



Disclosure Statement

Provider: The Masonic and Eastern Star Home of North Carolina, Incorporated

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 the community to penalties under Article 64A.

Financial Snapshot: Key Ratios for The Masonic and Eastern Star Home of North Carolina, Incorporated

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

Fiscal Year Ended 12/31/2025 (FY), with comparative historical and prospective periods

Ratio	2023	2024	2025	2026	2027	2028	NC 25 th % ¹	NC 50 th % ¹	NC 75 th % ¹
DCOH	267	250	302	280	272	275	—	—	—
CUSH	10.51	12.80	4.49	4.28	4.27	4.49	—	—	—
OR	108%	97%	82%	80%	81%	81%	—	—	—
NOM	-8.20%	2.90%	18.10%	20.00%	19.00%	19.00%	—	—	—
NOM-A	75%	46%	32%	21%	24%	24%	—	—	—
DSCR	1.41	5.58	1.40	1.20	1.25	1.32	—	—	—
CD	0.18	0.22	0.29	0.29	0.3	0.29	—	—	—
CED	4.93	.27	.51	.28	.28	.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 Ratio (CUSH).** Number of times the provider’s unrestricted cash and investments could cover one year of debt service. Higher values mean more resources to pay debt service.

Profitability Ratios:

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

Capital Structure Ratios:

- **Debt Service Coverage (DSCR).** Measures the provider’s ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.
- **Unrestricted Cash & Investments to Long-Term Debt (CD).** Compares unrestricted cash and investments to long-term debt. Higher values indicate more unrestricted cash and investments relative to debt.

¹ **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.

- **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

The Masonic and Eastern Star Home of North Carolina, Incorporated (the “Provider”) 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)

The Provider conducts business under the name WhiteStone: A Masonic and Eastern Star Community. The name WhiteStone: A Masonic and Eastern Star Community is a trade name only and does not represent a separate legal entity. The Masonic and Eastern Star Home of North Carolina, Incorporated remains legally responsible for providing continuing care and performing all obligations under continuing care contracts.

Item	Information
Legal Provider Name:	The Masonic and Eastern Star Home of North Carolina, Incorporated
Doing Business As (DBA):	WhiteStone: A Masonic and Eastern Star Community
Business Address:	700 South Holden Road, Greensboro, NC 27407
Telephone Number:	(336) 299-0031
Legal Entity Type:	Non-profit Corporation organized under the laws of North Carolina
For-Profit / Nonprofit Status:	Nonprofit
Federal Tax Status:	Tax-exempt under Section 501(c)(3) of the Internal Revenue Code
Ownership Type:	Privately owned and controlled nonprofit organization. The provider is not part of any publicly held or publicly traded corporate system.
Tax Filing Status:	Current on all required federal and state tax filings
Ownership / Control:	The Provider is a nonprofit corporation, organized for the purpose of operating WhiteStone: A Masonic and Eastern Star Community

2. Organizational Structure

2.1. Multi-Entity Organization Status

This section is not applicable to WhiteStone.

2.2. Consolidation of Financial Statements

Audited financial statements are prepared on a consolidated basis for The Masonic and Eastern Star Home of North Carolina, Incorporated. Consolidating schedules within the audit present the financial position and results of operations of the Provider.

2.3. Controlling Person

This section is not applicable.

2.4. Company Structure Chart

This section is not applicable.

3. Key Persons and Management Personnel

Definitions (for purposes of this Section):

- **Outside Interests:** The Provider does not engage with any professional service firms, associations, trusts, partnerships, or corporations in which the individual/entity has a ten percent (10%) or greater interest and that currently provides, or is expected to provide, goods, leases, or services to the provider of an aggregate value of \$5,000 or more.
- **Adverse Disclosures:** There are no adverse actions to disclose, such as any conviction of or plea of nolo contendere to a felony charge; any final judgment in a civil action for fraud, embezzlement, fraudulent conversion, or misappropriation of property; any currently effective injunctive or restrictive court order; or any suspension or revocation within the past five years of a state or federal license or permit as a result of governmental action.

3.1. Senior Officers RELATED ENTITIES

This section is not applicable to WhiteStone.

3.2. Community Management – WhiteStone

Executive Director: Mark Lewis became the on-site Executive Director of WhiteStone in March of 2018. Mr. Lewis has a Bachelor of Arts degree from the University of Findlay and holds a Nursing Home Administrator License from the State of Ohio. Mr. Lewis came to WhiteStone having worked in long term care management since 1996 and joined Life Care Services in 2018. Pursuant to the management agreement for WhiteStone, Mr. Lewis is an employee of Life Care Services LLC.

The Executive Director does not have a 10% or greater interest in any professional service firm, association, trust, partnership, or corporation that currently provides any goods, leases, or services of an aggregate value of five hundred dollars (\$500.00) to WhiteStone or

the residents of WhiteStone, nor does any professional service firm, association, trust, partnership, or corporation that currently provides any goods, leases, or services of an aggregate value of five hundred dollars (\$500.00) to WhiteStone have a 10% or greater interest in the Executive Director.

3.3. Board of Directors – WhiteStone: A Masonic and Eastern Star Community

All of the members of the Board of Directors are experienced in their own particular fields, such as law, banking, medical, and entrepreneurship, not in the operation or management of communities like WhiteStone. We feel the expertise of many in their chosen field provides the background for reliable, dependable, and solid decisions regarding our residents and facilities. The names and business addresses of the members of the Board of Directors are listed below:

Masonic Board Members – Voting Rights

2026 Gene Jernigan Chairman	283 Eugene Jernigan Rd Dunn, NC 28334 P: 910-892-3723 C :919-820-0584 Email: genejernigan48@gmail.com
GM Steve Norris	9750 Francis Marion Lane Ash, NC 28420 P: 910-287-4386 C: 910-443-1897 Email: stevenorris@atmc.net
DGM Gilbert Bailey	2732 Picardy Pl Charlotte, NC 28209 P: 704-333-3805 C: 704-650-3682 Email: gilbert.bailey@globalpay.com Email: cindy.collins@globalpay.com
SGW Michael Register	3839 Galantis Dr. Apt. 111 Morehaed City, NC 28557 C: 336-528-2920 Email: maregister600@gmail.com
2026 Bryant Webster	110 N. Dougherty St. Black Mountain, N.C. 28711 W: 828-669-7642 Ext 3 C: 828-230-5236 Email: Bryant@stoneandchristy.com

2026 Edward Earl Wells	PO Box 862 Clinton, NC 28329-0862 H: 910-592-7619 M: 910-590-0437 Email: ewells.aasrwil@gmail.com
2027 Tommy Mills, Jr.	2804 Hiking Trail Raleigh, NC 27615 P: 919-387-0159 Email: mills3114@att.net
2027 Edward Johnson, II	1356 Turner Farms Rd. Garner, NC 27529 H: 919-325-9152 C: 919-624-1795 Email: landarch@nc.rr.com
2027 David Sawyer	3304 Peppercorn Rd. New Bern, NC 28562 C: 252-675-9556 Email: superdavesawyer31@gmail.com
2028 Joey Transou	170 Alpine Court Winston-Salem, NC 27104-2038 C: 336-971-7804 Email: Joey@TransouRealty.com
2028 Rick Patton	155 Lake Eden Rd Black Mountain, NC 28711 P : 828-776-1050 Email : rickpatton1957@gmail.com
2028 Michael 'Mike' E. Rivenbark	152 Providence Church Road Teachey, NC 28464-9757 P: 910-264-7703 Email: mike@allseasonsroofinginc.com

Eastern Star Board Members – Voting Rights

WGM Norma Underwood Vice Chair	242 Balsam Circle Troy, NC 27371 H: 910-576-0068 Email: npunderwood@gmail.com
WGP William "Billy" Ireland Secretary	1200 E. Morgan Road Benson, NC 27504

		C: 919-820-0770 Email: papalk115@gmail.com
AGM Lori Adams		351 Hauser Road Pinnacle NC 27043 C: 336-978-4131 Email: ljkadams56@gmail.com
2026 Allen Hughes		PO Box 996 Washington, NC 27889-0996 H: 252-495-3256 C:919-482-5228 Email: sandra.hughes123@gmail.com
2027 Linda Bonner		4000 Manor Club Drive (Apt: 343) Raleigh NC 27612 P: 984-268-0851 Email: mrsbonner@earthlink.net
2028 David Griffith		4991 Bostic Acres Farm Rd Germanton, NC 27019 P: 336-595-8506 Email: davidgriffith47@gmail.com
2029 Debbie Owen		P.O. Box 363 West End, NC 27276-0363 H: 910-673-1331 C: 910-975-4110 Email: docardinal@mail.com
2030 Dennis Edwards		90 Mossburg Lane Smithfield NC 27577 C: 757-536-7850 Email: deedwards1@verizon.net

None of the Officers, Directors, or management staff of WhiteStone has any equity, beneficial, or financial interest in WhiteStone. There has been no conviction or charge of a felony on any Officer, Director, or management staff of WhiteStone. There is no matter, in which any person who is an Officer, Director, or management staff: (i) has been convicted of a felony or pleaded nolo contendere to a felony charge or has been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any State or Federal license or permit suspended or revoked as a result of an action brought by a

governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to Article 64 of the North Carolina General Statutes, or a similar law in another state.

No Officer, Director, or management staff has a 10% or greater interest in any professional service firm, association, trust, partnership, or corporation that currently provides any goods, leases, or services of an aggregate value of five hundred dollars (\$500.00) to WhiteStone or the residents of WhiteStone, nor does any professional service firm, association, trust, partnership, or corporation that currently provides any goods, leases, or services of an aggregate value of five hundred dollars (\$500.00) to WhiteStone have a 10% or greater interest in any Officer, Director or management staff.

3.4. Board of Directors – PARENT ENTITY – Not Applicable.

3.5. Management Entity – Life Care Services LLC

- The Provider has retained Life Care Services LLC (“LCS”) to manage the Community. As the nation’s third largest operator of senior living communities, LCS serves more than 40,000 seniors in 140+ communities. With over 50 years of service, LCS has developed expertise in nearly every facet of senior living management. For more information, visit LCS’ website: <https://www.lcsliving.com/lcs/senior-living-operations/>. Principal officers of LCS include Chris Bird, Daniel Lahey, GeLynna Shaw, Bridgette Uhlemann, and Jason Victor.

3.6. 10% + Ownership Interests

This section is not applicable.

4. Governing Body and Oversight

This Section is not applicable.

4.1. Provider Governing Body

The Masonic and Eastern Star Home of North Carolina, Inc. is governed by a Board of Directors consisting of twenty (20) of members. The Board is responsible for the overall direction and oversight of the Provider’s operations, financial condition, and resident welfare. Its duties include:

- (1) Provide governance, policy direction, and mission oversight for WhiteStone, ensuring the organization operates in accordance with its charitable purpose, mission, and By-Laws.

- (2) Manage and safeguard the property and business affairs of WhiteStone, exercising fiduciary responsibility over all corporate assets and operations.
- (3) Oversee financial stewardship, including approval of the annual operating and capital budget, review of financial performance, investments, insurance, retirement plans, and independent audits.
- (4) Ensure accountability, compliance, and transparency, by overseeing independent audits, responding to findings and recommendations, and ensuring corrective actions are taken when necessary.
- (5) Employ, support, and evaluate executive leadership, including hiring the Executive Director or Management Company and conducting regular performance evaluations.
- (6) Oversee personnel policy and compensation frameworks, including employee policies, wages, salaries, benefits, and final resolution of employee appeals.
- (7) Ensure the safety, integrity, and maintenance of facilities, by overseeing the inspection, repair, and improvement of all buildings and grounds.
- (8) Plan for the long-term sustainability of the community, through strategic and long-range planning aligned with current and projected resources.
- (9) Oversee charitable programs and services, ensuring that charity policies and charitable assistance are administered consistently with Board policy and the mission of WhiteStone.

Selection of Members

Directors are appointed by The Grand Lodge A.F. & A.M: The Worthy Grand Matron of The Grand Chapter of North Carolina, The Order of the Eastern Star. Directors elected by the Grand Lodge serve three (3)-year terms, and Directors elected by the Grand Chapter serve five (5)-year terms, and may be reappointed or re-elected without term limits. Officers of the Board (Chair, Vice Chair, Treasurer, and Secretary) are elected annually by the Board from among its members.

Oversight of Management and Operations

The Board delegates day-to-day operations of WhiteStone: A Masonic and Eastern Star Community to the Executive Director and senior management employed by The Masonic and Eastern Star Home of North Carolina, Incorporated. The Board maintains oversight through:

- Approval of organizational policies, budgets, and strategic direction;
- Oversight of financial performance, audits, and regulatory compliance; and
- Evaluation and oversight of the Executive Director, including performance review and accountability for operational outcomes.

Committees

The Board maintains standing committees for:

- **Audit Committee.** The Audit Committee selects and oversees the independent auditor, reviews the annual audit and findings, and acts on behalf of the Board to address audit recommendations and ensure financial and operational compliance.

- **Finance Committee.** The Finance Committee oversees budgeting, investments, insurance, and retirement plans, analyzes the Home's financial position, and makes financial recommendations to the Board to protect and advance the Home's financial interests.
- **Personnel Committee.** The Personnel Committee oversees personnel policies, employee-related matters, and appeals, and collaborates on compensation and benefits planning with management and the Finance Committee.
- **Buildings and Grounds Committee.** The Buildings and Grounds Committee oversees the inspection, maintenance, and condition of the Home's buildings and grounds and reports findings and recommendations to the Board.
- **Executive Committee.** The Executive Committee oversees the business of the Home between Board meetings and is authorized to act on behalf of the Board, subject to subsequent Board review and ratification.
- **Long Range Planning Committee.** The Long Range Planning Committee develops, evaluates, and updates a comprehensive long-term plan to achieve the Corporation's mission using current and projected resources and reports its recommendations to the Board.
- **Charity Committee.** The Charity Committee works with the Executive Director to review and oversee charity policies and charitable activities at WhiteStone.

4.2. Controlling Person Governing Body

This Section is not applicable.

4.3. Division of Responsibilities

This section is not applicable.

5. Related Parties

We are committed to providing a quality senior living community that is fiscally sound and genuinely responsive to resident needs. We are affiliated with The Grand Lodge of Ancient Free and Accepted Masons of North Carolina and The Grand Chapter Order of The Eastern Star of North Carolina. Of the 20 members who make up the Board of Directors, The Grand Lodge is responsible for 12 directors, and The Grand Chapter is responsible for 8 directors. Neither The Grand Lodge nor The Grand Chapter is responsible for our financial or contractual obligations and shall accept no responsibility for obligations unless expressly having done so. Our endowment and total assets are used to subsidize any deficits.

6. Relationships with Religious, Charitable, or Other Organizations

We do not have any religious affiliation.

7. The Masonic and Eastern Star Home of North Carolina, Incorporated does not have any religious affiliation. Other Persons Responsible for Obligations

Except as described in Section 8 regarding the Provider's participation in the obligated group and the joint and several liability for bonds, no other person or entity is responsible for the financial or contractual obligations of the Provider.

8. Obligated Groups

This section is not applicable.

9. Debt Covenants and Compliance

WhiteStone is subject to covenants contained in bond indentures and related debt agreements, including requirements for minimum debt service coverage, liquidity, and restrictions on additional borrowing.

As of 12/31/2025, the Provider and was in full compliance with all covenants contained in debt agreements.

10. Third-Party Management Arrangements

WhiteStone employs an unrelated third-party manager to operate the Community. Day-to-day operation is carried out by the Executive Director, community staff, and staff members employed by Life Care Services.

11. Real Property Leases

The Provider does not lease any of the real property that makes up the Community.

12. Endowment Funds

WhiteStone does not have an endowment fund.

13. Description and Location of the Community

Established in 1912, the Community was the first Masonic Fraternal Home in the United States created for the sole purpose of caring for seniors. It is also the oldest senior living home in the State of North Carolina. Located in the heart of Greensboro, North Carolina, the Community is situated on 42 acres of land and has been in continuous operation for 112 years.

On April 1, 2008, the Community officially changed its name from "Masonic and Eastern Star Home of North Carolina" to "WhiteStone: A Masonic and Eastern Star Community." The name reflects the Community's rich history as it is named after its first Administrator, Mr. White, and its first residents in 1913, Mr. and Mrs. Stone. The corporate entity name of Masonic and Eastern Star Home of North Carolina, Inc. has not changed.

WhiteStone: A Masonic and Eastern Star Community, formerly known as The Masonic and Eastern Star Home (the "Community") brings to residents of North Carolina area, who are age 60 and over, a way of living known as "continuing care." This concept offers seniors a life style designed to meet their unique needs while allowing them the freedom to pursue their personal interests. Continuing care senior living communities, such as the Community, encompass these important components: a private residence, a wide array of personal services, and the security of care in the on-site health center.

We are committed to providing a quality senior living community that is fiscally sound and genuinely responsive to resident needs. We are affiliated with The Grand Lodge of Ancient Free and Accepted Masons of North Carolina ("The Grand Lodge") and The Grand Chapter

Order of The Eastern Star of North Carolina ("The Grand Chapter"). Of the 20 members who make up the Board of Directors, The Grand Lodge is responsible for 12 directors, and The Grand Chapter is responsible for 8 directors. Neither The Grand Lodge nor The Grand Chapter is responsible for our financial or contractual obligations and shall accept no responsibility for obligations unless expressly having done so. Our endowment and total assets are used to subsidize any deficits. We do not have any religious affiliation.

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

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

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

14. Residences by Level of Care

As of **December 31, 2025**, WhiteStone included:

- Three (3) residential buildings consisting of a total of 27 apartments.
- Independent living buildings containing 113 one and two-bedroom apartments.
- Sixteen (16) one and two-bedroom duplex cottages and 54 houses.
- A building designated for assisted living that contains 36 apartments, 12 of which are dedicated for memory care.
- The community is licensed for eighty-eight (88) nursing home beds (86 are currently able to be used for occupancy), 60 of which are dually certified for Medicare and Medicaid.

15. Continuing Care at Home Program

This section is not applicable to WhiteStone.

16. Resident Population Served

As of **December 31, 2025**, the resident population served by WhiteStone under continuing care contracts was as follows:

- 202 residents in independent living
- 21 residents in assisted living
- 10 residents in memory care
- 76 residents in skilled nursing

As of **December 31, 2025**, the community maintained a waitlist for admission to independent living consisting of 169 individuals. Individuals on the waitlist are prospective applicants and are not residents of the community unless and until they have executed a continuing care contract and commenced residency.

To be placed on the independent living waitlist, prospective applicants are required to submit a waitlist deposit. The waitlist deposit is fully refundable and is not considered an entrance fee. If the applicant later enters into a continuing care contract, the waitlist deposit is applied toward the required entrance fee at that time.

Placement on the waitlist does not guarantee admission to the community or priority for a specific unit and does not create contractual rights unless expressly provided in a continuing care contract.

17. Occupancy Rates

The 12-month daily average occupancy rates for WhiteStone for the past five fiscal years were as follows:

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

Fiscal Year-End	Independent Living (%)	Assisted Living / Memory Care (%)	Skilled Nursing (%)
2025	96.2%	89.6%	88.9%
2024	90.9%	53.8%	89.9%
2023	85.3%	36.4%	90.9%

Fiscal Year-End	Independent Living (%)	Assisted Living / Memory Care (%)	Skilled Nursing (%)
2022	89.7%	89.1%	92.5%
2021	89.0%	91.2%	92.0%

18. Semiannual Resident Meetings

WhiteStone holds meetings with residents at least twice each year, as required by law.

Fiscal Year 2025 Meeting Dates

- May 9, 2025
- November 14, 2025

Board Members Gene Jernigan, Joey Transou, and Bryant Webster were present at the meetings.

19. Resident Property Rights

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

20. Services Provided Under the Contract

The Provider offers services under continuing care contracts at WhiteStone. The following disclosures describe the services included in the contracts, as well as those available for additional charge.

20.1. Health Care Services

Residents of WhiteStone have access to assisted living, skilled nursing, and memory support care on campus.

20.2. Continuing Care Retirement Community (CCRC) Contracts

Residents living at the community receive the following services as part of their monthly fees, with additional services available at an extra charge.

Services Included in Monthly Fees

Pursuant to the terms of the Residency Agreement, residents are eligible to receive the following standard services and amenities for payment of the Monthly Fee:

- Monthly Dining Allocation, as further outlined in Section 3 of the Residency Agreements.
- Water, sewer, air conditioning, heating, electricity, trash removal, cable, Wi-Fi, and municipal services. The resident is responsible for the charges related to telephone or satellite television reception.
- Access to one unassigned parking stall (other spaces, if available, may be provided for an additional fee).
- Building and grounds maintenance.
- Bi-Weekly housekeeping service.
- Availability of laundry facilities so that resident may wash and dry personal laundry.
- Planned activities -- social, educational, cultural, recreational, and spiritual -- for those who wish to participate.
- Services of an activities director.
- Use of the Community's common areas and amenities during scheduled hours – central dining room, chapel, library, mail boxes, lounges, arts and crafts room, exercise areas, community garden, dog park, and fellowship hall.
- Carpeting (except in the kitchen and bath where there is other floor covering).
- A kitchen, including refrigerator with icemaker, range/oven, garbage disposal, dishwasher, and microwave.
- Certain local transportation as scheduled by the community.
- Twenty-four hour emergency call monitoring in resident's residence by nursing staff.
- Guest parking areas.
- Fire detection system.
- Security for buildings and grounds.
- Health Center Level Services for 30 free annual days of care, as further defined in the Residency Agreements.

Services Available at Additional Charge

The following supplemental services and amenities are also available to residents for an extra charge:

- Additional meals in the dining room over those provided in consideration for the Monthly Fee.
- Guest accommodations, if available.

- Certain other supplies and services such as medicine, drugs, prescribed therapy, Health Center Medical Director, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment.
- Other optional services related or unrelated to care in the Health Center as approved by us.
- Personal laundry service.
- Guest meals.
- Additional housekeeping services.
- Personal transportation for appointments, shopping, etc. not included in community planned transportation.
- Extended dietician services when ordered by resident's attending physician or dietician services not ordered by resident's attending physician.
- Tray service to resident's residence when ordered by resident's attending physician, the Health Center Medical Director, the Health Center director of nursing, assistance-in-living director or resident services director.
- Health Center Level Services beyond the 30 free annual days of care, as further defined in the Residency Agreements.
- Home care and nursing services
- Salon services
- Offsite activities and trips

20.3. Continuing Care at Home (CCaH) Contracts

This section is not applicable.

20.4. Delivery of Services

Core residential, assisted living, and skilled nursing services are provided directly by the Community. Certain therapies (physical, occupational, and speech) are furnished under contract with independent third parties. Some home health and nursing services are delivered through third-party companies.

21. Resident Fees

The following tables set out the current monthly fee, current per diem rates of charge for care in the Health Center, the average increase in monthly fee and per diem rates for the past five years, the current and five year historical entrance fee amounts for WhiteStone, and current in-home care rates. Fees are adjusted annually, effective January 1.

2026 Monthly Fees

Apartments	Monthly Fees
One bedroom	\$3,836-\$4,403
One bedroom with den	\$4,207-\$4,459
Two bedrooms	\$4,706-\$4,802
Two bedrooms with den	\$4,867-\$5,843
Two bedrooms with sunroom	\$4,942-\$4,952
Cottages/Villas	
One bedroom cottage	\$3,788
Two bedroom cottage	\$4,149
Two bedroom villa	\$4,927

Second Person Monthly Fee - \$1,300

2026 Health Center Fees

Current rates of charge for assisted living or skilled nursing care in the Health Center are:

Assisted Living Care	
Private Room	\$8,176 / month
Memory Care	
Private room	\$337 / day
Skilled Nursing Care	
Semi-Private Room	\$396 / day
Private Room	\$449 / day

21.1. CCRC Contracts

Table 21.2: Historical Increases in Monthly Fees (CCRC contracts)

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2025	5.0%	\$279	Annual
12/31/2024	9.0%	\$244	Annual
12/31/2023	8.5%	\$281	Annual
12/31/2022	5.0%	\$157	Annual
12/31/2021	4.0%	\$106	Annual

Table 21.3: Current Entrance Fees (CCRC Contracts)

Apartments	Entrance Fees
One bedroom	\$30,900-\$214,794
One bedroom with den	\$228,686-\$251,507
Two bedrooms	\$281,049-\$306,242
Two bedrooms with den	\$388,980-\$510,803
Two bedrooms with sunroom	\$319,519-\$320,506
Cottages/Villas	
One bedroom cottage	\$139,359
Two bedroom cottage	\$162,698
Two bedroom villa	\$361,302-\$386,302

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	4.0%	\$9,690	Annual
12/31/2024	9.0%	\$19,115	Annual
12/31/2023	0.0%	\$0	Annual
12/31/2022	5.0%	\$10,688	Annual

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2021	0.0%	\$0	Annual

21.2. CCaH Contracts

This section is not applicable.

21.3. Household Composition Changes

If a resident marries or otherwise increases the number of persons residing in a resident, 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 residence, a transfer fee is charged. No resale fees are charged because residents do not hold ownership rights in their residences.

22. Refundable Entrance Fee Obligations

22.1. Conditions for Refunds

WhiteStone offers Traditional and Return-of-Capital Residency Agreements. Certain residency agreements at WhiteStone include a 50% or 90% refund provision. Under these contracts, a portion of the original entrance fee is refundable when an agreement is terminated and the amount of refund depends on the type of contract and the terms outlined in Section 10 of the Residency Agreement.

In addition, WhiteStone offers declining-balance contracts under which the refundable portion of the entrance fee decreases on a monthly basis and amortizes to 0% after a 50-month period. Once the amortization period has elapsed, no refund is payable upon termination of the contract or the death of the resident. These contracts therefore do not create refundable entrance fee obligations beyond the initial amortization period.

22.2. Refund Obligations as of 2025

Category	Number of Contracts	Aggregate Amount
Refunds due once all contractual conditions are met	21	\$6,667,553

Category	Number of Contracts	Aggregate Amount
Refunds currently due (including amounts 30+ days past due)	2	\$339,510
Resident now in non-independent residence – unit not resold	0	\$0
Resident now in non-independent residence – unit resold	0	\$0

As of 12/31/2025, the Provider had \$6,809,753 in total refundable entrance fee obligations. Refunds contractually due at year end totaled \$339,510.00 and were not past due. Obligations will be satisfied in accordance with contract terms as independent residences are resold and replacement entrance fees are received; however, the timing of refund payments depends on the pace of independent residence turnover.

23. Financial Hardship Policies

23.1. Policies for Residents Unable to Pay

WhiteStone has a Financial Assistance Policy designed to provide a process for evaluating a resident’s financial need and, when appropriate, permitting eligible residents to remain in the community at reduced monthly charges while supporting the community’s overall financial stability. Residents must apply for assistance, provide complete financial information, and pursue available benefits. Eligibility is based on established asset and income criteria, and applications are reviewed by the Executive Director and approved or denied by the Board of Directors. Approved assistance may be subject to conditions, and residents are required to provide periodic financial updates.

23.2. Sources of Financial Support

The Masonic and Eastern Star Home Foundation LLC: A separate Foundation that offers certain benevolent care for residents at the community. The Foundation has an application and approval process.

Refundable Entrance Fees: Residents that are contractually due a refundable portion of the entrance fee upon approval may be able to apply any funds due to monthly fees at the respective level of care. Any funds applied reduce the refund obligation and it does not accelerate contractual payments of refunds.

Unrestricted Cash and Investments: At the discretion of the board unrestricted cash and investments dedicated to community operations may be utilized to provide financial assistance.

23.3. Conditions or Limitations

As outlined in the Financial Assistance Policy, the resident and/or their legal representative will meet with the Executive Director to discuss the resident's anticipated need for financial assistance. The Executive Director will provide resident with the Application for Financial Assistance. After completing the Application, the resident and/or legal representative will meet with the Executive Director to discuss the resident's Application and financial status. The Executive Director will review the Application following the guidelines outlined in the policy, and determine eligibility.

The Executive Director will present a report to the Board of Directors concerning any resident's financial need and explaining why the financial assistance should or should not be granted. Each case will be presented to Board of Directors using a code number system to ensure confidentiality. The Board of Directors will either approve or deny assistance based on the criteria set forth in the Financial Assistance Policy. Financial assistance will be denied if the resident (i) falsified his/her Application; (ii) deliberately divested his/her assets; (iii) refused to provide an accounting of assets; (iv) impaired his/her ability to meet his/her financial obligations by making gifts or other transfers other than to meet ordinary and customary living expenses; (v) chose to live outside his/her means; or (vi) refused to apply for Medicare, Medicaid, if applicable, and any other public or private benefits. For a more complete outline of conditions or limitations, please request a copy of the Financial Assistance Policy from WhiteStone's business office.

23.4. Narrative

In 2025, the Provider distributed \$705,000 in benevolent care support to WhiteStone residents.

24. Contract Cancellation and Refund Policies

24.1. Provider-Initiated Cancellation

WhiteStone may, upon notice and opportunity to cure as outlined in the Residency Agreement, cancel the Residency Agreement for just cause. Just cause shall include the occurrence of any of the following events:

- Noncompliance. Resident does not comply with the terms of the Residency Agreement or the published operating procedures, covenants, rules, regulations, and policies now existing or later amended by WhiteStone.
- Misrepresentation. Resident misrepresents themselves or fails to disclose information during the residency process.
- Nonpayment. Resident fails to pay any charges to WhiteStone, subject to the provisions of the Residency Agreement, within sixty (60) days of the date when such charges are due.

- Threat to Health or Safety. Resident's health status or behavior constitutes a substantial threat to the health or safety of themselves, other residents, or others including their refusal to consent to relocation or behavior that would result in physical damage to the property of others.
- Change in Condition. There is a major change in resident's physical or mental condition and your condition cannot be cared for in the Community Health Center within the limits of our licenses.

24.2. Resident-Initiated Cancellation

A resident may cancel a contract under the following circumstances:

- Right of Rescission. Within thirty (30) days following the later of the execution of the Residency Agreement by resident or the receipt of a Disclosure Statement from WhiteStone, resident may rescind this Agreement by giving us written notice.
- Cancellation Prior to Occupancy. Resident may cancel the Residency Agreement for any reason at any time before resident moves into the Community by giving us written notice signed by resident (or both residents). If resident dies prior to occupying the Residence or if, on account of illness, injury or incapacity, resident is precluded from occupying the Residence under the terms of this Agreement, this Agreement will automatically cancel.
- Cancellation After Occupancy. Resident may cancel the Residency Agreement for any reason after moving into the Community by giving WhiteStone thirty (30) days' prior written notice of cancellation, which shall be effective and irrevocable upon delivery. Cancellation shall occur thirty (30) days after written notice is delivered, and resident must vacate the Residence within the thirty (30) days. Resident is obligated to pay the Monthly Fee during the thirty (30) days.
- Cancellation Due to Death After Occupancy. This Agreement will automatically cancel upon resident's death (the death of the surviving Resident in the case of Joint Residents). After such automatic cancellation, resident's personal representative will have thirty (30) days from the date of resident's death to remove resident's personal property from the Residence.

24.3. Refunds Upon Cancellation

- Refundable entrance fees are returned in accordance with Section 10 – Repayment of Entrance Fee.
- Nonrefundable portions of entrance fees are retained by WhiteStone.
- Prepaid monthly fees are prorated to the date the residence is vacated or services cease, and any remaining balance is refunded.

24.4. Refunds Upon Death

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

If a resident dies before moving into the community, the entrance fee is refundable in full.

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

Refunds are made according to the standard entrance fee provisions described in Section 10. Prepaid monthly fees are prorated to the date of death and refunded.

25. Re-occupancy of Units

A residence at WhiteStone may be reassigned to a new resident under the following circumstances:

25.1. Resident-Initiated Vacating

- Voluntary termination
- Permanent Transfer to a higher level of care

25.2. Provider-Initiated Vacating

- Contract termination by provider, for any of the reasons outlined in the Residency Agreement.

25.3. Temporary Absences

Hospitalizations, rehabilitative stays, or other temporary absences do not constitute a vacating of the residence and do not permit re-occupancy by a new resident.

25.4. Refunds

Refunds associated with the vacating of a residence are handled in accordance with Section 10 – Repayment of Entrance Fee

26. Resident Relocation

Residents of WhiteStone may be required to relocate from their current residence to another residence within the community under the following circumstances:

26.1. Resident Needs

Transfer to Health Center Level Services. In the event that resident's physical or mental health is determined by WhiteStone to be appropriate for Health Center Level Services, resident shall to relocate to the Community Health Center or a Comparable Facility. Such a determination will be made by WhiteStone after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with resident's attending physician, resident's personal representative, and resident to the extent possible.

26.2. Provider Needs

Emergency Entry and Relocation. We may enter resident's Residence should it be necessary in an emergency to protect health and safety of resident, other residents, community staff, or visitors. If relocation is recommended by the Medical Director or resident's attending physician, WhiteStone will request that resident relocates to another residence within the Community, or to the Community Health Center or a Comparable Facility for the protection of health or safety.

26.3. Process

The process for relocation varies on the reason that the relocation is necessary. Relocation to the Health Center or related facility is outlined in Section 5. Relocation as a result of emergency entry is outlined in Section 4.9.

26.4. Financial Obligations

All entrance fee and monthly fee obligations continue in accordance with the terms of the Residency Agreement, regardless of relocation.

27. Admission and Continuation Standards

27.1. Admission Requirements

Admission to Community is subject to both health and financial screening at the time of application.

27.1.1 CCRC Contracts (Campus-Based)

- **Financial Standards.**
 - Financial Guidelines are outlined in the Community's Residency Policy. Financial evaluation of a prospective resident is primarily dependent upon two factors:
 - The prospective resident's net worth; and
 - The prospective resident's average monthly income.

- To determine whether a prospective resident meets the financial guidelines for residency, all prospective residents shall be required to complete a Confidential Data Application, which is attached in the Residency Policy.
- A prospective resident who meets all other qualifications for residency but fails to meet the financial qualifications described in the Residency Policy may still be accepted for residency if:
 - A third party with adequate resources agrees in writing prior to a prospective resident's acceptance for residency to guaranty payment of the prospective resident's obligations under the Residency Agreement; and/or
 - Upon special application by the prospective resident, the financial requirements may be waived by the Board of Directors in its sole discretion.
- **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, insurance and health information will be gathered on the Confidential Data Application and Resident Health Information form completed by the prospective resident, and a Memory Health Assessment will be administered by the Community. A Health Information Form will be completed by the prospective Resident's physician. The prospective resident's health information provided will be considered protected health information and will remain confidential. The information from these three forms will be used to answer the following questions:
 - Is the prospective resident capable of living in a residence at the Community? If not, can reasonable accommodations or reasonable modifications be made to allow the prospective resident to live in the selected residence?
 - Would the prospective resident's residency pose a threat to the health, safety, or welfare of the prospective resident or others?
 - Would the prospective resident's residency result in substantial physical damage to the property of others?
 - Does the prospective resident have one or more of the following health condition(s):
 - (1) Parkinson's
 - (2) Chronic Obstructive Pulmonary Disease (COPD) including emphysema
 - (3) Congestive Heart Failure (CHF)
 - (4) metastatic cancer
 - (5) osteoporosis with a history of fractures and/or
 - (6) Dementia?

27.1.2 CCaH Contracts (Continuing Care at Home)

This section is not applicable.

27.2. Continuation Requirements

- **CCRC Contracts:** A resident may continue to reside in the community for life, provided the resident complies with the terms of the Residency Agreement. These requirements include the payment of all applicable fees (subject to any approved financial assistance), maintaining required insurance coverage, and complying with the community's rules, policies, and contractual obligations. Residents must also have care needs that can be met within the community and may be required to transfer to an appropriate level of care as their needs change. The community may terminate the agreement for just cause, including nonpayment, misrepresentation, failure to comply with policies, or if a resident's condition or behavior cannot be safely accommodated; however, the agreement will not be terminated solely due to a resident's inability to pay, subject to the terms and conditions outlined in the Residency Agreement.

27.3. Changes in Condition Before Occupancy or Commencement of Services

- **CCRC Contracts:** If, after execution of the Residency Agreement but prior to occupancy or commencement of services, there is a material change in the resident's health or financial condition, the Provider reserves the right to reevaluate the resident's eligibility for admission. The Residency Agreement may be canceled under such circumstances in accordance with its terms, including provisions relating to nonacceptance or cancellation prior to occupancy due to death, illness, injury, incapacity, or change in financial condition. Any refund of the Entrance Fee will be made in accordance with the terms of the Residency Agreement.

28. Age and Insurance Requirements

28.1. Age Requirements

To be accepted for residency, resident must have reached age 60 or older by the anticipated date of residency, or applying for the same residence with a resident who is 60 or older.

28.2. Insurance Requirements

Applicants for CCRC contracts must:

- **Insurance.** Resident is required at their own expense to carry personal property insurance and liability insurance. If requested by us, you agree to provide us with proof of such insurance coverage. Medicare and Health Insurance. When eligible, the

resident is required to maintain Medicare Part A, Medicare Part B, and a supplemental health insurance policy, or other equivalent coverage acceptable to WhiteStone, sufficient to cover a Medicare-qualified stay in the Community Health Center or a comparable facility.

28.3. Special Conditions

The Residency Agreement contains additional requirements relating to a resident’s obligations, including compliance with community policies and procedures, maintaining the ability to meet financial obligations, and executing and maintaining appropriate legal and financial arrangements (such as designation of a responsible party for financial decision-making). The agreement also includes provisions regarding personal property planning and the use of private service providers. Prospective residents should review the Residency Agreement carefully for a complete description of these and other applicable requirements.

29. Reserve Funding and Refund Security

29.1. Cash and Investments

As of 12/31/2025, the Provider held \$18,964,908 in unrestricted cash and investments. Within this balance, \$892,413 has been designated by the Board to prioritize liquidity for future entrance fee refunds. These funds remain unrestricted for accounting purposes but reflect the Board’s intent to maintain liquidity for resident entrance fee refund obligations.

29.2. Investment Management and Oversight

- **Oversight Body:** Finance Committee of the Board of Directors of WhiteStone
- **Day-to-Day Management:** Director of Financial Services
- **Experience:** The finance committee members are appointed based on experience and knowledge to guide financial and investment oversight
- **Policy and Controls:** Investments are managed under a Board approved policy and reviewed quarterly at board meetings.

29.3. Statutory Operating Reserve Requirement

As of 12/31/2025, WhiteStone’s 12-month rolling average independent residence occupancy was 96%. Based on this level of occupancy, the required statutory operating reserve was 25% of projected operating costs for the next 12 months.

Table 29.1: Statutory Operating Reserve Calculation (as of 12/31/2025)

Component	Amount
Total projected operating expenses	\$33,843,000

Component	Amount
Add: Debt service (principal and interest)	\$1,110,000
Less: Principal and interest (covered by Debt Service Reserve Fund)	\$6,436,786
Less: Depreciation and amortization	(\$4,694,000)
Net projected operating costs	\$23,822,214
Applicable reserve percentage based on occupancy	25%
Required operating reserve	\$5,955,553.50
Unrestricted cash & investments on hand	\$18,375,352
Excess above required reserve	\$12,419,798.50

Summary: The required statutory operating reserve was \$5,955,553.50. Provider held \$18,375,352 in unrestricted cash and investments, providing an excess cushion of \$12,419,798.50 above the statutory minimum.

29.4. Refund Security (Entrance Fee Refunds)

Entrance fee refund obligations are supported by unrestricted liquidity, including:

- \$873,301 Board-designated for refunds, and
- \$11,546,497 of unrestricted liquidity above the statutory operating reserve.

The Provider is not required by statute to escrow entrance fees and none are maintained in escrow.

Table 29.2: Unrestricted Cash and Investment Summary as of 12/31/2025

Category	Amount	Notes
Total unrestricted cash & investments	\$18,375,352	All liquid balances (cash and investments)
Less: Required operating reserve	(\$5,955,553.50)	Must be maintained; release requires regulatory approval
Less: Board-designated for refunds	(\$873,301)	Internal designation; unrestricted under GAAP

Category	Amount	Notes
Excess unrestricted cash and investments above operating reserve and board designated refund reserve	\$11,546,497	Available for operations and refund needs (outside of designated reserves)

30. Expansion and Renovation Plans

WhiteStone does not have definitive expansion plans at this time.

31. Audit Opinion and Timeliness

The consolidated financial statements of the Provider for the fiscal year ending on 12/31/2025, were audited by Baker Tilly US, 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 opinion (a “clean” audit opinion) on the consolidated financial statements.

32. Audited Financial Statements

The audited consolidated financial statements of the Provider for the fiscal year that ended 12/31/2025, are attached hereto as Appendix A and form an integral part of this Disclosure Statement. These statements include the balance sheet, statement of operations, statement of cash flows, and accompanying notes, and have been prepared in accordance with generally accepted accounting principles (GAAP).

Because the financial statements are presented on a consolidated basis, supplemental consolidating schedules provide provider-level detail for the Provider.

33. Five-Year Prospective Financial Statements

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

Because the prospective financial statements are presented on a consolidated basis, supplemental consolidating schedules provide prospective operating results for the Provider on a stand-alone basis.

34. Variances from Prospective Financial Statements

For the fiscal year ended 12/31/2025, management reviewed the results of operations for the Provider 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 12/31/2025

Category	Projected Amount	Actual Amount	Variance	Explanation
Independent Living Occupancy	200.6	202.18	1.58	Faster sales and closings overestimation.
Entrance Fee Receipts	\$4,500,000	\$4,136,724	-\$363,276	Larger amount of refunds issued than projected as well as a larger number of unit sales on lower entrance fee priced units than projected.
Staffing Costs	\$14,714,702	\$14,367,608	-\$347,094	FTEs ran under budget the entire year due to hiring challenges in addition higher than expected agency usage.
Debt Service	\$5,153,000	\$5,170,437	\$17,437	Close to budget.

35. Key Financial Metrics

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

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

Full statutory text of definitions is provided in Appendix F.

35.1. Liquidity Ratios

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

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

Table 35.1: Liquidity Ratios – Provider Only

Ratio	2023	2024	2025	2026	2027	2028
DCOH	267	250	302	280	272	275
CUSH	10.51	12.80	4.49	4.28	4.27	4.49

Narrative – Provider Only:

Liquidity changes were related to expansion completion in 2023 and bond payments from first generation entrance fees. Stabilization from the expansion project in 2025 shows a forecasted reflection of liquidity post construction.

Table 35.1A: Liquidity Ratios – Obligated Group – Not Applicable

Ratio						
DCOH						
CUSH						

Narrative – Obligated Group – Not Applicable

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	2023	2024	2025	2026	2027	2028
OR	108%	97%	82%	80%	81%	81%
NOM	-8.2%	2.9%	18.1%	20.0%	19.0%	19.0%
NOM-A	75%	46%	32%	21%	24%	24%

Narrative – Provider Only:

In 2023 the Community finished an expansion project and in 2025 census stabilization for independent living and assisted living was achieved.

Table 35.2A: Profitability Ratios – Obligated Group – Not Applicable

Narrative – Obligated Group – Not Applicable

35.3. Capital Structure Ratios

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

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

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

Table 35.3: Capital Structure Ratios – Provider Only

Ratio	2023	2024	2025	2026	2027	2028
DSCR	1.4	5.6	1.4	1.2	1.3	1.3
CD	.18	.22	.29	.29	.3	.29
CED	4.93	.27	.51	.28	.28	.29

Narrative – Provider Only:

Liquidity changes were related to expansion completion in 2023 and bond payments from first generation entrance fees.

Stabilization from the expansion project in 2025 shows a forecasted reflection of liquidity post construction.

Table 35.3A: Capital Structure Ratios – Obligated Group – Not Applicable

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DSCR						
CD						
CED						

Narrative – Obligated Group – Not Applicable**35.4. Overall Summary**

The Provider, as the sole member of the obligated group demonstrates sound liquidity, improving profitability, and conservative leverage. Provider-level liquidity dipped during recent reinvestment cycles but remains comfortably above the required statutory operating reserve level. Obligated group ratios confirm that the Provider operates within a financially resilient group that provides additional stability and access to shared reserves. Projected performance indicates stable or modestly improving results through FY 2025, with sufficient capacity to fund operations, service debt, and support ongoing capital renewal.

36. Actuarial Opinion and Balance

An actuarial opinion has not been prepared for the current reporting period. The Provider anticipates obtaining an actuarial opinion in Fiscal Year 2027.

37. Most Recent Department Examination Report

The North Carolina Department of Insurance has not conducted an examination of the Provider 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 the Provider. 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

WhiteStone offers continuing care contracts. A representative form of the contract is attached hereto as Appendix D.

39.1. Continuing Care Contracts

WhiteStone offers three forms of continuing care contracts, which differ primarily in their entrance fee refund provisions.

- **50% Refundable Contract**
- **90% Refundable Contract**
- **Traditional Residency Agreement**

39.2. Continuing Care at Home (CCaH) Contracts

This section is not applicable to WhiteStone.

Appendix Index

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

Appendix A – Audited Financial Statements

**Masonic and Eastern Star Home of
North Carolina, Incorporated
DBA: WhiteStone**

Financial Statements

December 31, 2025 and 2024

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

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December 31, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors of
Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Opinion

We have audited the financial statements of Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone (WhiteStone), which comprise the balance sheet as of December 31, 2025, and the related statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WhiteStone as of December 31, 2025, and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Other Matter

The financial statements of WhiteStone for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on May 27, 2025.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Baker Tilly US, LLP

Philadelphia, Pennsylvania
May 18, 2026

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Balance Sheets

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,341,340	\$ 3,679,845
Assets whose use is limited	2,720,923	2,643,905
Resident accounts receivable, net	971,164	1,228,446
Prepaid expenses and other current assets	<u>642,355</u>	<u>602,640</u>
Total current assets	8,675,782	8,154,836
Investments	11,829,106	7,913,338
Assets Whose Use is Limited	14,824,713	14,742,787
Property and Equipment, Net	95,365,843	97,716,704
Contract Acquisition Costs, Net	421,810	398,872
Beneficial Interest in Perpetual Trusts	<u>4,257,165</u>	<u>4,007,315</u>
Total assets	<u>\$ 135,374,419</u>	<u>\$ 132,933,852</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 1,110,000	\$ 1,065,000
Accounts payable	1,068,577	950,970
Resident trust funds	355,406	393,161
Refundable entrance fees, current	339,510	731,906
Accrued payroll and related expenses	960,684	889,327
Accrued interest	<u>1,370,646</u>	<u>1,373,263</u>
Total current liabilities	5,204,823	5,403,627
Long-Term Debt, Net	80,059,588	81,236,689
Refundable Entrance Fees	6,467,303	6,940,295
Entrance Fee Deposits	248,839	251,179
Deferred Revenue From Entrance Fees	<u>32,499,984</u>	<u>31,573,843</u>
Total liabilities	<u>124,480,537</u>	<u>125,405,633</u>
Net Assets		
Without donor restrictions	5,207,203	2,251,700
With donor restrictions	<u>5,686,679</u>	<u>5,276,519</u>
Total net assets	<u>10,893,882</u>	<u>7,528,219</u>
Total liabilities and net assets	<u>\$ 135,374,419</u>	<u>\$ 132,933,852</u>

See notes to financial statements

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Statements of Operations

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenues		
Net resident service revenues	\$ 24,472,836	\$ 21,917,602
Amortization of entrance fees	4,078,313	3,765,166
Contributions	1,918,540	1,659,131
Net assets released from restrictions	172,512	70,375
	<u>30,642,201</u>	<u>27,412,274</u>
Expenses		
Resident care	10,208,727	9,481,596
General and administrative	4,673,884	4,597,321
Dining services	4,188,502	3,884,173
Plant operations	3,240,075	3,097,657
Environmental services	1,389,756	1,161,882
Resident services	463,184	436,684
Provision for credit losses	189,405	557,396
Depreciation and amortization	4,824,319	4,779,827
Interest	4,028,770	4,073,930
	<u>33,206,622</u>	<u>32,070,466</u>
Total expenses	<u>33,206,622</u>	<u>32,070,466</u>
Operating loss	(2,564,421)	(4,658,192)
Nonoperating Gains (Losses)		
Investment income	2,022,587	1,595,515
Other nonoperating income	3,515,786	949,642
Loss on sale of assets	(18,449)	(359,402)
	<u>5,519,924</u>	<u>2,185,755</u>
Total nonoperating gains (losses)	<u>5,519,924</u>	<u>2,185,755</u>
Revenues in excess of (less than) expenses and change in net assets without donor restrictions	<u>\$ 2,955,503</u>	<u>\$ (2,472,437)</u>

See notes to financial statements

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Statements of Changes in Net Assets

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Net Assets Without Donor Restrictions		
Revenues in excess of (less than) expenses and change in net assets without donor restrictions	<u>\$ 2,955,503</u>	<u>\$ (2,472,437)</u>
Net Assets With Donor Restrictions		
Contributions	151,464	38,891
Change in net unrealized gains on investments	181,358	164,479
Change in the value of beneficial interest in perpetual trusts	249,850	152,070
Net assets released from restrictions used for operations	<u>(172,512)</u>	<u>(70,375)</u>
Change in net assets with donor restrictions	<u>410,160</u>	<u>285,065</u>
Change in net assets	3,365,663	(2,187,372)
Net Assets, Beginning	<u>7,528,219</u>	<u>9,715,591</u>
Net Assets, Ending	<u><u>\$ 10,893,882</u></u>	<u><u>\$ 7,528,219</u></u>

See notes to financial statements

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 3,365,663	\$ (2,187,372)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for credit losses	189,405	557,396
Depreciation and amortization	4,824,319	4,779,827
Amortization of debt issuance costs	92,028	92,028
Amortization of bond premium	(159,129)	(159,132)
Loss on disposal of property and equipment	18,449	359,402
Net realized and unrealized gain on investments	(1,771,891)	(1,356,298)
Change in value of beneficial interest in perpetual trusts	(249,850)	(152,070)
Proceeds from nonrefundable entrance fees, resales	5,916,547	7,102,667
Amortization of entrance fees	(4,078,313)	(3,765,166)
Additions to contract acquisition costs	(65,434)	(72,900)
Changes in assets and liabilities:		
Residents accounts receivable, net	67,877	(657,354)
Prepaid expenses and other current assets	(39,715)	174,708
Accounts payable and other accrued expenses	117,607	(720,658)
Accrued payroll and related expenses	71,357	148,756
Accrued interest	(2,617)	(53,500)
Other liabilities	(37,755)	104,843
Net cash provided by operating activities	<u>8,258,548</u>	<u>4,195,177</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(2,449,411)	(1,260,187)
Net purchases of investments and assets whose use is limited	<u>(2,740,388)</u>	<u>(579,089)</u>
Net cash used in investing activities	<u>(5,189,799)</u>	<u>(1,839,276)</u>
Cash Flows From Financing Activities		
Payment of long-term debt	(1,065,000)	(5,025,000)
Proceeds from refundable entrance fees and deposits, resales	204,018	1,650,992
Proceeds from first generation entrance fees	-	3,878,600
Change in entrance fee deposits	(2,340)	(431,368)
Refunds of entrance fees	<u>(1,981,499)</u>	<u>(2,084,628)</u>
Net cash used in financing activities	<u>(2,844,821)</u>	<u>(2,011,404)</u>
Net change in cash and cash equivalents and restricted cash and cash equivalents	223,928	344,497
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	<u>13,275,121</u>	<u>12,930,624</u>
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	<u>\$ 13,499,049</u>	<u>\$ 13,275,121</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 4,098,488</u>	<u>\$ 4,194,534</u>
Reconciliation of Cash and Cash Equivalents and Restricted Cash and Cash Equivalents to Balance Sheets		
Cash and cash equivalents	\$ 4,341,340	\$ 3,679,845
Cash and cash equivalents in assets whose use is limited	<u>9,157,709</u>	<u>9,595,276</u>
Total cash and restricted cash	<u>\$ 13,499,049</u>	<u>\$ 13,275,121</u>

See notes to financial statements

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Notes to Financial Statements

December 31, 2025 and 2024

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone (WhiteStone) is a nonprofit organization that operates a continuing care retirement community providing housing, health care and other related services to residents on a campus containing 210 independent living (IL) units, 36 assisted living (AL) units (12 of which are dedicated to memory care), 86 skilled nursing (SN) beds and various common areas and amenities. WhiteStone is located in Greensboro, North Carolina. It is subject to various laws and regulations enacted by the state of North Carolina regarding its activities.

WhiteStone is affiliated with the Grand Lodge of North Carolina, A.F. and A.M. (Grand Lodge) and the Grand Chapter of North Carolina, Order of the Eastern Star (Grand Chapter). WhiteStone's board of directors includes officers of and is elected by the Grand Lodge and the Grand Chapter.

The North Carolina Masonic Foundation, Inc. (the NC Masonic Foundation) is a private, charitable foundation established by the Grand Lodge to fund its philanthropic endeavors. The NC Masonic Foundation is the sole member of the North Carolina Masonic and Eastern Star Home Foundation, LLC (the MESH Foundation LLC), a limited liability company organized for the purpose of providing financial support directly to WhiteStone on behalf of deserving individual members of the Masonic and Eastern Star Fraternity and their qualified relations who reside at or receive services through WhiteStone.

WhiteStone is a philanthropic charity of the Grand Lodge and the Grand Chapter and subordinate lodges and chapters. Each lodge and chapter solicits contributions from its members for the support of WhiteStone.

Use of Estimates

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents and restricted cash and cash equivalents include investments in highly liquid debt instruments purchased with an original maturity of three months or less, excluding investments and assets whose use is limited.

Accounts Receivable

WhiteStone assesses collectability on all resident accounts prior to providing services. Accounts receivable are reported net of an allowance for credit losses, which represents WhiteStone's estimate of expected losses as of the balance sheet date. The adequacy of the allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analysis of the aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends and adjustments are made to the allowance, as necessary. The allowance for credit losses was approximately \$754,000 and \$682,000 at December 31, 2025 and 2024, respectively.

Accounts receivable, net was \$1,128,488 at December 31, 2023.

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Notes to Financial Statements

December 31, 2025 and 2024

Investments, Assets Whose Use is Limited and Investment Risk

Investments primarily include assets set aside for the general use and purposes of WhiteStone.

Assets whose use is limited primarily include assets held by bond trustees under long-term debt agreements, assets set aside by the board of directors to meet the North Carolina Department of Insurance (NC DOI) operating reserve requirements, assets set aside by the board of directors to refund entrance fees, funds restricted by donors for benevolent care, and resident deposits held in trust. Amounts available to meet current liabilities have been classified as current assets in the balance sheets.

The NC DOI requires that continuing care retirement communities (CCRCs) with occupancy levels in excess of 90% maintain an operating reserve equal to 25% of projected total operating costs, as defined, projected for the 12-month period following the most recent annual statement filed with the NC DOI. CCRCs with less than 90% occupancy are required to maintain a higher operating reserve depending on their occupancy level, as defined in the statute.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets. Investments in pooled funds accounts are measured at fair value using net asset value per share in the balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in revenues in excess of (less than) expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

WhiteStone's investments are comprised of a variety of financial instruments. The fair values reported in the balance sheets are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is possible that the amounts reported in the balance sheets could change materially in the near term.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Gifts of long-lived assets such as land, buildings or equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Property and equipment will be evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. No impairment losses were recognized in 2025 or 2024.

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Notes to Financial Statements

December 31, 2025 and 2024

Contract Acquisition Costs

Contract acquisition costs include incremental costs of obtaining residency agreements that WhiteStone would not have incurred had the residency agreements not been obtained and are recorded at cost. Contract acquisition costs are amortized over the estimated life expectancy of those residents. Amortization expense was \$42,496 in 2025 and \$36,942 in 2024.

Beneficial Interest in Perpetual Trusts

WhiteStone received as contributions perpetual trusts. Under these agreements, WhiteStone recorded the assets and recognized contribution revenues with donor restrictions, based on the existence of time restrictions, at the fair value of WhiteStone's interest in the trust assets, which is an approximation of the present value of the estimated future distributions to be received from the trusts. Income earned on the perpetual trust assets and distributed to WhiteStone is recorded as investment income in the statements of operations unless otherwise restricted by the donor.

Debt Issuance Costs

Costs incurred in connection with the issuance of long-term debt are amortized over the term of the related debt using the straight-line method, which approximates the effective interest method, and are presented in WhiteStone's balance sheets as a direct reduction of long-term debt. Amortization expense was \$92,028 in 2025 and 2024.

Entrance Fees

Under current residency agreements for IL units, residents pay an entrance fee in return for the use of the IL unit, as well as monthly fees for services provided during the course of residency. The entrance fees and monthly fees are based upon the type of accommodation occupied and the entrance fee plan selected.

WhiteStone currently offers three entrance fee plans to prospective residents, a nonrefundable plan, a 50% refundable plan, and a 90% refundable plan. The 50% refundable plan has a guaranteed refund component equal to 50% of the entrance fee paid, with the balance refundable on a decreasing basis for 23 months. The 90% refundable plan has a guaranteed refund component equal to 90% of the entrance fee paid, with the balance refundable on a decreasing basis for 3 months. The nonrefundable plan has no guaranteed refund component and is refundable on a decreasing basis for 50 months; after 50 months of occupancy, no refund is due or payable.

Entrance fee refunds are generally paid within 60 days of receipt of an entrance fee for the IL unit vacated, or 24 months after termination of the residency agreement, whichever occurs first.

The guaranteed refund component of entrance fees is not amortized to income and is classified as refundable entrance fees on the accompanying balance sheets. The balance of entrance fees received is classified as deferred revenue from entrance fees in the balance sheets and is amortized to income over the monthly adjusted actuarially determined life expectancy of the residents using the straight-line method, which approximates the period of time that goods and services are expected to be transferred to residents and WhiteStone's performance obligation to the residents is satisfied.

At December 31, 2025 and 2024, the portion of entrance fees subject to contractual refund provisions was approximately \$6,806,000 and \$7,283,000, respectively.

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Notes to Financial Statements

December 31, 2025 and 2024

Amortization of entrance fees was \$4,078,313 in 2025 and \$3,765,166 in 2024. A significant portion of amortization revenue in 2025 and 2024 was included in deferred revenue from entrance fees as of the beginning of each year.

Under the terms of the residency agreements, each IL resident is entitled to receive 30 days of SN or AL care each year (non-cumulative) at no extra charge, except for the cost of ancillary health services and supplies. After 30 days of care each year, the resident is required to pay the current per diem rate for SN or AL services, plus the monthly fee for the IL unit. Upon permanent transfer to SN or AL, residents are required to pay the current per diem rate for SN or AL services.

Net Assets

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 and reported as follows:

Net Assets Without Donor Restrictions - All revenue not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - Include 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. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Obligation to Provide Future Services

WhiteStone annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents, discounted at 5%, which is compared to the balance of deferred entrance fees and estimated future monthly service fees. If the present value of the net cost of future services and use of facilities exceeds the deferred entrance fees and estimated monthly services, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. No liability was recorded at December 31, 2025 and 2024.

Resident Service Revenues

Resident service revenues are reported at the amount that reflects the consideration WhiteStone expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Resident service revenues are recognized as performance obligations are satisfied.

Payment terms and conditions for WhiteStone's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service revenues for recurring and routine monthly services due from private pay residents are generally billed monthly in advance. Net resident service revenues for ancillary services due from private pay residents are generally billed monthly in arrears. Net resident service revenues due from Medicare, Medicaid and other third-party payor programs are billed monthly in arrears.

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Notes to Financial Statements

December 31, 2025 and 2024

Net resident service revenues are primarily comprised of SN, AL and IL revenue streams, which are primarily derived from providing housing and SN, AL and IL services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. WhiteStone has determined that the services included in the stated daily or monthly fee for each level of care represents a series of distinct services that have the same timing and pattern of transfer. Therefore, WhiteStone considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, SN, AL and IL revenues are recognized on a daily or month-to-month basis as services are rendered.

WhiteStone receives revenue for SN services under third-party payor programs, including Medicare, Medicaid and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. WhiteStone estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends. Retroactive adjustments are recognized in future periods as final settlements are determined.

Benevolent Care

WhiteStone provides services to residents who meet certain criteria under its benevolent care policy at amounts less than its established rates. Because WhiteStone does not pursue collection of amounts determined to qualify as benevolent care, they are not reported as revenue.

WhiteStone maintains records to identify and monitor the level of benevolent care it provides. Charges forgone, based on established rates for services rendered and supplies furnished, were approximately \$705,000 in 2025 and \$699,000 in 2024. These amounts are not materially different than the difference between the cost of providing services to residents that qualified for benevolent care and the amounts these residents paid for services rendered. WhiteStone received contributions for these same amounts during 2025 and 2024 from the MESH Foundation LLC to subsidize these costs for benevolent care.

Contract Balances

Contract assets represent WhiteStone's right to consideration in exchange for goods or services that WhiteStone has transferred to a resident when that right is conditioned on something other than the passage of time (for example, WhiteStone's future performance). WhiteStone has no contract assets.

Contract liabilities represent WhiteStone's obligation to transfer goods or services to a resident for which WhiteStone has received consideration (or the amount is due) from the resident. Deferred revenue from entrance fees is a contract liability. The beginning and ending balances of deferred revenue from entrance fees are separately presented on WhiteStone's balance sheets as of December 31, 2025 and 2024. Deferred revenue from entrance fees was \$26,777,668 at December 31, 2023.

Income Taxes

WhiteStone is 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 on its exempt income under Section 501(a) of the IRC.

Measure of Operations

WhiteStone's operating loss includes only those operating revenues and expenses that are an integral part of WhiteStone's program activities, contributions and net assets released from donor restrictions to support operating expenditures. Nonoperating activities are limited to investment income, loss on sale of property and equipment and other nonoperating income.

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Notes to Financial Statements

December 31, 2025 and 2024

Performance Indicator

The statements of operations include the determination of revenues in excess of (less than) expenses (the performance indicator). Changes in net assets without donor restrictions which are excluded from revenues in excess of (less than) expenses, consistent with industry practice, include 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, if any).

Reclassifications

Certain reclassifications have been made to the 2024 financial statements in order to conform to the 2025 presentation.

Subsequent Events

WhiteStone evaluated subsequent events for recognition or disclosure through May 18, 2026, the date the financial statements were issued.

2. Liquidity and Availability

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 4,341,340	\$ 3,679,845
Investments	11,829,106	7,913,338
Resident accounts receivable, net	<u>971,164</u>	<u>1,228,446</u>
Total	<u>\$ 17,141,610</u>	<u>\$ 12,821,629</u>

WhiteStone has assets whose use is limited to meet the NC DOI operating reserve requirements. These amounts are not included in the qualitative information above. Although WhiteStone does not intend to utilize the NC DOI operating reserve for general expenditures as part of its annual budget and approval process, amounts designated as NC DOI operating reserve could be made available, if approved by the NC DOI.

WhiteStone has certain board designated funds for refunds of entrance fees that could be made available as necessary (Note 4).

As part of WhiteStone's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Notes to Financial Statements

December 31, 2025 and 2024

3. Net Resident Service Revenues

WhiteStone disaggregates revenue from contracts with residents by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Net resident service revenues consist of the following for the years ended December 31:

	2025				
	Home Care	Skilled Nursing	Assisted Living	Independent Living	Total
Private pay	\$ 22,787	\$ 5,412,627	\$ 2,732,451	\$ 10,379,098	\$ 18,546,963
Medicare	-	1,868,913	-	-	1,868,913
Medicaid	-	1,153,554	-	-	1,153,554
Other	-	2,903,406	-	-	2,903,406
Total	<u>\$ 22,787</u>	<u>\$ 11,338,500</u>	<u>\$ 2,732,451</u>	<u>\$ 10,379,098</u>	<u>\$ 24,472,836</u>
	2024				
	Home Care	Skilled Nursing	Assisted Living	Independent Living	Total
Private pay	\$ 49,243	\$ 5,274,800	\$ 1,620,082	\$ 9,316,541	\$ 16,260,666
Medicare	-	2,033,862	-	-	2,033,862
Medicaid	-	1,134,824	-	-	1,134,824
Other	-	2,488,250	-	-	2,488,250
Total	<u>\$ 49,243</u>	<u>\$ 10,931,736</u>	<u>\$ 1,620,082</u>	<u>\$ 9,316,541</u>	<u>\$ 21,917,602</u>

WhiteStone has agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of the principal payment arrangements with major third-party payors follows:

Medicare - Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

Medicaid - Nursing services provided to Medicaid program beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

As described above, the Medicare Part A and Medicaid rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on WhiteStone's clinical assessment of its residents. WhiteStone is required to clinically assess its residents at predetermined time periods throughout the year which are subject to review and adjustment by Medicare and Medicaid programs.

WhiteStone has also entered into payment agreements with certain commercial insurance carriers and others. The basis for payment under these agreements includes prospectively determined rates per day or discounts from established charges.

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Notes to Financial Statements

December 31, 2025 and 2024

4. Fair Value Measurements, Assets Whose Use is Limited, Investments and Other Financial Instruments

Investments and assets whose use is limited are comprised of the following at December 31:

	<u>2025</u>	<u>2024</u>
Cash and equivalents	\$ 9,157,709	\$ 9,595,276
Pooled fund accounts	20,217,033	15,704,754
Total	<u>\$ 29,374,742</u>	<u>\$ 25,300,030</u>

Investments and assets whose use are limited are comprised of the following line items on the balance sheets at December 31:

	<u>2025</u>	<u>2024</u>
Assets whose use is limited, current portion	\$ 2,720,923	\$ 2,643,905
Investments	11,829,106	7,913,388
Assets whose use is limited, net of current portion	14,824,713	14,742,787
Total	<u>\$ 29,374,742</u>	<u>\$ 25,300,080</u>

Assets whose use is limited are comprised of the following at December 31:

	<u>2025</u>	<u>2024</u>
NC DOI operating reserve	\$ 6,066,000	\$ 5,746,000
Trustee held funds under long-term debt agreements	8,808,309	9,237,745
Board-designated for entrance fee refunds	892,413	776,588
Donor-restricted funds	1,429,514	1,269,204
Resident trust funds	349,400	357,155
Total	<u>\$ 17,545,636</u>	<u>\$ 17,386,692</u>

Fair Value Measurements

For financial instruments required to be measured at fair value on a recurring basis, fair value is defined as the price that would be received to sell an asset or paid to dispose of a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible to WhiteStone for identical instruments.

Level 2 - Significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the instrument through corroboration with observable market data.

Level 3 - Significant unobservable inputs.

Beneficial interest in perpetual trusts of \$4,257,165 and \$4,007,315 at December 31, 2025 and 2024, respectively are measured using level 3 inputs. The pooled fund accounts are measured at net asset value as a practical expedient and are not classified within the fair value hierarchy.

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Notes to Financial Statements

December 31, 2025 and 2024

Valuation Methodologies

Beneficial interests in perpetual trusts are valued at fair value based on WhiteStone's interest in the fair values of the underlying assets, which approximate the present value of estimated future cash flows to be received from the trusts.

The pooled fund accounts consist of a portion of WhiteStone's investments and assets whose use is limited with the NC Masonic Foundation. These assets are held in the NC Masonic Foundation's investment pool and are invested for WhiteStone's benefit. No variance power has been granted to the NC Masonic Foundation. The investment pool is managed to provide a stable source of financial support. In order to meet this objective, the funds are invested in a diversified asset allocation with an emphasis on equity-based instruments to obtain capital appreciation and current yield. Investments held in NC Masonic Foundation's investment pool include U.S. equities, fixed income securities and other assets. WhiteStone has no unfunded commitments related to its interest in the assets held by the NC Masonic Foundation as of December 31, 2025. WhiteStone may redeem its shares held by the NC Masonic Foundation as necessary without any restrictions. WhiteStone's shares held by NC Masonic Foundation are carried at net asset value.

Investment return without donor restrictions is comprised of the following for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 432,054	\$ 239,217
Net realized gain on sales of investments	<u>35,868</u>	<u>-</u>
Investment income	467,922	239,217
Change in net unrealized gains on investments	<u>1,554,665</u>	<u>1,356,298</u>
Total investment return	<u>\$ 2,022,587</u>	<u>\$ 1,595,515</u>

5. Property and Equipment

Property and equipment was comprised of the following at December 31:

	<u>2025</u>	<u>2024</u>
Land	\$ 271,503	\$ 271,503
Land improvements	2,249,422	2,209,478
Buildings and building improvements	123,393,059	121,650,698
Furniture, fixtures and equipment	7,214,415	6,679,584
Vehicles	<u>349,585</u>	<u>349,585</u>
Total	133,477,984	131,160,848
Less accumulated depreciation	<u>(38,468,926)</u>	<u>(33,753,373)</u>
Total	95,009,058	97,407,475
Construction-in-progress	<u>356,785</u>	<u>309,229</u>
Property and equipment, net	<u>\$ 95,365,843</u>	<u>\$ 97,716,704</u>

Depreciation on property and equipment was \$4,781,823 in 2025 and \$4,742,885 in 2024.

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Notes to Financial Statements

December 31, 2025 and 2024

6. Long-Term Debt

Series 2020 Bonds

In August 2020, the Public Finance Authority (the Authority) issued, on behalf of WhiteStone, \$73,295,000 of Retirement Facilities First Mortgage Revenue Bonds (the Series 2020 Bonds). The proceeds from the Series 2020 Bonds were used to finance an expansion and campus repositioning project that included the construction of 67 IL apartments and 24 AL units, the relocation of 12 memory care beds to the new AL facility, and the repositioning of the SN beds from 88 to 84 operating beds; fund interest on the Series 2020 Bonds for 35 months; fund debt service reserve funds; and pay a portion of the costs of issuing the Series 2020 Bonds. The Series 2020 Bonds were issued in three components: Series 2020A Bonds totaling \$60,105,000, Series 2020B-1 Bonds totaling \$4,000,000 and Series 2020B-2 Bonds totaling \$9,190,000.

The terms of the outstanding Series 2020A Bonds are as follows:

- \$3,945,000 term bonds due in varying annual installments through March 2030, issued at an annual interest rate of 4.0%.
- \$19,865,000 term bonds due in varying annual installments beginning March 2031 through March 2045, issued at an annual interest rate of 5.25%.
- \$34,930,000 term bonds due in varying annual installments beginning March 2046 through March 2055, issued at an annual interest rate of 5.25%.

Interest on the Series 2020A Bonds is due on March 1 and September 1 each year.

Proceeds from entrance fees for the new IL apartments were used to repay the Series 2020B-1 Bonds during 2024 and the Series 2020B-2 Bonds during 2023.

Series 2017 Bonds

In November 2017, the Authority issued, on behalf of WhiteStone, \$23,855,000 of Retirement Facilities First Mortgage Revenue Refunding Bonds (the Series 2017 Bonds). The proceeds from the Series 2017 Bonds were used to refund existing long-term debt, fund a debt service reserve fund; and pay a portion of the costs of issuing the Series 2017 Bonds.

The terms of the outstanding Series 2017 Bonds are as follows:

- \$785,000 term bonds due in varying annual installments through March 2027, issued at an annual interest rate of 4.0%.
- \$5,270,000 term bonds due in varying annual installments beginning March 2028 through March 2037, issued at an annual interest rate of 5.0%.
- \$14,955,000 term bonds due in varying annual installments beginning March 2038 through March 2052, issued at an annual interest rate of 5.0%.

Interest on the Series 2017 Bonds is due on March 1 and September 1 each year.

The Series 2020 and Series 2017 Bonds include certain covenants and restrictions.

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Notes to Financial Statements

December 31, 2025 and 2024

Security

The Series 2020 Bonds and Series 2017 Bonds are secured on a parity basis by substantially all of WhiteStone's assets.

Long-Term Debt Summary

Long-term debt was as follows at December 31:

	<u>2025</u>	<u>2024</u>
Series 2020 Bonds	\$ 58,740,000	\$ 59,435,000
Series 2017 Bonds	21,010,000	21,380,000
Total	79,750,000	80,815,000
Less:		
Debt issuance costs, net	(1,951,797)	(2,043,825)
Bond premium, net	3,371,385	3,530,514
Current maturities	(1,110,000)	(1,065,000)
Long-term debt	<u>\$ 80,059,588</u>	<u>\$ 81,236,689</u>

Scheduled principal payments on long-term debt are as follows:

Years ending December 31:	
2026	\$ 1,110,000
2027	1,155,000
2028	1,205,000
2029	1,260,000
2030	1,315,000
Thereafter	73,705,000
Total	<u>\$ 79,750,000</u>

7. Net Assets With Donor Restrictions

Net assets with donor restrictions are detailed as follows at December 31:

	<u>2025</u>	<u>2024</u>
Benevolent fund endowment	\$ 1,035,755	\$ 957,523
Longdon chapel fund	310,210	271,136
Other purposes	83,549	40,545
Beneficial interest in perpetual trusts	4,257,165	4,007,315
Total	<u>\$ 5,686,679</u>	<u>\$ 5,276,519</u>

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Notes to Financial Statements

December 31, 2025 and 2024

8. Retirement Plan

WhiteStone and Grand Lodge maintain a defined contribution participant-directed, multiemployer 401(k) plan. The plan covers all employees who are at least 18 years of age with at least six months of service. WhiteStone will make yearly matching contributions determined at its discretion. Contributions were approximately \$83,000 and \$80,000 for the years ended December 31, 2025 and 2024, respectively.

WhiteStone also maintains a multiemployer deferred compensation plan, under Internal Revenue Code Section 457, with the Grand Lodge. No contributions were made to this plan during 2025 or 2024.

9. Related-Party Transactions

WhiteStone receives support from the Grand Chapter and other Masonic bodies, which is summarized as follows:

	<u>2025</u>	<u>2024</u>
Grand Chapter of the Eastern Star of North Carolina	\$ 305,731	\$ 326,224
North Carolina Eastern Star Foundation	25,000	-
MESH Foundation	818,317	786,820
The Grand Lodge of AF & AM of North Carolina	12,500	50,000
Other Masonic Bodies	60,593	93,792

10. Management Agreement

WhiteStone has a management agreement (the Agreement) with Life Care Services, LLC (LCS) to manage, operate, and maintain WhiteStone's retirement community. WhiteStone has agreed to pay LCS a monthly management fee equal to 3.8% of revenues of WhiteStone as defined in the Agreement and an annual application service provider fee of \$10,000 throughout the term of the Agreement. WhiteStone or LCS can terminate the Agreement without cause six months after formal notice is given. The Agreement expires September 1, 2026. Management fees paid to LCS was approximately \$940,000 and \$794,000 during the years ended December 31, 2025 and 2024, respectively. WhiteStone paid LCS for the salaries and benefits of certain employees of approximately \$306,000 and \$294,000 during the years ended December 31, 2025 and 2024, respectively.

11. Contingencies

Senior Living Industry

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter, if any, cannot be known with certainty.

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Notes to Financial Statements

December 31, 2025 and 2024

Litigation

WhiteStone operates in an industry where various suits and claims arise in the normal course of business. WhiteStone maintains general and professional liability coverage on a claims-made basis through a commercial insurance carrier. WhiteStone is not currently aware of any claims that have been or will be asserted that will, after consideration of applicable insurance coverages, have a material adverse effect on the financial statements.

12. Concentrations of Credit Risk

WhiteStone grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements, primarily with Medicaid, Medicare and various commercial insurance companies.

WhiteStone maintains cash and cash equivalents accounts, which, at times, may exceed federally insured limits. WhiteStone has not experienced any losses from maintaining cash and cash equivalents accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash and cash equivalents accounts.

13. Functional Expenses

WhiteStone provides housing and services to its residents. Expenses related to providing these services are as follows for the years ended December 31:

	2025		
	Program Services	General and Administrative	Total
Salaries and wages	\$ 10,295,675	\$ 1,139,025	\$ 11,434,700
Payroll taxes and employee benefits	2,623,707	309,201	2,932,908
Supplies and other expenses	4,261,979	2,286,039	6,548,018
Utilities	975,286	-	975,286
Food	1,333,597	-	1,333,597
Management fees	-	939,619	939,619
Provision for credit losses	-	189,405	189,405
Depreciation and amortization	4,824,319	-	4,824,319
Interest	4,028,770	-	4,028,770
Total	\$ 28,343,333	\$ 4,863,289	\$ 33,206,622

	2024		
	Program Services	General and Administrative	Total
Salaries and wages	\$ 9,274,076	\$ 1,154,731	\$ 10,428,807
Payroll taxes and employee benefits	2,488,172	305,362	2,793,534
Supplies and other expenses	4,249,546	2,343,683	6,593,229
Utilities	868,866	-	868,866
Food	1,181,332	-	1,181,332
Management fees	-	793,545	793,545
Provision for credit losses	-	557,396	557,396
Depreciation and amortization	4,779,827	-	4,779,827
Interest	4,073,930	-	4,073,930
Total	\$ 26,915,749	\$ 5,154,717	\$ 32,070,466

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Notes to Financial Statements

December 31, 2025 and 2024

Certain expense categories above, including depreciation, utilities and interest, are attributable to more than one program service or support function. WhiteStone believes substantially all depreciation, interest and utilities are applicable to program services. As such, these expenses were reported in the program services columns above.

14. Employee Retention Credit

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and amended by the Consolidated Appropriations Act (CAA), the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA), incentivized employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit was allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer.

WhiteStone averaged more than 100 full-time employees (FTEs), but less than 500 FTEs, during 2019. Therefore, WhiteStone was considered a large employer during 2020 and a small employer during 2021. As a large employer in 2020, only wages paid to employees not providing services were eligible for the ERC, while as a small employer in 2021, all of WhiteStone's otherwise qualified wages were eligible. For 2020, WhiteStone was not eligible for the ERC. For 2021, the ERC equaled 70% of an employee's qualified wages up to \$10,000 per employee per calendar quarter with a maximum annual credit of \$21,000 for each employee.

During 2024, WhiteStone applied for the ERC by amending its previously filed Forms 941 for the 1st, 2nd, and 3rd quarters of 2021. During 2025, WhiteStone received \$2,814,171 for the ERC claims plus interest income of \$440,354. WhiteStone accounted for this federal funding in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 for conditional contributions and accordingly, revenues are measured and recognized when barriers are substantially met. Given the uncertainty related to the approval of the amended Forms 941 by the Internal Revenue Service, WhiteStone did not recognize the ERC funds as revenue in 2024 since management did not believe the barriers to recognition were substantially met. Management believes the barriers to recognition were substantially met during 2025. Accordingly, WhiteStone recognized ERC revenue of \$3,254,525 during 2025 included in other non operating income in the statement of operations.

The statute of limitations for the 1st and 2nd quarter of 2021 expired during 2025. The statute of limitations for the 3rd quarter of 2021 is scheduled to expire during 2027.

Appendix B – Five-Year Prospective Financial Statements

**Masonic and Eastern Star Home of North Carolina,
Incorporated DBA: WhiteStone**

Financial Projection
For Each of the Five Years Ending
December 31, 2030
and
Accountants' Compilation Report

Masonic and Eastern Star Home of North Carolina, Incorporated
DBA: WhiteStone

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Accountants' Compilation Report

To the Board of Directors of
Masonic and Eastern Star Home of North Carolina, Incorporated
DBA: WhiteStone

Management is responsible for the accompanying projection of Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone (WhiteStone), which comprises the projected balance sheets, and the related projected statements of operations and changes in net assets and cash flows as of and for each of the five years ending December 31, 2030, and the related summary of significant projection assumptions and accounting policies in accordance with guidelines for the presentation of a projection established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the projection nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this projection.

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

The accompanying projection and this report are intended solely for the information and use of management and the Board of Directors of WhiteStone, and the North Carolina Department of Insurance (NC DOI) pursuant to the requirements of North Carolina's General Statutes, Chapter 58, Article 64 and for inclusion in WhiteStone's annual disclosure statement filing with the NC DOI and are not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
May 18, 2026

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Projected Balance Sheets

December 31, 2026 - 2030

(In thousands of dollars)

	2026	2027	2028	2029	2030
Assets					
Current Assets					
Cash and cash equivalents	\$ 4,100	\$ 4,231	\$ 4,356	\$ 4,504	\$ 4,649
Assets whose use is limited	2,721	2,721	2,721	2,721	2,721
Resident accounts receivable, net	1,051	1,090	1,129	1,171	1,214
Prepaid expenses and other current assets	597	615	633	654	675
Total current assets	8,469	8,657	8,839	9,050	9,259
Investments	11,410	11,030	10,986	11,225	11,789
Assets Whose Use is Limited	15,128	15,401	15,686	15,972	16,273
Property and Equipment, Net	92,014	88,732	85,567	82,458	79,404
Contract Acquisitions Costs, Net	440	456	470	483	495
Beneficial Interest in Perpetual Trusts	4,257	4,257	4,257	4,257	4,257
Total assets	\$ 131,718	\$ 128,533	\$ 125,805	\$ 123,445	\$ 121,477
Liabilities and Net Assets					
Current Liabilities					
Current maturities of long-term debt	\$ 1,155	\$ 1,205	\$ 1,260	\$ 1,315	\$ 1,380
Accounts payable	1,044	1,077	1,109	1,145	1,181
Resident trust funds	355	355	355	355	355
Refundable entrance fees, current	340	340	340	340	340
Accrued payroll and related expenses	962	994	1,023	1,059	1,094
Accrued interest	1,337	1,321	1,303	1,284	1,262
Total current liabilities	5,193	5,292	5,390	5,498	5,612
Long-Term Debt, Net	78,837	77,565	76,238	74,856	73,409
Refundable Entrance Fees	6,258	6,061	5,877	5,706	5,548
Entrance Fee Deposits	249	249	249	249	249
Deferred Revenue from Entrance Fees	31,986	31,668	31,531	31,563	31,751
Total liabilities	122,523	120,835	119,285	117,872	116,569
Net Assets					
Without donor restrictions	3,465	1,924	700	(294)	(1,007)
With donor restrictions	5,730	5,774	5,820	5,867	5,915
Total net assets	9,195	7,698	6,520	5,573	4,908
Total liabilities and net assets	\$ 131,718	\$ 128,533	\$ 125,805	\$ 123,445	\$ 121,477

See summary of significant projection assumptions and accounting policies

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Projected Statements of Operations and Changes in Net Assets

For Each of the Years Ending December 31, 2026 - 2030

(In thousands of dollars)

	2026	2027	2028	2029	2030
Changes in Net Assets (Deficit) Without Donor Restrictions					
Operating revenues:					
Net resident service revenues	\$ 25,569	\$ 26,528	\$ 27,548	\$ 28,504	\$ 29,531
Amortization of entrance fees	4,353	4,310	4,286	4,280	4,291
Contributions	1,400	1,400	1,400	1,400	1,400
Net assets released from restrictions	100	100	100	100	100
Total operating revenues	31,422	32,338	33,334	34,284	35,322
Operating expenses:					
Resident care	10,532	10,861	11,208	11,547	11,911
General and administrative	4,832	5,000	5,175	5,351	5,537
Dining services	4,323	4,459	4,603	4,743	4,892
Plant operations	3,341	3,444	3,550	3,659	3,773
Environmental services	1,434	1,481	1,528	1,577	1,628
Resident services	477	491	506	522	539
Provision for credit losses	256	265	275	285	295
Depreciation and amortization	4,694	4,626	4,511	4,456	4,402
Interest	3,954	3,927	3,876	3,822	3,762
Total operating expenses	33,843	34,554	35,232	35,962	36,739
Operating loss	(2,421)	(2,216)	(1,898)	(1,678)	(1,417)
Nonoperating revenues,					
Investment income	679	675	674	684	704
Revenues less than expenses and change in net assets (deficit) without donor restrictions	(1,742)	(1,541)	(1,224)	(994)	(713)
Changes in Net Assets With Donor Restrictions					
Contributions	100	100	100	100	100
Investment income	43	44	46	47	48
Net assets released from restrictions	(100)	(100)	(100)	(100)	(100)
Change in net assets with donor restrictions	43	44	46	47	48
Change in net assets	(1,699)	(1,497)	(1,178)	(947)	(665)
Net Assets, Beginning	10,894	9,195	7,698	6,520	5,573
Net Assets, Ending	\$ 9,195	\$ 7,698	\$ 6,520	\$ 5,573	\$ 4,908

See summary of significant projection assumptions and accounting policies

Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone

Projected Statements of Cash Flows

For Each of the Years Ending December 31, 2026 - 2030

(In thousands of dollars)

	2026	2027	2028	2029	2030
Cash Flows from Operating Activities					
Change in net assets	\$ (1,699)	\$ (1,497)	\$ (1,178)	\$ (947)	\$ (665)
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Provision for credit losses	256	265	275	285	295
Depreciation and amortization	4,694	4,626	4,511	4,456	4,402
Amortization of debt issuance costs	92	92	92	92	92
Amortization of bond premiums	(159)	(159)	(159)	(159)	(159)
Proceeds from nonrefundable entrance fees, resales	5,101	5,254	5,411	5,574	5,741
Amortization of entrance fees	(4,353)	(4,310)	(4,286)	(4,280)	(4,291)
Increase in contract acquisition costs	(60)	(60)	(60)	(60)	(60)
Changes in assets and liabilities:					
Resident accounts receivable	(336)	(304)	(314)	(327)	(338)
Prepaid expenses and other current assets	45	(18)	(18)	(21)	(21)
Accounts payable	(24)	33	32	36	36
Accrued payroll and related expenses	1	32	29	36	35
Accrued interest	(34)	(16)	(18)	(19)	(22)
Net cash provided by operating activities	3,524	3,938	4,317	4,666	5,045
Cash Flows from Investing Activities					
Purchases of property and equipment	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)
Net purchases of investments and assets whose use is limited	116	107	(241)	(525)	(865)
Net cash used in investing activities	(1,184)	(1,193)	(1,541)	(1,825)	(2,165)
Cash Flows from Financing Activities					
Repayment of long-term debt	(1,110)	(1,155)	(1,205)	(1,260)	(1,315)
Proceeds from refundable entrance fees, resales	409	421	434	447	460
Refunds of entrance fees and deposits	(1,880)	(1,880)	(1,880)	(1,880)	(1,880)
Net cash used in financing activities	(2,581)	(2,614)	(2,651)	(2,693)	(2,735)
Net (decrease) increase in cash and cash equivalents and restricted cash and cash equivalents	(241)	131	125	148	145
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	13,499	13,258	13,389	13,514	13,662
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	\$ 13,258	\$ 13,389	\$ 13,514	\$ 13,662	\$ 13,807
Supplemental Disclosure of Cash Flow Information					
Interest paid	\$ 4,055	\$ 4,010	\$ 3,961	\$ 3,908	\$ 3,851
Reconciliation of Cash and Cash Equivalents and Restricted Cash and Cash Equivalents					
Cash and cash equivalents	\$ 4,100	\$ 4,231	\$ 4,356	\$ 4,504	\$ 4,649
Restricted cash included in assets whose use is limited	9,158	9,158	9,158	9,158	9,158
Total	\$ 13,258	\$ 13,389	\$ 13,514	\$ 13,662	\$ 13,807

See summary of significant projection assumptions and accounting policies

Masonic and Eastern Star Home of North Carolina, Incorporated

DBA: WhiteStone

Summary of Significant Projection Assumptions and Accounting Policies

Basis of Presentation

The accompanying financial projection presents, to the best of the knowledge and belief of management of Masonic and Eastern Star Home of North Carolina, Incorporated DBA: WhiteStone (WhiteStone) and WhiteStone's third-party manager, Life Care Services, LLC (collectively, Management), the expected financial position, results of operations, changes in net assets and cash flows of WhiteStone as of and for each of the five years ending December 31, 2030 assuming that WhiteStone is able to achieve the projected occupancy levels; the projected operating revenue and expense inflationary increases; the projected level of capital expenditures; the projected net proceeds from entrance fees; and the projected amount of contributions revenue (collectively referred to as the Hypothetical Assumptions). Accordingly, the projection reflects Management's judgment as of May 18, 2026, the date of this projection, of the expected conditions and Management's expected course of action if the Hypothetical Assumptions occur.

The accompanying financial projection was prepared for the purpose of complying with the requirements of North Carolina's General Statutes, Chapter 58, Article 64 and for inclusion in WhiteStone's annual disclosure statement filing with the North Carolina Department of Insurance (NC DOI).

The accompanying financial projection was prepared for the purpose of obtaining regulatory approval for the Project from the United States Department of Agriculture and should not be considered a presentation of expected future results. Accordingly, these projections may not be useful for other purposes. The assumptions disclosed herein are those Management believes are significant to the financial projection. Furthermore, even if the Hypothetical Assumptions occur as described, there will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Background of WhiteStone

WhiteStone is a nonprofit organization that operates a continuing care retirement community (the Community) providing housing, health care and other related services to residents on a 42-acre campus containing 210 independent living (IL) units, 36 assisted living (AL) units (12 of which are dedicated to memory care), 86 skilled nursing (SN) beds and various common areas and amenities. WhiteStone is located in Greensboro, North Carolina. It is subject to various laws and regulations enacted by the state of North Carolina regarding its activities.

The Home is affiliated with the Grand Lodge of North Carolina, A.F. and A.M. (Grand Lodge) and the Grand Chapter of North Carolina, Order of the Eastern Star (Grand Chapter). The Home's board of directors includes officers of and is elected by the Grand Lodge and the Grand Chapter.

The North Carolina Masonic Foundation, Inc. (the Masonic Foundation) is a private, charitable foundation established by the Grand Lodge to fund its philanthropic endeavors. The Masonic Foundation is the sole member of the North Carolina Masonic and Eastern Star Home Foundation, LLC (the MESH Foundation LLC), a limited liability company organized for the purpose of providing financial support directly to the Home on behalf of deserving individual members of the Masonic and Eastern Star Fraternity and their qualified relations who reside at or receive services through WhiteStone.

WhiteStone is a philanthropic charity of the Grand Lodge and the Grand Chapter and subordinate lodges and chapters. Each lodge and chapter solicits contributions from its members for the support of WhiteStone.

Masonic and Eastern Star Home of North Carolina, Incorporated

DBA: WhiteStone

Summary of Significant Projection Assumptions and Accounting Policies

Management Agreement

WhiteStone and Life Care Services, LLC (the Manager) entered into a management agreement (the Management Agreement) effective as of September 1, 2021. The term of the Management Agreement is for five years from the effective date. However, WhiteStone or the Manager can terminate the Management Agreement without cause six months after formal notice is given.

Under the Management Agreement, the Manager is responsible for recruiting and employing the Executive Director; supervising the licensing, equipping and staffing of the Community; preparing annual budgets; establishing and operating a system of financial controls for the Community including comparative analyses with other facilities; and overseeing the food service and quality accommodations provided by the Community. In addition, the Manager is expected to facilitate WhiteStone's use of the Life Care Services Leads Management System (LMS) for relevant marketing efforts, provide training for WhiteStone'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 WhiteStone's marketing program by the Manager's marketing specialists.

For its services under the Management Agreement, WhiteStone is obligated to pay the Manager a monthly management fee of 3.8% of the "Revenues" for the then current month. The term "Revenues" shall mean the revenue required to be recorded in accordance with Generally Accepted Accounting Principles, excluding however, amortization of entrance fees, bequests or contributions to WhiteStone. Revenues also do not include interest or dividend income, realized gains on sale of investments, proceeds from insurances, awards, settlement or other dispositions of lawsuits or entrance fees received. WhiteStone is also responsible for certain technology expenses and other reimbursements to the Manager.

Management assumes the Management Agreement will be renewed effective September 1, 2026 under the same terms and conditions of the current Management Agreement and will be in place during the projection period.

Description of Residency Agreement

Under the terms of the Residency Agreement, WhiteStone generally accepts as residents those persons at least 60 years of age at the time of occupancy (only one member of a couple must meet this requirement) who are able to care for themselves with limited or no assistance and are able to demonstrate the necessary financial resources to meet WhiteStone's minimum fee requirements.

In order to reserve an IL unit at the Community, a prospective resident must execute a Residency Agreement (the Agreement), provide recent medical history, provide a self-disclosure of his or her finances and place a deposit equal to 10% of the entrance fee on the selected IL unit. The balance of the entrance fee is due on the occupancy date of the IL unit but in no event later than 90 days after execution of the Agreement.

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Summary of Significant Projection Assumptions and Accounting Policies

As defined in the Agreement, a resident is required to pay a monthly service fee on an on-going basis in addition to the initial entrance fee. Payment of these amounts entitles a resident to occupy and use the IL unit and receive the following services:

- Dining allocation;
- Standard utilities, cable and Wi-Fi internet service, except telephone;
- Access to one unassigned parking stall;
- Building and grounds maintenance;
- Bi-weekly housekeeping service;
- Availability of laundry facilities;
- Planned social, recreational, spiritual, educational and cultural activities;
- Local transportation scheduled by WhiteStone;
- Twenty-four hour emergency call monitoring by nursing staff;
- Fire detection system;
- Security for building and grounds; and
- Health care services at no charge for up to 30 annual days of care.

In addition to the above services, residents are entitled to the use of common areas and amenities including central dining room, chapel, library, mail boxes, lounges, arts and crafts room, exercise areas, community garden, dog park and fellowship hall.

Certain services are available to residents for an additional charge. These services include, but are not limited to, the following:

- Additional meals over those provided in the monthly service fee;
- Certain other supplies and services, such as medicine, drugs, prescribed therapy and nursing and other medical supplies;
- Optional personal care and assistance services;
- Personal laundry service;
- Additional housekeeping services;
- Special events transportation;
- Extended dietician services or tray service to the resident's IL unit; and
- Health care services beyond the 30 free annual days of care.

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Summary of Significant Projection Assumptions and Accounting Policies

WhiteStone offers the following 3 entrance fee plans to prospective residents.

- Traditional (nonrefundable) plan - Under this plan, the entrance fee decreases 2% per month for 50 months. After 50 months of occupancy, no refund of any amount of the entrance fee is due or payable upon termination of the Agreement.
- 50% Return of Capital Plan - Under this plan, the entrance fee decreases 4% upon occupancy, and then 2% per month for 23 months. After 23 months of occupancy, 50% of the entrance fee is refundable upon termination of the Agreement.
- 90% Return of Capital Plan - Under this plan, the entrance fee decreases 4% upon occupancy, and then 2% per month for 3 months. After 3 months of occupancy, 90% of the entrance fee is refundable upon termination of the Agreement.

In accordance with North Carolina law and regulations governing continuing care retirement communities, a resident has the right to rescind the Agreement within 30 days following the later of (i) execution of the Agreement or (ii) the receipt of a Disclosure Statement (the 30-Day Rescission Period). The resident is not required to move into the Community before the expiration of the 30-day Rescission Period. The resident may also voluntarily terminate the Agreement after the 30-Day Rescission Period, and prior to the date of occupancy, provided that the resident gives written notice of such termination. If a resident rescinds the Agreement, or voluntarily terminates the agreement prior to occupancy, the entrance fee paid by the resident will be repaid, less (i) a service charge equal to the greater of \$1,000 or 2% of the entrance fee and (ii) less any charges specifically incurred by WhiteStone at the resident's request. The applicable repayment shall be paid within 60 days of receipt of the written notice of rescission or termination.

After the resident's occupancy of the IL unit, the Agreement may be terminated at any time by the resident by providing written notice. If an entrance fee refund is due upon termination of the Agreement, the refund will be paid, without interest, within 60 days after the resident's IL unit is reserved by a new resident and the new resident has paid the full amount of the entrance fee. In the event the IL unit is not reserved by a new resident, the entrance fee refund will be paid, without interest, within 24 months from the effective date of cancellation of the Agreement.

Health Care Benefit

Each IL resident is entitled to receive 30 days of health care (AL, memory care or SN) at no extra charge, except for the costs of physician services and ancillary health services and supplies, as outlined in the Agreement. Such 30 days are non-cumulative and renew on an annual basis. After 30 days of care each year, residents will be required to pay the per diem rate for care, as well as the IL unit monthly service fee. If it is determined that the resident requires permanent care in AL, memory care or SN, the resident shall be required to surrender his or her IL unit for occupancy by another resident. Once the IL unit is surrendered, the resident will no longer be required to pay the IL unit monthly service fee.

Management assumes total health care discounts related to the 30 free days of health care each year for IL residents will be \$477,000 each year during the projection period based on historical operating experience and future expectations.

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Summary of Significant Projection Assumptions and Accounting Policies

Projected Utilization

The following tables summarize the utilization of services for each level of care:

Table 1
Utilization of IL Units

	Average Available Units	Average Occupied Units	Total Average % Occupancy
Historical:			
2024	210	192	92%
2025	210	202	96%
Projected, 2026 ⁽¹⁾ - 2030	210	200	95%

Source: Management.

Note:

(1) Year-to-date occupancy through April 30, 2026 was 97%.

Management assumes double occupancy for approximately 32% of the IL units each year during the projection period, based on historical operating experience.

Table 2
Utilization of AL Units

	Average Available Units	Average Occupied Units	Total Average % Occupancy
Historical:			
2024	24	14	59%
2025	24	22	90%
Projected, 2026 ⁽¹⁾ - 2030	24	22	90%

Source: Management.

Note:

(1) Year-to-date occupancy through April 30, 2026 was 98%.

Table 3
Utilization of AL Memory Care Units

	Average Available Units	Average Occupied Units	Total Average % Occupancy
Historical:			
2024	12	5	43%
2025	12	11	89%
Projected, 2026 ⁽¹⁾ - 2030	12	11	90%

Source: Management.

Note:

(1) Year-to-date occupancy through April 30, 2026 was 90%.

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Summary of Significant Projection Assumptions and Accounting Policies

Table 4
Utilization of SN Beds

	Average Available Units	Average Occupied Units	Total Average % Occupancy
Historical:			
2024	86	77	90%
2025	86	76	89%
Projected, 2026 ⁽¹⁾ - 2030	86	77	90%

Source: Management.

Notes:

- (1) WhiteStone is licensed for 88 SN beds but only operates 86 SN beds.
- (2) Year-to-date occupancy through April 30, 2026 was 87%.

IL Unit Resales and Related Entrance Fee Activity

Management assumes that a certain number of IL units would be vacated each year throughout the projection period as a result of IL residents transferring from IL due to resident attrition, termination of the Agreement or permanent transfer to AL or SN based on historical operating experience and future expectations. Management assumes that new Agreements requiring the payment of an entrance fee and monthly fee would be executed each year for all vacated IL units, based on historical operating experience and future expectations.

Projected resident admissions and attrition for IL units and the related projected entrance fee proceeds and refunds each year during the projection period are presented in the table below.

Table 5
IL Unit Resales and Related Entrance Fee Activity

Month/Year	Number of Resales	Entrance Fee Proceeds	Entrance Fee Refunds ⁽¹⁾	Net Entrance Fee Proceeds
Projected:				
2026	21	\$ 5,510,000	\$ 1,880,000	\$ 3,630,000
2027	21	5,675,000	1,880,000	3,795,000
2028	21	5,845,000	1,880,000	3,965,000
2029	21	6,021,000	1,880,000	4,141,000
2030	21	6,201,000	1,880,000	4,321,000

Source: Management.

Note:

- (1) As of December 31, 2025, WhiteStone had 22 refundable entrance fee balances, some of which were related to IL residents that transferred to and currently reside in AL or SN. The average refundable entrance fee balance approximated \$309,000 at December 31, 2025. Management assumes that 2 of these refundable balances will be refunded each year during the projection period. In addition, Management assumes that \$1,262,000 of nonrefundable entrance fees will be refunded each year during the projection period based on historical operating experience and future expectations.

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Summary of Significant Projection Assumptions and Accounting Policies

Revenues and Entrance Fees

Revenues are primarily generated from monthly and daily fees received from residents and others for IL, AL, and SN services. Management assumes the private pay monthly and daily fees charged to residents will increase as follows: SN and AL residents, 4.0% each year during the projection period; and IL residents, 4.25% in 2027 and 2028 and 4.0% in 2029 and 2030. All increases to private pay monthly and daily fees are based on historical operating experience and future expectations. Management assumes that Medicare, Medicare Managed Care Part A and Part B, and Medicaid rates will increase 1.0% each year during the projection period based upon future expectations.

Management assumes other resident service revenues will increase 3.0% each year during the projection period based on historical operating experience and future expectations.

Entrance fees for IL units are projected to increase 3.0% each year during the projection period based on historical operating experience and future expectations.

IL Monthly and Entrance Fees

Projected weighted average monthly and entrance fees for IL services are presented in the table below:

Table 6
Entrance Fees and Monthly Fees - IL Units
(in 2026 Dollars)

Type of Unit	# Units	Nonrefundable Entrance Fees⁽¹⁾⁽²⁾	Monthly Fees⁽³⁾⁽⁴⁾
Apartments:			
One bedroom	48	\$30,900-\$214,794	\$3,836-\$4,403
One bedroom with den	37	\$228,686-\$251,507	\$4,207-\$4,459
Two bedrooms	29	\$281,049-\$306,242	\$4,706-\$4,802
Two bedrooms with den	10	\$388,980-\$510,803	\$4,867-\$5,843
Two bedrooms with sunroom	16	\$319,519-\$320,506	\$4,942-\$4,952
Cottages/Villas:			
One bedroom cottage	8	\$139,359	\$3,788
Two bedroom cottage	8	\$162,698	\$4,149
Two bedroom villa	54	\$361,302-\$386,302	\$4,927
Total/Weighted Average Fees	210	\$252,766	\$4,538

Source: Management

Notes:

- (1) WhiteStone does not charge a second person entrance fee.
- (2) WhiteStone also offers 50% and 90% refundable entrance fee plans. The weighted average entrance fees for the 50% and 90% refundable plans are \$353,663 and \$454,560 (in 2026 dollars), respectively.
- (3) The second person monthly fee assumed in the projection is \$1,100 (in Fiscal 2026 dollars).
- (4) The monthly fees above are for residents moving in after January 1, 2026. Certain IL residents that moved in prior to January 1, 2026 pay monthly fees that are less than the monthly fees above. Management assumes that the total discounts from the standard monthly fees above for these IL residents will be \$540,000 in 2026, \$508,000 in 2027, \$478,000 in 2028, \$449,000 in 2029 and \$422,000 in 2030 based on historical operating experience and future expectations.

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Summary of Significant Projection Assumptions and Accounting Policies

AL, MC and SN Monthly / Daily Fees

Projected weighted average monthly / daily fees for SN, AL and MC services are presented in the tables below:

Table 7
AL and MC - Weighted Average Monthly/Daily Fees
(in 2026 Dollars)

Level of Care / Payor	Monthly/Daily Fees
AL private pay monthly fee	\$ 8,176
MC private pay daily fee	\$ 337

Source: Management.

Table 8
SN - Weighted Average Daily Fees
(in 2026 Dollars)

Payor	Daily Fees
Private pay	\$ 417
Medicare Part A	\$ 624
Medicare Managed Care	\$ 452
Medicaid	\$ 272

Source: Management.

SN Payor Mix

The historical and projected payor mix for the SN beds is presented in the following table.

Table 9
SN Payor Mix

	Private Pay	Medicare Part A	Medicare Managed Care	Medicaid
Historical:				
2024	46%	13%	20%	21%
2025	45%	10%	22%	23%
Projected, 2026 - 2030	45%	10%	22%	23%

Source: Management

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Summary of Significant Projection Assumptions and Accounting Policies

Contributions and Net Assets Released from Restrictions

Management assumes that WhiteStone will receive contributions restricted by donors of \$100,000 and unrestricted contributions of \$1,400,000 each year during the projection period based on historical operating experience and future expectations.

Management assumes net assets will be released from donor restrictions by incurring costs satisfying the restricted purpose or by occurrence of other events specified by donors each year during the projection period. Net assets released from restrictions are projected to be \$100,000 each year during the projection period. These amounts are reported as net assets released from restrictions in the projected statements of operations and changes in net assets.

Investment Return

Investment return is projected to be comprised of interest and dividends. Management has not projected any unrealized or realized gains or losses on investments in the projected financial statements. Management assumes that investment return will equal 3.0% of the average balance in investments and certain components of assets whose use is limited (NC DOI operating reserve, amounts set aside to refund entrance fees *and* funds restricted by donors for benevolent care) each year during the projection period. Management did not assume any investment return on assets whose use is limited held by bond trustees under long-term debt agreements and resident deposits held in trust.

Expenses

Operating expenses have been projected based upon Management's anticipated costs at the projected occupancy level and historical operating experience.

Management assumes that there will not be any increase in full-time equivalent (FTE) employees between 2026 and 2030. Salaries and wages, which were projected based on historical operating experience, were assumed to increase at a rate of 3.25% each year during the projection period. Payroll taxes and employee benefit costs, which were projected based on historical operating experience and future expectations, were assumed to equal approximately 18.0% of salaries and wages each year during the projection period.

All other operating expenses, excluding insurance, management fees and the provision for credit losses, were generally assumed to increase 3.0% each year during the projection period. Insurance expense was assumed to increase 5.0% each year during the projection period. Management fees were assumed to equal 3.8% of projected net resident services revenues, excluding amortization of entrance fees, each year during the projection period. The provision for credit losses is projected to equal 1.0% of net resident service revenues each year during the projection period.

The outcome of the projection is particularly sensitive to variances in costs for staffing and other operating expenses. Management's projection assumes its current staffing costs are appropriate for the market, which allows for modest expected increases during the projection period. In addition, Management assumes that if there are further unexpected increases in staffing and other operating expenses, those could be offset by the ability to increase charges for resident services.

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Summary of Significant Projection Assumptions and Accounting Policies

Summary of Significant Accounting Policies

Cash, Cash Equivalents and Restricted Cash and Cash Equivalents

For purposes of the projected financial statements, cash, cash equivalents and restricted cash and cash equivalents include investments in highly liquid debt instruments purchased with an original maturity of three months or less, excluding investments and assets whose use is limited.

Management assumes there would be no change in restricted cash and cash equivalents during the projection period.

Accounts Receivable

WhiteStone assesses collectability on all resident accounts prior to providing services. Accounts receivable are reported net of an allowance for credit losses, which represents WhiteStone's estimate of expected losses as of the balance sheet date. The adequacy of the allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analysis of the aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends and adjustments are made to the allowance, as necessary.

Investments, Assets Whose Use is Limited and Investment Risk

Investments are primarily assumed to include assets set aside for the general use and purposes of the Home.

Assets whose use is limited are primarily assumed to include assets held by bond trustees under long-term debt agreements, assets set aside by the board of directors to meet the NC DOI operating reserve requirements, assets set aside by the board of directors to refund entrance fees, funds restricted by donors for benevolent care and resident deposits held in trust. Amounts available to meet current liabilities have been classified as current assets in the projected balance sheets.

The NC DOI requires that continuing care retirement communities with occupancy levels in excess of 90% maintain an operating reserve equal to 25% of projected total operating costs, as defined, projected for the 12-month period following the most recent annual statement filed with the NC DOI. Continuing care retirement communities with less than 90% occupancy are required to maintain a higher operating reserve depending on their occupancy level, as defined in the statute.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the projected balance sheets. Investments in pooled funds accounts are measured at fair value using net asset value per share in the projected balance sheets. Investment income or loss (primarily interest and dividends) is included in revenues in excess of (less than) expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Management has not projected any unrealized or realized gains or losses on investments and assets whose use is limited in the projected financial statements.

WhiteStone's investments are comprised of a variety of financial instruments. The fair values reported in the projected balance sheets are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is possible that the amounts reported in the projected balance sheets could change materially during the projection period.

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Summary of Significant Projection Assumptions and Accounting Policies

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Gifts of long-lived assets such as land, buildings or equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Property and equipment will be evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. Management has not projected any impairment losses during the projection period.

Contract Acquisition Costs

Contract acquisition costs include incremental costs of obtaining Agreements that WhiteStone would not have incurred had the Agreements not been obtained and are recorded at cost. Contract acquisition costs are amortized over the estimated life expectancy of the residents using the straight-line method, which approximates the period of time that goods and services under the Agreements are expected to be transferred to residents.

Beneficial Interest in Perpetual Trusts

WhiteStone received as contributions perpetual trusts. Under these agreements, WhiteStone recorded the assets and recognized contribution revenues with donor restrictions, based on the existence of time restrictions, at the fair value of WhiteStone's interest in the trust assets, which is an approximation of the present value of the estimated future distributions to be received from the trusts. Income earned on the perpetual trust assets and distributed to WhiteStone is recorded as nonoperating revenues, investment income in the projected statements of operations and changes in net assets unless otherwise restricted by the donor.

Debt Issuance Costs

Costs incurred in connection with the issuance of long-term debt are amortized over the term of the related debt using the straight-line method, which approximates the effective interest method, and are presented in the projected balance sheets as a direct reduction of long-term debt.

Entrance Fees

The guaranteed refund component of entrance fees is not amortized to income and is classified as refundable entrance fees in the projected balance sheets. The balance of entrance fees received is classified as deferred revenue from entrance fees in the projected balance sheets and is amortized to income over the annually adjusted actuarially determined life expectancies of the residents using the straight-line method, which approximates the period of time that goods and services under the Agreements are expected to be transferred to residents.

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Summary of Significant Projection Assumptions and Accounting Policies

Obligation to Provide Future Services

WhiteStone annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents, discounted at 5%, and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net obligation to provide future services and use of facilities exceeds deferred revenue from entrance fees, a liability is recorded. Management assumes that no excess will be calculated during the projection period. As such, no liability is reflected in the projected financial statements.

Net Assets

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 and reported as follows:

Net Assets (Deficit) Without Donor Restrictions - Include net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors is accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - Includes 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. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Net Resident Service Revenues

Net resident service revenues are reported at the amount that reflects the consideration WhiteStone expects to receive in exchange for goods and services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the goods and services provided. Net resident service revenues are recognized as performance obligations are satisfied.

Payment terms and conditions for WhiteStone's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service revenues for recurring and routine monthly services due from private pay residents are generally billed monthly in advance. Net resident service fee revenues for ancillary services due from private pay residents are generally billed monthly in arrears. Net resident service revenues due from Medicare, Medicaid and other third-party payor programs are billed monthly in arrears.

Net resident service revenues are primarily comprised of SN, AL and IL revenue streams, which are primarily derived from providing housing and SN, AL and IL services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. WhiteStone has determined that the services included in the stated daily or monthly fee for each level of care represent a series of distinct services that have the same timing and pattern of transfer. Therefore, WhiteStone considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, SN, AL and IL revenues are recognized on a daily or month-to-month basis as services are rendered.

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Summary of Significant Projection Assumptions and Accounting Policies

WhiteStone receives revenue for SN services under third-party payor programs, including Medicare, Medicaid and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. WhiteStone estimates the transaction price based on the terms of the contract with the payor, correspondence with the payor and historical payment trends. Retroactive adjustments are recognized in future periods as final settlements are determined.

Benevolent Care

WhiteStone provides services to residents who meet certain criteria under its benevolent care policy at amounts less than its established rates. Because WhiteStone does not pursue collection of amounts determined to qualify as benevolent care, they are not reported as revenue.

Whitestone maintains records to identify and monitor the level of benevolent care it provides. Management assumes that charges forgone, based on projected rates for services rendered and supplies furnished, will be \$683,000 each year during the projection period based on historical operating experience and future expectations.

Income Taxes

WhiteStone is 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 on its exempt income under Section 501(a) of the IRC.

Measure of Operations

WhiteStone's operating loss includes only those operating revenues and expenses that are an integral part of WhiteStone's program activities, contributions and net assets released from donor restrictions to support operating expenditures. Nonoperating activities are limited to investment income and other nonoperating income.

Performance Indicator

The projected statements of operations and changes in net assets include the determination of revenues less than expenses (the performance indicator). Changes in net assets without donor restrictions which are excluded from revenues less than expenses, consistent with industry practice, include 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, if any).

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Summary of Significant Projection Assumptions and Accounting Policies

Assets Whose Use Is Limited

Management assumes assets whose use is limited will be comprised of the following during the projection period.

Table 10
Assets Whose Use Is Limited
(in thousands of dollars)

	2026	2027	2028	2029	2030
Assets whose use is limited:					
NC DOI operating reserve	\$ 6,299	\$ 6,500	\$ 6,711	\$ 6,921	\$ 7,144
Held by bond trustees under long-term debt agreements	8,809	8,809	8,809	8,809	8,809
Donor-restricted funds	1,473	1,517	1,563	1,610	1,658
Other	1,268	1,296	1,324	1,353	1,383
Total	17,849	18,122	18,407	18,693	18,994
Amounts available to meet current liabilities	2,721	2,721	2,721	2,721	2,721
Non-current portion of assets whose use is limited	\$ 15,128	\$ 15,401	\$ 15,686	\$ 15,972	\$ 16,273

Source: Management.

The calculations of the NC DOI operating reserve amounts in Table 10 are as follows:

Table 11
NC DOI Operating Reserve Calculation
(in thousands of dollars)

	2026	2027	2028	2029	2030
Total projected operating expenses	\$ 33,843	\$ 34,554	\$ 35,232	\$ 35,962	\$ 36,739
Include,					
Projected principal payments on long-term debt	1,110	1,155	1,205	1,260	1,315
Exclude:					
Projected depreciation and amortization expense	(4,694)	(4,626)	(4,511)	(4,456)	(4,402)
Projected amortization of bond issuance costs and bond premiums	67	67	67	67	67
Projected amounts set aside in debt service reserve funds	(5,131)	(5,149)	(5,148)	(5,149)	(5,144)
Total	25,195	26,001	26,845	27,684	28,575
Required reserve percentage	25%	25%	25%	25%	25%
Required operating reserve	\$ 6,299	\$ 6,500	\$ 6,711	\$ 6,921	\$ 7,144

Source: Management.

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Summary of Significant Projection Assumptions and Accounting Policies

Property and Equipment

Management assumes the useful lives of depreciable assets generally range from 10 to 40 years. Management assumes routine capital expenditures will be \$1,300,000 each year during the projection period. For purposes of the projection, Management assumes a weighted average useful life of approximately 16 years for routine capital expenditures. Property and equipment and depreciation expense are projected as follows.

Table 12
Property and Equipment and Depreciation Expense
(in thousands of dollars)

	2026	2027	2028	2029	2030
Property and equipment:					
Land and land improvements	\$ 2,521	\$ 2,521	\$ 2,521	\$ 2,521	\$ 2,521
Buildings and building improvements	124,393	125,393	126,393	127,393	128,393
Furniture and equipment	7,864	8,164	8,464	8,764	9,064
Construction in progress	357	357	357	357	357
Subtotal	135,135	136,435	137,735	139,035	140,335
Accumulated depreciation	(43,121)	(47,703)	(52,168)	(56,577)	(60,931)
Property and equipment, net	<u>\$ 92,014</u>	<u>\$ 88,732</u>	<u>\$ 85,567</u>	<u>\$ 82,458</u>	<u>\$ 79,404</u>
Depreciation expense	<u>\$ 4,652</u>	<u>\$ 4,582</u>	<u>\$ 4,465</u>	<u>\$ 4,409</u>	<u>\$ 4,354</u>

Source: Management.

Long-Term Debt and Interest Expense

Series 2020 Bonds

In August 2020, the Public Finance Authority (the Authority) issued, on behalf of WhiteStone, \$73,295,000 of Retirement Facilities First Mortgage Revenue Bonds (WhiteStone) (the Series 2020 Bonds). The proceeds from the Series 2020 Bonds were used to finance an expansion and campus repositioning project that included the construction of 67 IL apartments and 24 AL units, the relocation of 12 memory care beds to the new AL facility and the repositioning of the SN beds from 88 to 84 operating beds; fund interest on the Series 2020 Bonds for 35 months; fund debt service reserve funds; and pay a portion of the costs of issuing the Series 2020 Bonds. The Series 2020 Bonds were issued in three components: Series 2020A Bonds totaling \$60,105,000, Series 2020B-1 Bonds totaling \$4,000,000 and Series 2020B-2 Bonds totaling \$9,190,000.

As of December 31, 2025, the terms of the outstanding Series 2020A Bonds are as follows:

- \$3,945,000 term bonds due in varying annual installments through March 2030, issued at an annual interest rate of 4.0%.
- \$19,865,000 term bonds due in varying annual installments beginning March 2031 through March 2045, issued at an annual interest rate of 5.25%.
- \$34,930,000 term bonds due in varying annual installments beginning March 2046 through March 2055, issued at an annual interest rate of 5.25%.

Interest on the Series 2020A Bonds is due on March 1 and September 1 each year.

Masonic and Eastern Star Home of North Carolina, Incorporated
DBA: WhiteStone

Summary of Significant Projection Assumptions and Accounting Policies

Proceeds from entrance fees for the new IL apartments were used to repay the Series 2020B-1 Bonds during 2024 and the Series 2020B-2 Bonds during 2023.

Series 2017 Bonds

In November 2017, the Authority issued, on behalf of WhiteStone, \$23,855,000 of Retirement Facilities First Mortgage Revenue Refunding Bonds (WhiteStone) (the Series 2017 Bonds). The proceeds from the Series 2017 Bonds were used to refund existing long-term debt, fund a debt service reserve fund; and pay a portion of the costs of issuing the Series 2017 Bonds.

As of December 31, 2025, the terms of the outstanding Series 2017 Bonds are as follows:

- \$785,000 term bonds due in varying annual installments through March 2027, issued at an annual interest rate of 4.0%.
- \$5,270,000 term bonds due in varying annual installments beginning March 2028 through March 2037, issued at an annual interest rate of 5.0%.
- \$14,955,000 term bonds due in varying annual installments beginning March 2038 through March 2052, issued at an annual interest rate of 5.0%.

Interest on the Series 2017 Bonds is due on March 1 and September 1 each year.

Security

The Series 2020 Bonds and Series 2017 Bonds are secured on a parity basis by substantially all of the Home's assets.

Long-Term Debt Summary

The following is a summary of long-term debt as of December 31:

	2026	2027	2028	2029	2030
Series 2020 Bonds	\$ 58,015	\$ 57,260	\$ 56,470	\$ 55,650	\$ 54,795
Series 2017 Bonds	20,625	20,225	19,810	19,370	18,910
Total	78,640	77,485	76,280	75,020	73,705
Less:					
Current maturities	(1,155)	(1,205)	(1,260)	(1,315)	(1,380)
Bond premiums, net	3,212	3,053	2,894	2,735	2,576
Debt issuance costs, net	(1,860)	(1,768)	(1,676)	(1,584)	(1,492)
Long-term debt	<u>\$ 78,837</u>	<u>\$ 77,565</u>	<u>\$ 76,238</u>	<u>\$ 74,856</u>	<u>\$ 73,409</u>

Source: Management.

Masonic and Eastern Star Home of North Carolina, Incorporated

DBA: WhiteStone

Summary of Significant Projection Assumptions and Accounting Policies

Annual Principal and Interest Payments

The following table presents the projected annual principal and interest payments on long-term debt.

Table 14
Projected Annual Debt Service
Long-Term Debt
(in thousands of dollars)

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
Years Ending December 31:			
2026	\$ 1,110	\$ 4,055	\$ 5,165
2027	1,155	4,010	5,165
2028	1,205	3,961	5,166
2029	1,260	3,908	5,168
2030	1,315	3,851	5,166
Thereafter	<u>73,705</u>	<u>60,416</u>	<u>134,121</u>
Total	<u>\$ 79,750</u>	<u>\$ 80,201</u>	<u>\$ 159,951</u>

Source: Management.

Contingencies

Senior Living Services Industry

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future effects of this matter on WhiteStone, if any, are not presently determinable.

Regulatory Considerations

Legislation and regulations at all levels of government have affected and may continue to affect the revenues and expenses of WhiteStone. The financial projection is based on legislation and regulations currently in effect, including Medicare and Medicaid reimbursement methodologies. If future legislation or regulations affecting WhiteStone are subsequently enacted, such legislation or regulations could have a material effect on future operations.

Budgetary pressures at both the State and Federal levels have the potential to limit future funding for Medicaid and Medicare reimbursement for SN services. While there is anecdotal information available on the potential impacts resulting from government budgetary pressures, very little specific information is available as of the date of this report to estimate the specific impact on an individual provider or entity. Therefore, Management has relied upon historical operating experience, as well as information currently available, to projection future demand for SN services and future reimbursement rates for SN services rendered to Medicaid and Medicare program beneficiaries.

Appendix C – Statement of Actuarial Opinion

An actuarial opinion has not been prepared for the current reporting period. The Provider anticipates obtaining an actuarial opinion in Fiscal Year 2027.

Appendix D – Representative Contract(s)



**700 South Holden Road
Greensboro, North Carolina 27407
(336) 299-0031**

**50% Return-of-Capital™
Residency Agreement**

11/25/2025

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Exhibit A – Non-Standard Features Added at Resident's Request

WHITESTONE: A MASONIC & EASTERN STAR COMMUNITY
50% RETURN-OF-CAPITAL™
RESIDENCY AGREEMENT

RECITALS:

A. Provider. The Masonic and Eastern Star Home of North Carolina, Inc., a non-profit corporation (hereafter "we" or "us" or "our"), is the provider of a continuing care retirement community known as WhiteStone: A Masonic & Eastern Star Community (the "Community") located in Greensboro, North Carolina.

B. Resident. _____ ("Resident" or "you" or "your", or when two people ("Joint Residents") are named in this Agreement, each of them and the survivor of them, except as otherwise indicated) wishes to live at the Community and to enjoy, consistent with the rights, welfare and contentment of the other residents, the facilities and services provided by the Community.

C. Requirements for Residency. Except as waived by us after full disclosure, we require that Resident be at least sixty (60) years of age or applying for the same Residence with a Joint Resident who is sixty (60) or older, be capable of meeting the requirements of occupancy with or without reasonable accommodation and/or reasonable modification, and have sufficient assets and income, all as are specified in our Residency Policy.

NOW, THEREFORE, this Agreement is made and entered into between us and Resident as a commitment by Resident and us to the terms and conditions hereinafter set forth.

1. THE RESIDENCE. We agree to make available to you, for as long as you live and subject to the terms of this Agreement, a room, studio, apartment or cottage at the Community described as follows: _____, _____ no. _____ (hereafter "Residence"), and to provide, for your lifetime, the services and amenities described in Section 3.1 below. You may select certain options and custom features in the Residence at an extra charge, which shall not be subject to any repayment 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 Community prior to adding them to the Residence. The Executive Director of the Community has consented to your request to add the non-standard features set forth on Exhibit A to the Residence, and you agree to pay the amount(s) set forth on Exhibit A to cover the additional charges for these features.

2. CHARGES FOR RESIDENCE AND PRIMARY SERVICES.

2.1 Application Fee. Prior to or upon execution of this Agreement, you will pay to us an Application Fee of \$ _____. The Application Fee will be used by us to process your application for residency and is non-refundable.

2.2 Entrance Fee. In order to reside at the Community for life, subject to this Agreement, and to receive the services described below, you agree to pay to us (in addition to the Monthly Fee

described below) an Entrance Fee in the amount of \$ _____. The total amount of the Entrance Fee shall be payable as follows:

2.2.1 Ten percent (10%) of the total Entrance Fee or \$ _____ is due and payable upon your execution of this Agreement.

2.2.2 The balance of \$ _____ of the Entrance Fee shall be paid on the date of occupancy at the Community but in no event later than ninety (90) days after your execution of this Agreement.

2.3 Monthly Fee. You are obligated to begin paying a Monthly Fee (or a pro rata portion thereof) on the date you assume occupancy at the Community or within ninety (90) days from the date this Agreement is executed by you, whichever is earlier. Thereafter, the Monthly Fee shall be paid by the tenth (10th) day of each month during the term of this Agreement. The Monthly Fee is initially set at a specific amount that can be increased as described in Section 2.6 below. A "Second Person Monthly Fee" shall become part of the Monthly Fee and shall be paid if two persons are Joint Residents under this Agreement. If there are Joint Residents under this Agreement and one Joint Resident dies, the Second Person Monthly Fee shall cease and the remaining Resident shall continue to pay the Monthly Fee without the Second Person Monthly Fee component.

2.4 Initial Monthly Fee. The initial Monthly Fee payable by you is \$ _____ per month and an additional \$ _____ per month as a Second Person Monthly Fee component of the Monthly Fee if two persons reside as Joint Residents pursuant to this Agreement.

2.5 Continuance of Monthly Fee. The Monthly Fee will continue until (i) your death (in the case of Joint Residents, the death of the surviving Resident), or (ii) surrender of your Residence due to your permanent assignment to Health Center Level Services (as defined in Section 5.1), or (iii) the cancellation of this Agreement as outlined in Sections 8 and 9. If this Agreement is canceled on a date other than the last day of the month, the amount of the Monthly Fee shall be prorated to the date of cancellation. If you have paid more than the prorated Monthly Fee, we will repay the excess amount to you within thirty (30) days after the date of cancellation.

2.6 Increase in Monthly Fee. The Monthly Fee is paid to us to provide the services and amenities described in this Agreement, and is intended to meet the expenses associated with the operation of the Community. We may increase the Monthly Fee (which includes the Second Person Monthly Fee where applicable) upon thirty (30) days' written notice if we, in our sole discretion, deem it necessary to meet the financial needs of the Community or to provide services to the Residents.

2.7 Reduction in Monthly Fee Due to Absence. If you are absent from the Community for more than seven (7) consecutive days, you will be eligible for a Monthly Fee credit equivalent to the costs of meals paid for and not consumed. You are required to notify us in advance of your absence in order to qualify for the Monthly Fee credit.

2.8 Reserve Funds. The amount of the Monthly Fee is and will continue to be affected by our policy of maintaining reserve funds for the financial security of the Community.

2.9 Late Payment Charge. We may charge a one percent (1%) late payment charge per month on any Monthly Fees or extra charges that have not been paid within thirty (30) days of receipt of a monthly statement from us.

3. DESCRIPTION OF PRIMARY AND SUPPLEMENTAL SERVICES.

3.1 Services Provided for the Monthly Fee. We will provide you, in consideration for the Monthly Fee referred to above, the following services and amenities at the Community:

- As of the date you executed this Agreement the monthly Dining Allocation is \$ _____ per month. Each Resident will receive the monthly Dining Allocation as part of the Monthly Fee and Second Person Monthly Fee, to be applied toward dining charges in the main dining room, other designated dining areas, or for other food and beverage services. This Dining Allocation may be expended by you, or with your permission, your guests. Each month, you will be charged for any dining charges in excess of your Dining Allocation. Any unused Dining Allocation at the end of a month can be carried over up to thirty (30) days, but will expire after such thirty (30) days. Your monthly Dining Allocation will be adjusted annually to reflect changes in food service expenses;
- Water, sewer, air conditioning, heating, electricity, cable, Wi-Fi internet, trash removal, and municipal services. The Resident is responsible for the charges related to telephone;
- Access to one unassigned parking stall (other spaces, if available, may be provided for an additional fee);
- Building and grounds maintenance;
- Bi-weekly housekeeping service;
- Availability of laundry facilities so that you may wash and dry personal laundry;
- Planned activities -- social, educational, cultural, recreational, and spiritual -- for those who wish to participate;
- Services of an activities director;
- Use of the Community's common areas and amenities during scheduled hours -- central dining room, chapel, library, mail boxes, lounges, arts and crafts room, exercise areas, community garden, dog park, fellowship hall, and woodworking shop;
- Carpeting (except in the kitchen and bath where there is other floor covering);
- A kitchen, including refrigerator with icemaker, range/oven, garbage disposal, dishwasher, and microwave;
- Local transportation scheduled by us;
- Twenty-four (24) hour emergency call monitoring in your Residence by nursing staff;
- Guest parking areas;
- Fire detection system;
- Security for buildings and grounds;
- Health Center Level Services, for thirty (30) free annual days of care (see Section 5 for additional details).

3.2 Supplemental Services Provided for an Extra Charge. Supplemental services, when available, will be provided at extra charge and are described below:

- Additional meals in the dining room over those provided in consideration for the Monthly Fee;
- Guest accommodations, if available;
- Certain other supplies and services such as medicine, drugs, prescribed therapy, Health Center Medical Director, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment;
- Other optional services related or unrelated to care in the Health Center as approved by us;
- Personal laundry service;
- Guest meals;
- Additional housekeeping services;
- Special events transportation;
- Extended dietician services when ordered by your attending physician or dietician services not ordered by your attending physician;
- Tray service to your Residence when ordered by your attending physician, the Health Center Medical Director, the Health Center director of nursing, assistance-in-living director or resident services director;
- Health Center Level Services beyond the thirty (30) free annual days of care.

4. TERMS OF RESIDENCY.

4.1 Use of the Residence. The Residence is for living only and will not be used for carrying on any business or profession, nor in any manner in violation of zoning restrictions. This Agreement is not a lease, and grants you only a lifetime use of the Residence and other facilities of the Community and to available services, subject to the terms and conditions of this Agreement.

4.2 Duration of Your Right to Occupy the Residence. You may reside in your Residence for as long as you (or either of you in the case of Joint Residents) live unless you (both of you in the case of Joint Residents) are not capable of occupancy as set forth in our Residency Policy, or this Agreement is canceled by you or by us. A copy of our current Residency Policy, outlining the age, health and financial requirements for residency, is available for review in the Community Marketing Office. If, in the opinion of your attending physician or the Medical Director, your physical or mental health requires that assisted living, skilled nursing care, or specialized care for dementia or related disorders be given, you will be requested to relocate to the Community Health Center where we are licensed to provide such care.

4.3 Occupants of the Residence. Except as hereinafter provided, no person other than you (both of you in the case of Joint Residents) may occupy the Residence. In the event that a second person who is not a party to this Agreement is accepted for residency in the Residence at a time subsequent to the date hereof (said acceptance to be in accordance with our current Residency Policy), an Entrance Fee in an amount to be determined by us (which will be no more than one-half of the then-current Entrance Fee for the Residence) shall be paid upon residency, and each month thereafter, the then-current Second Person Monthly Fee shall be paid as part of the Monthly Fee. 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.

If the Resident marries a person who is also a resident of the Community, and should they decide to occupy one residence as Joint Residents, they must declare which residence will be occupied and which residence will be surrendered. The repayment due for the surrendered residence, if any, will be provided pursuant to the Entrance Fee repayment terms in the residency agreement of the surrendered residence.

4.4 Guests. Guests are welcome to stay in your Residence for short stays not to exceed ten (10) consecutive days. Such stay shall not, in the opinion of the Executive Director, adversely affect the operation of the Community or be inconsistent with the welfare of other residents.

4.5 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.

4.6 Insurance. You are required at your own expense to carry personal property insurance and liability insurance. If requested by us, you agree to provide us with proof of such insurance coverage.

4.7 Removal and Storage of Resident's Personal Property. Your personal property must be removed from the Residence within thirty (30) days following any of the following dates: (i) the date of your death (if Joint Residents, the date of death of the surviving Resident), (ii) the date notice of cancellation is delivered by you or us pursuant to Section 8 or 9, or (iii) the date notice is delivered to you of your permanent assignment or transfer to the Community Health Center or a Comparable Facility for Health Center Level Services (see definitions in Sections 5.1 and 5.2). If your personal property has not been removed from the Residence within such thirty (30) day period, then we may, in our sole discretion, either charge you an additional Monthly Fee for each month thereafter during which such personal property remains in the Residence or remove and store such personal property at the expense and risk of you or your estate. In the event of your death, while you are a resident of the Community under this Agreement, only the executor(s) named in your Will will be allowed to remove or dispose of your furnishings and belongings in your living accommodation and any related storage areas at the Community. Members of your family or those to whom you have granted Power of Attorney will not be allowed access to your personal property after your death, unless they are the executor(s) named in your Will.

4.8 Furnishings. Furnishings within the Residence provided by you shall not be such as to interfere with the health, safety or general welfare of you, other residents, or others.

4.9 Emergency Entry and Relocation. We may enter your Residence should it be necessary in an emergency to protect your health and safety or the health and safety of other residents. If relocation is recommended by the Medical Director or your attending physician, we will request that you relocate to another residence within the Community, or to the Community Health Center or a Comparable Facility (as defined in Section 5.2) for the protection of your health or safety or for the health or safety of the other residents of the Community.

4.10 Alterations by You. You may not undertake any alterations to your Residence without our prior written approval, as set forth in a separate addendum to this Agreement.

4.11 Condition of Residence. Upon vacating the Residence, you agree to leave it in good condition, except for normal wear and tear. You shall be liable to us for any charges incurred to restore your Residence to good condition, normal wear and tear excepted.

4.12 Rights of Second Single Resident. When two Joint Residents reside in a single Residence under this Agreement, upon the death or permanent assignment of one Resident to the Community Health Center Level Services, or other inability to continue residing in the Residence, the remaining Resident may continue to reside in the Residence under the terms of this Agreement and shall pay the Monthly Fee.

5. THE COMMUNITY HEALTH CENTER.

5.1 Description. The Community Health Center is the portion of the Community which is licensed to provide assisted living, skilled nursing care, and specialized care for dementia or related disorders (collectively "Health Center Level Services"). The Community Health Center is staffed by licensed nursing personnel 24 hours a day.

5.2 Alternate Accommodations. You will be given priority over non-residents for admission to the Community Health Center. In the event the Community Health Center is fully occupied when you are determined appropriate for admission, you agree to relocate to an alternate health care facility that provides services similar to the Community Health Center (a "Comparable Facility"). Upon your relocation to a Comparable Facility, you shall continue to be responsible for the Monthly Fee (unless your Residence is surrendered). We will not be responsible for the charges associated with the Comparable Facility.

5.3 Thirty (30) Annual Days of Nursing Care in the Community Health Center. You are eligible to receive thirty (30) annual days of nursing care (non-cumulative) in the Community Health Center (while you are a resident of your Residence), without paying the Health Center per diem charge. In the case of Joint Residents, each of you will receive thirty (30) annual days, but the days cannot be combined and used by only one of you, and unused days cannot be carried over to subsequent years. You are required to pay any charges for physician services and any additional health services as outlined in Section 5.10. Once you are permanently assigned to the Health Center, you no longer qualify for the thirty (30) annual days.

5.4 Transfer to Health Center Level Services. In the event your physical or mental health is determined by us to be appropriate for Health Center Level Services, you agree to relocate to the Community Health Center or a Comparable Facility. Such a determination will be made by us after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.

5.5 Temporary Assignment to the Community Health Center. In the event you require temporary care in the Community Health Center beyond the thirty (30) annual days of care as outlined in Section 5.4, you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Section 5.10. In addition, you will continue to pay the Monthly Fee for your Residence.

5.6 Permanent Assignment to Health Center Level Services. In the event you require permanent care in the Community Health Center beyond the thirty (30) annual days of care as outlined in Section 5.4, you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Section 5.10. If you are determined appropriate for Health Center Level Services, and are admitted or relocated to the Community Health Center or a Comparable Facility, you will be required to surrender the Residence to us. We shall have the right to reassign the Residence for occupancy by others except as provided in Section 4.12. Release of the Residence due to your permanent assignment to the Community Health Center or to a Comparable Facility does not qualify you for reimbursement of the Entrance Fee, unless this Agreement is canceled.

Once the Residence is surrendered, you will no longer be obligated to pay the Monthly Fee for the Residence.

5.7 Relocation within the Community Health Center. We reserve the right to relocate you to a different level of care within the Community Health Center if you require such care. Such relocation will be made after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.

5.8 Return to Residence. If we subsequently determine, in consultation with your attending physician, your personal representative and you to the extent possible, that you can resume occupancy in a residence equivalent to the residence you previously occupied, you shall have the right to relocate to such equivalent residence as soon as one is available. Upon reoccupying a residence, your Monthly Fee will be based on the then-current Monthly Fee for the residence.

5.9 Medical Director, Attending Physician, and Additional Health Services. We have designated a licensed physician to serve as Medical Director of the Community Health Center. You are required to have a local attending physician. You may engage the services of the Medical Director at your expense. We will not be responsible for the charges for medical treatment or services by the Medical Director or your attending physician, nor will we be responsible for the charges for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment.

5.10 Advanced Charges for Medical Treatment. In the event we incur or advance payment for your medical treatment or for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment (even in the event such medical care is given at the direction of your attending physician or the Medical Director without your prior approval), you shall promptly reimburse us for such payments. Upon

cancellation of this Agreement for any reason, any amounts due to us under this Section 5.11 shall be offset against any repayment of the Entrance Fee.

5.11 Medicare and Health Insurance. When age eligible, you are required 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 Community Health Center or a Comparable Facility. You shall furnish to us such evidence of coverage as we may from time to time request. Such supplemental insurance should cover Medicare co-insurance and deductibles. Should your supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay in the Community Health Center or a Comparable Facility, or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay in the Community Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each Medicare-qualified admission and stay in the Community Health Center or a Comparable Facility. If you are eligible to receive the thirty (30) annual days of care in the Community Health Center as provided in Section 5.4 and your stay in the Community Health Center is a Medicare-qualified stay, such thirty (30) annual days will be applied after the expiration of your Medicare-qualified stay providing you have Medicare Part A, Medicare Part B and acceptable supplemental health insurance or equivalent insurance coverage.

If you are not eligible for Medicare, you shall maintain health insurance coverage acceptable to us and shall furnish us with evidence of such coverage upon our request. Should your health insurance not fully cover your stay in the Community Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each admission and stay in the Community Health Center or a Comparable Facility.

If failure to maintain Medicare Part A, Medicare Part B, supplemental health insurance or other health insurance coverage 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 Section 7.1, and we retain the right to revoke your right to reside at the Community and cancel the Residency Agreement as provided in Section 9.

5.12 Managed Care. If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B, and supplemental insurance coverage, the terms of this Agreement governing nursing care will include the following provisions:

5.12.1 Participating Provider. If the Community Health Center is a participating provider with your managed care program and your stay is a Medicare-qualified stay, the Community agrees to be reimbursed at the rate negotiated with your managed care program. Such a managed care stay in the Community Health Center will not reduce the number of days of care you are eligible to receive without extra charge pursuant to Section 5.4.

5.12.2 Not a Participating Provider. If the Community Health Center is not an approved participating provider with your managed care program and you choose to receive health care services at a managed care participating provider, then you agree that you must relocate for as long as necessary for those services to be provided, and be responsible for all charges for health care

services. In addition, while receiving health care services at the managed care participating provider, you agree that unless this Agreement is canceled, you will continue to pay the Monthly Fee for your Residence, unless your Residence has been surrendered to us. Such a stay at a managed care participating provider other than the Community Health Center will not reduce the number of days of care that you are eligible to receive without extra charge pursuant to Section 5.4.

5.12.3 Negotiated Managed Care Rate. If the Community Health Center is not a participating provider in your managed care program and your stay is a Medicare-qualified stay, we will use our best effort to negotiate a reimbursement rate with your managed care program. If we are able to negotiate an acceptable rate, we agree to accept as full payment the rate provided by your managed care program. Such a managed care stay in the Community Health Center will not reduce the number of days of care that you are eligible to receive without extra charge pursuant to Section 5.4.

5.12.4 No Negotiated Managed Care Rate. If the Community Health Center is not a participating provider in your managed care program and a negotiated rate is not agreed upon and you would still like to receive health care in the Community Health Center during a Medicare-qualified stay, then each day of your stay in the Community Health Center will reduce by one day the number of days of care you are eligible to receive without extra charge pursuant to Section 5.4. During any such Medicare-qualified stay in the Community Health Center, you agree that you will continue to pay the Monthly Fee, unless your Residence has been surrendered to us, the charges for medication, prescribed therapy, medical treatment by physicians, and other medical and miscellaneous supplies and services associated with medical treatment. If at any time during any such Medicare-qualified stay in the Community Health Center you are no longer eligible to receive any of the days of care provided for in Section 5.4, then you agree to pay the per diem rate for your care in the Community Health Center, the charges for medication, prescribed therapy, medical treatment by physicians, and other medical and miscellaneous supplies and services associated with medical treatment, and the Monthly Fee for your Residence, unless your Residence has been surrendered to us.

5.12.5 Post Medicare-Qualified Stay. At the conclusion of each such Medicare-qualified stay, you will be entitled to health care in the Community Health Center in accordance with the terms of this Agreement other than as provided in this Section 5.13, as adjusted to reflect any reduction during such stay in the number of days of care that you are eligible to receive without extra charge as provided in Section 5.4.

5.13 Transfer to Hospital or Other Care Facility. If we determine after consultation with your attending physician, your personal representative and you to the extent possible, that you need care beyond that which the Community Health Center is licensed to provide, you will be transferred to a hospital or other care facility. We shall not be responsible for any charges associated with the transfer and health care expenses or charges incurred by you after such a transfer. You shall continue to pay the Monthly Fee until your Residence is surrendered.

5.14 Community Health Center Admission Agreement. If you require care in the Community Health Center, you agree to enter into a separate Community Health Center Admission Agreement to be signed by you and us.

5.15 Under Age 60. If you are under the age of 60 when you occupy your Residence under this Agreement, you are not eligible to receive thirty (30) annual days of nursing care in the Community Health Center as described in Section 5.4 until you attain the age of 60. During this time, you will be entitled to Health Center Level Services at the then-current rate being charged to non-residents until age 60.

6. REPRESENTATIONS.

6.1 Our Representations. We represent and warrant that we are a nonprofit corporation and that we do not propose to operate at a profit. We are exempt from payment of Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. We are affiliated with The Grand Lodge of North Carolina and The Grand Chapter, Order of the Eastern Star in North Carolina. The Grand Lodge of North Carolina and The Grand Chapter, Order of the Eastern Star in North Carolina are not responsible for our financial or contractual obligations.

6.2 Your Representations. You represent and warrant that the representations made in the application for residency, your personal health history, and the confidential financial statement are true and correct and may be relied upon by us as a basis for your acceptance for residency at the Community. You also represent and warrant that you have not made any gift of your property in contemplation of the execution of this Agreement.

7. PROMISES.

7.1 Our Promises. It is and shall be our declared policy to operate as a non-profit organization. We will not cancel this Agreement without just cause as specified in Section 9. Further, we shall not cancel this Agreement solely by reason of your financial inability to pay the full Monthly Fee or the per diem charge for care in the Community Health Center. This provision shall not apply if you have impaired your ability to meet your financial obligations hereunder by transfer of assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance, or other health insurance after assuming occupancy. You shall be permitted to remain at the Community for a reduced fee based on your ability to pay for as long as you establish facts to justify deferment of such charges and when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate the Community on a sound financial basis for the benefit of the residents.

7.2 Your Promises. You agree to comply with all policies and procedures of the Community as now existing or as hereafter amended; to pay the Entrance Fee, Monthly Fee, and any other charges as provided in this Agreement; to not impair your ability to meet the financial obligations under this Agreement by transferring assets, other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance, without our consent, and to abide by all other terms of this Agreement.

8. CANCELLATION BY RESIDENT.

8.1 Right of Rescission. Within thirty (30) days following the later of the execution of this Agreement by you or the receipt of a Disclosure Statement from us, you may rescind this Agreement by giving us written notice. You shall not be required to move into the Residence prior to the expiration of the thirty (30) day rescission period. Repayment of the amount of the Entrance Fee paid shall be as outlined in Section 10.2.

8.2 Cancellation Prior to Occupancy. You may cancel this Agreement for any reason at any time before you move into the Community by giving us written notice signed by you (both of you in the case of Joint Residents). Repayment of the amount of the Entrance Fee paid shall be as outlined in Section 10.3 or 10.4. If you die prior to occupying the Residence or if, on account of illness, injury or incapacity, you are precluded from occupying the Residence under the terms of this Agreement, this Agreement will automatically cancel. Repayment of the Entrance Fee shall be as outlined in Section 10.3.

8.3 Cancellation After Occupancy. You may cancel this Agreement for any reason after moving into the Community by giving us thirty (30) days' prior written notice of cancellation, which shall be effective and irrevocable upon delivery. Cancellation shall occur thirty (30) days after written notice is delivered, and you must vacate the Residence within the thirty (30) days. You are obligated to pay the Monthly Fee during the thirty (30) days. Repayment of the Entrance Fee shall be as outlined in Section 10.5.

8.4 Cancellation Due to Death After Occupancy. This Agreement will automatically cancel upon your death (the death of the surviving Resident in the case of Joint Residents). After such automatic cancellation, your personal representative will have thirty (30) days from the date of your death to remove your personal property from the Residence. Repayment of the Entrance Fee shall be as outlined in Section 10.5.

9. CANCELLATION BY US.

9.1 Cancellation Upon Notice. We may, upon notice and opportunity to cure as hereinafter provided, cancel this Agreement for just cause. Just cause shall include the occurrence of any of the following events (hereinafter referred to as a "Default"):

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.

9.1.2 Misrepresentation. You misrepresent yourself or fail to disclose information during the residency process.

9.1.3 Nonpayment. You fail to pay any charges to us, subject to the provisions of Section 7.1, within sixty (60) days of the date when such charges are due.

9.1.4 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 behavior that would result in physical damage to the property of others.

9.1.5 Change in Condition. There is a major change in your physical or mental condition and your condition cannot be cared for in the Community Health Center within the limits of our license.

9.2 Default Notice. Prior to cancellation for any Default described in Section 9.1.1, 9.1.2 or 9.1.3 above, we shall give you notice in writing of such Default, and you shall have at least thirty (30) days thereafter within which to correct such Default. No Default shall eliminate your obligation to pay the Monthly Fee until cancellation. If you correct such Default within such time, this Agreement shall not be canceled. If you fail to correct such Default within such time, this Agreement shall cancel at the expiration of such thirty (30) days.

In the event of the occurrence of a Default described in Section 9.1.4 or 9.1.5 above, if we or the Medical Director determines that either the giving of notice of Default or the lapse of time as above provided might be detrimental to you or others, then such notice and/or waiting period prior to cancellation shall not be required. Also, in the event of the occurrence of a Default described in Section 9.1.4 or 9.1.5, we are expressly authorized by you to transfer you to an appropriate hospital or other facility, and we will promptly notify your personal representative or attending physician.

10. REPAYMENT OF ENTRANCE FEE.

10.1 Nonacceptance by Us. If we do not accept you for residency at the Community, the full amount of the Entrance Fee you have paid will be promptly repaid to you, with interest.

10.2 Right of Rescission. If you rescind this Agreement as provided in Section 8.1, you shall receive a repayment of the portion of the Entrance Fee paid by you, less (i) a service charge equal to the greater of one-thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee, and (ii) less any charges specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Such repayment shall be paid within sixty (60) days of our receipt of the written notice of rescission.

10.3 Cancellation Prior to Occupancy Due to Death, Illness, Injury, Incapacity, or Change in Financial Condition. If, prior to occupancy, you die or you cancel this Agreement because of illness, injury, incapacity, or change in your financial condition, you or your estate will receive a repayment of the portion of the Entrance Fee paid by you, less (i) a service charge equal to the greater of one-thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee, and (ii) less any charges specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Such repayment shall be paid within sixty (60) days after our receipt of the written notice of cancellation.

10.4 Cancellation Prior to Occupancy for Other Reasons. If you cancel this Agreement for reasons other than those stated in Section 10.3 above, you shall receive a repayment of the portion of the Entrance Fee paid by you, less (i) a service charge not to exceed three thousand dollars (\$3,000) or two percent (2%) of the Entrance Fee, and (ii) less any charges specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Such repayment shall be paid within sixty (60) days after our receipt of the written notice of cancellation. In no event shall the non-refundable portion of the Entrance Fee

exceed the amount of consideration transferred to the provider by you or a service charge be assessed due to the termination of the contract because of our failure to meet our obligations under the contract, or upon our failure to obtain a permanent license as required by law.

10.5 Cancellation After Occupancy. In the event you or we cancel this Agreement after occupancy or in the event of your death (the death of the survivor in the case of Joint Residents), you or your estate will be reimbursed ninety-six percent (96%) of the total Entrance Fee paid upon residency, less an amount equal to two percent (2%) for each month of residency for up to twenty-three (23) months. Subject to our offset rights outlined in Section 10.6, the repayment of the Entrance Fee will not be less than fifty percent (50%). Such repayment will be paid, without interest, within sixty (60) days after your Residence has been reserved by a new resident and our receipt of the full amount of the Entrance Fee paid by such new resident. In the event your Residence is not reserved by a new resident, such repayment will be paid, without interest, within twenty-four (24) months from the date cancellation of your Residency Agreement becomes effective.

10.6 Offset Against Entrance Fee Repayment. In the event of cancellation of this Agreement after occupancy as described in Section 10.5 above, we will offset against any Entrance Fee repayment due to you the following:

10.7 Cancellation for Any Other Reason Not Specified . In the event of cancellation or termination of this Agreement for reasons not specifically addressed in Sections 8, 9 or Sections 10.1 to 10.6, 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 non-standard costs, non-refundable fees, service charges, and any other relevant financial obligations outlined therein.

10.6.1 The amount of any Monthly Fees or other charges deferred by us on your behalf under Section 7.1; and

10.6.2 Any health care expenses incurred on your behalf and other amounts payable to us, which remain unreimbursed; and

10.6.3 Any charges incurred to restore the Residence to good condition, normal wear and tear excepted, as outlined in Section 4.11; and

10.6.4 Any charges incurred as a result of non-standard features added to the Residence at your request as outlined in Exhibit A or in a separate addendum to this Agreement.

10.7 Cancellation for Any Other Reason Not Specified . In the event of cancellation or termination of this Agreement for reasons not specifically addressed in Sections 8, 9 or Sections 10.1 to 10.6, 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 non-standard costs, non-refundable fees, service charges, and any other relevant financial obligations outlined therein.

11. MISCELLANEOUS.

11.1 Nature of Rights. You understand and agree that (i) this Agreement or your rights (including the use of the Residence) under it 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 receipt of the amounts described in Section 10; (ii) this Agreement and your contractual right to occupy the Community will exist and continue to exist during your lifetime unless canceled as provided herein; (iii) this Agreement grants you a revocable right to occupy and use space in the Community 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 Community.

11.2 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 any such liability. You may want to obtain at your own expense insurance to protect against such losses.

11.3 Amendment. This Agreement may be amended by agreement of the parties to this Agreement. No amendment of this Agreement shall be valid unless in writing and signed by you and us.

11.4 Law Changes. This Agreement may be modified by us at any time in order to comply with applicable laws or regulations. Further, we may change any part of the Community, including the Residence, to meet the requirements of any applicable law or regulation.

11.5 Entire Agreement. This Agreement and any addenda or amendments thereto contain our entire understanding with respect to your residency at the Community.

11.6 Monthly Statement. You shall receive a monthly statement from us showing the total amount of fees and other charges owed by you, which shall be paid by the tenth (10th) day of each month.

11.7 Responsible Party for Business and Financial Decision Making. Within sixty (60) days after assuming residency at the Community, you agree to execute and deliver to us 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. 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 Community.

11.8 Disposition of Furniture, Possessions, and Property. Within sixty (60) days after the date of residency, you agree to make provision by will or otherwise for the disposition of all of your furniture, property, and possessions located on the premises of the Community.

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

11.10 Notices. Any notice required to be given to us under this Agreement shall be in writing and sent certified mail or hand-delivered to the Executive Director of the Community at 700 South Holden Road; Greensboro, North Carolina 27407. Such notices shall be dated and signed.

Any notice required to be given to you shall be delivered to you at the Community or at such other place as you shall designate to us in writing. All notices mailed in accordance with this Section shall be deemed to be given when mailed whether or not they are actually received.

11.11 Indemnity. We will not be liable for and you agree to indemnify, defend and hold us harmless from claims, damages and expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your negligent or intentional act or omission or that of your guests.

11.12 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.

11.13 Subordination. You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages or other documents creating liens encumbering the Community, which have been or will be executed by us. Upon request, you agree to execute, acknowledge and deliver to such lender or lenders such further written evidence of such subordination as such lenders may reasonably require. Except to the extent of your obligation to pay the Monthly Fee and Second Person Monthly Fee, you shall not be liable for any such indebtedness.

11.14 Capacity. This Agreement has been executed on our behalf by our duly authorized agent, and no officer, director, agent or employee of ours shall have any personal liability hereunder to you under any circumstances. This Agreement will become effective upon acceptance and signature by us.

11.15 Resident. In the case of Joint Residents, the rights and obligations of each are joint and several except as the context of this Agreement otherwise requires.

11.16 Reimbursement for Loss or Damage. You or your responsible party, if applicable, agree to reimburse us for any loss or damage to the Community caused by your intentional, careless, or negligent acts or omissions or that of your guests.

11.17 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.

11.18 Transfers. We may sell or transfer our interest in the Community 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 Community and its agreement to perform this Agreement and all other agreements, we will have no further obligation hereunder. Your signature hereto constitutes your consent and approval of any such future transaction.

11.19 Private Employee of Resident. If you need additional services, you can obtain these needed services from a private employee, an independent contractor, or through an agency (personal service provider). In such instances, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. In any event, 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 policy. If you fail to follow or enforce the policies and rules set forth therein, then we may elect, at our sole option, to cancel this Agreement.

11.20 Tax Considerations. You should consult with your tax advisor regarding the tax considerations associated with this Agreement.

11.21 Management. We have engaged the services of Life Care Services LLC to manage the Community. We are not affiliated with Life Care Services nor is Life Care Services responsible for our contractual or financial obligations or the contractual or financial obligations of the Community.

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

11.23 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 Section 11.11, and our representations and obligations under this Agreement, will survive any cancellation of your residency in the Community, regardless of the reason for such cancellation and regardless of whether it is initiated by you or by us.

11.24 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, 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.

11.25 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.

12. ARBITRATION.

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

12.2 Arbitration for Other Claims. It is understood that any and all disputes between the Resident and the Community, 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 Community that relates to the provision of care, treatment and services the Community provides to the Resident, including any action for injury or death arising from intentional torts, statutory causes of action, negligence, and medical malpractice, that is as to whether any medical services rendered under this contract 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. This provision shall be binding for any and all disputes arising out of the Resident's Residency Agreement and/or the Resident's residency at the Community, except for disputes pertaining to collections or evictions. This provision is binding on all parties hereto, including the Community, 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 Community.

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 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 Community. 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 provision is not a precondition to receiving medical treatment, care, services and/or for admission to the Community and is not a requirement to continue to receive medical treatment, care, and services at the Community. You may rescind your agreement to arbitrate by written notice to the Community 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 Community.

This provision shall have retroactive effect. It is agreed by and between the parties hereto that this provision covers services rendered before the date this contract is signed, thus making this provision effective as of the date of the Resident's first admission to the Community.

This Agreement relates to the Resident's admission to the Community and the Community participates in Medicare programs and/or procures supplies from out of state vendors. The parties, therefore, agree that the underlying admission to the Community involves interstate commerce. The parties further agree that this arbitration provision is to be governed by the Federal Arbitration Act and the procedural rules set forth in the Federal Arbitration Act (9 U.S.C. Sections 1-16) shall govern any petition to compel arbitration and shall preempt any inconsistent State law. While the parties agree that this provision shall be governed by the procedural rules set forth in the Federal Arbitration Act, the parties further agree that the substantive law of the State where the Community is located shall apply to any and all claims.

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 who routinely conducts mediations and/or arbitrations in the State where the Community is located and agree that discovery will be conducted pursuant to the discovery rules set forth by the arbitrator. Should the parties be unable to mutually agree upon the appointment of a single neutral arbitrator the Federal Arbitration Act shall govern the appointment of the arbitrator. The arbitration shall be venued in a location convenient for all parties, normally the county or region where Community is located.

The expenses and fees of the arbitrator shall be apportioned equally among all parties except as otherwise permitted or required by law.

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

The Resident and/or the person executing this Agreement certifies that he/she has read this provision, understands this provision, it has been explained to them in a manner he/she understands, has been given a copy of this provision, 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 Agreement and accept its terms on behalf of the Resident and acknowledges that the Community is

relying on the aforementioned certification. Further, if the person executing this 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.

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

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

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

**THE MASONIC AND EASTERN STAR
HOME OF NORTH CAROLINA, INC.
d/b/a WhiteStone: A Masonic & Eastern
Star Community**

Witness

Printed Name of Authorized Representative

RESIDENT

Signature of Authorized Representative

Witness

Attachment: Exhibit A



50% Return of Capital Residency Agreement (2025-11-25)

Exhibit A

Non-Standard Features Added at Resident's Request:	Amount
	\$
	\$
	\$
	\$
	\$
	\$
Total of Non-Standard Features	\$

Initials _____
Community

Resident(s)



**700 South Holden Road
Greensboro, North Carolina 27407
(336) 299-0031**

**90% Return-of-Capital™
Residency Agreement**

11/25/2025

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Exhibit A – Non-Standard Features Added at Resident's Request

WHITESTONE: A MASONIC & EASTERN STAR COMMUNITY
90% RETURN-OF-CAPITAL™
RESIDENCY AGREEMENT

RECITALS:

A. Provider. The Masonic and Eastern Star Home of North Carolina, Inc., a non-profit corporation (hereafter "we" or "us" or "our"), is the provider of a continuing care retirement community known as WhiteStone: A Masonic & Eastern Star Community (the "Community") located in Greensboro, North Carolina.

B. Resident. _____ ("Resident" or "you" or "your", or when two people ("Joint Residents") are named in this Agreement, each of them and the survivor of them, except as otherwise indicated) wishes to live at the Community and to enjoy, consistent with the rights, welfare and contentment of the other residents, the facilities and services provided by the Community.

C. Requirements for Residency. Except as waived by us after full disclosure, we require that Resident be at least sixty (60) years of age or applying for the same Residence with a Joint Resident who is sixty (60) or older, be capable of meeting the requirements of occupancy with or without reasonable accommodation and/or reasonable modification, and have sufficient assets and income, all as are specified in our Residency Policy.

NOW, THEREFORE, this Agreement is made and entered into between us and Resident as a commitment by Resident and us to the terms and conditions hereinafter set forth.

1. THE RESIDENCE. We agree to make available to you, for as long as you live and subject to the terms of this Agreement, a room, studio, apartment or cottage at the Community described as follows: _____, _____ no. _____ (hereafter "Residence"), and to provide, for your lifetime, the services and amenities described in Section 3.1 below. You may select certain options and custom features in the Residence at an extra charge, which shall not be subject to any repayment 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 Community prior to adding them to the Residence. The Executive Director of the Community has consented to your request to add the non-standard features set forth on Exhibit A to the Residence, and you agree to pay the amount(s) set forth on Exhibit A to cover the additional charges for these features.

2. CHARGES FOR RESIDENCE AND PRIMARY SERVICES.

2.1 Application Fee. Prior to or upon execution of this Agreement, you will pay to us an Application Fee of \$ _____. The Application Fee will be used by us to process your application for residency and is non-refundable.

2.2 Entrance Fee. In order to reside at the Community for life, subject to this Agreement, and to receive the services described below, you agree to pay to us (in addition to the Monthly Fee

described below) an Entrance Fee in the amount of \$ _____. The total amount of the Entrance Fee shall be payable as follows:

2.2.1 Ten percent (10%) of the total Entrance Fee or \$ _____ is due and payable upon your execution of this Agreement.

2.2.2 The balance of \$ _____ of the Entrance Fee shall be paid on the date of occupancy at the Community but in no event later than ninety (90) days after your execution of this Agreement.

2.3 Monthly Fee. You are obligated to begin paying a Monthly Fee (or a pro rata portion thereof) on the date you assume occupancy at the Community or within ninety (90) days from the date this Agreement is executed by you, whichever is earlier. Thereafter, the Monthly Fee shall be paid by the tenth (10th) day of each month during the term of this Agreement. The Monthly Fee is initially set at a specific amount that can be increased as described in Section 2.6 below. A "Second Person Monthly Fee" shall become part of the Monthly Fee and shall be paid if two persons are Joint Residents under this Agreement. If there are Joint Residents under this Agreement and one Joint Resident dies, the Second Person Monthly Fee shall cease and the remaining Resident shall continue to pay the Monthly Fee without the Second Person Monthly Fee component.

2.4 Initial Monthly Fee. The initial Monthly Fee payable by you is \$ _____ per month and an additional \$ _____ per month as a Second Person Monthly Fee component of the Monthly Fee if two persons reside as Joint Residents pursuant to this Agreement.

2.5 Continuance of Monthly Fee. The Monthly Fee will continue until (i) your death (in the case of Joint Residents, the death of the surviving Resident), or (ii) surrender of your Residence due to your permanent assignment to Health Center Level Services (as defined in Section 5.1), or (iii) the cancellation of this Agreement as outlined in Sections 8 and 9. If this Agreement is canceled on a date other than the last day of the month, the amount of the Monthly Fee shall be prorated to the date of cancellation. If you have paid more than the prorated Monthly Fee, we will repay the excess amount to you within thirty (30) days after the date of cancellation.

2.6 Increase in Monthly Fee. The Monthly Fee is paid to us to provide the services and amenities described in this Agreement, and is intended to meet the expenses associated with the operation of the Community. We may increase the Monthly Fee (which includes the Second Person Monthly Fee where applicable) upon thirty (30) days' written notice if we, in our sole discretion, deem it necessary to meet the financial needs of the Community or to provide services to the Residents.

2.7 Reduction in Monthly Fee Due to Absence. If you are absent from the Community for more than seven (7) consecutive days, you will be eligible for a Monthly Fee credit equivalent to the costs of meals paid for and not consumed. You are required to notify us in advance of your absence in order to qualify for the Monthly Fee credit.

2.8 Reserve Funds. The amount of the Monthly Fee is and will continue to be affected by our policy of maintaining reserve funds for the financial security of the Community.

2.9 Late Payment Charge. We may charge a one percent (1%) late payment charge per month on any Monthly Fees or extra charges that have not been paid within thirty (30) days of receipt of a monthly statement from us.

3. DESCRIPTION OF PRIMARY AND SUPPLEMENTAL SERVICES.

3.1 Services Provided for the Monthly Fee. We will provide you, in consideration for the Monthly Fee referred to above, the following services and amenities at the Community:

- As of the date you executed this Agreement the monthly Dining Allocation is \$ _____ per month. Each Resident will receive the monthly Dining Allocation as part of the Monthly Fee and Second Person Monthly Fee, to be applied toward dining charges in the main dining room, other designated dining areas, or for other food and beverage services. This Dining Allocation may be expended by you, or with your permission, your guests. Each month, you will be charged for any dining charges in excess of your Dining Allocation. Any unused Dining Allocation at the end of a month can be carried over up to thirty (30) days, but will expire after such thirty (30) days. Your monthly Dining Allocation will be adjusted annually to reflect changes in food service expenses;
- Water, sewer, air conditioning, heating, electricity, cable, Wi-Fi internet, trash removal, and municipal services. The Resident is responsible for the charges related to telephone;
- Access to one unassigned parking stall (other spaces, if available, may be provided for an additional fee);
- Building and grounds maintenance;
- Bi-weekly housekeeping service;
- Availability of laundry facilities so that you may wash and dry personal laundry;
- Planned activities -- social, educational, cultural, recreational, and spiritual -- for those who wish to participate;
- Services of an activities director;
- Use of the Community's common areas and amenities during scheduled hours -- central dining room, chapel, library, mail boxes, lounges, arts and crafts room, exercise areas, community garden, dog park, fellowship hall, and woodworking shop;
- Carpeting (except in the kitchen and bath where there is other floor covering);
- A kitchen, including refrigerator with icemaker, range/oven, garbage disposal, dishwasher, and microwave;
- Local transportation scheduled by us;
- Twenty-four (24) hour emergency call monitoring in your Residence by nursing staff;
- Guest parking areas;
- Fire detection system;
- Security for buildings and grounds;
- Health Center Level Services, for thirty (30) free annual days of care (see Section 5 for additional details).

3.2 Supplemental Services Provided for an Extra Charge. Supplemental services, when available, will be provided at extra charge and are described below:

- Additional meals in the dining room over those provided in consideration for the Monthly Fee;
- Guest accommodations, if available;
- Certain other supplies and services such as medicine, drugs, prescribed therapy, Health Center Medical Director, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment;
- Other optional services related or unrelated to care in the Health Center as approved by us;
- Personal laundry service;
- Guest meals;
- Additional housekeeping services;
- Special events transportation;
- Extended dietician services when ordered by your attending physician or dietician services not ordered by your attending physician;
- Tray service to your Residence when ordered by your attending physician, the Health Center Medical Director, the Health Center director of nursing, assistance-in-living director or resident services director;
- Health Center Level Services beyond the thirty (30) free annual days of care.

4. TERMS OF RESIDENCY.

4.1 Use of the Residence. The Residence is for living only and will not be used for carrying on any business or profession, nor in any manner in violation of zoning restrictions. This Agreement is not a lease, and grants you only a lifetime use of the Residence and other facilities of the Community and to available services, subject to the terms and conditions of this Agreement.

4.2 Duration of Your Right to Occupy the Residence. You may reside in your Residence for as long as you (or either of you in the case of Joint Residents) live unless you (both of you in the case of Joint Residents) are not capable of occupancy as set forth in our Residency Policy, or this Agreement is canceled by you or by us. A copy of our current Residency Policy, outlining the age, health and financial requirements for residency, is available for review in the Community Marketing Office. If, in the opinion of your attending physician or the Medical Director, your physical or mental health requires that assisted living, skilled nursing care, or specialized care for dementia or related disorders be given, you will be requested to relocate to the Community Health Center where we are licensed to provide such care.

4.3 Occupants of the Residence. Except as hereinafter provided, no person other than you (both of you in the case of Joint Residents) may occupy the Residence. In the event that a second person who is not a party to this Agreement is accepted for residency in the Residence at a time subsequent to the date hereof (said acceptance to be in accordance with our current Residency Policy), an Entrance Fee in an amount to be determined by us (which will be no more than one-half of the then-current Entrance Fee for the Residence) shall be paid upon residency, and each month thereafter, the then-current Second Person Monthly Fee shall be paid as part of the Monthly Fee. 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.

If the Resident marries a person who is also a resident of the Community, and should they decide to occupy one residence as Joint Residents, they must declare which residence will be occupied and which residence will be surrendered. The repayment due for the surrendered residence, if any, will be provided pursuant to the Entrance Fee repayment terms in the residency agreement of the surrendered residence.

4.4 Guests. Guests are welcome to stay in your Residence for short stays not to exceed ten (10) consecutive days. Such stay shall not, in the opinion of the Executive Director, adversely affect the operation of the Community or be inconsistent with the welfare of other residents.

4.5 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.

4.6 Insurance. You are required at your own expense to carry personal property insurance and liability insurance. If requested by us, you agree to provide us with proof of such insurance coverage.

4.7 Removal and Storage of Resident's Personal Property. Your personal property must be removed from the Residence within thirty (30) days following any of the following dates: (i) the date of your death (if Joint Residents, the date of death of the surviving Resident), (ii) the date notice of cancellation is delivered by you or us pursuant to Section 8 or 9, or (iii) the date notice is delivered to you of your permanent assignment or transfer to the Community Health Center or a Comparable Facility for Health Center Level Services (see definitions in Sections 5.1 and 5.2). If your personal property has not been removed from the Residence within such thirty (30) day period, then we may, in our sole discretion, either charge you an additional Monthly Fee for each month thereafter during which such personal property remains in the Residence or remove and store such personal property at the expense and risk of you or your estate. In the event of your death, while you are a resident of the Community under this Agreement, only the executor(s) named in your Will will be allowed to remove or dispose of your furnishings and belongings in your living accommodation and any related storage areas at the Community. Members of your family or those to whom you have granted Power of Attorney will not be allowed access to your personal property after your death, unless they are the executor(s) named in your Will.

4.8 Furnishings. Furnishings within the Residence provided by you shall not be such as to interfere with the health, safety or general welfare of you, other residents, or others.

4.9 Emergency Entry and Relocation. We may enter your Residence should it be necessary in an emergency to protect your health and safety or the health and safety of other residents. If relocation is recommended by the Medical Director or your attending physician, we will request that you relocate to another residence within the Community, or to the Community Health Center or a Comparable Facility (as defined in Section 5.2) for the protection of your health or safety or for the health or safety of the other residents of the Community.

4.10 Alterations by You. You may not undertake any alterations to your Residence without our prior written approval, as set forth in a separate addendum to this Agreement.

4.11 Condition of Residence. Upon vacating the Residence, you agree to leave it in good condition, except for normal wear and tear. You shall be liable to us for any charges incurred to restore your Residence to good condition, normal wear and tear excepted.

4.12 Rights of Second Single Resident. When two Joint Residents reside in a single Residence under this Agreement, upon the death or permanent assignment of one Resident to the Community Health Center Level Services, or other inability to continue residing in the Residence, the remaining Resident may continue to reside in the Residence under the terms of this Agreement and shall pay the Monthly Fee.

5. THE COMMUNITY HEALTH CENTER.

5.1 Description. The Community Health Center is the portion of the Community which is licensed to provide assisted living, skilled nursing care, and specialized care for dementia or related disorders (collectively "Health Center Level Services"). The Community Health Center is staffed by licensed nursing personnel 24 hours a day.

5.2 Alternate Accommodations. You will be given priority over non-residents for admission to the Community Health Center. In the event the Community Health Center is fully occupied when you are determined appropriate for admission, you agree to relocate to an alternate health care facility that provides services similar to the Community Health Center (a "Comparable Facility"). Upon your relocation to a Comparable Facility, you shall continue to be responsible for the Monthly Fee (unless your Residence is surrendered). We will not be responsible for the charges associated with the Comparable Facility.

5.3 Thirty (30) Annual Days of Nursing Care in the Community Health Center. You are eligible to receive thirty (30) annual days of nursing care (non-cumulative) in the Community Health Center (while you are a resident of your Residence), without paying the Health Center per diem charge. In the case of Joint Residents, each of you will receive thirty (30) annual days, but the days cannot be combined and used by only one of you, and unused days cannot be carried over to subsequent years. You are required to pay any charges for physician services and any additional health services as outlined in Section 5.10. Once you are permanently assigned to the Health Center, you no longer qualify for the thirty (30) annual days.

5.4 Transfer to Health Center Level Services. In the event your physical or mental health is determined by us to be appropriate for Health Center Level Services, you agree to relocate to the Community Health Center or a Comparable Facility. Such a determination will be made by us after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.

5.5 Temporary Assignment to the Community Health Center. In the event you require temporary care in the Community Health Center beyond the thirty (30) annual days of care as outlined in Section 5.4, you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Section 5.10. In addition, you will continue to pay the Monthly Fee for your Residence.

5.6 Permanent Assignment to Health Center Level Services. In the event you require permanent care in the Community Health Center beyond the thirty (30) annual days of care as outlined in Section 5.4, you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Section 5.10. If you are determined appropriate for Health Center Level Services, and are admitted or relocated to the Community Health Center or a Comparable Facility, you will be required to surrender the Residence to us. We shall have the right to reassign the Residence for occupancy by others except as provided in Section 4.12. Release of the Residence due to your permanent assignment to the Community Health Center or to a Comparable Facility does not qualify you for reimbursement of the Entrance Fee, unless this Agreement is canceled.

Once the Residence is surrendered, you will no longer be obligated to pay the Monthly Fee for the Residence.

5.7 Relocation within the Community Health Center. We reserve the right to relocate you to a different level of care within the Community Health Center if you require such care. Such relocation will be made after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.

5.8 Return to Residence. If we subsequently determine, in consultation with your attending physician, your personal representative and you to the extent possible, that you can resume occupancy in a residence equivalent to the residence you previously occupied, you shall have the right to relocate to such equivalent residence as soon as one is available. Upon reoccupying a residence, your Monthly Fee will be based on the then-current Monthly Fee for the residence.

5.9 Medical Director, Attending Physician, and Additional Health Services. We have designated a licensed physician to serve as Medical Director of the Community Health Center. You are required to have a local attending physician. You may engage the services of the Medical Director at your expense. We will not be responsible for the charges for medical treatment or services by the Medical Director or your attending physician, nor will we be responsible for the charges for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment.

5.10 Advanced Charges for Medical Treatment. In the event we incur or advance payment for your medical treatment or for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment (even in the event such medical care is given at the direction of your attending physician or the Medical Director without your prior approval), you shall promptly reimburse us for such payments. Upon

cancellation of this Agreement for any reason, any amounts due to us under this Section 5.11 shall be offset against any repayment of the Entrance Fee.

5.11 Medicare and Health Insurance. When age eligible, you are required 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 Community Health Center or a Comparable Facility. You shall furnish to us such evidence of coverage as we may from time to time request. Such supplemental insurance should cover Medicare co-insurance and deductibles. Should your supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay in the Community Health Center or a Comparable Facility, or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay in the Community Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each Medicare-qualified admission and stay in the Community Health Center or a Comparable Facility. If you are eligible to receive the thirty (30) annual days of care in the Community Health Center as provided in Section 5.4 and your stay in the Community Health Center is a Medicare-qualified stay, such thirty (30) annual days will be applied after the expiration of your Medicare-qualified stay providing you have Medicare Part A, Medicare Part B and acceptable supplemental health insurance or equivalent insurance coverage.

If you are not eligible for Medicare, you shall maintain health insurance coverage acceptable to us and shall furnish us with evidence of such coverage upon our request. Should your health insurance not fully cover your stay in the Community Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each admission and stay in the Community Health Center or a Comparable Facility.

If failure to maintain Medicare Part A, Medicare Part B, supplemental health insurance or other health insurance coverage 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 Section 7.1, and we retain the right to revoke your right to reside at the Community and cancel the Residency Agreement as provided in Section 9.

5.12 Managed Care. If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B, and supplemental insurance coverage, the terms of this Agreement governing nursing care will include the following provisions:

5.12.1 Participating Provider. If the Community Health Center is a participating provider with your managed care program and your stay is a Medicare-qualified stay, the Community agrees to be reimbursed at the rate negotiated with your managed care program. Such a managed care stay in the Community Health Center will not reduce the number of days of care you are eligible to receive without extra charge pursuant to Section 5.4.

5.12.2 Not a Participating Provider. If the Community Health Center is not an approved participating provider with your managed care program and you choose to receive health care services at a managed care participating provider, then you agree that you must relocate for as long as necessary for those services to be provided, and be responsible for all charges for health care

services. In addition, while receiving health care services at the managed care participating provider, you agree that unless this Agreement is canceled, you will continue to pay the Monthly Fee for your Residence, unless your Residence has been surrendered to us. Such a stay at a managed care participating provider other than the Community Health Center will not reduce the number of days of care that you are eligible to receive without extra charge pursuant to Section 5.4.

5.12.3 Negotiated Managed Care Rate. If the Community Health Center is not a participating provider in your managed care program and your stay is a Medicare-qualified stay, we will use our best effort to negotiate a reimbursement rate with your managed care program. If we are able to negotiate an acceptable rate, we agree to accept as full payment the rate provided by your managed care program. Such a managed care stay in the Community Health Center will not reduce the number of days of care that you are eligible to receive without extra charge pursuant to Section 5.4.

5.12.4 No Negotiated Managed Care Rate. If the Community Health Center is not a participating provider in your managed care program and a negotiated rate is not agreed upon and you would still like to receive health care in the Community Health Center during a Medicare-qualified stay, then each day of your stay in the Community Health Center will reduce by one day the number of days of care you are eligible to receive without extra charge pursuant to Section 5.4. During any such Medicare-qualified stay in the Community Health Center, you agree that you will continue to pay the Monthly Fee, unless your Residence has been surrendered to us, the charges for medication, prescribed therapy, medical treatment by physicians, and other medical and miscellaneous supplies and services associated with medical treatment. If at any time during any such Medicare-qualified stay in the Community Health Center you are no longer eligible to receive any of the days of care provided for in Section 5.4, then you agree to pay the per diem rate for your care in the Community Health Center, the charges for medication, prescribed therapy, medical treatment by physicians, and other medical and miscellaneous supplies and services associated with medical treatment, and the Monthly Fee for your Residence, unless your Residence has been surrendered to us.

5.12.5 Post Medicare-Qualified Stay. At the conclusion of each such Medicare-qualified stay, you will be entitled to health care in the Community Health Center in accordance with the terms of this Agreement other than as provided in this Section 5.13, as adjusted to reflect any reduction during such stay in the number of days of care that you are eligible to receive without extra charge as provided in Section 5.4.

5.13 Transfer to Hospital or Other Care Facility. If we determine after consultation with your attending physician, your personal representative and you to the extent possible, that you need care beyond that which the Community Health Center is licensed to provide, you will be transferred to a hospital or other care facility. We shall not be responsible for any charges associated with the transfer and health care expenses or charges incurred by you after such a transfer. You shall continue to pay the Monthly Fee until your Residence is surrendered.

5.14 Community Health Center Admission Agreement. If you require care in the Community Health Center, you agree to enter into a separate Community Health Center Admission Agreement to be signed by you and us.

5.15 Under Age 60. If you are under the age of 60 when you occupy your Residence under this Agreement, you are not eligible to receive thirty (30) annual days of nursing care in the Community Health Center as described in Section 5.4 until you attain the age of 60. During this time, you will be entitled to Health Center Level Services at the then-current rate being charged to non-residents until age 60.

6. REPRESENTATIONS.

6.1 Our Representations. We represent and warrant that we are a nonprofit corporation and that we do not propose to operate at a profit. We are exempt from payment of Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. We are affiliated with The Grand Lodge of North Carolina and The Grand Chapter, Order of the Eastern Star in North Carolina. The Grand Lodge of North Carolina and The Grand Chapter, Order of the Eastern Star in North Carolina are not responsible for our financial or contractual obligations.

6.2 Your Representations. You represent and warrant that the representations made in the application for residency, your personal health history, and the confidential financial statement are true and correct and may be relied upon by us as a basis for your acceptance for residency at the Community. You also represent and warrant that you have not made any gift of your property in contemplation of the execution of this Agreement.

7. PROMISES.

7.1 Our Promises. It is and shall be our declared policy to operate as a non-profit organization. We will not cancel this Agreement without just cause as specified in Section 9. Further, we shall not cancel this Agreement solely by reason of your financial inability to pay the full Monthly Fee or the per diem charge for care in the Community Health Center. This provision shall not apply if you have impaired your ability to meet your financial obligations hereunder by transfer of assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance, or other health insurance after assuming occupancy. You shall be permitted to remain at the Community for a reduced fee based on your ability to pay for as long as you establish facts to justify deferment of such charges and when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate the Community on a sound financial basis for the benefit of the residents.

7.2 Your Promises. You agree to comply with all policies and procedures of the Community as now existing or as hereafter amended; to pay the Entrance Fee, Monthly Fee, and any other charges as provided in this Agreement; to not impair your ability to meet the financial obligations under this Agreement by transferring assets, other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance, without our consent, and to abide by all other terms of this Agreement.

8. CANCELLATION BY RESIDENT.

8.1 Right of Rescission. Within thirty (30) days following the later of the execution of this Agreement by you or the receipt of a Disclosure Statement from us, you may rescind this Agreement by giving us written notice. You shall not be required to move into the Residence prior to the expiration of the thirty (30) day rescission period. Repayment of the amount of the Entrance Fee paid shall be as outlined in Section 10.2.

8.2 Cancellation Prior to Occupancy. You may cancel this Agreement for any reason at any time before you move into the Community by giving us written notice signed by you (both of you in the case of Joint Residents). Repayment of the amount of the Entrance Fee paid shall be as outlined in Section 10.3 or 10.4. If you die prior to occupying the Residence or if, on account of illness, injury or incapacity, you are precluded from occupying the Residence under the terms of this Agreement, this Agreement will automatically cancel. Repayment of the Entrance Fee shall be as outlined in Section 10.3.

8.3 Cancellation After Occupancy. You may cancel this Agreement for any reason after moving into the Community by giving us thirty (30) days' prior written notice of cancellation, which shall be effective and irrevocable upon delivery. Cancellation shall occur thirty (30) days after written notice is delivered, and you must vacate the Residence within the thirty (30) days. You are obligated to pay the Monthly Fee during the thirty (30) days. Repayment of the Entrance Fee shall be as outlined in Section 10.5.

8.4 Cancellation Due to Death After Occupancy. This Agreement will automatically cancel upon your death (the death of the surviving Resident in the case of Joint Residents). After such automatic cancellation, your personal representative will have thirty (30) days from the date of your death to remove your personal property from the Residence. Repayment of the Entrance Fee shall be as outlined in Section 10.5.

9. CANCELLATION BY US.

9.1 Cancellation Upon Notice. We may, upon notice and opportunity to cure as hereinafter provided, cancel this Agreement for just cause. Just cause shall include the occurrence of any of the following events (hereinafter referred to as a "Default"):

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.

9.1.2 Misrepresentation. You misrepresent yourself or fail to disclose information during the residency process.

9.1.3 Nonpayment. You fail to pay any charges to us, subject to the provisions of Section 7.1, within sixty (60) days of the date when such charges are due.

9.1.4 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 behavior that would result in physical damage to the property of others.

9.1.5 Change in Condition. There is a major change in your physical or mental condition and your condition cannot be cared for in the Community Health Center within the limits of our license.

9.2 Default Notice. Prior to cancellation for any Default described in Section 9.1.1, 9.1.2 or 9.1.3 above, we shall give you notice in writing of such Default, and you shall have at least thirty (30) days thereafter within which to correct such Default. No Default shall eliminate your obligation to pay the Monthly Fee until cancellation. If you correct such Default within such time, this Agreement shall not be canceled. If you fail to correct such Default within such time, this Agreement shall cancel at the expiration of such thirty (30) days.

In the event of the occurrence of a Default described in Section 9.1.4 or 9.1.5 above, if we or the Medical Director determines that either the giving of notice of Default or the lapse of time as above provided might be detrimental to you or others, then such notice and/or waiting period prior to cancellation shall not be required. Also, in the event of the occurrence of a Default described in Section 9.1.4 or 9.1.5, we are expressly authorized by you to transfer you to an appropriate hospital or other facility, and we will promptly notify your personal representative or attending physician.

10. REPAYMENT OF ENTRANCE FEE.

10.1 Nonacceptance by Us. If we do not accept you for residency at the Community, the full amount of the Entrance Fee you have paid will be promptly repaid to you, with interest.

10.2 Right of Rescission. If you rescind this Agreement as provided in Section 8.1, you shall receive a repayment of the portion of the Entrance Fee paid by you, less (i) a service charge equal to the greater of one-thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee, and (ii) less any charges specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Such repayment shall be paid within sixty (60) days of our receipt of the written notice of rescission.

10.3 Cancellation Prior to Occupancy Due to Death, Illness, Injury, Incapacity, or Change in Financial Condition. If, prior to occupancy, you die or you cancel this Agreement because of illness, injury, incapacity, or change in your financial condition, you or your estate will receive a repayment of the portion of the Entrance Fee paid by you, less (i) a service charge equal to the greater of one-thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee, and (ii) less any charges specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Such repayment shall be paid within sixty (60) days after our receipt of the written notice of cancellation.

10.4 Cancellation Prior to Occupancy for Other Reasons. If you cancel this Agreement for reasons other than those stated in Section 10.3 above, you shall receive a repayment of the portion of the Entrance Fee paid by you, less (i) a service charge not to exceed three thousand dollars (\$3,000) or two percent (2%) of the Entrance Fee, and (ii) less any charges specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Such repayment shall be paid within sixty (60) days after our receipt of the

written notice of cancellation. In no event shall the non-refundable portion of the Entrance Fee exceed the amount of consideration transferred to the provider by you or a service charge be assessed due to the termination of the contract because of our failure to meet our obligations under the contract, or upon our failure to obtain a permanent license as required by law.

10.5 Cancellation After Occupancy. In the event you or we cancel this Agreement after occupancy or in the event of your death (the death of the survivor in the case of Joint Residents), you or your estate will be reimbursed ninety-six percent (96%) of the total Entrance Fee paid upon residency, less an amount equal to two percent (2%) for each month of residency for up to three (3) months. Subject to our offset rights outlined in Section 10.6, the repayment of the Entrance Fee will not be less than ninety percent (90%). Such repayment will be paid, without interest, within sixty (60) days after your Residence has been reserved by a new resident and our receipt of the full amount of the Entrance Fee paid by such new resident. In the event your Residence is not reserved by a new resident, such repayment will be paid, without interest, within twenty-four (24) months from the date cancellation of your Residency Agreement becomes effective.

10.6 Offset Against Entrance Fee Repayment. In the event of cancellation of this Agreement after occupancy as described in Section 10.5 above, we will offset against any Entrance Fee repayment due to you the following:

10.6.1 The amount of any Monthly Fees or other charges deferred by us on your behalf under Section 7.1; and

10.6.2 Any health care expenses incurred on your behalf and other amounts payable to us, which remain unreimbursed; and

10.6.3 Any charges incurred to restore the Residence to good condition, normal wear and tear excepted, as outlined in Section 4.11; and

10.6.4 Any charges incurred as a result of non-standard features added to the Residence at your request as outlined in Exhibit A or in a separate addendum to this Agreement.

10.7 Cancellation for Any Other Reason Not Specified . In the event of cancellation or termination of this Agreement for reasons not specifically addressed in Sections 8, 9 or Sections 10.1 to 10.6, 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 non-standard costs, non-refundable fees, service charges, and any other relevant financial obligations outlined therein.

11. MISCELLANEOUS.

11.1 Nature of Rights. You understand and agree that (i) this Agreement or your rights (including the use of the Residence) under it 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 receipt of the amounts described in Section 10; (ii) this Agreement and your contractual right to

occupy the Community will exist and continue to exist during your lifetime unless canceled as provided herein; (iii) this Agreement grants you a revocable right to occupy and use space in the Community 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 Community.

11.2 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 any such liability. You may want to obtain at your own expense insurance to protect against such losses.

11.3 Amendment. This Agreement may be amended by agreement of the parties to this Agreement. No amendment of this Agreement shall be valid unless in writing and signed by you and us.

11.4 Law Changes. This Agreement may be modified by us at any time in order to comply with applicable laws or regulations. Further, we may change any part of the Community, including the Residence, to meet the requirements of any applicable law or regulation.

11.5 Entire Agreement. This Agreement and any addenda or amendments thereto contain our entire understanding with respect to your residency at the Community.

11.6 Monthly Statement. You shall receive a monthly statement from us showing the total amount of fees and other charges owed by you, which shall be paid by the tenth (10th) day of each month.

11.7 Responsible Party for Business and Financial Decision Making. Within sixty (60) days after assuming residency at the Community, you agree to execute and deliver to us 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. 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 Community.

11.8 Disposition of Furniture, Possessions, and Property. Within sixty (60) days after the date of residency, you agree to make provision by will or otherwise for the disposition of all of your furniture, property, and possessions located on the premises of the Community.

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

11.10 Notices. Any notice required to be given to us under this Agreement shall be in writing and sent certified mail or hand-delivered to the Executive Director of the Community at 700 South Holden Road; Greensboro, North Carolina 27407. Such notices shall be dated and signed.

Any notice required to be given to you shall be delivered to you at the Community or at such other place as you shall designate to us in writing. All notices mailed in accordance with this Section shall be deemed to be given when mailed whether or not they are actually received.

11.11 Indemnity. We will not be liable for and you agree to indemnify, defend and hold us harmless from claims, damages and expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your negligent or intentional act or omission or that of your guests.

11.12 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.

11.13 Subordination. You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages or other documents creating liens encumbering the Community, which have been or will be executed by us. Upon request, you agree to execute, acknowledge and deliver to such lender or lenders such further written evidence of such subordination as such lenders may reasonably require. Except to the extent of your obligation to pay the Monthly Fee and Second Person Monthly Fee, you shall not be liable for any such indebtedness.

11.14 Capacity. This Agreement has been executed on our behalf by our duly authorized agent, and no officer, director, agent or employee of ours shall have any personal liability hereunder to you under any circumstances. This Agreement will become effective upon acceptance and signature by us.

11.15 Resident. In the case of Joint Residents, the rights and obligations of each are joint and several except as the context of this Agreement otherwise requires.

11.16 Reimbursement for Loss or Damage. You or your responsible party, if applicable, agree to reimburse us for any loss or damage to the Community caused by your intentional, careless, or negligent acts or omissions or that of your guests.

11.17 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.

11.18 Transfers. We may sell or transfer our interest in the Community 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 Community and its agreement to perform this Agreement and all other agreements, we will have no further obligation hereunder. Your signature hereto constitutes your consent and approval of any such future transaction.

11.19 Private Employee of Resident. If you need additional services, you can obtain these needed services from a private employee, an independent contractor, or through an agency (personal service provider). In such instances, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. In any event, 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 policy. If you fail to follow or enforce the policies and rules set forth therein, then we may elect, at our sole option, to cancel this Agreement.

11.20 Tax Considerations. You should consult with your tax advisor regarding the tax considerations associated with this Agreement.

11.21 Management. We have engaged the services of Life Care Services LLC to manage the Community. We are not affiliated with Life Care Services nor is Life Care Services responsible for our contractual or financial obligations or the contractual or financial obligations of the Community.

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

11.23 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 Section 11.11, and our representations and obligations under this Agreement, will survive any cancellation of your residency in the Community, regardless of the reason for such cancellation and regardless of whether it is initiated by you or by us.

11.24 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, 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.

11.25 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.

12. ARBITRATION.

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

12.2 Arbitration for Other Claims. It is understood that any and all disputes between the Resident and the Community, 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 Community that relates to the provision of care, treatment and services the Community provides to the Resident, including any action for injury or death arising from intentional torts, statutory causes of action, negligence, and medical malpractice, that is as to whether any medical services rendered under this contract 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. This provision shall be binding for any and all disputes arising out of the Resident's Residency Agreement and/or the Resident's residency at the Community, except for disputes pertaining to collections or evictions. This provision is binding on all parties hereto, including the Community, 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 Community.

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 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 Community. 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 provision is not a precondition to receiving medical treatment, care, services and/or for admission to the Community and is not a requirement to continue to receive medical treatment, care, and services at the Community. You may rescind your agreement to arbitrate by written notice to the Community 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 Community.

This provision shall have retroactive effect. It is agreed by and between the parties hereto that this provision covers services rendered before the date this contract is signed, thus making this provision effective as of the date of the Resident's first admission to the Community.

This Agreement relates to the Resident's admission to the Community and the Community participates in Medicare programs and/or procures supplies from out of state vendors. The parties, therefore, agree that the underlying admission to the Community involves interstate commerce. The parties further agree that this arbitration provision is to be governed by the Federal Arbitration Act and the procedural rules set forth in the Federal Arbitration Act (9 U.S.C. Sections 1-16) shall govern any petition to compel arbitration and shall preempt any inconsistent State law. While the parties agree that this provision shall be governed by the procedural rules set forth in the Federal Arbitration Act, the parties further agree that the substantive law of the State where the Community is located shall apply to any and all claims.

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 who routinely conducts mediations and/or arbitrations in the State where the Community is located and agree that discovery will be conducted pursuant to the discovery rules set forth by the arbitrator. Should the parties be unable to mutually agree upon the appointment of a single neutral arbitrator the Federal Arbitration Act shall govern the appointment of the arbitrator. The arbitration shall be venued in a location convenient for all parties, normally the county or region where Community is located.

The expenses and fees of the arbitrator shall be apportioned equally among all parties except as otherwise permitted or required by law.

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

The Resident and/or the person executing this Agreement certifies that he/she has read this provision, understands this provision, it has been explained to them in a manner he/she understands, has been given a copy of this provision, 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 Agreement and accept its terms on behalf of the Resident and acknowledges that the Community is relying on the aforementioned certification. Further, if the person executing this 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.

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

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

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

**THE MASONIC AND EASTERN STAR
HOME OF NORTH CAROLINA, INC.
d/b/a WhiteStone: A Masonic & Eastern
Star Community**

Witness

Printed Name of Authorized Representative

RESIDENT

Signature of Authorized Representative

Witness

Attachment: Exhibit A



90% Return of Capital Residency Agreement (2025-11-25)

Exhibit A

Non-Standard Features Added at Resident's Request:	Amount
	\$
	\$
	\$
	\$
	\$
	\$
Total of Non-Standard Features	\$

Initials _____
Community

Resident(s)



**700 South Holden Road
Greensboro, North Carolina 27407
(336) 299-0031**

Traditional Residency Agreement

11/25/20025

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Exhibit A – Non-Standard Features Added at Resident's Request

**WHITESTONE: A MASONIC & EASTERN STAR COMMUNITY
TRADITIONAL
RESIDENCY AGREEMENT**

RECITALS:

A. Provider. The Masonic and Eastern Star Home of North Carolina, Inc., a non-profit corporation (hereafter "we" or "us" or "our"), is the provider of a continuing care retirement community known as WhiteStone: A Masonic & Eastern Star Community (the "Community") located in Greensboro, North Carolina.

B. Resident. _____ ("Resident" or "you" or "your", or when two people ("Joint Residents") are named in this Agreement, each of them and the survivor of them, except as otherwise indicated) wishes to live at the Community and to enjoy, consistent with the rights, welfare and contentment of the other residents, the facilities and services provided by the Community.

C. Requirements for Residency. Except as waived by us after full disclosure, we require that Resident be at least sixty (60) years of age or applying for the same Residence with a Joint Resident who is sixty (60) or older, be capable of meeting the requirements of occupancy with or without reasonable accommodation and/or reasonable modification, and have sufficient assets and income, all as are specified in our Residency Policy.

NOW, THEREFORE, this Agreement is made and entered into between us and Resident as a commitment by Resident and us to the terms and conditions hereinafter set forth.

1. THE RESIDENCE. We agree to make available to you, for as long as you live and subject to the terms of this Agreement, a room, studio, apartment or cottage at the Community described as follows: _____, _____ no. _____ (hereafter "Residence"), and to provide, for your lifetime, the services and amenities described in Section 3.1 below. You may select certain options and custom features in the Residence at an extra charge, which shall not be subject to any repayment 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 Community prior to adding them to the Residence. The Executive Director of the Community has consented to your request to add the non-standard features set forth on Exhibit A to the Residence, and you agree to pay the amount(s) set forth on Exhibit A to cover the additional charges for these features.

2. CHARGES FOR RESIDENCE AND PRIMARY SERVICES.

2.1 Application Fee. Prior to or upon execution of this Agreement, you will pay to us an Application Fee of \$ _____. The Application Fee will be used by us to process your application for residency and is non-refundable.

2.2 Entrance Fee. In order to reside at the Community for life, subject to this Agreement, and to receive the services described below, you agree to pay to us (in addition to the Monthly Fee described below) an Entrance Fee in the amount of \$ _____. The total amount of the Entrance Fee shall be payable as follows:

2.2.1 Ten percent (10%) of the total Entrance Fee or \$ _____ is due and payable upon your execution of this Agreement.

2.2.2 The balance of \$ _____ of the Entrance Fee shall be paid on the date of occupancy at the Community but in no event later than ninety (90) days after your execution of this Agreement.

2.3 Monthly Fee. You are obligated to begin paying a Monthly Fee (or a pro rata portion thereof) on the date you assume occupancy at the Community or within ninety (90) days from the date this Agreement is executed by you, whichever is earlier. Thereafter, the Monthly Fee shall be paid by the tenth (10th) day of each month during the term of this Agreement. The Monthly Fee is initially set at a specific amount that can be increased as described in Section 2.6 below. A "Second Person Monthly Fee" shall become part of the Monthly Fee and shall be paid if two persons are Joint Residents under this Agreement. If there are Joint Residents under this Agreement and one Joint Resident dies, the Second Person Monthly Fee shall cease and the remaining Resident shall continue to pay the Monthly Fee without the Second Person Monthly Fee component.

2.4 Initial Monthly Fee. The initial Monthly Fee payable by you is \$ _____ per month and an additional \$ _____ per month as a Second Person Monthly Fee component of the Monthly Fee if two persons reside as Joint Residents pursuant to this Agreement.

2.5 Continuance of Monthly Fee. The Monthly Fee will continue until (i) your death (in the case of Joint Residents, the death of the surviving Resident), or (ii) surrender of your Residence due to your permanent assignment to Health Center Level Services (as defined in Section 5.1), or (iii) the cancellation of this Agreement as outlined in Sections 8 and 9. If this Agreement is canceled on a date other than the last day of the month, the amount of the Monthly Fee shall be prorated to the date of cancellation. If you have paid more than the prorated Monthly Fee, we will repay the excess amount to you within thirty (30) days after the date of cancellation.

2.6 Increase in Monthly Fee. The Monthly Fee is paid to us to provide the services and amenities described in this Agreement, and is intended to meet the expenses associated with the operation of the Community. We may increase the Monthly Fee (which includes the Second Person Monthly Fee where applicable) upon thirty (30) days' written notice if we, in our sole discretion, deem it necessary to meet the financial needs of the Community or to provide services to the Residents.

2.7 Reduction in Monthly Fee Due to Absence. If you are absent from the Community for more than seven (7) consecutive days, you will be eligible for a Monthly Fee credit equivalent to the costs of meals paid for and not consumed. You are required to notify us in advance of your absence in order to qualify for the Monthly Fee credit.

2.8 Reserve Funds. The amount of the Monthly Fee is and will continue to be affected by our policy of maintaining reserve funds for the financial security of the Community.

2.9 Late Payment Charge. We may charge a one percent (1%) late payment charge per month on any Monthly Fees or extra charges that have not been paid within thirty (30) days of receipt of a monthly statement from us.

3. DESCRIPTION OF PRIMARY AND SUPPLEMENTAL SERVICES.

3.1 Services Provided for the Monthly Fee. We will provide you, in consideration for the Monthly Fee referred to above, the following services and amenities at the Community:

- As of the date you executed this Agreement the monthly Dining Allocation is \$ _____ per month. Each Resident will receive the monthly Dining Allocation as part of the Monthly Fee and Second Person Monthly Fee, to be applied toward dining charges in the main dining room, other designated dining areas, or for other food and beverage services. This Dining Allocation may be expended by you, or with your permission, your guests. Each month, you will be charged for any dining charges in excess of your Dining Allocation. Any unused Dining Allocation at the end of a month can be carried over up to thirty (30) days, but will expire after such thirty (30) days. Your monthly Dining Allocation will be adjusted annually to reflect changes in food service expenses;
- Water, sewer, air conditioning, heating, electricity, cable, Wi-Fi internet, trash removal, and municipal services. The Resident is responsible for the charges related to telephone;
- Access to one unassigned parking stall (other spaces, if available, may be provided for an additional fee);
- Building and grounds maintenance;
- Bi-weekly housekeeping service;
- Availability of laundry facilities so that you may wash and dry personal laundry;
- Planned activities -- social, educational, cultural, recreational, and spiritual -- for those who wish to participate;
- Services of an activities director;
- Use of the Community's common areas and amenities during scheduled hours – central dining room, chapel, library, mail boxes, lounges, arts and crafts room, exercise areas, community garden, dog park, fellowship hall, and woodworking shop;
- Carpeting (except in the kitchen and bath where there is other floor covering);
- A kitchen, including refrigerator with icemaker, range/oven, garbage disposal, dishwasher, and microwave;
- Local transportation scheduled by us;
- Twenty-four (24) hour emergency call monitoring in your Residence by nursing staff;
- Guest parking areas;
- Fire detection system;
- Security for buildings and grounds;
- Health Center Level Services, for thirty (30) free annual days of care (see Section 5 for additional details).

3.2 Supplemental Services Provided for an Extra Charge. Supplemental services, when available, will be provided at extra charge and are described below:

- Additional meals in the dining room over those provided in consideration for the Monthly Fee;
- Guest accommodations, if available;
- Certain other supplies and services such as medicine, drugs, prescribed therapy, Health Center Medical Director, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment;
- Other optional services related or unrelated to care in the Health Center as approved by us;
- Personal laundry service;
- Guest meals;
- Additional housekeeping services;
- Special events transportation;
- Extended dietician services when ordered by your attending physician or dietician services not ordered by your attending physician;
- Tray service to your Residence when ordered by your attending physician, the Health Center Medical Director, the Health Center director of nursing, assistance-in-living director or resident services director;
- Health Center Level Services beyond the thirty (30) free annual days of care.

4. TERMS OF RESIDENCY.

4.1 Use of the Residence. The Residence is for living only and will not be used for carrying on any business or profession, nor in any manner in violation of zoning restrictions. This Agreement is not a lease, and grants you only a lifetime use of the Residence and other facilities of the Community and to available services, subject to the terms and conditions of this Agreement.

4.2 Duration of Your Right to Occupy the Residence. You may reside in your Residence for as long as you (or either of you in the case of Joint Residents) live unless you (both of you in the case of Joint Residents) are not capable of occupancy as set forth in our Residency Policy, or this Agreement is canceled by you or by us. A copy of our current Residency Policy, outlining the age, health and financial requirements for residency, is available for review in the Community Marketing Office. If, in the opinion of your attending physician or the Medical Director, your physical or mental health requires that assisted living, skilled nursing care, or specialized care for dementia or related disorders be given, you will be requested to relocate to the Community Health Center where we are licensed to provide such care.

4.3 Occupants of the Residence. Except as hereinafter provided, no person other than you (both of you in the case of Joint Residents) may occupy the Residence. In the event that a second person who is not a party to this Agreement is accepted for residency in the Residence at a time subsequent to the date hereof (said acceptance to be in accordance with our current Residency Policy), an Entrance Fee in an amount to be determined by us (which will be no more than one-half of the then-current Entrance Fee for the Residence) shall be paid upon residency, and each month thereafter, the then-current Second Person Monthly Fee shall be paid as part of the Monthly Fee. 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.

If the Resident marries a person who is also a resident of the Community, and should they decide to occupy one residence as Joint Residents, they must declare which residence will be occupied and which residence will be surrendered. The repayment due for the surrendered residence, if any, will be provided pursuant to the Entrance Fee repayment terms in the residency agreement of the surrendered residence.

4.4 Guests. Guests are welcome to stay in your Residence for short stays not to exceed ten (10) consecutive days. Such stay shall not, in the opinion of the Executive Director, adversely affect the operation of the Community or be inconsistent with the welfare of other residents.

4.5 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.

4.6 Insurance. You are required at your own expense to carry personal property insurance and liability insurance. If requested by us, you agree to provide us with proof of such insurance coverage.

4.7 Removal and Storage of Resident's Personal Property. Your personal property must be removed from the Residence within thirty (30) days following any of the following dates: (i) the date of your death (if Joint Residents, the date of death of the surviving Resident), (ii) the date notice of cancellation is delivered by you or us pursuant to Section 8 or 9, or (iii) the date notice is delivered to you of your permanent assignment or transfer to the Community Health Center or a Comparable Facility for Health Center Level Services (see definitions in Sections 5.1 and 5.2). If your personal property has not been removed from the Residence within such thirty (30) day period, then we may, in our sole discretion, either charge you an additional Monthly Fee for each month thereafter during which such personal property remains in the Residence or remove and store such personal property at the expense and risk of you or your estate. In the event of your death, while you are a resident of the Community under this Agreement, only the executor(s) named in your Will will be allowed to remove or dispose of your furnishings and belongings in your living accommodation and any related storage areas at the Community. Members of your family or those to whom you have granted Power of Attorney will not be allowed access to your personal property after your death, unless they are the executor(s) named in your Will.

4.8 Furnishings. Furnishings within the Residence provided by you shall not be such as to interfere with the health, safety or general welfare of you, other residents, or others.

4.9 Emergency Entry and Relocation. We may enter your Residence should it be necessary in an emergency to protect your health and safety or the health and safety of other residents. If relocation is recommended by the Medical Director or your attending physician, we will request that you relocate to another residence within the Community, or to the Community Health Center or a Comparable Facility (as defined in Section 5.2) for the protection of your health or safety or for the health or safety of the other residents of the Community.

4.10 Alterations by You. You may not undertake any alterations to your Residence without our prior written approval, as set forth in a separate addendum to this Agreement.

4.11 Condition of Residence. Upon vacating the Residence, you agree to leave it in good condition, except for normal wear and tear. You shall be liable to us for any charges incurred to restore your Residence to good condition, normal wear and tear excepted.

4.12 Rights of Second Single Resident. When two Joint Residents reside in a single Residence under this Agreement, upon the death or permanent assignment of one Resident to the Community Health Center Level Services, or other inability to continue residing in the Residence, the remaining Resident may continue to reside in the Residence under the terms of this Agreement and shall pay the Monthly Fee.

5. THE COMMUNITY HEALTH CENTER.

5.1 Description. The Community Health Center is the portion of the Community which is licensed to provide assisted living, skilled nursing care, and specialized care for dementia or related disorders (collectively "Health Center Level Services"). The Community Health Center is staffed by licensed nursing personnel 24 hours a day.

5.2 Alternate Accommodations. You will be given priority over non-residents for admission to the Community Health Center. In the event the Community Health Center is fully occupied when you are determined appropriate for admission, you agree to relocate to an alternate health care facility that provides services similar to the Community Health Center (a "Comparable Facility"). Upon your relocation to a Comparable Facility, you shall continue to be responsible for the Monthly Fee (unless your Residence is surrendered). We will not be responsible for the charges associated with the Comparable Facility.

5.3 Thirty (30) Annual Days of Nursing Care in the Community Health Center. You are eligible to receive thirty (30) annual days of nursing care (non-cumulative) in the Community Health Center (while you are a resident of your Residence), without paying the Health Center per diem charge. In the case of Joint Residents, each of you will receive thirty (30) annual days, but the days cannot be combined and used by only one of you, and unused days cannot be carried over to subsequent years. You are required to pay any charges for physician services and any additional health services as outlined in Section 5.10. Once you are permanently assigned to the Health Center, you no longer qualify for the thirty (30) annual days.

5.4 Transfer to Health Center Level Services. In the event your physical or mental health is determined by us to be appropriate for Health Center Level Services, you agree to relocate to the Community Health Center or a Comparable Facility. Such a determination will be made by us after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.

5.5 Temporary Assignment to the Community Health Center. In the event you require temporary care in the Community Health Center beyond the thirty (30) annual days of care as outlined in Section 5.4, you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Section 5.10. In addition, you will continue to pay the Monthly Fee for your Residence.

5.6 Permanent Assignment to Health Center Level Services. In the event you require permanent care in the Community Health Center beyond the thirty (30) annual days of care as outlined in Section 5.4, you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Section 5.10. If you are determined appropriate for Health Center Level Services, and are admitted or relocated to the Community Health Center or a Comparable Facility, you will be required to surrender the Residence to us. We shall have the right to reassign the Residence for occupancy by others except as provided in Section 4.12. Release of the Residence due to your permanent assignment to the Community Health Center or to a Comparable Facility does not qualify you for reimbursement of the Entrance Fee, unless this Agreement is canceled.

Once the Residence is surrendered, you will no longer be obligated to pay the Monthly Fee for the Residence.

5.7 Relocation within the Community Health Center. We reserve the right to relocate you to a different level of care within the Community Health Center if you require such care. Such relocation will be made after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.

5.8 Return to Residence. If we subsequently determine, in consultation with your attending physician, your personal representative and you to the extent possible, that you can resume occupancy in a residence equivalent to the residence you previously occupied, you shall have the right to relocate to such equivalent residence as soon as one is available. Upon reoccupying a residence, your Monthly Fee will be based on the then-current Monthly Fee for the residence.

5.9 Medical Director, Attending Physician, and Additional Health Services. We have designated a licensed physician to serve as Medical Director of the Community Health Center. You are required to have a local attending physician. You may engage the services of the Medical Director at your expense. We will not be responsible for the charges for medical treatment or services by the Medical Director or your attending physician, nor will we be responsible for the charges for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment.

5.10 Advanced Charges for Medical Treatment. In the event we incur or advance payment for your medical treatment or for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment (even in the event such medical care is given at the direction of your attending physician or the Medical Director without your prior approval), you shall promptly reimburse us for such payments. Upon

cancellation of this Agreement for any reason, any amounts due to us under this Section 5.11 shall be offset against any repayment of the Entrance Fee.

5.11 Medicare and Health Insurance. When age eligible, you are required 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 Community Health Center or a Comparable Facility. You shall furnish to us such evidence of coverage as we may from time to time request. Such supplemental insurance should cover Medicare co-insurance and deductibles. Should your supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay in the Community Health Center or a Comparable Facility, or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay in the Community Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each Medicare-qualified admission and stay in the Community Health Center or a Comparable Facility. If you are eligible to receive the thirty (30) annual days of care in the Community Health Center as provided in Section 5.4 and your stay in the Community Health Center is a Medicare-qualified stay, such thirty (30) annual days will be applied after the expiration of your Medicare-qualified stay providing you have Medicare Part A, Medicare Part B and acceptable supplemental health insurance or equivalent insurance coverage.

If you are not eligible for Medicare, you shall maintain health insurance coverage acceptable to us and shall furnish us with evidence of such coverage upon our request. Should your health insurance not fully cover your stay in the Community Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each admission and stay in the Community Health Center or a Comparable Facility.

If failure to maintain Medicare Part A, Medicare Part B, supplemental health insurance or other health insurance coverage 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 Section 7.1, and we retain the right to revoke your right to reside at the Community and cancel the Residency Agreement as provided in Section 9.

5.12 Managed Care. If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B, and supplemental insurance coverage, the terms of this Agreement governing nursing care will include the following provisions:

5.12.1 Participating Provider. If the Community Health Center is a participating provider with your managed care program and your stay is a Medicare-qualified stay, the Community agrees to be reimbursed at the rate negotiated with your managed care program. Such a managed care stay in the Community Health Center will not reduce the number of days of care you are eligible to receive without extra charge pursuant to Section 5.4.

5.12.2 Not a Participating Provider. If the Community Health Center is not an approved participating provider with your managed care program and you choose to receive health care services at a managed care participating provider, then you agree that you must relocate for as long as necessary for those services to be provided, and be responsible for all charges for health care

services. In addition, while receiving health care services at the managed care participating provider, you agree that unless this Agreement is canceled, you will continue to pay the Monthly Fee for your Residence, unless your Residence has been surrendered to us. Such a stay at a managed care participating provider other than the Community Health Center will not reduce the number of days of care that you are eligible to receive without extra charge pursuant to Section 5.4.

5.12.3 Negotiated Managed Care Rate. If the Community Health Center is not a participating provider in your managed care program and your stay is a Medicare-qualified stay, we will use our best effort to negotiate a reimbursement rate with your managed care program. If we are able to negotiate an acceptable rate, we agree to accept as full payment the rate provided by your managed care program. Such a managed care stay in the Community Health Center will not reduce the number of days of care that you are eligible to receive without extra charge pursuant to Section 5.4.

5.12.4 No Negotiated Managed Care Rate. If the Community Health Center is not a participating provider in your managed care program and a negotiated rate is not agreed upon and you would still like to receive health care in the Community Health Center during a Medicare-qualified stay, then each day of your stay in the Community Health Center will reduce by one day the number of days of care you are eligible to receive without extra charge pursuant to Section 5.4. During any such Medicare-qualified stay in the Community Health Center, you agree that you will continue to pay the Monthly Fee, unless your Residence has been surrendered to us, the charges for medication, prescribed therapy, medical treatment by physicians, and other medical and miscellaneous supplies and services associated with medical treatment. If at any time during any such Medicare-qualified stay in the Community Health Center you are no longer eligible to receive any of the days of care provided for in Section 5.4, then you agree to pay the per diem rate for your care in the Community Health Center, the charges for medication, prescribed therapy, medical treatment by physicians, and other medical and miscellaneous supplies and services associated with medical treatment, and the Monthly Fee for your Residence, unless your Residence has been surrendered to us.

5.12.5 Post Medicare-Qualified Stay. At the conclusion of each such Medicare-qualified stay, you will be entitled to health care in the Community Health Center in accordance with the terms of this Agreement other than as provided in this Section 5.13, as adjusted to reflect any reduction during such stay in the number of days of care that you are eligible to receive without extra charge as provided in Section 5.4.

5.13 Transfer to Hospital or Other Care Facility. If we determine after consultation with your attending physician, your personal representative and you to the extent possible, that you need care beyond that which the Community Health Center is licensed to provide, you will be transferred to a hospital or other care facility. We shall not be responsible for any charges associated with the transfer and health care expenses or charges incurred by you after such a transfer. You shall continue to pay the Monthly Fee until your Residence is surrendered.

5.14 Community Health Center Admission Agreement. If you require care in the Community Health Center, you agree to enter into a separate Community Health Center Admission Agreement to be signed by you and us.

5.15 Under Age 60. If you are under the age of 60 when you occupy your Residence under this Agreement, you are not eligible to receive thirty (30) annual days of nursing care in the Community Health Center as described in Section 5.4 until you attain the age of 60. During this time, you will be entitled to Health Center Level Services at the then-current rate being charged to non-residents until age 60.

6. REPRESENTATIONS.

6.1 Our Representations. We represent and warrant that we are a nonprofit corporation and that we do not propose to operate at a profit. We are exempt from payment of Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. We are affiliated with The Grand Lodge of North Carolina and The Grand Chapter, Order of the Eastern Star in North Carolina. The Grand Lodge of North Carolina and The Grand Chapter, Order of the Eastern Star in North Carolina are not responsible for our financial or contractual obligations.

6.2 Your Representations. You represent and warrant that the representations made in the application for residency, your personal health history, and the confidential financial statement are true and correct and may be relied upon by us as a basis for your acceptance for residency at the Community. You also represent and warrant that you have not made any gift of your property in contemplation of the execution of this Agreement.

7. PROMISES.

7.1 Our Promises. It is and shall be our declared policy to operate as a non-profit organization. We will not cancel this Agreement without just cause as specified in Section 9. Further, we shall not cancel this Agreement solely by reason of your financial inability to pay the full Monthly Fee or the per diem charge for care in the Community Health Center. This provision shall not apply if you have impaired your ability to meet your financial obligations hereunder by transfer of assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance, or other health insurance after assuming occupancy. You shall be permitted to remain at the Community for a reduced fee based on your ability to pay for as long as you establish facts to justify deferment of such charges and when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate the Community on a sound financial basis for the benefit of the residents.

7.2 Your Promises. You agree to comply with all policies and procedures of the Community as now existing or as hereafter amended; to pay the Entrance Fee, Monthly Fee, and any other charges as provided in this Agreement; to not impair your ability to meet the financial obligations under this Agreement by transferring assets, other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance, without our consent, and to abide by all other terms of this Agreement.

8. CANCELLATION BY RESIDENT.

8.1 Right of Rescission. Within thirty (30) days following the later of the execution of this Agreement by you or the receipt of a Disclosure Statement from us, you may rescind this Agreement by giving us written notice. You shall not be required to move into the Residence prior to the expiration of the thirty (30) day rescission period. Repayment of the amount of the Entrance Fee paid shall be as outlined in Section 10.2.

8.2 Cancellation Prior to Occupancy. You may cancel this Agreement for any reason at any time before you move into the Community by giving us written notice signed by you (both of you in the case of Joint Residents). Repayment of the amount of the Entrance Fee paid shall be as outlined in Section 10.3 or 10.4. If you die prior to occupying the Residence or if, on account of illness, injury or incapacity, you are precluded from occupying the Residence under the terms of this Agreement, this Agreement will automatically cancel. Repayment of the Entrance Fee shall be as outlined in Section 10.3.

8.3 Cancellation After Occupancy. You may cancel this Agreement for any reason after moving into the Community by giving us thirty (30) days' prior written notice of cancellation, which shall be effective and irrevocable upon delivery. Cancellation shall occur thirty (30) days after written notice is delivered, and you must vacate the Residence within the thirty (30) days. You are obligated to pay the Monthly Fee during the thirty (30) days. Repayment of the Entrance Fee shall be as outlined in Section 10.5.

8.4 Cancellation Due to Death After Occupancy. This Agreement will automatically cancel upon your death (the death of the surviving Resident in the case of Joint Residents). After such automatic cancellation, your personal representative will have thirty (30) days from the date of your death to remove your personal property from the Residence. Repayment of the Entrance Fee shall be as outlined in Section 10.5.

9. CANCELLATION BY US.

9.1 Cancellation Upon Notice. We may, upon notice and opportunity to cure as hereinafter provided, cancel this Agreement for just cause. Just cause shall include the occurrence of any of the following events (hereinafter referred to as a "Default"):

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.

9.1.2 Misrepresentation. You misrepresent yourself or fail to disclose information during the residency process.

9.1.3 Nonpayment. You fail to pay any charges to us, subject to the provisions of Section 7.1, within sixty (60) days of the date when such charges are due.

9.1.4 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 behavior that would result in physical damage to the property of others.

9.1.5 Change in Condition. There is a major change in your physical or mental condition and your condition cannot be cared for in the Community Health Center within the limits of our license.

9.2 Default Notice. Prior to cancellation for any Default described in Section 9.1.1, 9.1.2 or 9.1.3 above, we shall give you notice in writing of such Default, and you shall have at least thirty (30) days thereafter within which to correct such Default. No Default shall eliminate your obligation to pay the Monthly Fee until cancellation. If you correct such Default within such time, this Agreement shall not be canceled. If you fail to correct such Default within such time, this Agreement shall cancel at the expiration of such thirty (30) days.

In the event of the occurrence of a Default described in Section 9.1.4 or 9.1.5 above, if we or the Medical Director determines that either the giving of notice of Default or the lapse of time as above provided might be detrimental to you or others, then such notice and/or waiting period prior to cancellation shall not be required. Also, in the event of the occurrence of a Default described in Section 9.1.4 or 9.1.5, we are expressly authorized by you to transfer you to an appropriate hospital or other facility, and we will promptly notify your personal representative or attending physician.

10. REPAYMENT OF ENTRANCE FEE.

10.1 Nonacceptance by Us. If we do not accept you for residency at the Community, the full amount of the Entrance Fee you have paid will be promptly repaid to you, with interest.

10.2 Right of Rescission. If you rescind this Agreement as provided in Section 8.1, you shall receive a repayment of the portion of the Entrance Fee paid by you, less (i) a service charge equal to the greater of one-thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee, and (ii) less any charges specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Such repayment shall be paid within sixty (60) days of our receipt of the written notice of rescission.

10.3 Cancellation Prior to Occupancy Due to Death, Illness, Injury, Incapacity, or Change in Financial Condition. If, prior to occupancy, you die or you cancel this Agreement because of illness, injury, incapacity, or change in your financial condition, you or your estate will receive a repayment of the portion of the Entrance Fee paid by you, less (i) a service charge equal to the greater of one-thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee, and (ii) less any charges specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Such repayment shall be paid within sixty (60) days after our receipt of the written notice of cancellation.

10.4 Cancellation Prior to Occupancy for Other Reasons. If you cancel this Agreement for reasons other than those stated in Section 10.3 above, you shall receive a repayment of the portion of the Entrance Fee paid by you, less (i) a service charge not to exceed the greater of three thousand dollars (\$3,000) or two percent (2%) of the Entrance Fee, and (ii) less any charges specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Such repayment shall be paid within sixty (60)

days after our receipt of the written notice of cancellation. In no event shall the non-refundable portion of the Entrance Fee exceed the amount of consideration transferred to the provider by you or a service charge be assessed due to the termination of the contract because of our failure to meet our obligations under the contract, or upon our failure to obtain a permanent license as required by law.

10.5 Cancellation After Occupancy. In the event you or we cancel this Agreement after occupancy or in the event of your death (the death of the survivor in the case of Joint Residents), 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 residency or portion thereof for up to fifty (50) months. After fifty (50) months of occupancy, no repayment of the Entrance Fee will be made. Such repayment will be paid, without interest, within sixty (60) days after your Residence has been reserved by a new resident and our receipt of the full amount of the Entrance Fee paid by such new resident. In the event your Residence is not reserved by a new resident, such repayment will be paid, without interest, within twenty-four (24) months from the date cancellation of your Residency Agreement becomes effective.

10.6 Offset Against Entrance Fee Repayment. In the event of cancellation of this Agreement after occupancy as described in Section 10.5 above, we will offset against any Entrance Fee repayment due to you the following:

10.6.1 The amount of any Monthly Fees or other charges deferred by us on your behalf under Section 7.1; and

10.6.2 Any health care expenses incurred on your behalf and other amounts payable to us, which remain unreimbursed; and

10.6.3 Any charges incurred to restore the Residence to good condition, normal wear and tear excepted, as outlined in Section 4.11; and

10.6.4 Any charges incurred as a result of non-standard features added to the Residence at your request as outlined in Exhibit A or in a separate addendum to this Agreement.

10.7 Cancellation for Any Other Reason Not Specified . In the event of cancellation or termination of this Agreement for reasons not specifically addressed in Sections 8, 9 or Sections 10.1 to 10.6, 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 non-standard costs, non-refundable fees, service charges, and any other relevant financial obligations outlined therein.

11. MISCELLANEOUS.

11.1 Nature of Rights. You understand and agree that (i) this Agreement or your rights (including the use of the Residence) under it 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 receipt of the amounts described in Section 10; (ii) this Agreement and your contractual right to

occupy the Community will exist and continue to exist during your lifetime unless canceled as provided herein; (iii) this Agreement grants you a revocable right to occupy and use space in the Community 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 Community.

11.2 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 any such liability. You may want to obtain at your own expense insurance to protect against such losses.

11.3 Amendment. This Agreement may be amended by agreement of the parties to this Agreement. No amendment of this Agreement shall be valid unless in writing and signed by you and us.

11.4 Law Changes. This Agreement may be modified by us at any time in order to comply with applicable laws or regulations. Further, we may change any part of the Community, including the Residence, to meet the requirements of any applicable law or regulation.

11.5 Entire Agreement. This Agreement and any addenda or amendments thereto contain our entire understanding with respect to your residency at the Community.

11.6 Monthly Statement. You shall receive a monthly statement from us showing the total amount of fees and other charges owed by you, which shall be paid by the tenth (10th) day of each month.

11.7 Responsible Party for Business and Financial Decision Making. Within sixty (60) days after assuming residency at the Community, you agree to execute and deliver to us 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. 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 Community.

11.8 Disposition of Furniture, Possessions, and Property. Within sixty (60) days after the date of residency, you agree to make provision by will or otherwise for the disposition of all of your furniture, property, and possessions located on the premises of the Community.

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

11.10 Notices. Any notice required to be given to us under this Agreement shall be in writing and sent certified mail or hand-delivered to the Executive Director of the Community at 700 South Holden Road; Greensboro, North Carolina 27407. Such notices shall be dated and signed.

Any notice required to be given to you shall be delivered to you at the Community or at such other place as you shall designate to us in writing. All notices mailed in accordance with this Section shall be deemed to be given when mailed whether or not they are actually received.

11.11 Indemnity. We will not be liable for and you agree to indemnify, defend and hold us harmless from claims, damages and expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your negligent or intentional act or omission or that of your guests.

11.12 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.

11.13 Subordination. You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages or other documents creating liens encumbering the Community, which have been or will be executed by us. Upon request, you agree to execute, acknowledge and deliver to such lender or lenders such further written evidence of such subordination as such lenders may reasonably require. Except to the extent of your obligation to pay the Monthly Fee and Second Person Monthly Fee, you shall not be liable for any such indebtedness.

11.14 Capacity. This Agreement has been executed on our behalf by our duly authorized agent, and no officer, director, agent or employee of ours shall have any personal liability hereunder to you under any circumstances. This Agreement will become effective upon acceptance and signature by us.

11.15 Resident. In the case of Joint Residents, the rights and obligations of each are joint and several except as the context of this Agreement otherwise requires.

11.16 Reimbursement for Loss or Damage. You or your responsible party, if applicable, agree to reimburse us for any loss or damage to the Community caused by your intentional, careless, or negligent acts or omissions or that of your guests.

11.17 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.

11.18 Transfers. We may sell or transfer our interest in the Community 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 Community and its agreement to perform this Agreement and all other agreements, we will have no further obligation hereunder. Your signature hereto constitutes your consent and approval of any such future transaction.

11.19 Private Employee of Resident. If you need additional services, you can obtain these needed services from a private employee, an independent contractor, or through an agency (personal service provider). In such instances, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. In any event, 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 policy. If you fail to follow or enforce the policies and rules set forth therein, then we may elect, at our sole option, to cancel this Agreement.

11.20 Tax Considerations. You should consult with your tax advisor regarding the tax considerations associated with this Agreement.

11.21 Management. We have engaged the services of Life Care Services LLC to manage the Community. We are not affiliated with Life Care Services nor is Life Care Services responsible for our contractual or financial obligations or the contractual or financial obligations of the Community.

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

11.23 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 Section 11.11, and our representations and obligations under this Agreement, will survive any cancellation of your residency in the Community, regardless of the reason for such cancellation and regardless of whether it is initiated by you or by us.

11.24 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, 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.

11.25 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.

12. ARBITRATION.

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

12.2 Arbitration for Other Claims. It is understood that any and all disputes between the Resident and Community, 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 Community that relates to the provision of care, treatment and services the Community provides to the Resident, including any action for injury or death arising from intentional torts, statutory causes of action, negligence, and medical malpractice, that is as to whether any medical services rendered under this contract 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. This provision shall be binding for any and all disputes arising out of the Resident's Residency Agreement and/or the Resident's residency at the Community, except for disputes pertaining to collections or evictions. This provision is binding on all parties hereto, including the Community, 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 Community.

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 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 Community. 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 provision is not a precondition to receiving medical treatment, care, services and/or for admission to the Community and is not a requirement to continue to receive medical treatment, care, and services at the Community. You may rescind your agreement to arbitrate by written notice to the Community 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 Community.

This provision shall have retroactive effect. It is agreed by and between the parties hereto that this provision covers services rendered before the date this contract is signed, thus making this provision effective as of the date of the Resident's first admission to the Community.

This Agreement relates to the Resident's admission to the Community and the Community participates in Medicare programs and/or procures supplies from out of state vendors. The parties, therefore, agree that the underlying admission to the Community involves interstate commerce. The parties further agree that this arbitration provision is to be governed by the Federal Arbitration Act and the procedural rules set forth in the Federal Arbitration Act (9 U.S.C. Sections 1-16) shall govern any petition to compel arbitration and shall preempt any inconsistent State law. While the parties agree that this provision shall be governed by the procedural rules set forth in the Federal Arbitration Act, the parties further agree that the substantive law of the State where the Community is located shall apply to any and all claims.

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 who routinely conducts mediations and/or arbitrations in the State where the Community is located and agree that discovery will be conducted pursuant to the discovery rules set forth by the arbitrator. Should the parties be unable to mutually agree upon the appointment of a single neutral arbitrator the Federal Arbitration Act shall govern the appointment of the arbitrator. The arbitration shall be venued in a location convenient for all parties, normally the county or region where Community is located.

The expenses and fees of the arbitrator shall be apportioned equally among all parties except as otherwise permitted or required by law.

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

The Resident and/or the person executing this Agreement certifies that he/she has read this provision, understands this provision, it has been explained to them in a manner he/she understands, has been given a copy of this provision, 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 Agreement and accept its terms on behalf of the Resident and acknowledges that the Community is relying on the aforementioned certification. Further, if the person executing this 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.

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

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

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

**THE MASONIC AND EASTERN STAR
HOME OF NORTH CAROLINA, INC.
d/b/a WhiteStone: A Masonic & Eastern
Star Community**

Witness

Printed Name of Authorized Representative

RESIDENT

Signature of Authorized Representative

Witness

Attachment: Exhibit A



Traditional Residency Agreement (2025-11-25)

Exhibit A

Non-Standard Features Added at Resident's Request:	Amount
	\$
	\$
	\$
	\$
	\$
	\$
Total of Non-Standard Features	\$

Initials _____
Community

Resident(s)

Appendix E – Examination Report

(Not applicable)

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.