(7)</sup>	2,723
Furniture, fixtures, and equipment <sup>(8)</sup>	875
Miscellaneous costs <sup>(9)</sup>	536
Development Fee <sup>(10)</sup>	2,305
Contingency <sup>(11)</sup>	2,717
Land related <sup>(12)</sup>	70
<b>Total Project related costs</b>	<b>\$ 50,922</b>
Funded interest <sup>(13)</sup>	3,975
Costs of issuance <sup>(14)</sup>	1,179
<b>Total Uses of Funds</b>	<b>\$ 56,076</b>

Source: Management, the Developer, and the Underwriter

Notes to the table:

- (1) According to the Underwriter, the following series of bonds were issued:
  - \$23,060,000 of tax-exempt fixed rate bonds (the “Series 2026A Bonds”), with assumed coupon rates ranging from 4.000 to 5.200 percent per annum;
  - \$4,400,000 of tax-exempt fixed rate bonds, with an assumed interest rate of 3.875 percent, (the “Series 2026B-1 Bonds”) Entrance Fee Principal Redemption Bonds associated with approximately 87 percent initial occupancy of the New Independent Living Units;
  - \$9,200,000 of tax-exempt fixed rate bonds, with an assumed interest rate of 3.600 percent, (the “Series 2026B-2 Bonds”) Entrance Fee Principal Redemption Bonds associated with approximately 75 percent initial occupancy of the New Independent Living Units; and,
  - \$18,400,000 of tax-exempt fixed rate bonds, with an assumed interest rate of 3.350 percent, (the “Series 2026B-3 Bonds”) Entrance Fee Principal Redemption Bonds associated with approximately 50 percent initial occupancy of the New Independent Living Units.
- (2) The Series 2026 Bonds were issued at an original issue discount of approximately \$33,000.
- (3) Interest of approximately \$972,000 is estimated to be earned on the Construction Account and the Funded Interest Account at 3.25 percent.
- (4) A contribution from the Corporation of approximately \$77,000 is to be provided to fund certain issuance costs of the Series 2026 Bonds.
- (5) Construction, site work, change order allowance, and other costs related to the construction of the Project are assumed to approximate \$40,523,000, based in part on a guaranteed maximum price construction contract (the “GMP Contract”) totaling approximately \$38,695,000, as provided by construction manager, Clancy & Theys Construction Company.
- (6) Marketing costs are assumed to approximate \$1,173,000.
- (7) The design fees associated with the Project are assumed to approximate \$2,723,000.
- (8) Furniture, fixtures, and equipment costs are assumed to approximate \$875,000.
- (9) Miscellaneous costs are assumed to approximate \$536,000 and consists of legal fees, filing fees, impact fees, and other costs.
- (10) The Development Fee associated with the development of the Project is estimated to approximate \$2,305,000.
- (11) Management and the Developer have included a Project contingency of approximately \$2,717,000.
- (12) Land improvement costs are assumed to approximate \$70,000.
- (13) The Underwriter has estimated \$3,975,000 of the proceeds from the Series 2026 Bonds, including interest earnings on trustee-held funds, will be used to fund interest on the Series 2026 Bonds for 21 months from the date of issuance of the Series 2026 Bonds.
- (14) Costs of issuance for the Series 2026 Bonds are assumed to approximate \$1,179,000 and include Underwriter fees, bond issuance fees, and other miscellaneous financing costs.

## Significant Agreements

### *Transfer Agreement*

Payment of an Entrance Fee assures a Resident lifetime access to the Davis Community or an alternate facility which the Corporation may own or contract with to provide health care services. Assisted living and skilled nursing services for Residents are provided through a transfer agreement dated March 14, 1986, as amended from time to time, between the Corporation and the Davis Community, a non-related healthcare provider, with healthcare facilities located adjacent to the Community (the "Transfer Agreement"). According to Management, the Transfer Agreement shall continue as an open-ended contract subject to termination by either party with three years written notification of such termination. For purposes of the forecast, the Transfer Agreement is assumed to remain in effect throughout the forecast period.

Pursuant to the Transfer Agreement, the Corporation pays the Davis Community the current monthly fee for a one-bedroom suite at Champions (the "Champions Monthly Fee") for each Resident transferring to an assisted living unit at Champions ("Assisted Living Bed"). The Corporation pays the current daily fee for a shared suite at Davis HCC (the "Davis HCC Daily Fee") for each Resident transferring to a skilled nursing bed at Davis HCC ("Skilled Nursing Bed"). The Corporation also pays a Davis HCC Daily Fee to hold one additional Skilled Nursing Bed on an ongoing basis. In addition, Residents have wait-list priority at Champions for suite choice, suite upgrades, and special care units, secondary to existing Champions residents.

With regard to Davis HCC, the Corporation pays for room, board, and nursing care at standard published rates for a Skilled Nursing Bed. Additional fees for other services shall be the responsibility of the Residents. Davis HCC shall determine eligibility and bill Medicare, third party insurance, the Resident, and the Corporation, accordingly, to satisfy all charges.

### *Management Agreement*

The Corporation and the Manager have entered into a Management Agreement (the "Management Agreement"), dated January 1, 2026, (the "Effective Date") renewable every five years. However, the Corporation or the Manager can terminate the Management Agreement without cause six months after formal notice is given. For purposes of the forecast, Management assumes the Management Agreement shall renew and be in effect throughout the forecast period.

Under the Management Agreement, the Manager is responsible for recruiting and employing the executive director; supervising the licensing, equipping, and staffing of the Community; preparing annual budgets; establishing and operating a system of financial controls for the Community including comparative analyses with other facilities; and overseeing the food service and quality accommodations provided by the Corporation. In addition, the Manager is expected to facilitate the Corporation's use of the Life Care Services Leads Management System ("LMS") for relevant marketing efforts, provide training for the Corporation's marketing personnel, regularly monitor the occupancy level of the Community, make specific recommendations with regard to marketing procedures and promotions, and arrange for a regular review of the Community marketing program by the Manager's marketing specialists.

For services provided under the Management Agreement, the Corporation is obligated to pay the Manager the following fees:

- a flat monthly management fee of the greater of \$55,000 or 4.85 percent of total revenues per month, excluding amortization of earned Entrance Fees and investment income (“Revenues”) (the “Base Management Fee”); and
- a performance incentive fee equal to up to one percent of total gross operating revenue per month (the “Performance Incentive Fee”) if the following criteria are met: 1) favorable responses to a resident satisfaction survey or an employee engagement survey; 2) expense goal set forth in the Corporation’s budget is achieved; 3) monthly occupancy goal set forth in the Corporation’s budget is achieved; and 4) initiation, reasonable progression and/or completion of one or more board-approved innovation projects.

The following table summarizes the Base Management Fee, and the Incentive Fee as percentages of Revenues during the forecast period.

<b>Fees</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Base Management Fee	4.85%	4.85%	4.85%	4.85%	4.85%
Performance Incentive Fee	1.00%	1.00%	1.00%	1.00%	1.00%
<b>Total Management Fee</b>	<b>5.85%</b>	<b>5.85%</b>	<b>5.85%</b>	<b>5.85%</b>	<b>5.85%</b>

Source: Management Agreement

The Manager shall provide technology services through the Manager or an applicable vendor based on a schedule of services pursuant to the Management Agreement (the “Technology Fee”). The Technology Fee shall increase each January 1, beginning January 1 of the year following the Effective Date and each January 1 thereafter, by the greater of 5 percent or the same percentage increase as the percentage increase in the figure for “all items” as shown in the United States Consumer Price Index for All Urban Consumers (“CPI-U”) published by the U.S. Bureau of Labor Statistics. For purposes of the forecast, no Technology Fee is assumed throughout the forecast period.

The Base Management Fee, Performance Incentive Fee, and the Technology Fee are collectively defined as the “Management Fee.”

*Development Agreement*

The Corporation and the Developer entered into a development agreement dated July 25, 2019 (the “Development Agreement”), and amended as dated on October 5, 2022, under which the Developer is expected to provide development consulting services related to the Project. Pursuant to the Development Agreement, the Developer is responsible for the initial occupancy development program, up to 90 percent occupancy, for the Project. For its services under the Development Agreement, the Corporation is obligated to pay the Developer a development fee of 4.25 percent of the capital costs associated with the Project or approximately \$2,305,000 (the “Development Fee”). The Development Fee is to be earned and paid as follows:

- (1) \$50,000 to be payable during the feasibility stage of the development plan (the “Feasibility Stage”);
- (2) Five percent of the Development Fee upon the completion of the early schematic design documents as defined in the architectural agreement, less the \$50,000 Feasibility Stage fees;
- (3) Ten percent of the Development Fee upon the completion of the final schematic design documents as defined in the architectural agreement;
- (4) Five percent of the Development Fee upon commencement of Entrance Fee deposit collection for the New Independent Living Units;
- (5) Five percent of the Development Fee upon the completion of the design development documents, as defined in the architectural agreement;
- (6) Five percent of the Development Fee upon obtaining twenty-five percent sales reservations of the New Independent Living Units;
- (7) Five percent of the Development Fee upon obtaining fifty percent sales reservations of the New Independent Living Units;
- (8) Twenty percent of the Development Fee upon the earlier of (i) the issuance of a notice to proceed with certain construction activities, or (ii) closing of construction financing;
- (9) Thirty percent of the Development Fee payable in equal monthly installments over the duration of construction, with a schedule to be determined at the time of financing and assumed to be a 16 to 18 month period beginning immediate following a notice to proceed with construction activities;
- (10) Ten percent of the Development Fee upon initial closing of 90 percent of the New Independent Living Units on pro-rata basis; and
- (11) Five percent of the Development Fee at completion of close-out services during the close-out phase of the Project.

An overview of the total Development Fees assumed to be paid to the Developer in association with the development of the Project is presented in the following table.

**Table 7**  
**Anticipated Development Fees**  
**(In Thousands)**

Prior to closing on Series 2026 Bonds <i>(35% of Development Fee)</i>	\$ 807
Upon closing of Series 2026 Bonds <i>(20% of Development Fee)</i>	461
Monthly commensurate with construction of the Project <i>(30% of Development Fee)</i>	692
Upon achieving 90% occupancy and Project close-out <i>(15% of Development Fee)</i>	345
<b>Total Development Fees</b>	<b>\$ 2,305</b>

Source: Development Agreement

*Residency Agreement*

To be accepted for admission to an Independent Living Unit, a prospective Resident must be at least 62 years of age (in the case of double occupancy, at least one of the prospective Residents must be 62 years of age or older) at the time residency is established, meet health qualifications to live independently at the Community and exhibit an ability to meet their financial obligations as a Resident of the selected Independent Living Unit.

*Reservation Agreement*

To reserve an Independent Living Unit, a prospective Resident is required to execute a reservation agreement (the “Reservation Agreement”), provide self-disclosure of his or her finances and place a deposit equal to 10 percent of the first-person Entrance Fee on the selected Independent Living Unit (the “Entrance Fee Deposit”). The remaining 90 percent of the Entrance Fee is due upon the earlier of (i) the occupancy date of the Independent Living Unit (the “Occupancy Date”), or (ii) 120 days after the Reservation Agreement is executed. The Reservation Agreement reserves the right of the prospective Resident to choose the selected Independent Living Unit (the “Residence”) and indicate his or her intent to execute a residence and services agreement (the “Residency Agreement”).

It is assumed that upon approval to collect reservation deposits for the New Independent Living Units, prospective Residents would sign a Reservation Agreement and pay the applicable deposit amount (“Depositors”), which shall be held in an escrow account on behalf of Residents in accordance with North Carolina General Statute §58-64-35, earn market rate interest and is fully refundable, including the interest earned. Depositors for the New Independent Living Units would execute a Residency Agreement upon payment of the Entrance Fee at or prior to the Occupancy Date.

The Residency Agreement is a contract under which the Corporation is obligated, upon payment by the Resident of an Entrance Fee and ongoing payments of the Monthly Fee, to provide certain services to the Resident of the Independent Living Unit. Payment of the Entrance Fee and Monthly Fee entitles the Resident to occupy the Residence and receive the following services and amenities:

- Preferred choice and flexible dining options as more fully described in the Resident handbook;
- Utilities, including heating, cooling, electricity, water, sewer, and trash removal services;
- Basic cable or satellite television services;
- Internet access;
- Local and long distance telephone service (with some limitations);
- Storage;
- Building and grounds maintenance;
- Bi-weekly housekeeping and linen service;
- Social, physical, educational, cultural, spiritual, recreational, emotional, purposeful, and intellectual activities;
- Surface parking for Residents and guests;
- Local scheduled transportation;
- Smoke detectors in each residence and sprinkler systems in the buildings;
- 24-hour security personnel;
- Use of the Community's common area amenities during scheduled hours;
- Access to the Resident care center, which is available to respond to resident's emergency calls and to provide temporary nursing and outpatient services. Some routine outpatient services are included as part of the Monthly Fee;
- Home care services for a limited period of time at the sole discretion of the Corporation; and
- Access to assisted living and nursing care at the Davis Community.

Certain services are available to Residents for an additional charge. These services include, but are not limited to additional meals (including guest meals); guest accommodations, beauty/barber shop services; personal laundry service; additional outpatient services and special services; and extended home care services.

#### *Health Care Benefit*

A Resident may be temporarily or permanently assigned to the Davis Community (or a comparable facility) if the Resident is determined to need such care. Accommodations provided at the Davis Community shall be in a private one-bedroom suite or shared suite, depending on the level of care required by the Resident. If the Resident wishes to occupy a larger suite, the Resident shall be assessed the incremental fee for the larger unit.

The Resident pays the applicable monthly or per diem charge to the Corporation (the "HC Charge"), in an amount equal to 75 percent of the monthly or daily semi-private pay rate then being charged. The Corporation covers the charges for temporary assisted living or nursing care for up to 30 calendar days for each Resident each fiscal year (the "Health Care Benefit"). If there are two

Residents under the Residency Agreement, the Community allows the Residents to combine the Health Care Benefit to be used by only one Resident. During such time, the Resident shall continue to pay the Monthly Fee for their Independent Living Unit (first and second person as applicable), the charges for additional meals per day not covered by the Monthly Fee, and the charges for any additional services and supplies incurred by the Resident.

If the Resident utilizes more than the Health Care Benefit during a temporary stay, then they shall be responsible for paying the full daily rate charged by the Davis Community, as well as the Monthly Fee for their Independent Living Unit (first and second person as applicable) and the charges for any additional services and supplies incurred by the Resident.

Once permanently assigned to the Davis Community, the Resident no longer qualifies for the Health Care Benefit and he or she shall be required to vacate and release the Independent Living Unit. Any unused Health Care Benefit days shall not be carried over to the next year. The Monthly Fee shall continue until removal of the Resident's personal property from the Independent Living Unit.

In the case of couples, should only one Resident require permanent care at Champions, Davis HCC or another contracted facility, the other Resident would continue to occupy the Residence under the terms of the Residency Agreement and pay the first person Monthly Fee. The Resident at Champions, Davis HCC, or another contracted facility would pay the HC Charge, plus the charges for any additional services and supplies.

#### *Terminations Prior to Occupancy Date*

The Resident may terminate the Residency Agreement within thirty (30) days written notice of execution of the Residency Agreement or the receipt of a Disclosure Statement that meets the requirements of N.C.G.S. § 58-64A-150 (the "Rescission Period"). The portion of the Entrance Fee paid to date is to be paid by the Corporation, without interest, less costs incurred by the Corporation, within 30 days following the receipt of written notification of such termination. In the event the Resident occupies the Independent Living Unit during the Rescission Period, any money transferred to the Corporation is to be refunded, without interest, less costs incurred by the Corporation, within 60 days following the receipt of written notification of such termination.

The Resident may terminate the Residency Agreement after the Rescission Period and prior to the Occupancy Date upon 30-days written notice of such termination. Any such refund paid will equal the portion of the Entrance Fee paid by the Resident less (i) a non-refundable fee equal to \$2,500 and (ii) any costs specifically incurred by the Corporation at the Resident's request. Any such refunds as described above will be paid by the Corporation within 60 days following the receipt of written notification of such termination.

*Terminations After Occupancy Date*

Following expiration of the Rescission Period and after the Occupancy Date, the Residency Agreement may be terminated at any time upon 120-days written notice of such termination. Any refund due would be made within 30 days following the date a new Entrance Fee for the same Independent Living Unit reoccupied by a new resident and the receipt of the new Entrance Fee by the Corporation.

*Entrance Fee Plan*

The Corporation offers four Entrance Fee plans under the Residency Agreement. The Entrance Fee options, and related amortization schedules are as follows:

<b>Refund Options</b> <sup>(1)(2)</sup>	<b>Amortization Schedule</b>
Traditional Plan (Non-Refundable) <sup>(3)</sup>	If the Resident terminates the Residency Agreement prior to occupancy, the Resident is reimbursed the Entrance Fee, less a non-refundable fee. After occupancy, the Entrance Fee decreases two percent per month for 50 months.
50% Return-of-Capital Plan	If the Resident terminates the Residency Agreement prior to occupancy, the Resident is reimbursed the Entrance Fee, less a non-refundable fee. If the Resident terminates the Residency Agreement after occupancy, the Resident is reimbursed 50 percent of the Entrance Fee.
75% Return-of-Capital Plan	If the Resident terminates the Residency Agreement prior to occupancy, the Resident is reimbursed the Entrance Fee, less a non-refundable fee. If the Resident terminates the Residency Agreement after occupancy, the Resident is reimbursed 75 percent of the Entrance Fee.
90% Return-of-Capital Plan	If the Resident terminates the Residency Agreement prior to occupancy, the Resident is reimbursed the Entrance Fee, less a non-refundable fee. If the Resident terminates the Residency Agreement after occupancy, the Resident is reimbursed 90 percent of the Entrance Fee.

Source: Management

- (1) Management has assumed approximately 8 percent of the Residents of the Existing Independent Living Units would select the Traditional Plan, approximately 70 percent would select the 50% Return-of-Capital Contract, and approximately 22 percent would select the 90% Return-of-Capital Contract.
- (2) Management has assumed 50 percent of the Residents of the New Independent Living Units would select the 50% Return-of-Capital Contract, 25 percent would select the 75% Return-of-Capital Contract, and 25 percent would select the 90% Return-of-Capital Contract.
- (3) The Traditional Plan is not offered in certain unit types for the Existing Independent Living Units and is not anticipated to be offered for the New Independent Living Units.

### Summary of Significant Accounting Policies

- (a) Basis of Accounting – The Corporation maintains its accounting and financial records according to the accrual basis of accounting.
- (b) Use of Estimates – The preparation of prospective financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts reported in the prospective financial statements and accompanying notes. Actual results could differ from those estimates.
- (c) Cash and Cash Equivalents – Cash and cash equivalents includes cash on hand, amounts on deposit in banks and highly liquid debt instruments with a maturity of 90 days or less when purchased, excluding amounts whose use is limited.
- (d) Restricted Cash – The Corporation has adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU” No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end of period total amounts shown on the forecasted statements of cash flows.
- (e) Assets Limited as to Use – Assets limited as to use represent funds required by the Corporation’s bond documents or other regulatory requirements to be held by a trustee (the “Trustee”) and include a statutory operating fund, and various bond accounts. Management assumes no material changes in fair values that would result in material net realized or unrealized gains or losses during the forecast period. North Carolina General Statute Section 58-64A-245 requires CCRCs to maintain an operating reserve (the “Statutory Operating Reserve”) as a percentage of the total operating costs in a given year, based on occupancy levels of the independent units. This law provides security to residents that the Corporation is able to meet its contractual obligations to provide continuing care.
- (f) Accounts Receivable – Accounts receivable are carried at their original billed amounts. The Community has experienced few uncollectible accounts in the past as any past due receivables can be applied against refunds due to residents from their initial Entrance Fee. Accounts receivable are considered past due if any portion of the receivable balance is outstanding for more than 60 days. Interest is charged on accounts receivable outstanding for more than 90 days and is recognized as it is charged.
- (g) Property and Equipment – Property and equipment are stated at cost less accumulated depreciation. Donated property is recorded at its estimated fair value at the time of receipt. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Land improvements	20 years
Buildings	20 to 40 years
Furniture and equipment	5 to 10 years

- (h) Deferred Financing Costs – Costs associated with the issuance of debt are capitalized and amortized over the expected life of the debt instrument using the effective interest method. Debt issuance costs are netted against the related debt on the forecasted consolidated balance sheets, and the amortization is included in interest expense on the forecasted consolidated statement of operations and changes in net assets.
- (i) Refundable Fees – Refundable Entrance Fees related to Residents who have been permanently assigned to a skilled nursing or assisted living facility are classified as noncurrent liabilities due to the indeterminable timing of the ultimate payment.
- (j) Deferred Revenue from Entrance Fees – The non-refundable portion of Entrance Fees paid by a Resident upon entering into a Residency Agreement are recorded as deferred revenue and amortized into income using the straight-line method over the estimated remaining life expectancy of the Resident, adjusted on an annual basis. The estimated amount of the contractual refund obligations that are expected to be refunded in a subsequent year are classified as a current liability.
- (k) Refundable Entrance Fees – Resident refunds payable include estimated Entrance Fee refunds due to Residents who have a 50 percent refundable Return-of-Capital Plan, a 75 percent refundable Return-of-Capital Plan, or a 90 percent refundable Return-of-Capital Plan. The Residency Agreement stipulates that the Entrance Fee is refundable within 30 days after the Resident’s Independent Living Unit is reserved by a new Resident and such new Resident has paid the full amount of the Entrance Fee.
- (l) Resident Deposits – Potential Residents sign a nonbinding reservation agreement with the Corporation and pay a deposit (the “Deposit”). Deposits from Residents are kept in an escrow account in the Resident’s name. Any interest earnings accumulate to the benefit of the various Residents.
- (m) Net Assets – The Corporation conforms to the requirements of generally accepted accounting principles for external reporting by non-profit organizations and requires these resources be classified for accounting and reporting purposes into two net asset categories. The Corporation classifies its net assets for accounting and reporting purposes as Net Assets without Donor Restrictions or Net Assets with Donor Restrictions:
- *Net Assets without Donor Restrictions* – resources of the Corporation that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and the investment in property and equipment.
  - *Net Assets with Donor Restrictions* – resources that carry a donor-imposed restriction that stipulates that donated assets be maintained in perpetuity, or for a specific time or purpose, but may permit the Corporation to use or expend part or all of the income derived from the donated assets.
- (n) Income Taxes – The Corporation is exempt from federal income taxation under Section 501(a) of the Internal Revenue Code (the “IRC”), by virtue of being an organization described in Section 501(c)(3) of the IRC: accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

- (o) Obligation to Provide Future Services to Residents – The Corporation enters into continuing care contracts with various Residents. A continuing care contract is an agreement between a Resident and the Corporation specifying the services and facilities to be provided to a Resident over his or her remaining life. Under the Residency Agreements, the Corporation has the ability to increase fees as deemed necessary.

The Corporation calculates annually the present value of the net cost of future services and the use of facilities to be provided to current Residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and the use of the facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. For purposes of the forecast, Management has assumed no future service obligation liability.

## Summary of Revenue and Entrance Fee Assumptions

### *Independent Living Unit Revenue*

Service fee revenue for Residents living in the Independent Living Units is based upon the assumed occupancy and the Monthly Fee of the respective units. The Monthly Fees are assumed to increase 4.0 percent annually during the forecast period.

The Existing Independent Living Units are assumed to maintain 94.6 percent occupancy in fiscal year 2026 and throughout the forecast period. The New Independent Living Units are assumed to achieve a 94.0 percent occupancy level in October 2028 and remain at that level throughout the remainder of the forecast period.

The following table summarizes the assumed utilization of the Independent Living Units during the forecast period:

Fiscal Year Ending December 31,	<u>Existing Independent Living Units</u>			<u>New Independent Living Units</u>			Total Occupancy
	Average Units Occupied	Average Units Available	Average Occupancy	Average Units Occupied	Average Units Available	Average Occupancy	
2026 <sup>(1)</sup>	210.0	222.0	94.6%	–	–	–	94.6%
2027 <sup>(2)</sup>	210.0	222.0	94.6%	7.1	27.9	25.4%	86.9%
2028	210.0	222.0	94.6%	53.4	67.0	79.7%	91.1%
2029	210.0	222.0	94.6%	63.0	67.0	94.0%	94.5%
2030	210.0	222.0	94.6%	63.0	67.0	94.0%	94.5%

Source: Management

- (1) Average occupancy for the Existing Independent Living Units as of March 31, 2026 was approximately 206 units occupied, or 92.6 percent.
- (2) The 67 New Independent Living Units are assumed to be available for occupancy in August 2027 and fill to an approximately 94 percent occupancy level over a 15-month period at an average of 4.2 move-ins per month.

The double occupancy percentage for the Existing Independent Living Units is assumed to approximate 37 percent in 2026 and remain that level throughout the forecast period. The double occupancy for the New Independent Living Units is assumed to approximate 50 percent in 2027 and remain that level throughout the forecast period.

*New Independent Living Monthly Unit Move-in Schedule*

The following table summarizes the move-in assumptions for the New Independent Living Units during the forecast period.

<b>Table 9</b>			
<b>Fill-Up Schedule – New Independent Living Units</b>			
<b>Fiscal Year/Month</b>	<b>New Independent Living Units</b>	<b>Cumulative Occupied</b>	<b>Cumulative Occupancy <sup>(1)</sup></b>
<b>2027</b>			
August	7.0	7.0	10.4%
September	7.0	14.0	20.9%
October	7.0	21.0	31.3%
November	6.0	27.0	40.3%
December	6.0	33.0	49.3%
<b>2028</b>			
January	5.0	38.0	56.7%
February	5.0	43.0	64.2%
March	4.0	47.0	70.1%
April	3.0	50.0	74.6%
May	3.0	53.0	79.1%
June	3.0	56.0	83.6%
July	2.0	58.0	86.6%
August	2.0	60.0	89.6%
September	2.0	62.0	92.5%
October	1.0	63.0	94.0%

Source: Management

(1) Cumulative occupancy based on 67 New Independent Living Units.

*Assumed Independent Living Turnover*

The number of Independent Living Units becoming available due to Resident turnover, the double occupancy rate, the number of annual Resident Entrance Fee refunds, and the movement of Independent Living Unit Residents into the Assisted Living Units or Skilled Nursing Beds due to death, withdrawal or transfer are provided by Management.

Initial New Independent Living Unit Entrance Fees are assumed to remain constant during the forecast period, while Entrance Fees collected from attrition are assumed to increase 3.0 percent annually throughout the forecast period. The following table presents the initial and attrition Entrance Fees received and the total Entrance Fees refunded.

**Table 10**  
**Entrance Fees Receipts and Entrance Fees Refunds (In Thousands)**

	2026	2027	2028	2029	2030
<b><i>Number of Entrance Fees Received</i></b>					
New Independent Living Units – Initial <sup>(1)</sup>	–	33.0	32.0	2.0	–
Tidewater duplex Independent Living Units <sup>(2)</sup>	2.0	–	–	–	–
Existing Independent Living Units – Attrition <sup>(3)</sup>	25.0	28.2	21.0	21.7	22.5
New Independent Living Units – Attrition	–	0.3	2.2	3.8	4.2
<b>Total Number of Entrance Fees Received</b>	<b>27.0</b>	<b>61.5</b>	<b>55.2</b>	<b>27.5</b>	<b>26.7</b>
<b><i>Entrance Fees Received</i></b>					
New Independent Living Units – Initial <sup>(1)</sup>	\$ –	\$ 18,125	\$ 17,576	\$ 1,098	\$ –
Tidewater duplex Independent Living Units <sup>(2)</sup>	1,993	–	–	–	–
Existing Independent Living Units – Attrition <sup>(3)(4)</sup>	8,722	10,044	8,287	8,893	9,534
New Independent Living Units – Attrition <sup>(4)</sup>	–	168	1,351	2,415	2,725
<b>Total Entrance Fees Received</b>	<b>\$ 10,715</b>	<b>\$ 28,337</b>	<b>\$ 27,214</b>	<b>\$ 12,406</b>	<b>\$ 12,259</b>
Total Entrance Fees Refunded	(6,553)	(5,373)	(6,114)	(6,806)	(7,099)
<b>Entrance Fees Received, Net of Refunds</b>	<b>\$ 4,162</b>	<b>\$ 22,964</b>	<b>\$ 21,100</b>	<b>\$ 5,600</b>	<b>\$ 5,160</b>

Source: Management and the actuary

- (1) For purposes of the forecast, Management assumes initial Entrance Fees are received on all 67 New Independent Living Units. Due to vacancies and attrition, Management assumes an average occupancy for the New Independent Living Units of 94.0 percent, assumed to occur in October 2028.
- (2) Two Tidewater Independent Living Units became available, sold, and occupied in April 2026.
- (3) For purposes of the forecast, Management assumes that Existing Independent Living Units – Attrition includes five existing Resident transfers to the New Independent Living Units and vacant unit refill, occurring in fiscal years 2026 and 2027.
- (4) Excludes change in Residents deposits of \$412,000, \$(1,812,000), and \$(1,648,000) in fiscal years 2026, 2027, and 2028, respectively.

*Assisted Living Beds and Skilled Nursing Beds Revenue*

Assisted Living Beds and Skilled Nursing Beds revenue is derived from gross Champions Monthly Fees and Davis HCC Daily Fees charged to the Community by the Davis Community, adjusted for the Resident’s HC Per Diem Charge, plus the charges for any additional services and supplies. Residency Agreements set fees for Assisted Living Beds and Skilled Nursing Beds paid by the Residents equal to 75 percent of the Champions Monthly Fee or the Davis HCC Daily Fee. Champions Monthly Fees and Davis HCC Daily Fees are assumed to increase 5.0 percent beginning January 1, 2027 and annually thereafter.

The following table summarizes the forecasted utilization of Assisted Living Beds and Skilled Nursing Beds at Champions and Davis HCC, respectively, by Residents of the Community.

**Table 11**  
**Utilization of Assisted Living Beds and Skilled Nursing Beds at the Davis Community**

Years ended December 31,	Assisted Living Average Beds Occupied- Contracts	Skilled Nursing Average Beds Occupied Contracts-Perm <sup>(2)</sup>	Total Beds Occupied
2026 <sup>(1)</sup>	15.0	10.0	25.0
2027	13.7	9.6	23.3
2028	14.2	10.1	24.3
2029	15.0	10.6	25.6
2030	15.9	11.1	27.0

Source: Management

- (1) Average utilization for the Assisted Living Beds and Nursing Beds at the Davis Community as of March 31, 2026 was approximately 16 and 9, respectively.
- (2) Utilization shown for Skilled Nursing Beds at the Davis Community includes a 1.0 bed hold per diem.

*Resident Care Center*

Certain routine outpatient services are included in the Monthly Fee. However, special services such as injections and medication management are governed by North Carolina regulations and are subject to an additional charge. Delivery service from several pharmacies to the Resident Care Center is provided for the Residents’ convenience. Other Resident Care Center services are available for an extra charge.

*Other Revenue*

Management assumes meal revenue and other miscellaneous revenue to increase approximately 4.0 percent annually throughout the forecast period.

*Investment Income*

Interest earnings are assumed to approximate 3.0 percent annually throughout the forecast period on the Corporation’s cash and investments, Statutory Operating Reserve Fund, and funds restricted by the Directors. Interest earnings are assumed to approximate 3.25 percent annually throughout the forecast period on trustee-hold bond funds including the Construction Account and the Funded Interest Account.

**Summary of Operating Expense Assumptions**

Operating expenses are estimated by Management based on its experience at the Community and with the development and operation of other similar retirement communities. Staff salaries and benefits are based on prevailing local salary and wage rates and are assumed to increase 4.0 percent annually throughout the forecast period. The cost of employee fringe benefits, consisting primarily of payroll taxes, health insurance and other costs for employees are assumed to approximate 21.7 percent throughout the forecast period. The following table summarizes the staffing levels during the forecast period for all departments.

**Table 12**  
**Schedule of Staffing Levels (FTEs) - 2030**

<b>Department</b>	<b>Existing</b>	<b>Project</b>	<b>Total</b>
Administration and general	10.2	–	10.2
Activities	6.5	1.3	7.8
Clinic	7.1	–	7.1
Laundry and housekeeping	19.0	6.0	25.0
Home health	14.8	–	14.8
Dietary	43.0	7.1	50.1
Facilities	11.3	1.1	12.4
<b>Total FTEs</b>	<b>111.9</b>	<b>15.5</b>	<b>127.4</b>

Source: Management

The rate paid to the Davis Community for Residents assigned to the Assisted Living Beds at Champions and the Skilled Nursing Beds at Davis HCC is assumed to increase 5.0 percent annually throughout the forecast period.

Other non-salary operating expenses are assumed to include ongoing marketing costs, raw food costs, utilities, supplies, maintenance, and security contracts, building and general liability insurance, legal and accounting fees, and other miscellaneous expenses and are assumed to increase 4.0 percent annually throughout the forecast period.

The Corporation is assumed to pay the Management Fee for the day-to-day management of the Community to the Manager. The Management Fee is based on approximately 5.85 percent of total annual gross operating revenue, excluding amortization of Entrance Fees and investment income.

## Assets Limited as to Use

Assets limited as to use represents funds required by the Corporation's debt documents to be held by a trustee, statutory required funds, and the Directors designated funds. Amounts required to meet current liabilities of the Corporation have been classified as current assets in the balance sheet.

- (1) Bond Fund-Series 2021 Bonds, to contain the bond principal and interest payments to be used for payment of debt service on the Series 2021 Bonds (defined hereinafter).
- (2) Bond Fund-Series 2026 Bonds, to contain the bond principal and interest payments to be used for payment of debt service on the Series 2026 Bonds.
- (3) Funded Interest Account – net funded from Series 2026 Bonds, is to be used to fund approximately 21 months of interest due on the Series 2026 Bonds.
- (4) Entrance Fee Fund is assumed to be funded with initial New Independent Living Units Entrance Fees and to be released for the repayment of the Series 2026B Bonds.
- (5) Board designated investments are restricted by the Directors and are designated to refund advance fees.
- (6) Board designated asset replacement funds are restricted by the board of directors and are designated for the replacement of Community assets.
- (7) Resident trust fund consists of restricted cash held for Residents.
- (8) Construction Account – to be funded at closing from a portion of the Series 2026 Bonds proceeds, to be used to pay for construction and related costs of the Project.
- (9) Resident deposits fund consists of resident funds and deposits of advance payments to the Community.

In addition, the Corporation maintains the following funds and accounts based on legal or regulatory requirements and include the following:

Designated for Statutory Operating Reserve: North Carolina General Statute § 58-64A-245 requires CCRC's to maintain an operating reserve (the "Statutory Operating Reserve") subject to the certain guidelines.

- A provider shall maintain after the opening of a CCRC an operating reserve equal to fifty percent of the total operating costs of the CCRC forecasted for the 12-month period following the period covered by the most recent disclosure statement filed with the North Carolina Department of Insurance ("NCDOI").
- Once a CCRC achieves a 12-month daily average independent living unit occupancy rate of 90 percent or higher, a provider shall be required to maintain an operating reserve in an amount calculated using the table below, unless otherwise instructed by NCDOI.
- A provider who has a 12-month daily average independent living unit occupancy rate equal to or in excess of ninety-three percent and has no long-term debt or a debt service coverage ratio in excess of 2.00x as of the provider's most recent fiscal year-end shall be required to maintain an operating reserve equal to 12.5 percent of total operating costs of the CCRC.

12-Month Average Occupancy Rate	Operating Reserve Requirement as a % of Independent Living Unit Occupancy Rate
90% or above	25.00%
86% to 89.9%	31.25%
83% to 85.9%	37.50%
80% to 82.9%	43.75%
Below 80%	50.00%

The following table summarizes the forecasted Statutory Operating Reserve, which is calculated as a percentage of the Corporation's forecasted cash operating expenses.

**Table 13**  
**Operating Reserve Requirement**  
**(in Thousands)**

	2026	2027	2028	2029	2030
Total operating expenses	\$ 23,177	\$ 25,507	\$ 29,373	\$ 30,570	\$ 32,093
Subtract:					
Depreciation and amortization	(3,997)	(4,718)	(5,443)	(5,549)	(5,658)
Interest expense	(1,603)	(1,922)	(2,970)	(2,680)	(2,640)
Debt adjustments	(2,744)	(1,655)	(1,667)	(1,684)	(1,686)
Add:					
Principal payments on long-term debt <sup>(1)</sup>	1,141	1,163	1,200	1,217	1,574
Interest expense	1,603	1,922	2,970	2,680	2,640
Forecasted expenses-adjusted	17,577	20,297	23,463	24,554	26,323
Operating reserve % required	25.0%	50.0%	25.0%	12.5%	12.5%
Operating reserve	\$ 4,394	\$ 10,149	\$ 5,866	\$ 3,069	\$ 3,290
Independent Living Units:					
Available, end of year	222	289	289	289	289
Occupied and reserved, end of year	210	244	273	273	273
Occupancy percentage	94.5%	84.4%	94.4%	94.4%	94.4%

Source: Management

(1) Excludes Series 2026B Bonds principal payments funded with New Independent Living Units initial Entrance Fee proceeds.

### Property and Equipment and Depreciation Expense

The Corporation is to incur routine capital additions during the forecast period that are to be capitalized as property and equipment. Depreciation expense for all capital assets is computed based on the straight-line method for buildings and equipment over estimated average useful lives of three to 20 years, respectively. The Corporation's property and equipment costs, during the forecast period are summarized in the table below.

**Table 14**  
**Schedule of Property and Equipment**  
**(In Thousands)**

Years Ended December 31,	2026	2027	2028	2029	2030
Beginning balance	\$ 134,814	\$ 159,406	\$ 187,926	\$ 189,494	\$191,112
Project costs <sup>(1)(2)</sup>	21,900	25,827	-	-	-
Capitalized interest, net	1,249	1,175	-	-	-
Routine capital additions	1,443	1,518	1,568	1,618	1,668
Property and equipment, gross	159,406	187,926	189,494	191,112	192,780
Accumulated depreciation	(50,651)	(55,369)	(60,812)	(66,361)	(72,019)
Property and equipment, Ending balance, net	\$ 108,755	\$ 132,557	\$ 128,682	\$ 124,751	\$ 120,761

Source: Management

- (1) Management has expended pre-financing Project-related costs and anticipates reimbursement of approximately \$5,139,000.
- (2) Project costs include \$42,000 of construction costs associated with the completion of the Tidewater Independent Living Units in the 2026 fiscal year. Such costs are not funded with the Series 2026 Bonds.

## Long-Term Debt and Interest Expense

Total financial requirements to complete a prior expansion of the Community were funded primarily through the issuance of \$64,656,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021 (the “Series 2021 Bonds”).

### *Series 2021A Bonds*

The Series 2021A Bonds (the “Series 2021A Bonds”) consist of \$32,740,000 of tax-exempt rated fixed rate bonds, that were issued at an original issue premium, with an average coupon rate of 4.00 percent per annum. Interest on the Series 2021A Bonds is payable semi-annually on January 1 and July of each year. Principal on the Series 2021A Bonds is payable annually commencing January 1, 2037, with a final maturity of January 1, 2052. There was approximately \$32,740,000 outstanding as of December 31, 2025.

### *Series 2021B-1 Bonds*

The Series 2021B-1 Bonds (the “Series 2021B-1 Bonds”) consist of \$14,051,000 of long-term, tax-exempt, direct purchase bank revenue bonds, to be advanced on a draw-down basis, with an average interest rate of 2.15 percent per annum. Interest on the Series 2021B-1 Bonds is payable monthly beginning January 1, 2022. Principal on the Series 2021B-1 Bonds is payable monthly commencing January 1, 2026 with a final maturity on December 1, 2036. There was approximately \$14,051,000 outstanding as of December 31, 2025.

The following table presents the forecasted debt service for the Series 2021 Bonds.

**Table 15**  
**Principal and Interest Payments - Series 2021 Bonds**  
**(In Thousands)**

Years Ending December 31,	Series 2021A Bonds		Series 2021B-1 Bonds		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2026	\$ —	\$ 1,310	\$ 1,141	\$ 296	\$ 2,747
2027	—	1,310	1,163	269	2,742
2028	—	1,310	1,200	244	2,754
2029	—	1,310	1,217	218	2,745
2030	—	1,310	1,259	191	2,760
Thereafter	32,740	19,414	8,071	543	60,768
<b>Total</b>	<b>\$ 32,740</b>	<b>\$ 25,964</b>	<b>\$ 14,051</b>	<b>\$ 1,761</b>	<b>\$ 74,516</b>

Source: Management

Total financial requirements to complete the Project were funded primarily through the issuance of \$55,060,000 Series 2026 Bonds.

*Series 2026A Bonds*

The Series 2026A Bonds consist of \$23,060,000 of tax-exempt fixed rate bonds, assumed to be issued at an original issue premium, with an average interest rate ranging from 4.00 to 5.20 percent per annum. Interest on the Series 2026A Bonds is payable semi-annually on January 1 and July 1 of each year beginning January 1, 2027. Principal on the Series 2026A Bonds is payable annually commencing January 1, 2030, with a final maturity of January 1, 2061.

*Series 2026B-1 Bonds*

The Series 2026B-1 Bonds consist of \$4,400,000 of short-term, tax-exempt bonds, with an average interest rate of 3.875 percent per annum. Interest on the Series 2026B-1 Bonds is payable semi-annually on January 1 and July 1 of each year beginning July 1, 2027. Principal on the Series 2026B-1 Bonds is assumed to be repaid with initial Entrance Fee receipts, associated with the New Independent Living Units achieving 87 percent initial occupancy, from the New Independent Living Units during fiscal year ending December 31, 2028.

*Series 2026B-2 Bonds*

The Series 2026B-2 Bonds consist of \$9,200,000 of short-term, tax-exempt bonds, with an average interest rate of 3.60 percent per annum. Interest on the Series 2026B-2 Bonds is payable semi-annually on January 1 and July 1 of each year beginning January 1, 2027. Principal on the Series 2026B-2 Bonds is assumed to be repaid with initial Entrance Fee receipts, associated with the New Independent Living Units achieving 75 percent initial occupancy, from the New Independent Living Units during fiscal year ending December 31, 2028.

*Series 2026B-3 Bonds*

The Series 2026B-3 Bonds consist of \$18,400,000 of short-term, tax-exempt bonds, with an average interest rate of 3.350 percent per annum. Interest on the Series 2026B-3 Bonds is payable semi-annually on January 1 and July 1 of each year beginning January 1, 2027. Principal on the Series 2026B-3 Bonds is assumed to be repaid with initial Entrance Fee receipts, associated with the New Independent Living Units achieving 50 percent initial occupancy, from the New Independent Living Units commencing November 1, 2027 until final repayment on April 1, 2028.

The following table presents the forecasted debt service for the Series 2026 Bonds.

**Table 16**  
**Principal and Interest Payments - Series 2026 Bonds**  
**(In Thousands)**

Years Ending December 31,	Series 2026A Bonds		Series 2026B Bonds		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2026	\$ -	\$ -	\$ -	\$ -	\$ -
2027	-	1,330	7,690	1,744	10,764
2028	-	1,154	24,310	333	25,797
2029	-	1,154	-	-	1,154
2030	315	1,147	-	-	1,462
Thereafter	22,745	22,570	-	-	45,315
<b>Total</b>	<b>\$ 23,060</b>	<b>\$ 27,355</b>	<b>\$ 32,000</b>	<b>\$ 2,077</b>	<b>\$ 84,492</b>

Source: Management

### Current Assets and Current Liabilities

Operating revenue, as used below, includes resident service fees, home health, and other revenues and excludes Assisted Living Beds and Skilled Nursing Beds service fees. Operating expenses exclude amortization, depreciation, and interest expense. Management has assumed the following working capital components based on the Corporation's historical trends:

**Table 17**  
**Working Capital – Days on Hand**

Accounts receivables, net	8 days of operating revenues
Prepaid expenses and other current assets	20 days of operating expenses
Accounts payable	14 days of operating expenses
Accrued expenses and other current liabilities	10 days of operating expenses

Source: Management

**Appendix C – Statement of Actuarial Opinion**



# PORTERS NECK VILLAGE

## PORTERS NECK VILLAGE POPULATION PROJECTION

As of December 31, 2025

Prepared by Continuing Care Actuaries, LLC  
Report Date: March 30, 2026

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## METHODOLOGY

Continuing Care Actuaries, LLC (Continuing Care Actuaries) was retained by the management of Porters Neck Village, a not-for-profit continuing care retirement community located in Wilmington, North Carolina, to develop a population projection as of December 31, 2025.

The projection tracks existing residents through various levels of care until move-out or death, using actual resident data to establish assumptions about their demographic characteristics. Rates of population movement were derived from a review of Porters Neck Village's resident demographic experience during the historical period of January 1, 1988, to December 31, 2025, as well as the Continuing Care Actuaries demographic database for continuing care retirement community (CCRC) residents.

The Continuing Care Actuaries database includes demographic transfer and mortality data from over 800,000 CCRC resident life-years, which was aggregated to develop assumptions consistent with Porters Neck Village's operational and administrative practices.

Porters Neck Village's management provided resident data for existing residents and future occupancy projections. Continuing Care Actuaries developed assumptions about units, age, gender, and couples' ratios for new residents based on historical resident data provided by management. Assumptions regarding expected mortality and morbidity were based on actual historical resident movements and the Continuing Care Actuaries database. Continuing Care Actuaries did not perform secondary due diligence to verify the accuracy of these assumptions. Continuing Care Actuaries is not responsible for the use of this projection as the basis for financial projections or operating decisions.

## KEY ASSUMPTIONS

- The Fiscal Year end is December 31.
- This study is evaluated as of December 31, 2025.
- The projection assumes Porters Neck Village has the following unit counts by level of care throughout the projection:

<i>Fiscal Year</i>	<i>Independent Living</i>	<i>Assisted Living</i>	<i>Skilled Nursing</i>
<i>2025 and thereafter</i>	222	N/A	N/A

- Average new entrant age assumptions are as follows:

<i>Single Male</i>	<i>Single Female</i>	<i>Couple Male</i>	<i>Couple Female</i>
82.0	81.0	80.0	78.0

- Average new entrant distribution assumptions are as follows:

<i>Single Male</i>	<i>Single Female</i>	<i>Couple</i>
10%	40%	50%

- Projected Independent Living occupancy is as follows:

<i>Fiscal Year</i>	<i>Units Occupied</i>	<i>Occupancy (%)</i>
<i>2025</i>	204.0	91.9%
<i>2026</i>	207.0	93.2%
<i>2027 and thereafter</i>	210.0	94.6%

- Porters Neck Village does not have a health center on-site. Instead, residents receive care at the nearby Davis Community.
- The community is planning an expansion of 67 Independent Living Units, due to open in August 2027. The expansion is not included in this projection. However, 5 internal transfers are included as withdrawals from independent living.
- Occupancy projections were supplied by management based on their best assessment of market conditions available at this time. Should actual conditions change in the future, additional resources may be necessary to achieve projected results.
- **Note that any changes in these assumptions would alter our projections.**



## APPENDIX A: POPULATION PROJECTION

Appendix A summarizes the projections for the existing Independent Living Units and subsequent population flows to assisted living and skilled nursing. The population projections on pages A-1 to A-8 summarize the location and expected demographic phenomena in each level of care. Direct Admit residents are not included in these projections.

Under the assumptions, The Independent Living Units are projected to achieve the ultimate occupancy of 94.6%.

Pages A-1 through A-2 provide the average occupancy at each level of care. Page A-3 gives the number of days in each level of care. Page A-4 gives the average ages of residents at each level of care. Pages A-5 to A-7 provide a breakdown of residential movements at each level of care. Page A-8 shows unit vacancies by cause.

Actual experience may vary, and management should track actual versus expected nursing utilization, since higher utilization by Lifecare residents will result in lower nursing revenue. The results of our study are based on estimates of demographic and economic assumptions of the most likely outcome.

Considerable uncertainty and variability are inherent in such estimates. Accordingly, the subsequent emergence of actual residential movements and actual revenues and expenses may not conform to the assumptions used in our analysis. Consequently, the subsequent development of these items may vary considerably from expected results.

Management should scrutinize future developments, which may cause significant variances in the projections. These developments include higher apartment vacancy rates, higher inflation, higher nursing care utilization and/or longer life expectancies than those assumed in the current projection.

Sincerely,

A handwritten signature in blue ink that reads "Dave Bond".

---

**Dave Bond, F. S. A., M.A. A. A.**

Managing Partner  
Continuing Care Actuaries  
415 Main Street  
Reisterstown, MD 21136

**Porters Neck Village  
Open Group Projection**

Fiscal Year Ending 12/31	Community Occupancy Summary					
	Independent Living Unit					
	Number of Residents	Number of Units	Occupancy Rate	Density Ratio	Units Released	New Units Occupied
		204.0				
2026	286.6	207.0	93.2%	1.38	24.0	27.0
2027	289.7	210.0	94.6%	1.38	25.1	28.2
2028	287.0	210.0	94.6%	1.37	21.0	21.0
2029	284.9	210.0	94.6%	1.36	21.7	21.7
2030	283.4	210.0	94.6%	1.35	22.5	22.5
2031	282.2	210.0	94.6%	1.34	23.0	23.0
2032	281.4	210.0	94.6%	1.34	23.3	23.3
2033	280.9	210.0	94.6%	1.34	23.6	23.6
2034	280.7	210.0	94.6%	1.34	23.8	23.8
2035	280.5	210.0	94.6%	1.34	23.9	23.9
2036	280.5	210.0	94.6%	1.34	24.0	24.0
2037	280.5	210.0	94.6%	1.34	24.0	24.0
2038	280.5	210.0	94.6%	1.34	24.1	24.1
2039	280.6	210.0	94.6%	1.34	24.2	24.2
2040	280.7	210.0	94.6%	1.34	24.3	24.3
2041	280.8	210.0	94.6%	1.34	24.3	24.3
2042	280.9	210.0	94.6%	1.34	24.3	24.3
2043	280.9	210.0	94.6%	1.34	24.2	24.2
2044	280.9	210.0	94.6%	1.34	24.2	24.2
2045	280.9	210.0	94.6%	1.34	24.2	24.2
2046	280.9	210.0	94.6%	1.34	24.2	24.2
2047	280.9	210.0	94.6%	1.34	24.3	24.3
2048	280.9	210.0	94.6%	1.34	24.3	24.3
2049	280.8	210.0	94.6%	1.34	24.3	24.3
2050	280.8	210.0	94.6%	1.34	24.3	24.3
2051	280.8	210.0	94.6%	1.34	24.3	24.3
2052	280.7	210.0	94.6%	1.34	24.3	24.3
2053	280.7	210.0	94.6%	1.34	24.3	24.3
2054	280.7	210.0	94.6%	1.34	24.4	24.4
2055	280.7	210.0	94.6%	1.34	24.4	24.4

**Porters Neck Village  
Open Group Projection**

Fiscal Year Ending 12/31	Community Occupancy Summary					
	Assisted Living Unit			Skilled Nursing Facility		
	Number of Permanent Residents	2nd Person Subset Permanent	Number of Temporary Residents	Number of Permanent Residents	2nd Person Subset Permanent	Number of Temporary Residents
2026	14.1	4.7	0.0	6.7	0.8	1.8
2027	13.7	4.2	0.0	6.7	1.3	1.9
2028	13.9	3.8	0.0	6.8	1.6	1.9
2029	14.3	3.6	0.0	6.9	1.7	1.9
2030	14.7	3.4	0.0	7.2	1.8	1.9
2031	15.2	3.3	0.0	7.5	1.8	1.9
2032	15.6	3.2	0.0	7.7	1.8	1.9
2033	15.9	3.2	0.0	7.9	1.8	1.9
2034	16.3	3.1	0.0	8.1	1.8	1.9
2035	16.5	3.1	0.0	8.3	1.7	1.9
2036	16.7	3.1	0.0	8.4	1.7	2.0
2037	16.8	3.1	0.0	8.5	1.7	2.0
2038	16.9	3.0	0.0	8.5	1.7	2.0
2039	16.9	3.0	0.0	8.6	1.7	2.0
2040	16.9	3.0	0.0	8.6	1.7	2.0
2041	16.9	2.9	0.0	8.6	1.7	2.0
2042	16.8	2.9	0.0	8.6	1.7	2.0
2043	16.8	2.9	0.0	8.6	1.6	2.0
2044	16.8	2.9	0.0	8.6	1.6	2.0
2045	16.8	2.9	0.0	8.6	1.6	2.0
2046	16.8	2.9	0.0	8.6	1.6	2.0
2047	16.8	2.9	0.0	8.6	1.6	2.0
2048	16.9	2.8	0.0	8.6	1.6	2.0
2049	16.9	2.8	0.0	8.6	1.6	2.0
2050	16.9	2.8	0.0	8.6	1.6	2.0
2051	17.0	2.8	0.0	8.6	1.6	2.0
2052	17.0	2.8	0.0	8.6	1.6	2.0
2053	17.0	2.8	0.0	8.6	1.6	2.0
2054	17.0	2.8	0.0	8.7	1.6	2.0
2055	17.1	2.8	0.0	8.7	1.6	2.0

Porters Neck Village  
Open Group Projection

Fiscal Year Ending 12/31	Number of Days In Each Level of Care						
	Independent Living Unit Days	Assisted Living Unit			Skilled Nursing Facility		
		Permanent Days		Temporary Contract Days	Permanent Days		Temporary Days
		Contract Residents	2nd Person Subset		Contract Residents	2nd Person Subset	
2026	102,744	5,307	1,414	0	2,315	138	672
2027	104,337	5,071	1,625	0	2,445	371	680
2028	105,330	5,040	1,453	0	2,464	521	687
2029	104,455	5,152	1,349	0	2,507	605	693
2030	103,786	5,314	1,282	0	2,585	649	702
2031	103,296	5,486	1,238	0	2,681	668	709
2032	102,945	5,647	1,201	0	2,776	671	706
2033	102,707	5,793	1,169	0	2,857	663	704
2034	102,561	5,925	1,147	0	2,927	652	705
2035	102,481	6,031	1,133	0	2,992	641	710
2036	102,444	6,113	1,124	0	3,044	633	714
2037	102,435	6,173	1,117	0	3,082	627	717
2038	102,445	6,208	1,110	0	3,109	623	719
2039	102,473	6,216	1,100	0	3,131	619	720
2040	102,512	6,209	1,091	0	3,144	616	717
2041	102,550	6,196	1,081	0	3,148	611	716
2042	102,579	6,184	1,071	0	3,142	607	715
2043	102,595	6,174	1,063	0	3,135	602	715
2044	102,601	6,165	1,057	0	3,133	598	715
2045	102,599	6,158	1,052	0	3,132	595	715
2046	102,594	6,154	1,048	0	3,130	592	716
2047	102,588	6,154	1,044	0	3,130	589	716
2048	102,583	6,156	1,040	0	3,131	587	717
2049	102,577	6,163	1,036	0	3,133	585	717
2050	102,569	6,173	1,032	0	3,135	582	718
2051	102,558	6,185	1,028	0	3,138	580	719
2052	102,547	6,195	1,023	0	3,145	578	719
2053	102,536	6,205	1,018	0	3,152	575	720
2054	102,526	6,214	1,013	0	3,158	572	721
2055	102,518	6,223	1,008	0	3,163	569	721

**Porters Neck Village  
Open Group Projection**

Fiscal Year Ending 12/31	Average Age of Residents at the End of the Year					
	Independent Living Unit		Assisted Living Unit		Skilled Nursing Facility	
			Contract Residents		Contract Residents	
	Males	Females	Males	Females	Males	Females
2026	84.62	84.71	89.57	91.91	88.76	92.18
2027	84.87	84.74	89.19	91.48	88.84	91.94
2028	85.19	84.93	89.12	90.96	88.97	91.47
2029	85.43	85.09	89.35	90.53	89.20	91.00
2030	85.59	85.20	89.69	90.18	89.51	90.66
2031	85.69	85.29	90.02	90.01	89.83	90.48
2032	85.75	85.36	90.22	90.00	90.09	90.45
2033	85.77	85.41	90.32	90.14	90.27	90.47
2034	85.76	85.46	90.38	90.30	90.37	90.64
2035	85.75	85.49	90.44	90.46	90.43	90.84
2036	85.74	85.53	90.51	90.61	90.44	91.03
2037	85.73	85.55	90.57	90.75	90.42	91.20
2038	85.72	85.57	90.61	90.86	90.43	91.34
2039	85.71	85.57	90.64	90.93	90.48	91.46
2040	85.71	85.56	90.65	90.98	90.53	91.54
2041	85.71	85.56	90.64	91.02	90.56	91.58
2042	85.72	85.55	90.61	91.06	90.55	91.57
2043	85.73	85.55	90.58	91.07	90.53	91.59
2044	85.74	85.55	90.56	91.06	90.51	91.61
2045	85.75	85.55	90.56	91.04	90.49	91.62
2046	85.77	85.56	90.56	91.02	90.46	91.61
2047	85.79	85.57	90.56	90.99	90.46	91.59
2048	85.80	85.57	90.57	90.97	90.48	91.56
2049	85.82	85.58	90.58	90.96	90.49	91.53
2050	85.84	85.60	90.59	90.96	90.50	91.49
2051	85.85	85.61	90.60	90.96	90.52	91.49
2052	85.87	85.63	90.62	90.97	90.53	91.50
2053	85.88	85.64	90.63	90.97	90.54	91.52
2054	85.90	85.66	90.64	90.99	90.56	91.53
2055	85.91	85.68	90.65	91.00	90.56	91.55

**Porters Neck Village  
Open Group Projection**

Fiscal Year Ending 12/31	Summary of the Independent Living Unit Population Movements							Community Refunds		
	Beginning Number of Residents	New Entrants	Deaths	Withdrawals	Permanent Transfers to Assisted Living	Permanent Transfers to Skilled Nursing	Ending Number of Permanent Residents	Existing Resident Refund Counts	New Resident Refund Counts	Total Refund Counts
2026	285.0	40.0	14.7	12.7	7.9	3.0	286.6	24.8	0.8	25.6
2027	286.6	40.8	14.5	12.2	7.9	3.0	289.7	18.7	2.3	21.0
2028	289.7	30.9	14.6	7.8	8.1	3.0	287.0	17.4	3.6	21.0
2029	287.0	32.0	14.7	8.0	8.4	3.1	284.9	16.3	4.9	21.2
2030	284.9	33.2	14.9	8.2	8.6	3.2	283.4	15.6	6.2	21.8
2031	283.4	34.0	15.0	8.1	8.8	3.2	282.2	14.7	7.5	22.2
2032	282.2	34.6	15.1	8.1	9.0	3.3	281.4	13.8	8.8	22.6
2033	281.4	35.1	15.1	8.1	9.1	3.3	280.9	12.8	10.1	23.0
2034	280.9	35.4	15.0	8.1	9.2	3.3	280.7	11.8	11.5	23.2
2035	280.7	35.6	15.0	8.2	9.3	3.3	280.5	10.7	12.8	23.5
2036	280.5	35.6	14.9	8.2	9.3	3.3	280.5	9.6	14.1	23.6
2037	280.5	35.8	14.9	8.2	9.3	3.3	280.5	8.5	15.3	23.8
2038	280.5	35.9	14.9	8.2	9.4	3.4	280.5	7.6	16.4	24.0
2039	280.5	36.1	15.0	8.2	9.4	3.4	280.6	6.7	17.5	24.2
2040	280.6	36.1	15.0	8.2	9.4	3.4	280.7	5.8	18.5	24.3
2041	280.7	36.1	15.1	8.2	9.4	3.4	280.8	4.9	19.4	24.3
2042	280.8	36.1	15.1	8.2	9.3	3.4	280.9	4.1	20.2	24.3
2043	280.9	36.1	15.1	8.2	9.3	3.4	280.9	3.4	20.9	24.3
2044	280.9	36.0	15.1	8.2	9.3	3.4	280.9	2.7	21.5	24.3
2045	280.9	36.0	15.1	8.2	9.3	3.4	280.9	2.2	22.1	24.3
2046	280.9	36.0	15.1	8.2	9.3	3.4	280.9	1.7	22.6	24.2
2047	280.9	36.1	15.1	8.2	9.4	3.4	280.9	1.3	23.0	24.3
2048	280.9	36.1	15.1	8.2	9.4	3.4	280.9	1.0	23.3	24.3
2049	280.9	36.1	15.1	8.2	9.4	3.4	280.8	0.7	23.5	24.3
2050	280.8	36.1	15.1	8.2	9.4	3.4	280.8	0.5	23.8	24.3
2051	280.8	36.1	15.1	8.2	9.4	3.4	280.8	0.3	23.9	24.3
2052	280.8	36.1	15.2	8.2	9.4	3.4	280.7	0.2	24.1	24.3
2053	280.7	36.2	15.2	8.2	9.4	3.4	280.7	0.1	24.2	24.3
2054	280.7	36.2	15.2	8.2	9.4	3.4	280.7	0.1	24.3	24.3
2055	280.7	36.2	15.2	8.2	9.5	3.4	280.7	0.0	24.3	24.4

Porters Neck Village  
Open Group Projection

Fiscal Year Ending 12/31	Summary of the Contract Assisted Living Unit Population Movements					
	Beginning Number of Residents	Permanent Transfers from Independent Living	Deaths	Withdrawals	Permanent Transfers to Skilled Nursing	Ending Number of Permanent Residents
2026	15.0	7.9	5.3	0.0	3.6	14.1
2027	14.1	7.9	5.0	0.0	3.3	13.7
2028	13.7	8.1	4.8	0.0	3.2	13.9
2029	13.9	8.3	4.7	0.0	3.2	14.3
2030	14.3	8.6	4.9	0.0	3.2	14.7
2031	14.7	8.8	5.1	0.0	3.2	15.2
2032	15.2	8.9	5.2	0.0	3.3	15.6
2033	15.6	9.0	5.3	0.0	3.3	15.9
2034	15.9	9.1	5.4	0.0	3.4	16.3
2035	16.3	9.2	5.5	0.0	3.5	16.5
2036	16.5	9.2	5.5	0.0	3.5	16.7
2037	16.7	9.3	5.6	0.0	3.6	16.8
2038	16.8	9.3	5.6	0.0	3.6	16.9
2039	16.9	9.3	5.7	0.0	3.6	16.9
2040	16.9	9.3	5.7	0.0	3.6	16.9
2041	16.9	9.3	5.8	0.0	3.6	16.9
2042	16.9	9.3	5.8	0.0	3.6	16.8
2043	16.8	9.3	5.8	0.0	3.6	16.8
2044	16.8	9.3	5.7	0.0	3.6	16.8
2045	16.8	9.3	5.7	0.0	3.6	16.8
2046	16.8	9.3	5.7	0.0	3.6	16.8
2047	16.8	9.3	5.7	0.0	3.6	16.8
2048	16.8	9.3	5.8	0.0	3.6	16.9
2049	16.9	9.4	5.8	0.0	3.6	16.9
2050	16.9	9.4	5.8	0.0	3.6	16.9
2051	16.9	9.4	5.8	0.0	3.6	17.0
2052	17.0	9.4	5.8	0.0	3.6	17.0
2053	17.0	9.4	5.8	0.0	3.6	17.0
2054	17.0	9.4	5.8	0.0	3.6	17.0
2055	17.0	9.5	5.8	0.0	3.6	17.1

Porters Neck Village  
Open Group Projection

Fiscal Year Ending 12/31	Summary of the Contract Skilled Nursing Facility Population Movements					
	Beginning Number of Residents	Permanent Transfers from Independent Living	Permanent Transfers from Assisted Living	Deaths	Withdrawals	Ending Number of Permanent Residents
2026	6.0	3.0	3.6	5.9	0.0	6.7
2027	6.7	3.0	3.3	6.2	0.0	6.7
2028	6.7	3.0	3.2	6.1	0.0	6.8
2029	6.8	3.1	3.2	6.1	0.0	6.9
2030	6.9	3.2	3.2	6.1	0.0	7.2
2031	7.2	3.2	3.2	6.2	0.0	7.5
2032	7.4	3.3	3.3	6.3	0.0	7.7
2033	7.7	3.3	3.3	6.4	0.0	7.9
2034	7.9	3.3	3.4	6.5	0.0	8.1
2035	8.1	3.3	3.5	6.6	0.0	8.3
2036	8.2	3.3	3.5	6.7	0.0	8.4
2037	8.4	3.3	3.6	6.8	0.0	8.5
2038	8.4	3.4	3.6	6.9	0.0	8.5
2039	8.5	3.4	3.6	6.9	0.0	8.6
2040	8.6	3.4	3.6	6.9	0.0	8.6
2041	8.6	3.4	3.6	7.0	0.0	8.6
2042	8.6	3.4	3.6	7.0	0.0	8.6
2043	8.6	3.4	3.6	6.9	0.0	8.6
2044	8.6	3.4	3.6	6.9	0.0	8.6
2045	8.6	3.4	3.6	6.9	0.0	8.6
2046	8.6	3.4	3.6	6.9	0.0	8.6
2047	8.6	3.4	3.6	6.9	0.0	8.6
2048	8.6	3.4	3.6	6.9	0.0	8.6
2049	8.6	3.4	3.6	6.9	0.0	8.6
2050	8.6	3.4	3.6	6.9	0.0	8.6
2051	8.6	3.4	3.6	6.9	0.0	8.6
2052	8.6	3.4	3.6	7.0	0.0	8.6
2053	8.6	3.4	3.6	7.0	0.0	8.6
2054	8.6	3.4	3.6	7.0	0.0	8.7
2055	8.7	3.4	3.6	7.0	0.0	8.7

Porters Neck Village  
Open Group Projection

Fiscal Year Ending 12/31	Unit Vacancies By Cause				
	Deaths	W/D	Transfer to ALU	Transfer to SNF	Total
2026	6.6	9.0	6.1	2.3	24.0
2027	6.7	5.1	6.1	2.2	20.1
2028	6.9	5.5	6.4	2.3	21.0
2029	7.0	5.8	6.6	2.4	21.7
2030	7.4	5.9	6.8	2.4	22.5
2031	7.6	5.9	7.1	2.5	23.0
2032	7.7	5.8	7.2	2.5	23.3
2033	7.8	5.9	7.4	2.6	23.6
2034	7.9	5.9	7.5	2.6	23.8
2035	7.9	5.9	7.6	2.6	23.9
2036	7.8	5.9	7.6	2.6	24.0
2037	7.8	5.9	7.7	2.6	24.0
2038	7.9	5.9	7.7	2.6	24.1
2039	7.9	5.9	7.7	2.7	24.2
2040	7.9	5.9	7.7	2.7	24.3
2041	8.0	6.0	7.7	2.7	24.3
2042	8.0	6.0	7.7	2.7	24.3
2043	8.0	6.0	7.7	2.7	24.2
2044	7.9	6.0	7.7	2.7	24.2
2045	7.9	6.0	7.7	2.7	24.2
2046	8.0	6.0	7.7	2.7	24.2
2047	8.0	6.0	7.7	2.7	24.3
2048	8.0	6.0	7.7	2.7	24.3
2049	8.0	6.0	7.7	2.7	24.3
2050	8.0	6.0	7.7	2.7	24.3
2051	8.0	6.0	7.7	2.7	24.3
2052	8.0	6.0	7.7	2.7	24.3
2053	8.0	6.0	7.7	2.7	24.3
2054	8.0	6.0	7.7	2.7	24.4
2055	8.0	6.0	7.7	2.7	24.4



# PORTERS NECK VILLAGE

## PORTERS NECK VILLAGE EXPANSION POPULATION AND ENTRANCE FEE PROJECTION

As of December 31, 2026

Prepared by Continuing Care Actuaries, LLC  
Report Date: March 13, 2026

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## METHODOLOGY

Continuing Care Actuaries, LLC (Continuing Care Actuaries) was retained by the management of Porters Neck Village, a not-for-profit continuing care retirement community located in Wilmington, North Carolina, to develop a population projection for an expansion opening August 2027.

The projection tracks existing residents through various levels of care until move-out or death, using actual resident data to establish assumptions about their demographic characteristics. Rates of population movement were derived from a review of Porters Neck Village's resident demographic experience during the historical period of January 1, 1988, to December 31, 2025, as well as the Continuing Care Actuaries demographic database for continuing care retirement community (CCRC) residents.

The Continuing Care Actuaries database includes demographic transfer and mortality data from over 800,000 CCRC resident life-years, which was aggregated to develop assumptions consistent with Porters Neck Village's operational and administrative practices.

Porters Neck Village's management provided resident data for existing residents and future occupancy projections. Continuing Care Actuaries developed assumptions about units, age, gender, and couples' ratios for new residents based on historical resident data provided by management. Assumptions regarding expected mortality and morbidity were based on actual historical resident movements and the Continuing Care Actuaries database. Continuing Care Actuaries did not perform secondary due diligence to verify the accuracy of these assumptions.

## CONTRACT ASSUMPTIONS

- Upon opening, Porters Neck Village will offer a 50% refundable contract (ROC50), a 75% refundable contract (ROC75), and a 90% refundable contract (ROC90) to prospective residents of the expansion.
- All contract entrance fees are refundable on death or withdrawal.
- The projection assumes the following distribution of new entrant contracts by contract type over the next five years:

Plan	<b>Distribution of New Contracts</b>				
	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
50% Refundable	35.0%	35.0%	35.0%	35.0%	35.0%
75% Refundable	25.0%	25.0%	25.0%	25.0%	25.0%
90% Refundable	40.0%	40.0%	40.0%	40.0%	40.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

- Entrance Fee Plans were priced based on 2026 fee schedules provided. Entrance fees during the fill period are based on depositor data supplied by management as of February 2026, as well as projected fees in the years prior to the initial fill.
- Depositors include 5 residents of the existing community who will pay the difference between the entrance fees of their new units and the entrance fees paid for their current units. Only the difference is included in the entrance fees received in this study, while the entrance fees refunded include their total fee.
- The projection assumes that 90% of the remaining deposits will come in fiscal year 2026, and 10% in 2027.
- There is a 3.0% Entrance Fee inflation assumption after opening. Pre-opening fees are assumed to increase yearly by 4.5%.
- A \$10,000 discount is applied to pre-opening entrance fees. After opening, the discount is assumed to inflate at the same rate as the entrance fees.

## POPULATION ASSUMPTIONS

- The Fiscal Year end is December 31.
- This study is evaluated as of December 31, 2026.
- The projection assumes the Porters Neck Village expansion will have the following unit counts by level of care throughout the projection:

<i>Fiscal Year</i>	<i>Independent Living</i>	<i>Assisted Living</i>	<i>Skilled Nursing</i>
<i>2027 and thereafter</i>	67	N/A	N/A

- Average new entrant age assumptions are as follows:

<i>Single Male</i>	<i>Single Female</i>	<i>Couple Male</i>	<i>Couple Female</i>
81.0	80.0	79.0	77.0

- Average new entrant distribution assumptions are as follows:

<i>Single Male</i>	<i>Single Female</i>	<i>Couple</i>
9%	36%	55%

- Projected Independent Living occupancy is as follows:

<i>Fiscal Year</i>	<i>Units Occupied</i>	<i>Occupancy (%)</i>
<i>2027</i>	40.0	59.7%
<i>2028 and thereafter</i>	63.0	94.0%

- The following monthly fill schedule is assumed:

<i>Month</i>	<i>Fill</i>	<i>Occupancy (%)</i>
<i>Aug-27</i>	8.0	11.9%
<i>Sep-27</i>	8.0	23.9%
<i>Oct-27</i>	8.0	35.8%
<i>Nov-27</i>	8.0	47.8%
<i>Dec-27</i>	8.0	59.7%
<i>Jan-28</i>	5.0	67.2%
<i>Feb-28</i>	4.0	73.1%
<i>Mar-28</i>	4.0	79.1%
<i>Apr-28</i>	4.0	85.1%
<i>May-28</i>	4.0	91.0%
<i>Jun-28</i>	2.0	94.0%

- Residents of the Porters Neck Village expansion will have access to the Assisted Living and Skilled Nursing facilities at the nearby Davis Community.
- Occupancy projections were supplied by management based on their best assessment of market conditions available at this time. Should actual conditions change in the future, additional resources may be necessary to achieve projected results.
- **Note that any changes in these assumptions would alter our projections.**

## **APPENDIX A: POPULATION PROJECTION**

Appendix A summarizes the projections for the existing Independent Living Units and subsequent population flows to assisted living and skilled nursing. The population projections on pages A-1 to A-7 summarize the location and expected demographic phenomena in each level of care. Direct Admit residents are not included in these projections.

Under the assumptions, The Independent Living Units are projected to achieve the ultimate occupancy of 94.0%.

Pages A-1 through A-2 provide the average occupancy at each level of care. A-3 gives the average ages of residents at each level of care. Page A-4 gives the number of days in each level of care. Pages A-5 to A-7 provide a breakdown of residential movements at each level of care. Page A-8 shows unit vacancies by cause.

## **APPENDIX B: ENTRANCE FEES RECEIVED AND REFUNDED**

Appendix B summarizes the number and amount of Entrance Fees received and refunded for all residents. Page B-1 shows the unit configuration of the expansion, page B-2 shows the average Entrance Fees for the first generation of residents, pages B-3 through B-5 shows the Entrance Fee projection for the expansion by contract, pages B-6 through B-8 shows the Entrance Fee Received and Refunded projection by contract, and page B-9 provides the Entrance Fee Received and Refunded projection for the expansion as a whole.



Actual experience may vary, and management should track actual versus expected nursing utilization, since higher utilization by Lifecare residents will result in lower nursing revenue. The results of our study are based on estimates of demographic and economic assumptions of the most likely outcome.

Considerable uncertainty and variability are inherent in such estimates. Accordingly, the subsequent emergence of actual residential movements and actual revenues and expenses may not conform to the assumptions used in our analysis. Consequently, the subsequent development of these items may vary considerably from expected results.

Management should scrutinize future developments, which may cause significant variances in the projections. These developments include higher apartment vacancy rates, higher inflation, higher nursing care utilization and/or longer life expectancies than those assumed in the current projection.

Sincerely,

A handwritten signature in blue ink that reads 'Dave Bond'. The signature is written in a cursive style and is positioned above a horizontal line.

---

**Dave Bond, F. S. A., M.A. A. A.**

Managing Partner  
Continuing Care Actuaries  
415 Main Street  
Reisterstown, MD 21136  
410-833-4220

## **APPENDIX A: OPEN GROUP POPULATION PROJECTION**

**Porters Neck Village - Expansion  
Open Group Projection**

Fiscal Year Ending 12/31	Community Occupancy Summary					
	Independent Living Unit					
	Number of Residents	Number of Units	Occupancy Rate	Density Ratio	Units Released	New Units Occupied
		0.0				
2027	62.5	40.0	59.7%	1.56	0.3	40.3
2028	97.8	63.0	94.0%	1.55	2.2	25.2
2029	96.5	63.0	94.0%	1.53	3.8	3.8
2030	94.9	63.0	94.0%	1.51	4.2	4.2
2031	93.3	63.0	94.0%	1.48	4.5	4.5
2032	91.7	63.0	94.0%	1.46	4.7	4.7
2033	90.3	63.0	94.0%	1.43	4.8	4.8
2034	89.1	63.0	94.0%	1.41	5.1	5.1
2035	88.1	63.0	94.0%	1.40	5.4	5.4
2036	87.4	63.0	94.0%	1.39	5.7	5.7
2037	86.9	63.0	94.0%	1.38	6.0	6.0
2038	86.5	63.0	94.0%	1.37	6.3	6.3
2039	86.3	63.0	94.0%	1.37	6.5	6.5
2040	86.3	63.0	94.0%	1.37	6.6	6.6
2041	86.3	63.0	94.0%	1.37	6.7	6.7
2042	86.3	63.0	94.0%	1.37	6.8	6.8
2043	86.4	63.0	94.0%	1.37	6.9	6.9
2044	86.5	63.0	94.0%	1.37	6.9	6.9
2045	86.6	63.0	94.0%	1.38	6.9	6.9
2046	86.7	63.0	94.0%	1.38	6.9	6.9
2047	86.8	63.0	94.0%	1.38	6.9	6.9
2048	86.9	63.0	94.0%	1.38	6.9	6.9
2049	86.9	63.0	94.0%	1.38	6.8	6.8
2050	86.9	63.0	94.0%	1.38	6.8	6.8
2051	87.0	63.0	94.0%	1.38	6.8	6.8
2052	86.9	63.0	94.0%	1.38	6.8	6.8
2053	86.9	63.0	94.0%	1.38	6.8	6.8
2054	86.9	63.0	94.0%	1.38	6.8	6.8
2055	86.9	63.0	94.0%	1.38	6.8	6.8
2056	86.9	63.0	94.0%	1.38	6.8	6.8

**Porters Neck Village - Expansion  
Open Group Projection**

Fiscal Year Ending 12/31	Community Occupancy Summary					
	Assisted Living Unit			Skilled Nursing Facility		
	Number of Permanent Residents	2nd Person Subset Permanent	Number of Temporary Residents	Number of Permanent Residents	2nd Person Subset Permanent	Number of Temporary Residents
2027	0.0	0.0	0.0	0.0	0.0	0.0
2028	0.3	0.1	0.0	0.1	0.1	0.3
2029	0.7	0.3	0.0	0.3	0.1	0.4
2030	1.2	0.4	0.0	0.6	0.2	0.4
2031	1.8	0.6	0.0	0.8	0.3	0.5
2032	2.3	0.7	0.0	1.1	0.4	0.5
2033	2.9	0.8	0.0	1.4	0.4	0.5
2034	3.3	0.9	0.0	1.6	0.5	0.5
2035	3.7	0.9	0.0	1.8	0.5	0.5
2036	4.0	0.9	0.0	1.9	0.5	0.5
2037	4.3	0.9	0.0	2.1	0.5	0.6
2038	4.5	0.9	0.0	2.2	0.5	0.6
2039	4.7	0.9	0.0	2.3	0.5	0.6
2040	4.8	0.9	0.0	2.4	0.5	0.6
2041	4.9	0.8	0.0	2.5	0.5	0.6
2042	4.9	0.8	0.0	2.5	0.5	0.6
2043	4.9	0.8	0.0	2.5	0.5	0.6
2044	4.9	0.8	0.0	2.5	0.5	0.6
2045	4.9	0.8	0.0	2.5	0.4	0.6
2046	4.8	0.8	0.0	2.5	0.4	0.6
2047	4.8	0.8	0.0	2.5	0.4	0.6
2048	4.7	0.8	0.0	2.5	0.4	0.6
2049	4.7	0.8	0.0	2.4	0.4	0.6
2050	4.7	0.8	0.0	2.4	0.4	0.6
2051	4.7	0.7	0.0	2.4	0.4	0.6
2052	4.7	0.7	0.0	2.4	0.4	0.6
2053	4.7	0.7	0.0	2.4	0.4	0.6
2054	4.7	0.7	0.0	2.4	0.4	0.6
2055	4.7	0.7	0.0	2.4	0.4	0.6
2056	4.7	0.7	0.0	2.4	0.4	0.6

Porters Neck Village - Expansion  
Open Group Projection

Fiscal Year Ending 12/31	Number of Days In Each Level of Care						
	Independent Living Unit Days	Assisted Living Unit			Skilled Nursing Facility		
		Permanent Days		Temporary Contract Days	Permanent Days		Temporary Days
		Contract Residents	2nd Person Subset		Contract Residents	2nd Person Subset	
2027	2,367	5	2	0	2	1	17
2028	18,771	51	19	0	25	11	122
2029	34,019	179	65	0	86	37	147
2030	34,946	360	124	0	171	69	158
2031	34,371	554	181	0	263	100	168
2032	33,793	755	231	0	360	127	179
2033	33,244	949	272	0	454	150	185
2034	32,762	1,123	301	0	538	165	189
2035	32,369	1,276	318	0	613	176	194
2036	32,063	1,410	326	0	680	183	200
2037	31,834	1,525	329	0	740	187	204
2038	31,674	1,620	328	0	794	188	207
2039	31,574	1,693	324	0	837	187	209
2040	31,522	1,748	319	0	872	184	209
2041	31,507	1,783	312	0	896	180	210
2042	31,518	1,800	304	0	912	175	210
2043	31,546	1,803	298	0	920	171	211
2044	31,582	1,798	292	0	923	167	211
2045	31,621	1,787	287	0	921	164	211
2046	31,658	1,775	283	0	915	162	210
2047	31,691	1,759	280	0	908	160	209
2048	31,719	1,740	277	0	900	158	208
2049	31,740	1,723	275	0	892	157	208
2050	31,753	1,712	274	0	884	157	208
2051	31,758	1,707	274	0	877	156	208
2052	31,758	1,704	274	0	874	156	208
2053	31,755	1,704	273	0	872	156	208
2054	31,749	1,705	273	0	872	156	208
2055	31,743	1,708	272	0	874	155	208
2056	31,736	1,712	272	0	875	155	209

**Porters Neck Village - Expansion  
Open Group Projection**

Fiscal Year Ending 12/31	Average Age of Residents at the End of the Year					
	Independent Living Unit		Assisted Living Unit		Skilled Nursing Facility	
			Contract Residents		Contract Residents	
	Males	Females	Males	Females	Males	Females
2027	80.31	79.15	81.20	81.65	80.86	81.30
2028	80.45	79.29	81.58	82.03	81.29	81.64
2029	81.26	80.10	82.42	82.84	82.29	82.41
2030	82.09	80.92	83.33	83.65	83.38	83.25
2031	82.84	81.67	84.25	84.44	84.45	84.09
2032	83.49	82.34	85.15	85.19	85.44	84.89
2033	84.07	82.94	86.01	85.88	86.33	85.65
2034	84.54	83.47	86.84	86.52	87.10	86.38
2035	84.92	83.91	87.63	87.12	87.75	87.07
2036	85.19	84.27	88.35	87.69	88.33	87.71
2037	85.38	84.56	88.99	88.21	88.86	88.32
2038	85.48	84.79	89.54	88.71	89.35	88.88
2039	85.52	84.95	89.99	89.15	89.78	89.39
2040	85.51	85.05	90.32	89.56	90.15	89.85
2041	85.47	85.12	90.52	89.92	90.42	90.25
2042	85.40	85.15	90.61	90.23	90.57	90.60
2043	85.34	85.16	90.64	90.48	90.63	90.90
2044	85.27	85.15	90.64	90.66	90.63	91.14
2045	85.22	85.13	90.63	90.80	90.58	91.31
2046	85.17	85.11	90.61	90.89	90.49	91.43
2047	85.15	85.08	90.54	90.91	90.42	91.50
2048	85.13	85.05	90.43	90.88	90.34	91.52
2049	85.13	85.03	90.33	90.83	90.26	91.49
2050	85.14	85.02	90.25	90.79	90.19	91.39
2051	85.15	85.02	90.20	90.74	90.13	91.32
2052	85.17	85.02	90.18	90.68	90.08	91.26
2053	85.20	85.03	90.18	90.61	90.07	91.21
2054	85.22	85.04	90.19	90.56	90.08	91.16
2055	85.24	85.05	90.21	90.54	90.10	91.12
2056	85.26	85.07	90.23	90.53	90.13	91.07

**Porters Neck Village - Expansion  
Open Group Projection**

Fiscal Year Ending 12/31	Summary of the Independent Living Unit Population Movements							Community Refunds		
	Beginning Number of Residents	New Entrants	Deaths	Withdrawals	Permanent Transfers to Assisted Living	Permanent Transfers to Skilled Nursing	Ending Number of Permanent Residents	Existing Resident Refund Counts	New Resident Refund Counts	Total Refund Counts
2027	0.0	63.0	0.1	0.3	0.0	0.0	62.5	0.0	0.3	0.3
2028	62.5	39.4	1.1	2.5	0.3	0.1	97.8	0.0	2.0	2.0
2029	97.8	5.8	2.5	3.9	0.6	0.3	96.5	0.0	3.3	3.3
2030	96.5	6.4	3.1	3.7	0.8	0.4	94.9	0.0	3.6	3.6
2031	94.9	6.9	3.5	3.5	1.0	0.5	93.3	0.0	3.9	3.9
2032	93.3	7.3	4.0	3.0	1.3	0.6	91.7	0.0	4.1	4.1
2033	91.7	7.4	4.2	2.4	1.6	0.6	90.3	0.0	4.2	4.2
2034	90.3	7.9	4.3	2.4	1.7	0.7	89.1	0.0	4.5	4.5
2035	89.1	8.4	4.3	2.4	1.9	0.7	88.1	0.0	4.9	4.9
2036	88.1	8.9	4.4	2.4	2.1	0.8	87.4	0.0	5.3	5.3
2037	87.4	9.3	4.4	2.4	2.2	0.8	86.9	0.0	5.6	5.6
2038	86.9	9.7	4.4	2.4	2.4	0.9	86.5	0.0	5.9	5.9
2039	86.5	10.0	4.5	2.4	2.5	0.9	86.3	0.0	6.2	6.2
2040	86.3	10.3	4.5	2.5	2.5	0.9	86.3	0.0	6.4	6.4
2041	86.3	10.5	4.5	2.5	2.6	0.9	86.3	0.0	6.6	6.6
2042	86.3	10.6	4.5	2.5	2.6	0.9	86.3	0.0	6.7	6.7
2043	86.3	10.7	4.5	2.5	2.6	0.9	86.4	0.0	6.8	6.8
2044	86.4	10.7	4.6	2.5	2.6	0.9	86.5	0.0	6.9	6.9
2045	86.5	10.7	4.6	2.5	2.6	0.9	86.6	0.0	6.9	6.9
2046	86.6	10.7	4.6	2.5	2.6	0.9	86.7	0.0	6.9	6.9
2047	86.7	10.7	4.6	2.5	2.6	0.9	86.8	0.0	7.0	7.0
2048	86.8	10.7	4.6	2.5	2.6	0.9	86.9	0.0	6.9	6.9
2049	86.9	10.6	4.6	2.5	2.5	0.9	86.9	0.0	6.9	6.9
2050	86.9	10.6	4.6	2.5	2.5	0.9	86.9	0.0	6.9	6.9
2051	86.9	10.6	4.6	2.5	2.5	0.9	87.0	0.0	6.8	6.8
2052	87.0	10.5	4.6	2.5	2.5	0.9	86.9	0.0	6.8	6.8
2053	86.9	10.5	4.6	2.5	2.5	0.9	86.9	0.0	6.8	6.8
2054	86.9	10.5	4.6	2.5	2.5	0.9	86.9	0.0	6.8	6.8
2055	86.9	10.5	4.6	2.5	2.5	0.9	86.9	0.0	6.8	6.8
2056	86.9	10.5	4.6	2.5	2.5	0.9	86.9	0.0	6.8	6.8

**Porters Neck Village - Expansion  
Open Group Projection**

Fiscal Year Ending 12/31	Summary of the Contract Assisted Living Unit Population Movements					
	Beginning Number of Residents	Permanent Transfers from Independent Living	Deaths	Withdrawals	Permanent Transfers to Skilled Nursing	Ending Number of Permanent Residents
2027	0.0	0.0	0.0	0.0	0.0	0.0
2028	0.0	0.3	0.0	0.0	0.0	0.3
2029	0.3	0.6	0.1	0.0	0.0	0.7
2030	0.7	0.8	0.2	0.0	0.1	1.2
2031	1.2	1.0	0.3	0.0	0.2	1.8
2032	1.8	1.3	0.4	0.0	0.3	2.3
2033	2.3	1.6	0.6	0.0	0.4	2.9
2034	2.9	1.7	0.7	0.0	0.6	3.3
2035	3.3	1.9	0.9	0.0	0.7	3.7
2036	3.7	2.1	1.0	0.0	0.7	4.0
2037	4.0	2.2	1.1	0.0	0.8	4.3
2038	4.3	2.4	1.2	0.0	0.9	4.5
2039	4.5	2.5	1.3	0.0	0.9	4.7
2040	4.7	2.5	1.4	0.0	1.0	4.8
2041	4.8	2.6	1.5	0.0	1.0	4.9
2042	4.9	2.6	1.6	0.0	1.0	4.9
2043	4.9	2.6	1.6	0.0	1.0	4.9
2044	4.9	2.6	1.6	0.0	1.0	4.9
2045	4.9	2.6	1.6	0.0	1.0	4.9
2046	4.9	2.6	1.6	0.0	1.0	4.8
2047	4.8	2.6	1.6	0.0	1.0	4.8
2048	4.8	2.6	1.6	0.0	1.0	4.7
2049	4.7	2.5	1.6	0.0	1.0	4.7
2050	4.7	2.5	1.6	0.0	1.0	4.7
2051	4.7	2.5	1.6	0.0	1.0	4.7
2052	4.7	2.5	1.6	0.0	1.0	4.7
2053	4.7	2.5	1.5	0.0	1.0	4.7
2054	4.7	2.5	1.5	0.0	1.0	4.7
2055	4.7	2.5	1.5	0.0	1.0	4.7
2056	4.7	2.5	1.5	0.0	1.0	4.7

**Porters Neck Village - Expansion  
Open Group Projection**

Fiscal Year Ending 12/31	Summary of the Contract Skilled Nursing Facility Population Movements					
	Beginning Number of Residents	Permanent Transfers from Independent Living	Permanent Transfers from Assisted Living	Deaths	Withdrawals	Ending Number of Permanent Residents
2027	0.0	0.0	0.0	0.0	0.0	0.0
2028	0.0	0.1	0.0	0.0	0.0	0.1
2029	0.1	0.3	0.0	0.1	0.0	0.3
2030	0.3	0.4	0.1	0.2	0.0	0.6
2031	0.6	0.5	0.2	0.4	0.0	0.8
2032	0.8	0.6	0.3	0.6	0.0	1.1
2033	1.1	0.6	0.4	0.8	0.0	1.4
2034	1.4	0.7	0.6	1.0	0.0	1.6
2035	1.6	0.7	0.7	1.2	0.0	1.8
2036	1.8	0.8	0.7	1.3	0.0	1.9
2037	1.9	0.8	0.8	1.5	0.0	2.1
2038	2.1	0.9	0.9	1.6	0.0	2.2
2039	2.2	0.9	0.9	1.7	0.0	2.3
2040	2.3	0.9	1.0	1.8	0.0	2.4
2041	2.4	0.9	1.0	1.9	0.0	2.5
2042	2.5	0.9	1.0	1.9	0.0	2.5
2043	2.5	0.9	1.0	1.9	0.0	2.5
2044	2.5	0.9	1.0	2.0	0.0	2.5
2045	2.5	0.9	1.0	2.0	0.0	2.5
2046	2.5	0.9	1.0	2.0	0.0	2.5
2047	2.5	0.9	1.0	2.0	0.0	2.5
2048	2.5	0.9	1.0	1.9	0.0	2.5
2049	2.5	0.9	1.0	1.9	0.0	2.4
2050	2.4	0.9	1.0	1.9	0.0	2.4
2051	2.4	0.9	1.0	1.9	0.0	2.4
2052	2.4	0.9	1.0	1.9	0.0	2.4
2053	2.4	0.9	1.0	1.9	0.0	2.4
2054	2.4	0.9	1.0	1.9	0.0	2.4
2055	2.4	0.9	1.0	1.9	0.0	2.4
2056	2.4	0.9	1.0	1.9	0.0	2.4

Porters Neck Village - Expansion  
Open Group Projection

Fiscal Year Ending 12/31	Unit Vacancies By Cause				
	Deaths	W/D	Transfer to ALU	Transfer to SNF	Total
2027	0.0	0.2	0.0	0.0	0.3
2028	0.3	1.6	0.2	0.1	2.2
2029	0.7	2.5	0.4	0.2	3.8
2030	0.9	2.4	0.6	0.2	4.2
2031	1.2	2.3	0.7	0.3	4.5
2032	1.4	2.0	0.9	0.4	4.7
2033	1.6	1.6	1.1	0.4	4.8
2034	1.7	1.6	1.3	0.5	5.1
2035	1.8	1.6	1.5	0.5	5.4
2036	1.9	1.7	1.6	0.6	5.7
2037	2.0	1.7	1.8	0.6	6.0
2038	2.0	1.7	1.9	0.6	6.3
2039	2.1	1.7	2.0	0.7	6.5
2040	2.1	1.7	2.1	0.7	6.6
2041	2.2	1.7	2.1	0.7	6.7
2042	2.2	1.7	2.1	0.7	6.8
2043	2.2	1.8	2.2	0.7	6.9
2044	2.2	1.8	2.2	0.7	6.9
2045	2.2	1.8	2.2	0.7	6.9
2046	2.2	1.8	2.1	0.7	6.9
2047	2.2	1.8	2.1	0.7	6.9
2048	2.2	1.8	2.1	0.7	6.9
2049	2.2	1.8	2.1	0.7	6.8
2050	2.2	1.8	2.1	0.7	6.8
2051	2.2	1.8	2.1	0.7	6.8
2052	2.2	1.8	2.1	0.7	6.8
2053	2.2	1.8	2.1	0.7	6.8
2054	2.2	1.8	2.1	0.7	6.8
2055	2.2	1.8	2.1	0.7	6.8
2056	2.2	1.8	2.1	0.7	6.8

## **APPENDIX B: ENTRANCE FEES RECEIVED AND REFUNDED**

**Porters Neck Village - Expansion  
Entrance Fees Received and Refunded**

**Independent Living Unit Configuration**

<b>Type of Unit</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>
Airlie	2	2	2	2	2	2	2	2	2	2
Airlie II	1	1	1	1	1	1	1	1	1	1
Carolina	6	6	6	6	6	6	6	6	6	6
Egret	5	5	5	5	5	5	5	5	5	5
Egret II	1	1	1	1	1	1	1	1	1	1
Sandpiper	3	3	3	3	3	3	3	3	3	3
Juniper (K)	20	20	20	20	20	20	20	20	20	20
Lumina	3	3	3	3	3	3	3	3	3	3
Sand Dollar (H)	20	20	20	20	20	20	20	20	20	20
Seaspray	4	4	4	4	4	4	4	4	4	4
Seaspray II	2	2	2	2	2	2	2	2	2	2
Total	67	67	67	67	67	67	67	67	67	67

**Porters Neck Village - Expansion  
Entrance Fees Received and Refunded**

Entrance Fees - 1st Generation Average	<u>ROC50</u>		<u>ROC75</u>		<u>ROC90</u>	
	<u>Single</u>	<u>Couple</u>	<u>Single</u>	<u>Couple</u>	<u>Single</u>	<u>Couple</u>
Airlie	\$323,996	\$343,996	\$362,800	\$382,800	\$415,406	\$435,406
Airlie II	323,996	343,996	373,920	393,920	415,406	435,406
Carolina	481,350	501,350	554,600	574,600	620,442	640,442
Egret	363,000	383,000	454,481	474,481	496,002	516,002
Egret II	393,809	413,809	440,000	460,000	504,907	524,907
Sandpiper	358,049	378,049	410,800	430,800	434,274	454,274
Juniper (K)	508,000	528,000	626,395	646,395	669,838	689,838
Lumina	568,500	588,500	712,637	732,637	788,927	808,927
Sand Dollar (H)	497,168	517,168	562,500	582,500	649,129	669,129
Seaspray	489,768	509,768	596,919	616,919	611,000	631,000
Seaspray II	477,000	497,000	596,919	616,919	611,000	631,000

**Porters Neck Village - Expansion  
Entrance Fees Received and Refunded**

Entrance Fees	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>
<b>Entrance Fees increase by:</b>		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>ROC50</b>										
Airlie	\$337,463	\$347,586	\$358,014	\$368,754	\$379,817	\$391,212	\$402,948	\$415,036	\$427,487	\$440,312
Airlie II	337,463	347,586	358,014	368,754	379,817	391,212	402,948	415,036	427,487	440,312
Carolina	520,024	535,625	551,693	568,244	585,292	602,850	620,936	639,564	658,751	678,513
Egret	410,090	422,393	435,064	448,116	461,560	475,407	489,669	504,359	519,490	535,074
Egret II	410,090	422,393	435,064	448,116	461,560	475,407	489,669	504,359	519,490	535,074
Sandpiper	372,888	384,075	395,597	407,465	419,689	432,279	445,248	458,605	472,363	486,534
Juniper (K)	574,051	591,272	609,010	627,280	646,099	665,482	685,446	706,010	727,190	749,006
Lumina	642,916	662,203	682,070	702,532	723,608	745,316	767,675	790,706	814,427	838,860
Sand Dollar (H)	529,429	545,312	561,671	578,521	595,877	613,753	632,166	651,131	670,665	690,785
Seaspray	538,625	554,784	571,427	588,570	606,227	624,414	643,146	662,441	682,314	702,783
Seaspray II	<u>538,625</u>	<u>554,784</u>	<u>571,427</u>	<u>588,570</u>	<u>606,227</u>	<u>624,414</u>	<u>643,146</u>	<u>662,441</u>	<u>682,314</u>	<u>702,783</u>
ILU Average Single Entrance Fee	\$521,520	\$537,165	\$553,280	\$569,879	\$586,975	\$604,584	\$622,722	\$641,404	\$660,646	\$680,465
Second Person Entrance Fee	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
ILU Average Couple Entrance Fee	541,520	557,765	574,498	591,733	609,485	627,770	646,603	666,001	685,981	706,560
ILU Average Single Entrance Fee - 1st Generation	475,597	475,597								
Second Person Entrance Fee - 1st Generation	20,000	20,000								
ILU Average Couple Entrance Fee - 1st Generation	495,597	495,597								
ILU Entrance Fees Received - 1st Generation	6,119,406	3,919,577								
New Units Occupied - 1st Generation	14.0	8.1								
ILU Average Entrance Fee Received - 1st Generation	437,100	486,904								
ILU Entrance Fees Received - Total	6,170,738	4,331,384	736,143	830,861	924,940	1,004,461	1,046,140	1,150,961	1,264,434	1,377,094
New Units Occupied - Total	14.1	8.8	1.3	1.5	1.6	1.7	1.7	1.8	1.9	2.0
ILU Average Entrance Fee Received - Total	437,717	491,616	555,767	571,358	588,014	605,294	623,229	643,150	663,728	684,827

**Porters Neck Village - Expansion  
Entrance Fees Received and Refunded**

<b>Entrance Fees</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>
<b>Entrance Fees increase by:</b>		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>ROC75</b>										
Airlie	\$389,399	\$401,081	\$413,113	\$425,507	\$438,272	\$451,420	\$464,963	\$478,912	\$493,279	\$508,077
Airlie II	389,399	401,081	413,113	425,507	438,272	451,420	464,963	478,912	493,279	508,077
Carolina	599,967	617,965	636,504	655,600	675,268	695,526	716,391	737,883	760,020	782,820
Egret	473,208	487,404	502,026	517,087	532,600	548,578	565,035	581,986	599,446	617,429
Egret II	473,208	487,404	502,026	517,087	532,600	548,578	565,035	581,986	599,446	617,429
Sandpiper	430,154	443,059	456,350	470,041	484,142	498,666	513,626	529,035	544,906	561,253
Juniper (K)	662,249	682,116	702,579	723,657	745,367	767,728	790,759	814,482	838,917	864,084
Lumina	741,773	764,026	786,947	810,555	834,872	859,918	885,716	912,287	939,656	967,846
Sand Dollar (H)	610,730	629,052	647,923	667,361	687,382	708,003	729,244	751,121	773,654	796,864
Seaspray	621,389	640,031	659,232	679,009	699,379	720,360	741,971	764,230	787,157	810,772
Seaspray II	<u>621,389</u>	<u>640,031</u>	<u>659,232</u>	<u>679,009</u>	<u>699,379</u>	<u>720,360</u>	<u>741,971</u>	<u>764,230</u>	<u>787,157</u>	<u>810,772</u>
ILU Average Single Entrance Fee	\$601,656	\$619,705	\$638,296	\$657,445	\$677,169	\$697,484	\$718,408	\$739,961	\$762,159	\$785,024
Second Person Entrance Fee	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
ILU Average Couple Entrance Fee	621,656	640,305	659,514	679,300	699,679	720,669	742,289	764,558	787,495	811,120
ILU Average Single Entrance Fee - 1st Generation	565,213	565,213								
Second Person Entrance Fee - 1st Generation	20,000	20,000								
ILU Average Couple Entrance Fee - 1st Generation	585,213	585,213								
ILU Entrance Fees Received - 1st Generation	5,765,200	3,314,990								
New Units Occupied - 1st Generation	10.0	5.8								
ILU Average Entrance Fee Received - 1st Generation	576,520	576,520								
ILU Entrance Fees Received - Total	5,807,382	3,653,394	604,936	682,777	760,091	825,441	859,694	945,826	1,039,067	1,131,640
New Units Occupied - Total	10.1	6.3	0.9	1.0	1.1	1.2	1.2	1.3	1.4	1.4
ILU Average Entrance Fee Received - Total	576,720	580,529	639,394	657,335	676,500	696,382	717,017	739,930	763,599	787,868

**Porters Neck Village - Expansion  
Entrance Fees Received and Refunded**

<b>Entrance Fees</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>
<b>Entrance Fees increase by:</b>		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>ROC90</b>										
Airlie	\$432,558	\$445,534	\$458,900	\$472,667	\$486,847	\$501,453	\$516,496	\$531,991	\$547,951	\$564,389
Airlie II	432,558	445,534	458,900	472,667	486,847	501,453	516,496	531,991	547,951	564,389
Carolina	666,533	686,529	707,125	728,339	750,189	772,694	795,875	819,752	844,344	869,674
Egret	525,667	541,437	557,680	574,411	591,643	609,392	627,674	646,504	665,899	685,876
Egret II	525,667	541,437	557,680	574,411	591,643	609,392	627,674	646,504	665,899	685,876
Sandpiper	477,911	492,248	507,015	522,226	537,892	554,029	570,650	587,770	605,403	623,565
Juniper (K)	735,817	757,891	780,628	804,047	828,168	853,013	878,603	904,961	932,110	960,074
Lumina	824,119	848,843	874,308	900,537	927,553	955,380	984,041	1,013,562	1,043,969	1,075,288
Sand Dollar (H)	678,551	698,907	719,874	741,470	763,715	786,626	810,225	834,532	859,567	885,354
Seaspray	690,464	711,177	732,513	754,488	777,123	800,436	824,450	849,183	874,659	900,898
<u>Seaspray II</u>	<u>690,464</u>	<u>711,177</u>	<u>732,513</u>	<u>754,488</u>	<u>777,123</u>	<u>800,436</u>	<u>824,450</u>	<u>849,183</u>	<u>874,659</u>	<u>900,898</u>
ILU Average Single Entrance Fee	\$668,464	\$688,518	\$709,173	\$730,449	\$752,362	\$774,933	\$798,181	\$822,126	\$846,790	\$872,194
Second Person Entrance Fee	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
ILU Average Couple Entrance Fee	688,464	709,118	730,391	752,303	774,872	798,118	822,062	846,724	872,125	898,289
ILU Average Single Entrance Fee - 1st Generation	621,921	621,921								
Second Person Entrance Fee - 1st Generation	20,000	20,000								
ILU Average Couple Entrance Fee - 1st Generation	641,921	641,921								
ILU Entrance Fees Received - 1st Generation	9,840,662	5,825,706								
New Units Occupied - 1st Generation	16.0	9.2								
ILU Average Entrance Fee Received - 1st Generation	615,041	633,229								
ILU Entrance Fees Received - Total	9,915,511	6,426,180	1,073,427	1,211,556	1,348,747	1,464,711	1,525,491	1,678,323	1,843,768	2,008,026
New Units Occupied - Total	16.1	10.1	1.5	1.7	1.8	1.9	1.9	2.0	2.2	2.3
ILU Average Entrance Fee Received - Total	615,432	638,205	709,106	729,006	750,262	772,313	795,198	820,607	846,853	873,765

**Porters Neck Village - Expansion  
Entrance Fees Received and Refunded**

**Summary - ROC50**

<b>FYE</b>	<b>Number of Entrance Fees</b>	<b>Amount of Entrance Fees</b>	<b>Average Entrance Fee</b>	<b>Number of Entrance Fees</b>	<b>Amount of Entrance Fees</b>	<b>Net</b>	<b>Cumulative</b>
<b>12/31</b>	<b><u>Received</u></b>	<b><u>Received</u></b>	<b><u>Received</u></b>	<b><u>Refunded</u></b>	<b><u>Refunded</u></b>	<b><u>Entrance Fees</u></b>	<b><u>Entrance Fees</u></b>
2027	14.10	\$6,170,738	\$437,717	0.09	(\$21,504)	\$6,149,234	\$6,149,234
2028	8.81	4,331,384	491,616	0.69	(166,683)	4,164,701	10,313,934
2029	1.32	736,143	555,767	1.17	(283,217)	452,926	10,766,860
2030	1.45	830,861	571,358	1.28	(310,215)	520,646	11,287,507
2031	1.57	924,940	588,014	1.37	(336,502)	588,438	11,875,944
2032	1.66	1,004,461	605,294	1.44	(357,174)	647,287	12,523,232
2033	1.68	1,046,140	623,229	1.47	(368,551)	677,589	13,200,821
2034	1.79	1,150,961	643,150	1.59	(405,284)	745,678	13,946,499
2035	1.91	1,264,434	663,728	1.72	(445,091)	819,343	14,765,842
2036	2.01	1,377,094	684,827	1.84	(484,650)	892,444	15,658,286
2037	2.11	1,488,739	706,478	1.95	(524,083)	964,656	16,622,942
2038	2.19	1,596,909	728,626	2.06	(564,164)	1,032,745	17,655,687
2039	2.26	1,698,733	751,287	2.16	(602,449)	1,096,283	18,751,970
2040	2.32	1,793,309	774,456	2.24	(638,843)	1,154,466	19,906,436
2041	2.36	1,881,051	798,165	2.30	(673,846)	1,207,205	21,113,641
2042	2.39	1,961,934	822,423	2.36	(706,665)	1,255,269	22,368,911
2043	2.40	2,036,741	847,242	2.39	(736,968)	1,299,773	23,668,684
2044	2.41	2,105,248	872,689	2.42	(765,085)	1,340,163	25,008,846
2045	2.41	2,169,462	898,820	2.42	(791,232)	1,378,230	26,387,076
2046	2.41	2,231,498	925,681	2.43	(816,955)	1,414,544	27,801,620

**Porters Neck Village - Expansion  
Entrance Fees Received and Refunded**

**Summary - ROC75**

<b>FYE</b>	<b>Number of Entrance Fees</b>	<b>Amount of Entrance Fees</b>	<b>Average Entrance Fee</b>	<b>Number of Entrance Fees</b>	<b>Amount of Entrance Fees</b>	<b>Net</b>	<b>Cumulative</b>
<b>12/31</b>	<b>Received</b>	<b>Received</b>	<b>Received</b>	<b>Refunded</b>	<b>Refunded</b>	<b>Entrance Fees</b>	<b>Entrance Fees</b>
2027	10.07	\$5,807,382	\$576,720	0.06	(\$27,258)	\$5,780,124	\$5,780,124
2028	6.29	3,653,394	580,529	0.49	(211,100)	3,442,294	9,222,418
2029	0.95	604,936	639,394	0.84	(358,225)	246,711	9,469,129
2030	1.04	682,777	657,335	0.91	(391,695)	291,082	9,760,211
2031	1.12	760,091	676,500	0.98	(424,215)	335,875	10,096,086
2032	1.19	825,441	696,382	1.03	(449,548)	375,893	10,471,980
2033	1.20	859,694	717,017	1.05	(463,092)	396,602	10,868,581
2034	1.28	945,826	739,930	1.14	(508,790)	437,036	11,305,618
2035	1.36	1,039,067	763,599	1.23	(558,282)	480,785	11,786,403
2036	1.44	1,131,640	787,868	1.32	(607,351)	524,289	12,310,692
2037	1.51	1,223,378	812,772	1.40	(656,153)	567,225	12,877,917
2038	1.57	1,312,260	838,248	1.47	(705,667)	606,593	13,484,510
2039	1.62	1,395,929	864,315	1.54	(752,809)	643,119	14,127,629
2040	1.65	1,473,642	890,966	1.60	(797,469)	676,173	14,803,802
2041	1.68	1,545,739	918,240	1.65	(840,296)	705,444	15,509,245
2042	1.70	1,612,203	946,147	1.68	(880,284)	731,918	16,241,163
2043	1.72	1,673,674	974,699	1.71	(917,036)	756,637	16,997,801
2044	1.72	1,729,968	1,003,974	1.73	(950,989)	778,979	17,776,779
2045	1.72	1,782,736	1,034,036	1.73	(982,432)	800,304	18,577,083
2046	1.72	1,833,714	1,064,939	1.73	(1,013,337)	820,378	19,397,461

**Porters Neck Village - Expansion  
Entrance Fees Received and Refunded**

**Summary - ROC90**

<b>FYE</b>	<b>Number of Entrance Fees</b>	<b>Amount of Entrance Fees</b>	<b>Average Entrance Fee</b>	<b>Number of Entrance Fees</b>	<b>Amount of Entrance Fees</b>	<b>Net</b>	<b>Cumulative</b>
<b>12/31</b>	<b>Received</b>	<b>Received</b>	<b>Received</b>	<b>Refunded</b>	<b>Refunded</b>	<b>Entrance Fees</b>	<b>Entrance Fees</b>
2027	16.11	\$9,915,511	\$615,432	0.10	(\$57,533)	\$9,857,978	\$9,857,978
2028	10.07	6,426,180	638,205	0.79	(445,712)	5,980,468	15,838,446
2029	1.51	1,073,427	709,106	1.34	(756,821)	316,606	16,155,051
2030	1.66	1,211,556	729,006	1.46	(828,119)	383,437	16,538,489
2031	1.80	1,348,747	750,262	1.57	(897,404)	451,343	16,989,831
2032	1.90	1,464,711	772,313	1.65	(951,555)	513,156	17,502,987
2033	1.92	1,525,491	795,198	1.68	(980,796)	544,695	18,047,682
2034	2.05	1,678,323	820,607	1.82	(1,077,746)	600,577	18,648,259
2035	2.18	1,843,768	846,853	1.97	(1,182,734)	661,034	19,309,293
2036	2.30	2,008,026	873,765	2.10	(1,286,885)	721,142	20,030,434
2037	2.41	2,170,803	901,381	2.23	(1,390,530)	780,273	20,810,708
2038	2.50	2,328,513	929,632	2.36	(1,495,751)	832,763	21,643,470
2039	2.58	2,476,972	958,539	2.47	(1,596,038)	880,934	22,524,404
2040	2.65	2,614,864	988,095	2.56	(1,691,157)	923,707	23,448,111
2041	2.69	2,742,793	1,018,341	2.63	(1,782,469)	960,324	24,408,435
2042	2.73	2,860,724	1,049,289	2.69	(1,867,879)	992,845	25,401,280
2043	2.75	2,969,799	1,080,953	2.74	(1,946,522)	1,023,276	26,424,556
2044	2.76	3,069,688	1,113,419	2.76	(2,019,295)	1,050,393	27,474,949
2045	2.76	3,163,320	1,146,758	2.77	(2,086,801)	1,076,520	28,551,469
2046	2.76	3,253,778	1,181,030	2.77	(2,153,187)	1,100,591	29,652,061

**Porters Neck Village - Expansion  
Entrance Fees Received and Refunded**

FYE 12/31	Number of Entrance Fees Received	Amount of Entrance Fees Received	Summary - Total		Average Entrance Fee Received	Number of Entrance Fees Refunded	Amount of Entrance Fees Refunded	Net Entrance Fees	Cumulative Entrance Fees
			1st Generation # of Entrance Fees Received (Subset of Total)	1st Generation Amount of Entrance Fees Received (Subset of Total)					
<b>Fill Up</b>									
ROC50	14.10	\$6,170,738	14.00	\$6,119,406	\$437,717				
ROC75	10.07	5,807,382	10.00	5,765,200	576,720				
<u>ROC90</u>	<u>16.11</u>	<u>9,915,511</u>	<u>16.00</u>	<u>9,840,662</u>	<u>615,432</u>				
<b>2027</b>	40.28	21,893,630	40.00	21,725,269	543,554	0.25	\$106,295	\$21,787,335	\$21,787,335
ROC50	8.81	\$4,331,384	8.05	\$3,919,577	\$491,616				
ROC75	6.29	3,653,394	5.75	3,314,990	580,529				
<u>ROC90</u>	<u>10.07</u>	<u>6,426,180</u>	<u>9.20</u>	<u>5,825,706</u>	<u>638,205</u>				
<b>2028</b>	25.17	14,410,957	23.00	13,060,274	572,479	1.97	\$823,495	\$13,587,462	\$35,374,798
ROC50	1.32	\$736,143	0.00	\$0	\$555,767				
ROC75	0.95	604,936	0.00	0	639,394				
<u>ROC90</u>	<u>1.51</u>	<u>1,073,427</u>	<u>0.00</u>	<u>0</u>	<u>709,106</u>				
<b>2029</b>	3.78	2,414,506	0.00	0	638,010	3.35	\$1,398,263	\$1,016,243	\$36,391,040
ROC50	1.45	\$830,861	0.00	\$0	\$571,358				
ROC75	1.04	682,777	0.00	0	657,335				
<u>ROC90</u>	<u>1.66</u>	<u>1,211,556</u>	<u>0.00</u>	<u>0</u>	<u>729,006</u>				
<b>2030</b>	4.15	2,725,194	0.00	0	655,912	3.64	\$1,530,028	\$1,195,166	\$37,586,206
<b>2031</b>	4.49	3,033,777			675,034	3.92	1,658,122	1,375,656	38,961,862
<b>2032</b>	4.74	3,294,613			694,874	4.12	1,758,277	1,536,337	40,498,199
<b>2033</b>	4.80	3,431,325			715,464	4.19	1,812,439	1,618,886	42,117,084
<b>2034</b>	5.11	3,775,111			738,328	4.55	1,991,820	1,783,291	43,900,375
<b>2035</b>	5.44	4,147,270			761,946	4.92	2,186,107	1,961,163	45,861,538
<b>2036</b>	5.75	4,516,760			786,162	5.26	2,378,885	2,137,875	47,999,413
<b>2037</b>	6.02	4,882,921			811,013	5.59	2,570,767	2,312,154	50,311,566
<b>2038</b>	6.26	5,237,682			836,434	5.90	2,765,582	2,472,100	52,783,667
<b>2039</b>	6.46	5,571,633			862,445	6.16	2,951,297	2,620,336	55,404,003
<b>2040</b>	6.62	5,881,815			889,039	6.39	3,127,469	2,754,346	58,158,349
<b>2041</b>	6.73	6,169,583			916,254	6.58	3,296,611	2,872,972	61,031,321
<b>2042</b>	6.82	6,434,861			944,100	6.73	3,454,828	2,980,033	64,011,354
<b>2043</b>	6.87	6,680,214			972,591	6.84	3,600,527	3,079,687	67,091,041
<b>2044</b>	6.89	6,904,904			1,001,802	6.90	3,735,370	3,169,534	70,260,575
<b>2045</b>	6.90	7,115,518			1,031,799	6.93	3,860,465	3,255,054	73,515,629
<b>2046</b>	6.89	7,318,991			1,062,635	6.93	3,983,479	3,335,512	76,851,141

**Appendix D – Representative Contract(s)**



# PORTERS NECK VILLAGE

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

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

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

11/13/2025

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Exhibit A: Options and Custom Features

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



*Keep on loving life*

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

### **INTRODUCTION**

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

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

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

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

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

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

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

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

**1.1** Preferred Choice and Flexible Dining options as more fully described in the Resident Handbook;

**1.2** Utilities, including heating, cooling, electricity, water, sewer, and trash removal services;

**1.3** Basic cable or satellite television services;

**1.4** Internet access;

**1.5** Local and long-distance telephone service (with some limitations);

**1.6** Storage;

**1.7** Building and grounds maintenance;

**1.8** Weekly housekeeping and linen service;

**1.9** Social, physical, educational, cultural, spiritual, recreational, emotional, purposeful, and intellectual activities;

**1.10** Surface parking for you and your guests;

**1.11** Local transportation scheduled by The Village (and as posted);

**1.12** Smoke detectors in each Residence and Sprinkler systems in the buildings;

**1.13** 24-hour security personnel;

**1.14** Use of The Village's common area amenities during scheduled hours;

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

**1.16** Home care services for a limited period of time at our sole discretion;

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

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

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

**2.3** Carports, when available;

**2.4** Guest accommodations and guest meals;

**2.5** Salon services;

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

**2.7** Additional housekeeping services;

**2.8** Additional maintenance services;

**2.9** Special events, including transportation;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**6. REIMBURSEMENT OF ENTRANCE FEE.**

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

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

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

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

**6.4 Cancellation Prior to Occupancy for Reasons Other Than Set Forth in Paragraph 6.2 or 6.3 Above.** If, prior to occupancy, you provide us with written notice of cancellation of this Agreement for reasons other than those listed in Paragraph 6.2 or 6.3 above, we will retain a non-refundable fee equal to Three Thousand Dollars (\$3,000) from the Entrance Fee you have paid to that date and without interest, and less any costs incurred by us at your request, and set forth in Exhibit A or in writing in a separate addendum. We will return the remaining Entrance Fee within sixty (60) days following the date of our receipt of your notice of cancellation. You will be entitled to a refund of all money or property transferred to us, less:

**6.4.1** Periodic charges stated in this Agreement that apply only to the period during which the Residence was actually occupied by you;

**6.4.2** Costs specifically incurred by us per your request, as exhibited in Exhibit A or in any written addendum by you;

**6.4.3** Fees designated as nonrefundable in this Agreement, and

**6.4.4** A reasonable service charge, if specified in this Agreement, not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee. In no event shall the service charge exceed the amount of consideration transferred to us by you. No service charge shall be assessed if this Agreement is terminated due to our failure to meet our obligations under the Agreement or failure to obtain a permanent license as required by law.

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

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

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

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

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

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

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

**6.7 Cancellation for Any Other Reason Not Specified.** In the event of cancellation or termination of this Agreement for reasons not specifically addressed in Sections 6.1-6.6, any refund due to you or your representative shall be calculated in accordance with the terms set forth in this Agreement. The amount and timing of such refund shall be determined based on the provisions applicable to the Entrance Fee reimbursement, deductions for nonstandard costs, nonrefundable fees, service charges, and any other relevant financial obligations outlined herein.

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

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

Resident's death and following death, the removal of all household furnishings and personal effects, or as provided in Section 8 or 9.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **11. REPRESENTATIONS.**

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

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

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

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

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

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

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

## **12. PROMISES.**

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

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

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

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

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

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

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

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

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

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

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

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

### **13. ARBITRATION.**

This Section is referred to as the Arbitration Agreement. The parties acknowledge the exchange of good and valuable consideration for entering into this Arbitration Agreement, including but not limited to the one time fifty dollar (\$50) discount applied by The Village to the Resident's next monthly statement.

It is understood that any and all disputes between the Resident and Porters Neck Village, its owners, operators, officers, directors, administrators, staff, employees, agents, and any management and administrative services company, and all related entities and individuals, their staff, personnel, employees, owners, officers, directors, members, and agents that provide services to The Village that relates to the provision of care, treatment and services The Village provides to the Resident, including but not limited to any action for injury or death arising from intentional torts, statutory causes of action, asserted class action or class claims, negligence, and, except as otherwise required by law, medical malpractice, that is as to whether any medical services rendered under this Agreement were unnecessary or unauthorized or were improperly, negligently, or incompetently rendered shall be determined by submission to binding arbitration and not by lawsuit or resort to court process in accordance with the North Carolina Revised Uniform Arbitration Act.

This Arbitration Agreement shall be binding for any and all disputes arising out of the Resident's Residency Agreement, the Resident's residency at The Village, and/or home care, if any received by the Resident from The Village Home Care Agency, including but not limited to any asserted class action or class claims, except for disputes pertaining to collections or evictions. This provision is binding on all parties hereto, including The Village, The Village's Home Care Agency, the Resident, the Resident's representatives, agents, responsible party, conservators, executors, family members, successors in interest and heirs, as well as anyone who may have a claim arising out of the Resident's Residency Agreement and/or the Resident's residency at The Village.

The Resident acknowledges that The Village is not responsible for any acts or omissions of The Davis Community, its employees or contractors or for any acts or omissions of any person or entity that the Resident may personally retain to assist or care for the Resident and waives and agrees to fully defend and indemnify The Village against all claims, damages and costs, including attorneys' fees, arising from or in any way related to any claims against The Davis Community or any person or entity that the Resident may personally retain to assist or care for the Resident.

This Arbitration Agreement is not applicable to any claims related to or services that the Resident may receive at The Davis Community or from any person or entity that the Resident may personally retain to assist or care for the Resident, which shall be asserted against The Davis Community or any person or entity that the Resident may personally retain to assist or care for the Resident, as applicable, and governed by any separate agreement between the Resident and The Davis Community or any person or entity that the Resident may personally retain to assist or care for the Resident.

If this Agreement is signed by someone other the Resident, including the Resident's representative, agent, responsible party, conservator, executor, family member, successor in interest and heir said person is doing so not only in their representative capacity for the Resident, but also in their individual capacity and thus agree that any and all claims brought individually by any such person(s) are also subject to binding arbitration.

**THE PARTIES TO THIS ARBITRATION AGREEMENT ARE GIVING UP THEIR CONSTITUTIONAL RIGHT TO HAVE ANY AND ALL DISPUTES DECIDED IN A COURT OF LAW BEFORE A JURY, AND INSTEAD ARE ACCEPTING THE USE OF BINDING ARBITRATION. BY SIGNING THIS AGREEMENT, THE PARTIES WAIVE THEIR RIGHT TO COMMENCE AND/OR BE A PARTY TO ANY CLASS OR COLLECTIVE ACTION IN ANY COURT AGAINST THE OTHER PARTY RELATING IN ANY MANNER TO THE RESIDENT'S RESIDENCY AT THE VILLAGE. FURTHER, THE PARTIES WAIVE THEIR RIGHT TO COMMENCE OR BE A PARTY TO ANY GROUP, CLASS, OR COLLECTIVE ACTION CLAIM IN ARBITRATION OR ANY OTHER FORUM.**

Submitting to this Arbitration Agreement is not a precondition for admission to The Village or a requirement to receive from The Village any living accommodation, care, goods or services specified in this Agreement. You may rescind your agreement to arbitrate by written notice to The Village within thirty (30) days of signature. This agreement to arbitrate shall not be discharged by the death of any party hereto, nor by the termination of the Residency Agreement, nor by the Resident ceasing to reside at The Village.

The parties agree that it is in their mutual best interests for this Arbitration Agreement to have retroactive effect. It is agreed by and between the parties hereto that this Arbitration Agreement covers services rendered before the date this Agreement is signed, thus making this Arbitration Agreement effective as of the date of the Resident's first admission to The Village.

The parties agree that this Arbitration Agreement is to be governed by the North Carolina Revised Uniform Arbitration Act and any associated regulations. The parties further agree that this Agreement, including but not limited to claims asserted pursuant to the Arbitration Agreement, shall be governed by the substantive law of the State of North Carolina where The Village is located.

Except for disputes pertaining to collections or evictions, the parties desire to have any and all disputes submitted to binding arbitration and do not want any claims not subject to arbitration to impede any and all other claims from being ordered to binding arbitration.

The parties are to mutually agree on the appointment of a single neutral arbitrator that is a lawyer who is a resident of North Carolina and who routinely conducts mediations and/or arbitrations in the State of North Carolina where The Village is located. Should the parties be unable to mutually agree upon the appointment of a single neutral arbitrator the North Carolina Revised Uniform Arbitration Act shall govern the appointment of the arbitrator. The arbitration shall be venued in a location convenient for all parties, where The Village is located.

The expenses and fees of the arbitrator shall be apportioned equally among all parties except as otherwise permitted or required by law. The parties shall each otherwise be responsible for their own costs and attorneys' fees.

If any portion of this Arbitration Agreement is held invalid, such holding shall not impact the validity of the remaining content of this Arbitration Agreement. Any such invalid portion shall be severed from this Arbitration Agreement.

**THE RESIDENT AND/OR THE PERSON EXECUTING THIS ARBITRATION AGREEMENT CERTIFIES THAT HE/SHE HAS READ THIS ARBITRATION AGREEMENT , UNDERSTANDS THIS ARBITRATION AGREEMENT , IT HAS BEEN EXPLAINED TO THEM IN A MANNER HE/SHE UNDERSTANDS, HAS BEEN GIVEN A COPY OF THIS ARBITRATION AGREEMENT , AND AFFIRMATIVELY REPRESENTS THAT HE/SHE IS DULY AUTHORIZED BY VIRTUE OF THE RESIDENT'S CONSENT, INSTRUCTION AND/OR DURABLE POWER OF ATTORNEY, TO EXECUTE THIS ARBITRATION AGREEMENT AND ACCEPT ITS TERMS ON BEHALF OF THE RESIDENT AND ACKNOWLEDGES THAT THE VILLAGE IS RELYING ON THE AFOREMENTIONED CERTIFICATION. FURTHER, IF THE PERSON EXECUTING THIS ARBITRATION AGREEMENT IS SOMEONE OTHER THAN THE RESIDENT, YOU KNOWINGLY DO SO NOT ONLY IN YOUR REPRESENTATIVE CAPACITY FOR THE RESIDENT, BUT ALSO IN YOUR INDIVIDUAL CAPACITY AND THUS AGREE THAT ANY AND ALL CLAIMS BROUGHT INDIVIDUALLY BY YOU ARE ALSO SUBJECT TO BINDING ARBITRATION.**

\_\_\_\_\_  
Resident's Name

\_\_\_\_\_  
The Village Representative's Name

\_\_\_\_\_  
Resident's Signature

\_\_\_\_\_  
The Village Representative's Title

\_\_\_\_\_  
Resident's Representative Name

\_\_\_\_\_  
The Village Representative's Signature

\_\_\_\_\_  
Resident's Representative's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Relationship of Representative to Resident

\_\_\_\_\_  
Date

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

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

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

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

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

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

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

**14.7 Subordination.** You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages and other documents creating liens encumbering the Village, which have been or will be signed by us. Upon request, you agree to sign, acknowledge, and deliver to such lender(s) such further written evidence of such subordination as such

lender(s) may reasonably require. Except to the extent of your obligation to pay the Monthly Fee, you will not be liable for any such indebtedness.

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

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

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

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

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

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

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

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

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

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

**14.18 Private Employee of Resident.** If you need additional services, you can obtain these needed services from the Village's licensed Home Care Agency or from a private employee, an independent contractor, or through a different agency ("Personal Service Provider"). If you do not utilize the Village's Home Care Agency, we strongly advise you to obtain these needed

services from a licensed and/or certified home health agency. If you obtain services from a private employee, independent contractor, or a different agency, then you must comply with our policy regarding Personal Service Providers and ensure that your private employee, independent contractor, or person you employ through an agency complies with our policies and rules of conduct set forth in our Personal Service Provider Policy. If you fail to follow or enforce the policies and rules set forth in the Personal Service Provider Policy, then we may elect at our sole option to cancel this Agreement.

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

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

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

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

[Signature page follows]

NOTICE

**BECAUSE THE AUTHORITY TO ENTER INTO CONTINUING CARE CONTRACTS GRANTED BY THE NORTH CAROLINA DEPARTMENT OF INSURANCE IS NEITHER A GUARANTEE OF PERFORMANCE BY THE PROVIDER NOR AN ENDORSEMENT OF ANY CONTINUING CARE CONTRACT PROVISION, PROSPECTIVE RESIDENTS MUST CAREFULLY CONSIDER THE RISKS, BENEFITS, AND COSTS BEFORE SIGNING A CONTINUING CARE CONTRACT AND ARE STRONGLY ENCOURAGED TO SEEK FINANCIAL AND LEGAL ADVICE BEFORE DOING SO.**

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

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

\_\_\_\_\_  
RESIDENT SIGNATURE

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

\_\_\_\_\_  
RESIDENT NAME

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

\_\_\_\_\_  
Witness

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

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

\_\_\_\_\_  
RESIDENT SIGNATURE

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

\_\_\_\_\_  
RESIDENT NAME

Exhibit A: Options and Custom Features

\_\_\_\_\_  
Witness



(2025-11-13) PNV - 50% ROC RA CLEAN

**Exhibit A**

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

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

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

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



# PORTERS NECK VILLAGE

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

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

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

11/13/2025

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Exhibit A: Options and Custom Features

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



## **Residency Agreement** **75 Percent Return of Capital™**

### **INTRODUCTION**

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

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

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

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

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

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

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

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

**1.1** Preferred Choice and Flexible Dining options as more fully described in the Resident Handbook;

**1.2** Utilities, including heating, cooling, electricity, water, sewer, and trash removal services;

**1.3** Basic cable or satellite television services;

**1.4** Internet access;

**1.5** Local and long-distance telephone service (with some limitations);

**1.6** Storage;

**1.7** Building and grounds maintenance;

**1.8** Weekly housekeeping and linen service;

**1.9** Social, physical, educational, cultural, spiritual, recreational, emotional, purposeful, and intellectual activities;

**1.10** Surface parking for you and your guests;

**1.11** Local transportation scheduled by The Village (and as posted);

**1.12** Smoke detectors in each Residence and Sprinkler systems in the buildings;

**1.13** 24-hour security personnel;

**1.14** Use of The Village's common area amenities during scheduled hours;

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

**1.16** Home care services for a limited period of time at our sole discretion;

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

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

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

**2.3** Carports, when available;

**2.4** Guest accommodations and guest meals;

**2.5** Salon services;

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

**2.7** Additional housekeeping services;

**2.8** Additional maintenance services;

**2.9** Special events, including transportation;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**6. REIMBURSEMENT OF ENTRANCE FEE.**

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

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

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

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

**6.4 Cancellation Prior to Occupancy for Reasons Other Than Set Forth in Paragraph 6.2 or 6.3 Above.** If, prior to occupancy, you provide us with written notice of cancellation of this Agreement for reasons other than those listed in Paragraph 6.2 or 6.3 above, we will retain a non-refundable fee equal to Three Thousand Dollars (\$3,000) from the Entrance Fee you have paid to that date and without interest, and less any costs incurred by us at your request, and set forth in Exhibit A or in writing in a separate addendum. We will return the remaining Entrance Fee within sixty (60) days following the date of our receipt of your notice of cancellation. You will be entitled to a refund of all money or property transferred to us, less:

**6.4.1** Periodic charges stated in this Agreement that apply only to the period during which the Residence was actually occupied by you;

**6.4.2** Costs specifically incurred by us per your request, as exhibited in Exhibit A or in any written addendum by you;

**6.4.3** Fees designated as nonrefundable in this Agreement, and

**6.4.4** A reasonable service charge, if specified in this Agreement, not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee. In no event shall the service charge exceed the amount of consideration transferred to us by you. No service charge shall be assessed if this Agreement is terminated due to our failure to meet our obligations under the Agreement or failure to obtain a permanent license as required by law.

**6.5 Cancellation After Occupancy.** After occupancy should you or we cancel this Agreement pursuant to Section 8 or 9, or in the event of the your death or the death of the surviving Resident if there are two of you, we will remit to you (or to your estate) seventy-five percent (75%) of the Entrance Fee paid under this Agreement, not to exceed \$\_\_\_\_\_. Such refund amount will be paid, without interest, within thirty (30) days following the date your Residence is reoccupied by a new resident and our receipt from the new resident of the total entrance fee. The Second Person Entrance Fee is nonrefundable.

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

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

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

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

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

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

**6.7 Cancellation for Any Other Reason Not Specified.** In the event of cancellation or termination of this Agreement for reasons not specifically addressed in Sections 6.1-6.6, any refund due to you or your representative shall be calculated in accordance with the terms set forth in this Agreement. The amount and timing of such refund shall be determined based on the provisions applicable to the Entrance Fee reimbursement, deductions for nonstandard costs, nonrefundable fees, service charges, and any other relevant financial obligations outlined herein.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**10.4 Emergency Entry and Relocation.** We may enter your Residence should it be necessary in an emergency to protect your health or safety or the health or safety of other residents.

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

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

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

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

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

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

## **11. REPRESENTATIONS.**

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

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

**11.2.2** You have assets and income which are sufficient under foreseeable circumstances, and after provisions for payment of your obligations under this Agreement, to meet ordinary and customary living expenses after you move into the Village (this is a

requirement of entrance, unless waived by us in writing and after full disclosure by you of the circumstances); and

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

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

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

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

## **12. PROMISES.**

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

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

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

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

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

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

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

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

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

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

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

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

### **13. ARBITRATION.**

This Section is referred to as the Arbitration Agreement. The parties acknowledge the exchange of good and valuable consideration for entering into this Arbitration Agreement, including but not limited to the one time fifty dollar (\$50) discount applied by The Village to the Resident's next monthly statement.

It is understood that any and all disputes between the Resident and Porters Neck Village, its owners, operators, officers, directors, administrators, staff, employees, agents, and any management and administrative services company, and all related entities and individuals, their staff, personnel, employees, owners, officers, directors, members, and agents that provide services to The Village that relates to the provision of care, treatment and services The Village provides to the Resident, including but not limited to any action for injury or death arising from intentional torts, statutory causes of action, asserted class action or class claims, negligence, and, except as otherwise required by law, medical malpractice, that is as to whether any medical services rendered under this Agreement were unnecessary or unauthorized or were improperly, negligently, or incompetently rendered shall be determined by submission to binding arbitration and not by lawsuit or resort to court process in accordance with the North Carolina Revised Uniform Arbitration Act.

This Arbitration Agreement shall be binding for any and all disputes arising out of the Resident's Residency Agreement, the Resident's residency at The Village, and/or home care, if any received by the Resident from The Village Home Care Agency, including but not limited to any asserted class action or class claims, except for disputes pertaining to collections or evictions. This provision is binding on all parties hereto, including The Village, The Village's Home Care Agency, the Resident, the Resident's representatives, agents, responsible party, conservators, executors, family members, successors in interest and heirs, as well as anyone who may have a claim arising out of the Resident's Residency Agreement and/or the Resident's residency at The Village.

The Resident acknowledges that The Village is not responsible for any acts or omissions of The Davis Community, its employees or contractors or for any acts or omissions of any person or entity that the Resident may personally retain to assist or care for the Resident and waives and agrees to fully defend and indemnify The Village against all claims, damages and costs, including attorneys' fees, arising from or in any way related to any claims against The Davis Community or any person or entity that the Resident may personally retain to assist or care for the Resident.

This Arbitration Agreement is not applicable to any claims related to or services that the Resident may receive at The Davis Community or from any person or entity that the Resident may personally retain to assist or care for the Resident, which shall be asserted against The Davis Community or any person or entity that the Resident may personally retain to assist or care for the Resident, as applicable, and governed by any separate agreement between the Resident and The

Davis Community or any person or entity that the Resident may personally retain to assist or care for the Resident.

If this Agreement is signed by someone other than the Resident, including the Resident's representative, agent, responsible party, conservator, executor, family member, successor in interest and heir said person is doing so not only in their representative capacity for the Resident, but also in their individual capacity and thus agree that any and all claims brought individually by any such person(s) are also subject to binding arbitration.

**THE PARTIES TO THIS ARBITRATION AGREEMENT ARE GIVING UP THEIR CONSTITUTIONAL RIGHT TO HAVE ANY AND ALL DISPUTES DECIDED IN A COURT OF LAW BEFORE A JURY, AND INSTEAD ARE ACCEPTING THE USE OF BINDING ARBITRATION. BY SIGNING THIS AGREEMENT, THE PARTIES WAIVE THEIR RIGHT TO COMMENCE AND/OR BE A PARTY TO ANY CLASS OR COLLECTIVE ACTION IN ANY COURT AGAINST THE OTHER PARTY RELATING IN ANY MANNER TO THE RESIDENT'S RESIDENCY AT THE VILLAGE. FURTHER, THE PARTIES WAIVE THEIR RIGHT TO COMMENCE OR BE A PARTY TO ANY GROUP, CLASS, OR COLLECTIVE ACTION CLAIM IN ARBITRATION OR ANY OTHER FORUM.**

Submitting to this Arbitration Agreement is not a precondition for admission to The Village or a requirement to receive from The Village any living accommodation, care, goods or services specified in this Agreement. You may rescind your agreement to arbitrate by written notice to The Village within thirty (30) days of signature. This agreement to arbitrate shall not be discharged by the death of any party hereto, nor by the termination of the Residency Agreement, nor by the Resident ceasing to reside at The Village.

The parties agree that it is in their mutual best interests for this Arbitration Agreement to have retroactive effect. It is agreed by and between the parties hereto that this Arbitration Agreement covers services rendered before the date this Agreement is signed, thus making this Arbitration Agreement effective as of the date of the Resident's first admission to The Village.

The parties agree that this Arbitration Agreement is to be governed by the North Carolina Revised Uniform Arbitration Act and any associated regulations. The parties further agree that this Agreement, including but not limited to claims asserted pursuant to the Arbitration Agreement, shall be governed by the substantive law of the State of North Carolina where The Village is located.

Except for disputes pertaining to collections or evictions, the parties desire to have any and all disputes submitted to binding arbitration and do not want any claims not subject to arbitration to impede any and all other claims from being ordered to binding arbitration.

The parties are to mutually agree on the appointment of a single neutral arbitrator that is a lawyer who is a resident of North Carolina and who routinely conducts mediations and/or arbitrations in the State of North Carolina where The Village is located. Should the parties be unable to mutually agree upon the appointment of a single neutral arbitrator the North Carolina Revised Uniform Arbitration Act shall govern the appointment of the arbitrator. The arbitration shall be venued in a location convenient for all parties, where The Village is located.

The expenses and fees of the arbitrator shall be apportioned equally among all parties except as otherwise permitted or required by law. The parties shall each otherwise be responsible for their own costs and attorneys' fees.

If any portion of this Arbitration Agreement is held invalid, such holding shall not impact the validity of the remaining content of this Arbitration Agreement. Any such invalid portion shall be severed from this Arbitration Agreement.

**THE RESIDENT AND/OR THE PERSON EXECUTING THIS ARBITRATION AGREEMENT CERTIFIES THAT HE/SHE HAS READ THIS ARBITRATION AGREEMENT , UNDERSTANDS THIS ARBITRATION AGREEMENT , IT HAS BEEN EXPLAINED TO THEM IN A MANNER HE/SHE UNDERSTANDS, HAS BEEN GIVEN A COPY OF THIS ARBITRATION AGREEMENT , AND AFFIRMATIVELY REPRESENTS THAT HE/SHE IS DULY AUTHORIZED BY VIRTUE OF THE RESIDENT'S CONSENT, INSTRUCTION AND/OR DURABLE POWER OF ATTORNEY, TO EXECUTE THIS ARBITRATION AGREEMENT AND ACCEPT ITS TERMS ON BEHALF OF THE RESIDENT AND ACKNOWLEDGES THAT THE VILLAGE IS RELYING ON THE AFOREMENTIONED CERTIFICATION. FURTHER, IF THE PERSON EXECUTING THIS ARBITRATION AGREEMENT IS SOMEONE OTHER THAN THE RESIDENT, YOU KNOWINGLY DO SO NOT ONLY IN YOUR REPRESENTATIVE CAPACITY FOR THE RESIDENT, BUT ALSO IN YOUR INDIVIDUAL CAPACITY AND THUS AGREE THAT ANY AND ALL CLAIMS BROUGHT INDIVIDUALLY BY YOU ARE ALSO SUBJECT TO BINDING ARBITRATION.**

\_\_\_\_\_  
Resident's Name

\_\_\_\_\_  
The Village Representative's Name

\_\_\_\_\_  
Resident's Signature

\_\_\_\_\_  
The Village Representative's Title

\_\_\_\_\_  
Resident's Representative Name

\_\_\_\_\_  
The Village Representative's Signature

\_\_\_\_\_  
Resident's Representative's Signature

\_\_\_\_\_  
Date

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Relationship of Representative to Resident

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Date

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

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

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

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

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

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

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

**14.7 Subordination.** You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages and other documents creating liens encumbering the Village, which have been or will be signed by us. Upon request, you agree to sign, acknowledge, and deliver to such lender(s) such further written evidence of such subordination as such

lender(s) may reasonably require. Except to the extent of your obligation to pay the Monthly Fee, you will not be liable for any such indebtedness.

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

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

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

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

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

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

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

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

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

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

**14.18 Private Employee of Resident.** If you need additional services, you can obtain these needed services from the Village's licensed Home Care Agency or from a private employee, an independent contractor, or through a different agency ("Personal Service Provider"). If you do not utilize the Village's Home Care Agency, we strongly advise you to obtain these needed

services from a licensed and/or certified home health agency. If you obtain services from a private employee, independent contractor, or a different agency, then you must comply with our policy regarding Personal Service Providers and ensure that your private employee, independent contractor, or person you employ through an agency complies with our policies and rules of conduct set forth in our Personal Service Provider Policy. If you fail to follow or enforce the policies and rules set forth in the Personal Service Provider Policy, then we may elect at our sole option to cancel this Agreement.

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

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

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

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

[Signature page follows]

NOTICE

**BECAUSE THE AUTHORITY TO ENTER INTO CONTINUING CARE CONTRACTS GRANTED BY THE NORTH CAROLINA DEPARTMENT OF INSURANCE IS NEITHER A GUARANTEE OF PERFORMANCE BY THE PROVIDER NOR AN ENDORSEMENT OF ANY CONTINUING CARE CONTRACT PROVISION, PROSPECTIVE RESIDENTS MUST CAREFULLY CONSIDER THE RISKS, BENEFITS, AND COSTS BEFORE SIGNING A CONTINUING CARE CONTRACT AND ARE STRONGLY ENCOURAGED TO SEEK FINANCIAL AND LEGAL ADVICE BEFORE DOING SO.**

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

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

\_\_\_\_\_  
RESIDENT SIGNATURE

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

\_\_\_\_\_  
RESIDENT NAME

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

\_\_\_\_\_  
Witness

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

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

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

\_\_\_\_\_  
RESIDENT SIGNATURE

Exhibit A: Options and Custom Features

\_\_\_\_\_  
RESIDENT NAME

(2025-11-13) PNV - 75% ROC RA CLEAN

\_\_\_\_\_  
Witness



**Exhibit A**

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

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

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

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



# PORTERS NECK VILLAGE

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

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

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

11/13/2025

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Exhibit A: Options and Custom Features

### GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

### **INTRODUCTION**

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

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

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

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

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

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

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

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

**1.1** Preferred Choice and Flexible Dining options as more fully described in the Resident Handbook;

**1.2** Utilities, including heating, cooling, electricity, water, sewer, and trash removal services;

**1.3** Basic cable or satellite television services;

**1.4** Internet access;

**1.5** Local and long-distance telephone service (with some limitations);

**1.6** Storage;

**1.7** Building and grounds maintenance;

**1.8** Weekly housekeeping and linen service;

**1.9** Social, physical, educational, cultural, spiritual, recreational, emotional, purposeful, and intellectual activities;

**1.10** Surface parking for you and your guests;

**1.11** Local transportation scheduled by The Village (and as posted);

**1.12** Smoke detectors in each Residence and Sprinkler systems in the buildings;

**1.13** 24-hour security personnel;

**1.14** Use of The Village's common area amenities during scheduled hours;

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

**1.16** Home care services for a limited period of time at our sole discretion;

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

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

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

**2.3** Carports, when available;

**2.4** Guest accommodations and guest meals;

**2.5** Salon services;

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

**2.7** Additional housekeeping services;

**2.8** Additional maintenance services;

**2.9** Special events, including transportation;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**6. REIMBURSEMENT OF ENTRANCE FEE.**

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

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

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

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

**6.4 Cancellation Prior to Occupancy for Reasons Other Than Set Forth in Paragraph 6.2 or 6.3 Above.** If, prior to occupancy, you provide us with written notice of cancellation of this Agreement for reasons other than those listed in Paragraph 6.2 or 6.3 above, we will retain a non-refundable fee equal to Three Thousand Dollars (\$3,000) from the Entrance Fee you have paid to that date and without interest, and less any costs incurred by us at your request, and set forth in Exhibit A or in writing in a separate addendum. We will return the remaining Entrance Fee within sixty (60) days following the date of our receipt of your notice of cancellation. You will be entitled to a refund of all money or property transferred to us, less:

**6.4.1** Periodic charges stated in this Agreement that apply only to the period during which the Residence was actually occupied by you;

**6.4.2** Costs specifically incurred by us per your request, as exhibited in Exhibit A or in any written addendum by you;

**6.4.3** Fees designated as nonrefundable in this Agreement, and

**6.4.4** A reasonable service charge, if specified in this Agreement, not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee. In no event shall the service charge exceed the amount of consideration transferred to us by you. No service charge shall be assessed if this Agreement is terminated due to our failure to meet our obligations under the Agreement or failure to obtain a permanent license as required by law.

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

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

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

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

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

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

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

**6.7 Cancellation for Any Other Reason Not Specified.** In the event of cancellation or termination of this Agreement for reasons not specifically addressed in Sections 6.1-6.6, any refund due to you or your representative shall be calculated in accordance with the terms set forth in this Agreement. The amount and timing of such refund shall be determined based on the provisions applicable to the Entrance Fee reimbursement, deductions for nonstandard costs, nonrefundable fees, service charges, and any other relevant financial obligations outlined herein.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**10.4 Emergency Entry and Relocation.** We may enter your Residence should it be necessary in an emergency to protect your health or safety or the health or safety of other residents.

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

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

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

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

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

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

## **11. REPRESENTATIONS.**

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

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

**11.2.2** You have assets and income which are sufficient under foreseeable circumstances, and after provisions for payment of your obligations under this Agreement, to meet ordinary and customary living expenses after you move into the Village (this is a

requirement of entrance, unless waived by us in writing and after full disclosure by you of the circumstances); and

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

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

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

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

## **12. PROMISES.**

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

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

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

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

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

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

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

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

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

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

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

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

### **13. ARBITRATION.**

This Section is referred to as the Arbitration Agreement. The parties acknowledge the exchange of good and valuable consideration for entering into this Arbitration Agreement, including but not limited to the one time fifty dollar (\$50) discount applied by The Village to the Resident's next monthly statement.

It is understood that any and all disputes between the Resident and Porters Neck Village, its owners, operators, officers, directors, administrators, staff, employees, agents, and any management and administrative services company, and all related entities and individuals, their staff, personnel, employees, owners, officers, directors, members, and agents that provide services to The Village that relates to the provision of care, treatment and services The Village provides to the Resident, including but not limited to any action for injury or death arising from intentional torts, statutory causes of action, asserted class action or class claims, negligence, and, except as otherwise required by law, medical malpractice, that is as to whether any medical services rendered under this Agreement were unnecessary or unauthorized or were improperly, negligently, or incompetently rendered shall be determined by submission to binding arbitration and not by lawsuit or resort to court process in accordance with the North Carolina Revised Uniform Arbitration Act.

This Arbitration Agreement shall be binding for any and all disputes arising out of the Resident's Residency Agreement, the Resident's residency at The Village, and/or home care, if any received by the Resident from The Village Home Care Agency, including but not limited to any asserted class action or class claims, except for disputes pertaining to collections or evictions. This provision is binding on all parties hereto, including The Village, The Village's Home Care Agency, the Resident, the Resident's representatives, agents, responsible party, conservators, executors, family members, successors in interest and heirs, as well as anyone who may have a claim arising out of the Resident's Residency Agreement and/or the Resident's residency at The Village.

The Resident acknowledges that The Village is not responsible for any acts or omissions of The Davis Community, its employees or contractors or for any acts or omissions of any person or entity that the Resident may personally retain to assist or care for the Resident and waives and agrees to fully defend and indemnify The Village against all claims, damages and costs, including attorneys' fees, arising from or in any way related to any claims against The Davis Community or any person or entity that the Resident may personally retain to assist or care for the Resident.

This Arbitration Agreement is not applicable to any claims related to or services that the Resident may receive at The Davis Community or from any person or entity that the Resident may personally retain to assist or care for the Resident, which shall be asserted against The Davis Community or any person or entity that the Resident may personally retain to assist or care for the Resident, as applicable, and governed by any separate agreement between the Resident and The

Davis Community or any person or entity that the Resident may personally retain to assist or care for the Resident.

If this Agreement is signed by someone other than the Resident, including the Resident's representative, agent, responsible party, conservator, executor, family member, successor in interest and heir said person is doing so not only in their representative capacity for the Resident, but also in their individual capacity and thus agree that any and all claims brought individually by any such person(s) are also subject to binding arbitration.

**THE PARTIES TO THIS ARBITRATION AGREEMENT ARE GIVING UP THEIR CONSTITUTIONAL RIGHT TO HAVE ANY AND ALL DISPUTES DECIDED IN A COURT OF LAW BEFORE A JURY, AND INSTEAD ARE ACCEPTING THE USE OF BINDING ARBITRATION. BY SIGNING THIS AGREEMENT, THE PARTIES WAIVE THEIR RIGHT TO COMMENCE AND/OR BE A PARTY TO ANY CLASS OR COLLECTIVE ACTION IN ANY COURT AGAINST THE OTHER PARTY RELATING IN ANY MANNER TO THE RESIDENT'S RESIDENCY AT THE VILLAGE. FURTHER, THE PARTIES WAIVE THEIR RIGHT TO COMMENCE OR BE A PARTY TO ANY GROUP, CLASS, OR COLLECTIVE ACTION CLAIM IN ARBITRATION OR ANY OTHER FORUM.**

Submitting to this Arbitration Agreement is not a precondition for admission to The Village or a requirement to receive from The Village any living accommodation, care, goods or services specified in this Agreement. You may rescind your agreement to arbitrate by written notice to The Village within thirty (30) days of signature. This agreement to arbitrate shall not be discharged by the death of any party hereto, nor by the termination of the Residency Agreement, nor by the Resident ceasing to reside at The Village.

The parties agree that it is in their mutual best interests for this Arbitration Agreement to have retroactive effect. It is agreed by and between the parties hereto that this Arbitration Agreement covers services rendered before the date this Agreement is signed, thus making this Arbitration Agreement effective as of the date of the Resident's first admission to The Village.

The parties agree that this Arbitration Agreement is to be governed by the North Carolina Revised Uniform Arbitration Act and any associated regulations. The parties further agree that this Agreement, including but not limited to claims asserted pursuant to the Arbitration Agreement, shall be governed by the substantive law of the State of North Carolina where The Village is located.

Except for disputes pertaining to collections or evictions, the parties desire to have any and all disputes submitted to binding arbitration and do not want any claims not subject to arbitration to impede any and all other claims from being ordered to binding arbitration.

The parties are to mutually agree on the appointment of a single neutral arbitrator that is a lawyer who is a resident of North Carolina and who routinely conducts mediations and/or arbitrations in the State of North Carolina where The Village is located. Should the parties be unable to mutually agree upon the appointment of a single neutral arbitrator the North Carolina Revised Uniform Arbitration Act shall govern the appointment of the arbitrator. The arbitration shall be venued in a location convenient for all parties, where The Village is located.

The expenses and fees of the arbitrator shall be apportioned equally among all parties except as otherwise permitted or required by law. The parties shall each otherwise be responsible for their own costs and attorneys' fees.

If any portion of this Arbitration Agreement is held invalid, such holding shall not impact the validity of the remaining content of this Arbitration Agreement. Any such invalid portion shall be severed from this Arbitration Agreement.

**THE RESIDENT AND/OR THE PERSON EXECUTING THIS ARBITRATION AGREEMENT CERTIFIES THAT HE/SHE HAS READ THIS ARBITRATION AGREEMENT , UNDERSTANDS THIS ARBITRATION AGREEMENT , IT HAS BEEN EXPLAINED TO THEM IN A MANNER HE/SHE UNDERSTANDS, HAS BEEN GIVEN A COPY OF THIS ARBITRATION AGREEMENT , AND AFFIRMATIVELY REPRESENTS THAT HE/SHE IS DULY AUTHORIZED BY VIRTUE OF THE RESIDENT'S CONSENT, INSTRUCTION AND/OR DURABLE POWER OF ATTORNEY, TO EXECUTE THIS ARBITRATION AGREEMENT AND ACCEPT ITS TERMS ON BEHALF OF THE RESIDENT AND ACKNOWLEDGES THAT THE VILLAGE IS RELYING ON THE AFOREMENTIONED CERTIFICATION. FURTHER, IF THE PERSON EXECUTING THIS ARBITRATION AGREEMENT IS SOMEONE OTHER THAN THE RESIDENT, YOU KNOWINGLY DO SO NOT ONLY IN YOUR REPRESENTATIVE CAPACITY FOR THE RESIDENT, BUT ALSO IN YOUR INDIVIDUAL CAPACITY AND THUS AGREE THAT ANY AND ALL CLAIMS BROUGHT INDIVIDUALLY BY YOU ARE ALSO SUBJECT TO BINDING ARBITRATION.**

\_\_\_\_\_  
Resident's Name

\_\_\_\_\_  
The Village Representative's Name

\_\_\_\_\_  
Resident's Signature

\_\_\_\_\_  
The Village Representative's Title

\_\_\_\_\_  
Resident's Representative Name

\_\_\_\_\_  
The Village Representative's Signature

\_\_\_\_\_  
Resident's Representative's Signature

\_\_\_\_\_  
Date

---

Relationship of Representative to Resident

---

Date

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

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

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

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

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

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

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

**14.7 Subordination.** You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages and other documents creating liens encumbering the Village, which have been or will be signed by us. Upon request, you agree to sign, acknowledge, and deliver to such lender(s) such further written evidence of such subordination as such

lender(s) may reasonably require. Except to the extent of your obligation to pay the Monthly Fee, you will not be liable for any such indebtedness.

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

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

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

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

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

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

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

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

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

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

**14.18 Private Employee of Resident.** If you need additional services, you can obtain these needed services from the Village's licensed Home Care Agency or from a private employee, an independent contractor, or through a different agency ("Personal Service Provider"). If you do not utilize the Village's Home Care Agency, we strongly advise you to obtain these needed

services from a licensed and/or certified home health agency. If you obtain services from a private employee, independent contractor, or a different agency, then you must comply with our policy regarding Personal Service Providers and ensure that your private employee, independent contractor, or person you employ through an agency complies with our policies and rules of conduct set forth in our Personal Service Provider Policy. If you fail to follow or enforce the policies and rules set forth in the Personal Service Provider Policy, then we may elect at our sole option to cancel this Agreement.

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

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

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

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

[Signature page follows]

**NOTICE**

**BECAUSE THE AUTHORITY TO ENTER INTO CONTINUING CARE CONTRACTS GRANTED BY THE NORTH CAROLINA DEPARTMENT OF INSURANCE IS NEITHER A GUARANTEE OF PERFORMANCE BY THE PROVIDER NOR AN ENDORSEMENT OF ANY CONTINUING CARE CONTRACT PROVISION, PROSPECTIVE RESIDENTS MUST CAREFULLY CONSIDER THE RISKS, BENEFITS, AND COSTS BEFORE SIGNING A CONTINUING CARE CONTRACT AND ARE STRONGLY ENCOURAGED TO SEEK FINANCIAL AND LEGAL ADVICE BEFORE DOING SO.**

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

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

\_\_\_\_\_  
RESIDENT SIGNATURE

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

\_\_\_\_\_  
RESIDENT NAME

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

\_\_\_\_\_  
Witness

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

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

\_\_\_\_\_  
RESIDENT SIGNATURE

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

\_\_\_\_\_  
RESIDENT NAME

Exhibit A: Options and Custom Features

\_\_\_\_\_  
Witness



(2025-11-13) PNV – 90% ROC RA CLEAN

Exhibit A

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

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

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

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



# PORTERS NECK VILLAGE

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

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

**Residency Agreement  
(Traditional)**

11/13/2025

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Exhibit A: Options and Custom Features

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



PORTERS NECK  
**VILLAGE**

*Keep on loving life*

## **Residency Agreement (Traditional)**

### **INTRODUCTION**

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

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

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

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

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

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

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

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

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

**1.1** Preferred Choice and Flexible Dining options as more fully described in the Resident Handbook;

**1.2** Utilities, including heating, cooling, electricity, water, sewer, and trash removal services;

**1.3** Basic cable or satellite television services;

**1.4** Internet access;

**1.5** Local and long-distance telephone service (with some limitations);

**1.6** Storage;

**1.7** Building and grounds maintenance;

**1.8** Weekly housekeeping and linen service;

**1.9** Social, physical, educational, cultural, spiritual, recreational, emotional, purposeful, and intellectual activities;

**1.10** Surface parking for you and your guests;

**1.11** Local transportation scheduled by The Village (and as posted);

**1.12** Smoke detectors in each Residence and Sprinkler systems in the buildings;

**1.13** 24-hour security personnel;

**1.14** Use of The Village's common area amenities during scheduled hours;

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

**1.16** Home care services for a limited period of time at our sole discretion;

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

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

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

**2.3** Carports, when available;

**2.4** Guest accommodations and guest meals;

**2.5** Salon services;

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

**2.7** Additional housekeeping services;

**2.8** Additional maintenance services;

**2.9** Special events, including transportation;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**6. REIMBURSEMENT OF ENTRANCE FEE.**

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

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

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

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

**6.4 Cancellation Prior to Occupancy for Reasons Other Than Set Forth in Paragraph 6.2 or 6.3 Above.** If, prior to occupancy, you provide us with written notice of cancellation of this Agreement for reasons other than those listed in Paragraph 6.2 or 6.3 above, we will retain a non-refundable fee equal to Three Thousand Dollars (\$3,000) from the Entrance Fee you have paid to that date and without interest, and less any costs incurred by us at your request, and set forth in Exhibit A or in writing in a separate addendum. We will return the remaining Entrance Fee within sixty (60) days following the date of our receipt of your notice of cancellation. You will be entitled to a refund of all money or property transferred to us, less:

**6.4.1** Periodic charges stated in this Agreement that apply only to the period during which the Residence was actually occupied by you;

**6.4.2** Costs specifically incurred by us per your request, as exhibited in Exhibit A or in any written addendum by you;

**6.4.3** Fees designated as nonrefundable in this Agreement, and

**6.4.4** A reasonable service charge, if specified in this Agreement, not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee. In no event shall the service charge exceed the amount of consideration transferred to us by you. No service charge shall be assessed if this Agreement is terminated due to our failure to meet our obligations under the Agreement or failure to obtain a permanent license as required by law.

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

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

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

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

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

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

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

**6.7 Cancellation for Any Other Reason Not Specified.** In the event of cancellation or termination of this Agreement for reasons not specifically addressed in Sections 6.1-6.6, any refund due to you or your representative shall be calculated in accordance with the terms set forth in this Agreement. The amount and timing of such refund shall be determined based on the provisions applicable to the Entrance Fee reimbursement, deductions for nonstandard costs, nonrefundable fees, service charges, and any other relevant financial obligations outlined herein.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**10.4 Emergency Entry and Relocation.** We may enter your Residence should it be necessary in an emergency to protect your health or safety or the health or safety of other residents.

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

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

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

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

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

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

## **11. REPRESENTATIONS.**

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

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

**11.2.2** You have assets and income which are sufficient under foreseeable circumstances, and after provisions for payment of your obligations under this Agreement, to meet ordinary and customary living expenses after you move into the Village (this is a

requirement of entrance, unless waived by us in writing and after full disclosure by you of the circumstances); and

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

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

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

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

## **12. PROMISES.**

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

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

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

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

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

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

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

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

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

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

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

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

### **13. ARBITRATION.**

This Section is referred to as the Arbitration Agreement. The parties acknowledge the exchange of good and valuable consideration for entering into this Arbitration Agreement, including but not limited to the one time fifty dollar (\$50) discount applied by The Village to the Resident's next monthly statement.

It is understood that any and all disputes between the Resident and Porters Neck Village, its owners, operators, officers, directors, administrators, staff, employees, agents, and any management and administrative services company, and all related entities and individuals, their staff, personnel, employees, owners, officers, directors, members, and agents that provide services to The Village that relates to the provision of care, treatment and services The Village provides to the Resident, including but not limited to any action for injury or death arising from intentional torts, statutory causes of action, asserted class action or class claims, negligence, and, except as otherwise required by law, medical malpractice, that is as to whether any medical services rendered under this Agreement were unnecessary or unauthorized or were improperly, negligently, or incompetently rendered shall be determined by submission to binding arbitration and not by lawsuit or resort to court process in accordance with the North Carolina Revised Uniform Arbitration Act.

This Arbitration Agreement shall be binding for any and all disputes arising out of the Resident's Residency Agreement, the Resident's residency at The Village, and/or home care, if any received by the Resident from The Village Home Care Agency, including but not limited to any asserted class action or class claims, except for disputes pertaining to collections or evictions. This provision is binding on all parties hereto, including The Village, The Village's Home Care Agency, the Resident, the Resident's representatives, agents, responsible party, conservators, executors, family members, successors in interest and heirs, as well as anyone who may have a claim arising out of the Resident's Residency Agreement and/or the Resident's residency at The Village.

The Resident acknowledges that The Village is not responsible for any acts or omissions of The Davis Community, its employees or contractors or for any acts or omissions of any person or entity that the Resident may personally retain to assist or care for the Resident and waives and agrees to fully defend and indemnify The Village against all claims, damages and costs, including attorneys' fees, arising from or in any way related to any claims against The Davis Community or any person or entity that the Resident may personally retain to assist or care for the Resident.

This Arbitration Agreement is not applicable to any claims related to or services that the Resident may receive at The Davis Community or from any person or entity that the Resident may personally retain to assist or care for the Resident, which shall be asserted against The Davis Community or any person or entity that the Resident may personally retain to assist or care for the Resident, as applicable, and governed by any separate agreement between the Resident and The

Davis Community or any person or entity that the Resident may personally retain to assist or care for the Resident.

If this Agreement is signed by someone other than the Resident, including the Resident's representative, agent, responsible party, conservator, executor, family member, successor in interest and heir said person is doing so not only in their representative capacity for the Resident, but also in their individual capacity and thus agree that any and all claims brought individually by any such person(s) are also subject to binding arbitration.

**THE PARTIES TO THIS ARBITRATION AGREEMENT ARE GIVING UP THEIR CONSTITUTIONAL RIGHT TO HAVE ANY AND ALL DISPUTES DECIDED IN A COURT OF LAW BEFORE A JURY, AND INSTEAD ARE ACCEPTING THE USE OF BINDING ARBITRATION. BY SIGNING THIS AGREEMENT, THE PARTIES WAIVE THEIR RIGHT TO COMMENCE AND/OR BE A PARTY TO ANY CLASS OR COLLECTIVE ACTION IN ANY COURT AGAINST THE OTHER PARTY RELATING IN ANY MANNER TO THE RESIDENT'S RESIDENCY AT THE VILLAGE. FURTHER, THE PARTIES WAIVE THEIR RIGHT TO COMMENCE OR BE A PARTY TO ANY GROUP, CLASS, OR COLLECTIVE ACTION CLAIM IN ARBITRATION OR ANY OTHER FORUM.**

Submitting to this Arbitration Agreement is not a precondition for admission to The Village or a requirement to receive from The Village any living accommodation, care, goods or services specified in this Agreement. You may rescind your agreement to arbitrate by written notice to The Village within thirty (30) days of signature. This agreement to arbitrate shall not be discharged by the death of any party hereto, nor by the termination of the Residency Agreement, nor by the Resident ceasing to reside at The Village.

The parties agree that it is in their mutual best interests for this Arbitration Agreement to have retroactive effect. It is agreed by and between the parties hereto that this Arbitration Agreement covers services rendered before the date this Agreement is signed, thus making this Arbitration Agreement effective as of the date of the Resident's first admission to The Village.

The parties agree that this Arbitration Agreement is to be governed by the North Carolina Revised Uniform Arbitration Act and any associated regulations. The parties further agree that this Agreement, including but not limited to claims asserted pursuant to the Arbitration Agreement, shall be governed by the substantive law of the State of North Carolina where The Village is located.

Except for disputes pertaining to collections or evictions, the parties desire to have any and all disputes submitted to binding arbitration and do not want any claims not subject to arbitration to impede any and all other claims from being ordered to binding arbitration.

The parties are to mutually agree on the appointment of a single neutral arbitrator that is a lawyer who is a resident of North Carolina and who routinely conducts mediations and/or arbitrations in the State of North Carolina where The Village is located. Should the parties be unable to mutually agree upon the appointment of a single neutral arbitrator the North Carolina Revised Uniform Arbitration Act shall govern the appointment of the arbitrator. The arbitration shall be venued in a location convenient for all parties, where The Village is located.

The expenses and fees of the arbitrator shall be apportioned equally among all parties except as otherwise permitted or required by law. The parties shall each otherwise be responsible for their own costs and attorneys' fees.

If any portion of this Arbitration Agreement is held invalid, such holding shall not impact the validity of the remaining content of this Arbitration Agreement. Any such invalid portion shall be severed from this Arbitration Agreement.

**THE RESIDENT AND/OR THE PERSON EXECUTING THIS ARBITRATION AGREEMENT CERTIFIES THAT HE/SHE HAS READ THIS ARBITRATION AGREEMENT , UNDERSTANDS THIS ARBITRATION AGREEMENT , IT HAS BEEN EXPLAINED TO THEM IN A MANNER HE/SHE UNDERSTANDS, HAS BEEN GIVEN A COPY OF THIS ARBITRATION AGREEMENT , AND AFFIRMATIVELY REPRESENTS THAT HE/SHE IS DULY AUTHORIZED BY VIRTUE OF THE RESIDENT'S CONSENT, INSTRUCTION AND/OR DURABLE POWER OF ATTORNEY, TO EXECUTE THIS ARBITRATION AGREEMENT AND ACCEPT ITS TERMS ON BEHALF OF THE RESIDENT AND ACKNOWLEDGES THAT THE VILLAGE IS RELYING ON THE AFOREMENTIONED CERTIFICATION. FURTHER, IF THE PERSON EXECUTING THIS ARBITRATION AGREEMENT IS SOMEONE OTHER THAN THE RESIDENT, YOU KNOWINGLY DO SO NOT ONLY IN YOUR REPRESENTATIVE CAPACITY FOR THE RESIDENT, BUT ALSO IN YOUR INDIVIDUAL CAPACITY AND THUS AGREE THAT ANY AND ALL CLAIMS BROUGHT INDIVIDUALLY BY YOU ARE ALSO SUBJECT TO BINDING ARBITRATION.**

\_\_\_\_\_  
Resident's Name

\_\_\_\_\_  
The Village Representative's Name

\_\_\_\_\_  
Resident's Signature

\_\_\_\_\_  
The Village Representative's Title

\_\_\_\_\_  
Resident's Representative Name

\_\_\_\_\_  
The Village Representative's Signature

\_\_\_\_\_  
Resident's Representative's Signature

\_\_\_\_\_  
Date

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Relationship of Representative to Resident

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Date

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

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

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

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

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

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

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

**14.7 Subordination.** You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages and other documents creating liens encumbering the Village, which have been or will be signed by us. Upon request, you agree to sign, acknowledge, and deliver to such lender(s) such further written evidence of such subordination as such

lender(s) may reasonably require. Except to the extent of your obligation to pay the Monthly Fee, you will not be liable for any such indebtedness.

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

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

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

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

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

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

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

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

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

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

**14.18 Private Employee of Resident.** If you need additional services, you can obtain these needed services from the Village's licensed Home Care Agency or from a private employee, an independent contractor, or through a different agency ("Personal Service Provider"). If you do not utilize the Village's Home Care Agency, we strongly advise you to obtain these needed

services from a licensed and/or certified home health agency. If you obtain services from a private employee, independent contractor, or a different agency, then you must comply with our policy regarding Personal Service Providers and ensure that your private employee, independent contractor, or person you employ through an agency complies with our policies and rules of conduct set forth in our Personal Service Provider Policy. If you fail to follow or enforce the policies and rules set forth in the Personal Service Provider Policy, then we may elect at our sole option to cancel this Agreement.

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

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

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

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

[Signature page follows]

**NOTICE**

**BECAUSE THE AUTHORITY TO ENTER INTO CONTINUING CARE CONTRACTS GRANTED BY THE NORTH CAROLINA DEPARTMENT OF INSURANCE IS NEITHER A GUARANTEE OF PERFORMANCE BY THE PROVIDER NOR AN ENDORSEMENT OF ANY CONTINUING CARE CONTRACT PROVISION, PROSPECTIVE RESIDENTS MUST CAREFULLY CONSIDER THE RISKS, BENEFITS, AND COSTS BEFORE SIGNING A CONTINUING CARE CONTRACT AND ARE STRONGLY ENCOURAGED TO SEEK FINANCIAL AND LEGAL ADVICE BEFORE DOING SO.**

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

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

\_\_\_\_\_  
RESIDENT SIGNATURE

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

\_\_\_\_\_  
RESIDENT NAME

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

\_\_\_\_\_  
Witness

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

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

\_\_\_\_\_  
RESIDENT SIGNATURE

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

\_\_\_\_\_  
RESIDENT NAME

Exhibit A: Options and Custom Features

\_\_\_\_\_  
Witness



Traditional Residency Agreement (2025-10-02)  
TRACKED

Exhibit A

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

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

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

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

## **Appendix E – Examination Report**

The North Carolina Department of Insurance has not conducted an examination of Plantation Village, Inc. pursuant to Article 64A of the North Carolina General Statutes.

## Appendix F – Statutory Ratio and Supporting Definitions

This Appendix reproduces certain statutory definitions referenced in Section 35 — Key Financial Metrics. The definitions below are quoted verbatim from N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 and are provided for reference only.

**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.