

# EVERGREEN WOODS

A LIFE CARE RETIREMENT COMMUNITY

88 Notch Hill Road  
North Branford, Connecticut 06471 (203) 488-8000  
[www.EvergreenWoods.com](http://www.EvergreenWoods.com)

## INFORMATION BOOKLET (DISCLOSURE STATEMENT)

November 2016

THIS FACILITY, LIKE ALL OTHER CONTINUING CARE (LIFE-CARE) FACILITIES IN THE STATE OF CONNECTICUT, IS SUBJECT TO SECTIONS 17b-520 THROUGH 17b-535 OF THE CONNECTICUT GENERAL STATUTES CONCERNING MANAGEMENT OF CONTINUING CARE FACILITIES (THE "ACT"). REGISTRATION UNDER THE ACT DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT OF THE FACILITY BY THE DEPARTMENT OF SOCIAL SERVICES OR STATE OF CONNECTICUT, NOR DOES SUCH REGISTRATION EVIDENCE THE ACCURACY OR COMPLETENESS OF THE INFORMATION IN THIS DISCLOSURE STATEMENT.



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## CROSS REFERENCES

The following information, which is required by law to be included in this Disclosure Statement, can be found on the referenced pages:

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# **PART I: INTRODUCTION; OVERVIEW**

## INTRODUCTION

Evergreen Woods (the “Community”) brings to residents of Connecticut, aged 62 and over, a form of retirement living known as continuing care or “life-care”. This concept offers active retirees a lifestyle that is designed to meet their unique needs while allowing them the freedom to pursue their personal interests. Life-care communities, such as Evergreen Woods, encompass four important components: a private apartment home, a wide array of available personal services, the security of an on-site professional Health Center, offered within a sound financial plan.

One of the purposes of this Information Booklet (Disclosure Statement) is to explain to prospective residents, their families and advisors, who and what is involved in the operation of the Community. This Information Booklet was prepared on the basis of information available at the time of its publication and assumptions that 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. In addition, there usually will be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected and those differences may be material. Moreover, the achievement of any financial forecast is dependent upon future events, the occurrence of which cannot be assured and future changes in circumstances and in the economy may require changes in the future operation of the Community.

Although we have prepared this Information Booklet carefully and have tried to use non-technical language, it is possible that there may be some differences between the text in this booklet and certain of the contracts summarized herein. In the event of any difference, the provisions of such contracts shall govern.

## OUR MISSION

At Evergreen Woods, an outstanding life care retirement community, we aspire to provide for residents the highest quality of services in an attractive, secure, friendly, and comfortable living environment where independence is honored. To maintain our distinctive character and to assure continuing excellence we pay close attention to the smallest as well as the largest details of community life.

*Evergreen Woods is not affiliated with any religious, charitable or other non-profit organization.*

## EVERGREEN WOODS RETIREMENT, LLC

The Community is operated by Evergreen Woods Retirement, LLC, a Connecticut limited liability company (the “Provider”), whose business address is 88 Notch Hill Road, North Branford, Connecticut 06471. The Provider is a wholly-owned subsidiary of Senior Living Communities, LLC, a North Carolina limited liability company (“SLC”). The executive offices of SLC and its subsidiaries, including the Provider, are located at 3530 Toringdon Way, Suite 204, Charlotte, North Carolina 28277. Donald O. Thompson, Jr. and his spouse, Brenda Thompson, own SLC and Maxwell Group, Inc., a North Carolina corporation, which will

provide management and marketing services for the Community. Donald Thompson is the CEO of SLC and President and CEO of Maxwell Group, Inc. and will be responsible for the management of the Provider and the Community. Brenda Thompson is not involved in the management of the Provider, SLC or Maxwell Group, Inc. SLC operates eight other retirement communities in North Carolina, South Carolina, Georgia and Florida that are similar to the Community, all of which are managed by Maxwell Group, Inc.

SLC's financing partner is National Health Investors, Inc., a Maryland corporation ("NHI") that is a real estate investment trust (a "REIT"). NHI's stock trades on the New York Stock Exchange under the symbol "NHI." NHI-REIT of Evergreen, LLC, a Delaware limited liability company that is a wholly-owned subsidiary of NHI, owns the Community and leases it to SLC under a long-term lease. SLC, in turn, subleases the Community to the Provider for day-to-day operation.

Provider is solely responsible for its financial and contractual obligations, including its obligations under the Residency Agreements. No other person or entity referred to herein, including SLC, Maxwell Group, NHI or NHI-REIT of Evergreen, LLC, has assumed any financial responsibility for the fulfillment of Evergreen Woods' agreements, except as expressly stated.

### **MAXWELL GROUP, INC.**

The Provider has retained Maxwell Group, Inc. ("Maxwell Group") to manage the Community. Maxwell Group was founded in 1989 and has 28 years of proven success in the management of healthcare communities and other related senior living care entities. Maxwell Group has built its reputation on developing luxury communities for senior adults. As of the date of this Information Booklet, Maxwell Group manages 11 retirement communities in six states. Seven of the communities managed by Maxwell Group, including Evergreen Woods, are continuing care retirement communities. Three of the other retirement communities managed by Maxwell Group are entrance fee communities similar to Evergreen Woods. Maxwell Group's executive offices are located at 3530 Toringdon Way, Suite 204, Charlotte, North Carolina 28277. Maxwell Group is a team of people dedicated to creating luxury senior living communities by providing excellent service to all of our customers.

Maxwell Group has been engaged to supervise and manage the operation of the Community, including: recruiting and training an Executive Director; housekeeping; flat laundry; interior and exterior building and grounds maintenance; providing and facilitating recreation and social programs; providing scheduled transportation; on-going sales and marketing; the purchase of supplies, drugs and solutions; supervising the licensing, equipping, and staffing of the Community; preparation of annual budgets; preparing books, records and other accounts for the Community; establishing and operating a system of financial control for the Community and supervising health care services, food service and quality accommodations throughout the Community; coordinating the Community's compliance with governmental requirements; enforcement of Residency Agreements; and any other services as may from time to time be reasonably requested by Provider. The services described herein are furnished pursuant to a management agreement between Provider and Maxwell Group.

Maxwell Group does not guarantee the obligations of Provider under the Residency Agreements. Maxwell Group is entitled to full reimbursement for certain costs incurred by it in connection with providing management services to Provider, and is paid a percentage fee based on the total collected revenue of Evergreen Woods.

**RETIREMENT COMMUNITIES MANAGED  
BY MAXWELL GROUP, INC.**

**As of November 2016**

Brightwater, Myrtle Beach, South Carolina  
Cascades Verdae, Greenville, South Carolina  
Evergreen Woods, North Branford, Connecticut  
Homestead Hills, Winston-Salem, North Carolina  
The Lakes at Litchfield, Pawleys Island, South Carolina  
Marsh's Edge, St. Simons Island, Georgia  
Osprey Village at Omni Amelia Island Plantation, Amelia Island, Florida  
Ridgecrest, Mt. Airy, North Carolina  
Summit Hills, Spartanburg, South Carolina  
Wellmore of Tega Cay, Tega Cay, South Carolina  
The Stratford, Carmel, Indiana

Maxwell Group has entered into agreements to manage two additional retirement communities, Wellmore of Lexington in Lexington, South Carolina, and Wellmore of Daniel Island on Daniel Island, South Carolina, both of which are under construction and are expected to open in 2017.

**More information about Maxwell Group, Inc. can be obtained at [maxwell-group.com](http://maxwell-group.com)**

**LEADERSHIP**

Donald O. Thompson, Jr. serves as the CEO of SLC and as President and CEO of Maxwell Group. Over the last three decades, Donald Thompson has been an owner of companies providing skilled nursing, Alzheimer's care, assisted living, rehab services, group purchasing, enteral feeding, medical equipment, medical supplies, home health services, and pharmacy services.

**ADMINISTRATION**

Overall administrative responsibility for Evergreen Woods is currently charged to Kevin Horan. Kevin has over 15 years of experience in the senior living industry and has demonstrated excellence in leadership, management, sales, and member satisfaction. Most recently, he served as the Executive Director for Atria Hamilton Heights in West Hartford, CT. Prior to Atria, he was an Executive Director with Brookdale Senior Living/Emeritus Senior Living, the largest provider of senior housing in the country. In addition, Kevin has a strong background in hospitality with over 15 years of experience in various upper management capacities.



The Health Center is managed by Jaclyn Martinelli, an administrator licensed by the State of Connecticut. Since graduating from The University of Rhode Island, with a Bachelor of Science, Jaclyn has worked in senior health care including Assisted Living and Skilled Nursing Communities. She then continued on to the University of New Haven graduating with a Master's in Public Administration, concentration in Long Term Care, and then became a licensed Nursing Home Administrator. She was fortunate enough to be hired as a newly licensed Nursing Home Administrator at The Governor's House Nursing & Rehabilitation in Simsbury, CT.

## ACCREDITATION

In 2002, Evergreen Woods earned the distinction of becoming accredited by the Continuing Care Accreditation Commission (CCAC). In 2005 the Commission on Accreditation of Rehabilitation Facilities (CARF) merged with CCAC to become CARF-CCAC. CARF-CCAC accreditation is widely regarded as a "seal of approval" for aging services continuums. Accreditation is a voluntary process involving extensive and rigorous self-evaluation by the organization's associates, residents, and owner and an on-site review by trained CARF-CCAC evaluators.

CARF-CCAC holds its accredited organizations to high standards of excellence. Three critical areas are reviewed: governance; finance and strategy; and health and wellness. Evergreen Woods must provide documentation and proof that they are in compliance with each of the CARF-CCAC's standards. CARF-CCAC awards accreditation for five years. Evergreen Woods submits annual progress and financial reports to demonstrate ongoing compliance with the standards.

CARF-CCAC awards public recognition to a community that, while carrying out its stated mission and purposes, meets industry-generated standards of excellence that are demanding but realistic. In 2012, Evergreen Woods went through a successful 5 year re-accreditation process.



## JUDICIAL PROCEEDINGS

None of the Provider, any of its officers, directors, trustees or members, or Maxwell Group has been convicted of a felony or pleaded *nolo contendere* to a felony charge, or held liable or enjoined in a civil action by final judgment involving fraud, embezzlement, fraudulent conversion or misappropriation of property, nor are any such persons subject to a currently effective injunction or restrictive or remedial order of a court of record. Within the past five years, none of the persons described herein has had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or health care, including but not limited to, actions affecting the operation of a foster care facility, nursing home, retirement home, residential care home or any facility subject to sections 17b-520 to 17b-535 of the Connecticut General Statutes, inclusive, or a similar statute in another state or country.

## PART II: THE COMMUNITY

## EVERGREEN WOODS

Evergreen Woods is located on an attractive 88-acre wooded site that is conveniently located on the tri-town border of North Branford, Branford and Guilford. The address of the Community is 88 Notch Hill Road, North Branford, Connecticut 06471.

Evergreen Woods is a continuing-care community designed to accommodate persons 62 years of age or older. The Community provides active retirees a lifestyle designed to meet their unique needs while allowing them the freedom to pursue their personal interests. Continuing-care communities, such as Evergreen Woods, encompass these important components: a private apartment home, a wide array of available personal services, and the security of an on-site professional Health Center.

The Community consists of 249 apartments, numerous common spaces and a 50-bed Health Center. Common amenities include a reception lobby, a library, an indoor swimming pool with a state-of-the-art exercise room and Jacuzzi-style whirlpool spa, an auditorium with stage, an attractive dining room with an excellent view of the woods, a private dining room, which may be reserved by residents who wish to entertain a group, and several lounges designed for card playing, games, conversation or reading. Other common amenities include a country store, an arts-and-crafts room, a billiards room, a multi-media room, a beauty/barber shop, a woodworking shop and a cocktail lounge. Outdoor facilities include garden plots, hiking trails, and scenic seating areas.

The Health Center is licensed to provide chronic and convalescent nursing home care and is designed with both private and semi-private rooms. The Health Center includes a rehabilitation therapy room, recreational therapy area, dining rooms, lounges, and a beauty/barber shop. An enclosed garden courtyard with gazebo offers residents and visitors an opportunity to enjoy the outdoors. Emphasis in the Health Center is on restorative care, with the goal of returning residents to living in their apartments. The Health Center features a comprehensive, inpatient and outpatient rehabilitation program encompassing physical, occupational and speech therapy. The Health Center also provides intravenous (IV) therapy.

The Supportive Care Neighborhood is designed to meet personal care and mobility needs while promoting independence. Often referred to as a “community within a community”, this resourceful neighborhood gathers services, conveniences and social interactions into a cozy and easy-to-navigate enclave. Our Supportive Care Neighborhood connects the friendly and welcoming spirit of the community, the beautiful apartments and maintenance-free services, the convenient dining and gathering features, and favorite social activities with respectful care provided in the privacy of a resident’s apartment.

Evergreen Woods supports residents in maintaining a Resident Council. Elected representatives of the residents meet monthly with administration to share ideas, make suggestions and address any concerns of residents. Regularly scheduled resident meetings are held to enable the residents to ask questions and to permit the administration of Evergreen Woods to communicate with the residents.

## **THE LIFE-CARE CONCEPT**

The life-care concept, as provided by Evergreen Woods, offers individuals use of an apartment, support services and long-term nursing care in an on-site Health Center if they are temporarily or permanently unable to live in their apartment. This concept has grown as the result of the increasing number of men and women reaching retirement age and the concern for providing an alternative to traditional retirement living. Depending upon which of our plans a resident selects (see description of the plans that we offer in the section below), a resident will pay an Entrance Fee and may make a loan to Evergreen Woods. After assuming residence in the Community, every resident will pay a monthly Service Fee and a monthly Working Capital Fund fee. A resident will be entitled to live in a private apartment, and, if necessary, may relocate to the on-site Health Center either on a temporary or permanent basis.

## **THE PLANS**

The Community offers three plans to accommodate the preferences of its residents: The Traditional Entrance Fee plan, the Tailored Entrance Fee Plan, and the Tailored Monthly Fee Plan (collectively, the “Plans”). The Traditional Entrance Fee Plan is based on a seventy percent (70%) refundable Entrance Fee. The Tailored Entrance Fee Plan, in contrast, provides for payment of a reduced Entrance Fee, ninety percent (90%) of which is refundable initially but is amortized over forty-five (45) months. The Tailored Monthly Fee Plan provides for payment of a reduced Monthly Fee, with ninety percent (90%) of the Entrance Fee also refundable initially and then amortized over forty-five (45) months. Each plan is described in more detail in the Residency Agreement for Traditional Entrance Fee Plan, and the Residency Agreement for Tailored Entrance Fee and Tailored Monthly Fee Plans, each included in this Disclosure Statement. (See Exhibits A and B, respectively)

## **CONTRACTS AND FEES**

The compensation to Provider for the on-going ownership of the Community is comprised solely from entrance fees from new residents of the Community (including any second person entrance fee charged), the monthly service fee and the monthly owner’s administrative fees (which are fixed for the duration of a resident’s occupancy), interest earned on deposits and/or certain escrowed monies, and other benefits generally associated with the leasing and operation of real estate. In addition, to the extent the Provider loans funds to operations that would normally be funded through the Cash Requirements Allocation formula, if applicable, and/or funds any shortfalls between operating revenues and operating expenses, the Provider may, at its option, seek to recoup such amounts through the monthly Service Fees.

## **THE SERVICES**

The decision to move into a continuing-care retirement community demands careful consideration of many factors, including the services to be provided. While the services provided by Evergreen Woods to residents are listed in Sections 5 and 6 of the Residency Agreement, which governs all such obligations, the following is a description of those services most frequently asked about.

## **Dining Services**

As part of the monthly Service Fee, each resident is entitled to a number of meals equal to the number of days in the month. The meals provided in the monthly Service Fee may be taken at any scheduled time during the month. Additional meals will be available to residents at an extra cost, to be billed monthly. Residents may contract on a monthly basis for additional meals at reduced cost. Meals for guests are at additional cost. Unused meals covered by the monthly Service Fee are credited against a portion of any guest meal charges incurred within the month.

Dining service provided in the dining room is waited table service. A continental breakfast service is offered daily at no additional charge. Monthly Service Fees will not be reduced for meals not taken, unless the resident is absent for more than 30 consecutive days.

The service of the dietitian is available to residents who desire nutritional counseling. However, special diets are not provided for residents in the apartments. "Take-out" service is available for lunch and dinner meals. There is no additional charge to the resident for delivery service when the resident is ill and such delivery service is approved by Evergreen Woods.

## **Flat Laundry**

Evergreen Woods provides weekly service for the residents' flat laundry, (i.e. sheets, pillowcases, towels, face cloths and dish cloths) which is washed, dried, folded and returned within a set time. Although the use of permanent press linen is strongly recommended, the associates will launder nonpermanent press items, but will not iron flat laundry.

## **Health Center**

In the event a resident requires skilled nursing care, he or she may be admitted by physician's order directly to the Health Center from his or her apartment. Residents of the Community have priority access to the Health Center over nonresident patients desiring admission. Since only one meal per day is included in the monthly Service Fee, two additional meals each day will be added to a resident's monthly billing statements when he or she is admitted to the Health Center. Visitors and volunteers are encouraged to visit the patient. Friends, relatives or spouses may take meals with patients with advance notification.

Evergreen Woods is licensed to provide rehabilitative, skilled nursing care. Evergreen Woods is not licensed to provide hospital-level care or certain other services including, but not limited to, acute psychiatric care and ventilator therapy. The monthly Service Fee does not cover, and Evergreen Woods will not be responsible for, the costs of any hospitalization required by residents.

A physician has been retained on a consulting basis to act as medical director for the Health Center. Residents in the Health Center must be seen and followed by a physician who is credentialed by Evergreen Woods and must comply with all state and federal requirements for licensed health care centers.

While in the Health Center, the resident will be given nursing care in a semi-private room. If a resident desires an available private room, the resident may obtain one, subject to availability, and upon agreement to pay the difference in cost between semi-private and private rooms, calculated based on private-pay rates. Semi-private Health Center care includes basic nursing care and emergency medical care when the medical director is summoned by Health Center associates. The resident is responsible for the services of his/her personal physician. In the event the resident's personal physician or the Community's medical director orders medication, therapy, or various supplemental services for the resident's care, the resident shall be responsible for the cost of such services and medication.

Refer to Section 7 of the Residency Agreement for more details on charges once a resident is permanently assigned to the Health Center.

### **Maintenance of the Living Unit**

Evergreen Woods maintains all common spaces and provides weekly housekeeping services for resident apartments. Housekeeping services include: cleaning and dusting the interior of the apartment and vacuuming, all on a weekly basis; washing and waxing hard surface floors; and the annual cleaning of ovens and windows. Carpets will be cleaned approximately every 24 months, and, at other times, spot cleaning will be done. Associates will assist residents in arranging and moving furniture as needed during the first 3 months of occupancy at no charge. Extra cleaning help will be available at additional cost.

### **Other Charges**

Other services may be provided to residents at additional charge, which may be added to the monthly bill. Such services include guest accommodations, newspapers, personal transportation, guest meals over the monthly meal allowance, nursing and personal care services provided by the Resident Services Department, beauty/barber shop services, additional resident meals (available at a discount if taken on a monthly plan), additional housekeeping, personal laundry service and such other reasonable services as requested.

### **Pets**

In recognition of the strong role that pets play in our lives, certain pets are permitted, accordance with our Pet Policy. Please see your Community Sales Director for a current copy of the policy.

### **Supportive Services for Apartment Residents**

Those residents who do not require care in the Health Center, but who need additional personal care services to continue living in their apartments may receive the services of the Resident Services department staffed by a professional counselor, registered and licensed nurses and certified nursing assistants. The Resident Services department provides services such as Wellness Clinic, nursing treatments, medication management, case management, bathing, dressing, additional housekeeping, shopping, escort and laundry services to the residents at additional cost. Such services are made available to the residents at an extra charge. Evergreen

Woods reserves the right to add to, delete from, or modify such additional services and charges from time to time.

Evergreen Woods is a licensed Assisted Living Services Agency (ALSA) and registered Managed Residential Community (MRC) with the Connecticut Department of Public Health. The Resident Services department offers nursing and personal care services to apartment residents who qualify under Connecticut law. Residents are free to contract with other Connecticut-licensed home health care agencies, so long as such agencies meet certain criteria.

### **Telephone Service**

Each apartment has “live” jacks in various locations. Actual telephone service is at the resident’s expense.

### **Transportation**

Scheduled bus and other transportation services are provided. Transportation to theater, outings, museums and other special events is offered and may be at extra cost to the resident. Regularly scheduled bus transportation is provided to shopping centers, medical offices and local religious services. Private transportation services are also available at an additional charge.

## **THE RESIDENCY AGREEMENT**

Evergreen Woods’ Residency Agreement (the “Residency Agreement”) sets out the contractual agreements between the residents and the Community. Refer to Exhibit A and Exhibit B. Evergreen Woods reserves the right to offer to new prospective residents alternative forms of residency agreements from time to time.

Upon deciding to become a resident of the Community, a future resident will execute a Residency Agreement to reserve the apartment selected. Below is a reference of key terms which are described in the Residency Agreement.

**Rights of a Surviving Spouse (or Second Persons):** Section 8 of the Residency Agreement describes your occupancy rights.

**Marriage of a Resident:** Section 11.2 of the Residency Agreement describes your rights if you get married or decide to have another person live with you.

**Disposition of Personal Property:** Section 11.4 of the Residency Agreement describes the rights of the resident and the community regarding the disposition of personal property upon death, or cancellation or termination of the Residency Agreement.

**Evergreen Woods’ Termination Rights:** Section 10 of the Residency Agreement indicates that Evergreen Woods will not terminate the Residency Agreement except for just cause.

**Limitations on Termination Rights for Financial Inability:** Section 10.2 of the Residency Agreement explains limitations on termination rights for financial inability.

**Notice of Termination:** Section 10.3 of the Residency Agreement explains the notice of termination.

**Emergency Termination:** Section 10.4 of the Traditional Residency Agreement explains emergency termination.

**Resident's Termination Rights:** Section 9 of the Residency Agreement explains resident termination rights.

## **TAX CONSEQUENCES**

Payment of an entrance fee or other transfer of assets pursuant to a continuing care contract may have significant tax consequences. You may wish to consult a qualified adviser before signing the Residency Agreement to discuss any potential tax consequences.



## EVERGREEN WOODS – MONTHLY SERVICE FEES

### Traditional and Tailored Entrance Fee Plans

UNIT TYPE	2011	2012	2013	2014	2015	2016
ONE BEDROOM A	\$2,818	\$2,931	\$3,048	\$3,185	\$3,281	<b>\$3,379</b>
ONE BEDROOM B	\$3,364	\$3,498	\$3,638	\$3,802	\$3,916	<b>\$4,033</b>
ONE BEDROOM C	\$3,444	\$3,582	\$3,725	\$3,893	\$4,009	<b>\$4,130</b>
ONE BEDROOM D	\$3,836	\$3,989	\$4,149	\$4,336	\$4,466	<b>\$4,600</b>
TWO BEDROOM E	\$3,990	\$4,150	\$4,316	\$4,510	\$4,646	<b>\$4,785</b>
TWO BEDROOM F	\$4,072	\$4,235	\$4,404	\$4,602	\$4,740	<b>\$4,882</b>
TWO BEDROOM FC	\$4,072	\$4,235	\$4,404	\$4,602	\$4,740	<b>\$4,882</b>
TWO BEDROOM G	\$4,302	\$4,474	\$4,653	\$4,862	\$5,008	<b>\$5,159</b>
TWO BEDROOM GL	\$4,302	\$4,474	\$4,653	\$4,862	\$5,008	<b>\$5,159</b>
SECOND PERSON	\$1,800	\$1,872	\$1,947	\$2,035	\$2,096	<b>\$2,159</b>

### Tailored Monthly Fee Plan

UNIT TYPE	2011	2012	2013	2014	2015	2016
ONE BEDROOM A	\$1,965	\$2,044	\$2,126	\$2,222	\$2,288	<b>\$2,357</b>
ONE BEDROOM B	\$2,346	\$2,440	\$2,538	\$2,652	\$2,732	<b>\$2,814</b>
ONE BEDROOM C	\$2,401	\$2,497	\$2,597	\$2,714	\$2,795	<b>\$2,879</b>
ONE BEDROOM D	\$2,675	\$2,782	\$2,893	\$3,023	\$3,114	<b>\$3,207</b>
TWO BEDROOM E	\$2,783	\$2,894	\$3,010	\$3,145	\$3,240	<b>\$3,337</b>
TWO BEDROOM F	\$2,839	\$2,953	\$3,071	\$3,209	\$3,305	<b>\$3,405</b>
TWO BEDROOM FC	\$2,839	\$2,953	\$3,071	\$3,209	\$3,305	<b>\$3,405</b>
TWO BEDROOM G	\$2,999	\$3,119	\$3,244	\$3,390	\$3,492	<b>\$3,596</b>
TWO BEDROOM GL	\$2,999	\$3,119	\$3,244	\$3,390	\$3,492	<b>\$3,596</b>
SECOND PERSON	\$1,800	\$1,872	\$1,947	\$2,035	\$2,096	<b>\$2,159</b>

## EVERGREEN WOODS – ENTRANCE FEES

### Traditional Entrance Fee Plan

UNIT TYPE	2011 Inland	2011 Shoreline	2012 Inland	2012 Shoreline	2013 Inland	2013 Shoreline	July 2013**	2014	2015	2016
ONE BEDROOM A	N/A	\$203,230	N/A	\$206,000	N/A	\$210,000	\$210,000	\$210,000	\$210,000	<b>\$210,000</b>
ONE BEDROOM B	\$297,965	\$283,121	\$301,000	\$286,000	\$301,000	\$286,000	\$301,000	\$301,000	\$301,000	<b>\$301,000</b>
ONE BEDROOM C	\$302,150	\$287,094	\$305,000	\$290,000	\$305,000	\$290,000	\$305,000	\$305,000	\$305,000	<b>\$305,000</b>
ONE BEDROOM D	\$334,560	\$317,832	\$338,000	\$321,000	\$338,000	\$321,000	\$338,000	\$338,000	\$338,000	<b>\$338,000</b>
ONE BEDROOM D PREMIUM	\$339,560	\$322,957	\$352,000	\$334,000	\$352,000	\$334,000	\$352,000	\$352,000	\$352,000	<b>\$352,000</b>
TWO BEDROOM E	\$364,235	\$346,075	\$364,235	\$346,075	\$364,235	\$346,075	\$364,235	\$364,235	\$364,235	<b>\$364,235</b>
TWO BEDROOM F	\$397,135	\$377,333	\$374,235	\$356,075	\$374,235	\$356,075	\$374,235	\$374,235	\$374,235	<b>\$374,253</b>
TWO BEDROOM FC	\$408,435	\$408,435	\$408,435	\$408,435	\$408,435	\$408,435	\$408,435	\$408,435	\$408,435	<b>\$408,435</b>
TWO BEDROOM G	\$478,930	\$478,930	\$478,930	\$478,930	\$478,930	\$478,930	\$478,930	\$478,930	\$478,930	<b>\$478,930</b>
TWO BEDROOM G PREMIUM	\$483,930	\$483,930	\$493,000	\$493,000	\$493,000	\$493,000	\$493,000	\$493,000	\$493,000	<b>\$493,000</b>
TWO BEDROOM GL	\$497,765	\$497,765	\$497,765	\$497,765	\$497,765	\$497,765	\$497,765	\$497,765	\$497,765	<b>\$497,765</b>
TWO BEDROOM GL PREMIUM	\$502,765	\$502,765	\$513,000	\$513,000	\$513,000	\$513,000	\$513,000	\$513,000	\$513,000	<b>\$513,000</b>

\*\*Differentiation of Inland and Shoreline pricing stopped July 2013.

## EVERGREEN WOODS – ENTRANCE FEES

### Tailored Entrance Fee Plan

UNIT TYPE	2011 Inland	2011 Shoreline	2012 Inland	2012 Shoreline	2013 Inland	2013 Shoreline	July 2013**	2014	2015	2016
ONE BEDROOM A	N/A	\$135,558	N/A	\$137,000	N/A	\$144,000	\$144,000	\$144,000	\$144,000	<b>\$144,000</b>
ONE BEDROOM B	\$223,550	\$198,750	\$226,000	\$201,000	\$226,000	\$201,000	\$226,000	\$226,000	\$226,000	<b>\$226,000</b>
ONE BEDROOM C	\$226,630	\$201,572	\$229,000	\$204,000	\$229,000	\$204,000	\$229,000	\$229,000	\$229,000	<b>\$229,000</b>
ONE BEDROOM D	\$250,820	\$223,110	\$253,000	\$225,000	\$253,000	\$225,000	\$253,000	\$253,000	\$253,000	<b>\$253,000</b>
ONE BEDROOM D PREMIUM	\$255,820	\$228,110	\$266,000	\$238,000	\$266,000	\$238,000	\$266,000	\$266,000	\$266,000	<b>\$266,000</b>
TWO BEDROOM E	\$273,160	\$242,928	\$273,160	\$242,928	\$273,160	\$242,928	\$273,160	\$273,160	\$273,160	<b>\$273,160</b>
TWO BEDROOM F	\$297,905	\$264,865	\$283,160	\$252,928	\$283,160	\$252,928	\$283,160	\$283,160	\$283,160	<b>\$283,160</b>
TWO BEDROOM FC	\$305,980	\$305,980	\$305,980	\$305,980	\$305,980	\$305,980	\$305,980	\$305,980	\$305,980	<b>\$305,980</b>
TWO BEDROOM G	\$359,250	\$359,250	\$359,250	\$359,250	\$359,250	\$359,250	\$359,250	\$359,250	\$359,250	<b>\$359,250</b>
TWO BEDROOM G PREMIUM	\$364,250	\$364,250	\$372,000	\$372,000	\$372,000	\$372,000	\$372,000	\$372,000	\$372,000	<b>\$372,000</b>
TWO BEDROOM GL	\$373,350	\$373,350	\$373,350	\$373,350	\$373,350	\$373,350	\$373,350	\$373,350	\$373,350	<b>\$373,350</b>
TWO BEDROOM GL PREMIUM	\$378,350	\$378,350	\$386,000	\$386,000	\$386,000	\$386,000	\$386,000	\$386,000	\$386,000	<b>\$386,000</b>

\*\*Differentiation of Inland and Shoreline pricing stopped July 2013.

## EVERGREEN WOODS – ENTRANCE FEES

### Tailored Monthly Fee Plan

UNIT TYPE	2011 Inland	2011 Shoreline	2012 Inland	2012 Shoreline	2013 Inland	2013 Shoreline	July 2013**	2014	2015	2016
ONE BEDROOM A	N/A	\$183,475	N/A	\$186,000	N/A	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000
ONE BEDROOM B	\$292,125	\$271,728	\$295,000	\$274,000	\$295,000	\$274,000	\$295,000	\$295,000	\$295,000	\$295,000
ONE BEDROOM C	\$296,225	\$275,520	\$299,000	\$278,000	\$299,000	\$278,000	\$299,000	\$299,000	\$299,000	\$299,000
ONE BEDROOM D	\$328,000	\$305,040	\$331,000	\$308,000	\$331,000	\$308,000	\$331,000	\$331,000	\$331,000	\$331,000
ONE BEDROOM D PREMIUM	\$333,000	\$310,040	\$345,000	\$321,000	\$345,000	\$321,000	\$345,000	\$345,000	\$345,000	\$345,000
TWO BEDROOM E	\$353,625	\$328,923	\$353,625	\$328,923	\$353,625	\$328,923	\$353,625	\$353,625	\$353,625	\$353,625
TWO BEDROOM F	\$378,225	\$351,780	\$363,625	\$338,923	\$363,625	\$338,923	\$363,625	\$363,625	\$363,625	\$363,625
TWO BEDROOM FC	\$388,988	\$388,988	\$388,988	\$388,988	\$388,988	\$388,988	\$388,988	\$388,988	\$388,988	\$388,988
TWO BEDROOM G	\$456,125	\$456,125	\$456,125	\$456,125	\$456,125	\$456,125	\$456,125	\$456,125	\$456,125	\$456,125
TWO BEDROOM G PREMIUM	\$461,125	\$461,125	\$470,000	\$470,000	\$470,000	\$470,000	\$470,000	\$470,000	\$470,000	\$470,000
TWO BEDROOM GL	\$474,063	\$474,063	\$474,063	\$474,063	\$474,063	\$474,063	\$474,063	\$474,063	\$474,063	\$474,063
TWO BEDROOM GL PREMIUM	\$479,063	\$479,063	\$479,063	\$479,063	\$489,000	\$489,000	\$489,000	\$489,000	\$489,000	\$489,000

\*\*Differentiation of Inland and Shoreline pricing stopped July 2013.

**SCHEDULE OF MISCELLANEOUS CHARGES**  
(Effective 1/1/2016)

**Please note that all ancillary charges are billed from the 16<sup>th</sup> of the previous month through the 15<sup>th</sup> of the current month.**

ITEM	CHARGE
<b>GUEST SERVICES</b>	
Guest Rooms 1 and 2	\$100.00 per night
If reserved for 7 or more consecutive nights	\$80.00 per night
Guest Room 3	\$85.00 per night
If reserved for 7 or more consecutive nights	\$68.00 per night
Cot Rental - tax included	\$12.00 per visit (up to 7 days) \$5.00 per day (after 1 <sup>st</sup> 7 days)
Memorial Services Room Setup and Cleaning Fees are as follows:	
Auditorium	\$250.00
Reis Room	\$250.00
Pavilion	\$150.00
Room Capacity:	
Auditorium	80 people
Reis Room	50 people
Pavilion	30 people
<b>MEALS</b>	
Guest Meals - tax included	\$9.25 when using meal credit \$22.40 without meal credit
Children's Meals (Age 6 to 12)	\$9.25 without meal credit
Children's Meal (Under 6)	\$5.00
E-2 and HC guest meals	\$13.15
Additional Resident Meal	\$13.15

Meal Delivery Charges	\$5.00
Absence Meal Credit	\$7.81 per day ( <b>minimum 30 days</b> )
<b>*If you are absent for 30 consecutive days \$7.81 per day will be credited to your monthly bill.</b>	
Additional 2 meals for Health Center Days	\$31.20 per day (x 2 meals)
Catering Services	Individually priced

**OFFICE SERVICES – All office services will be “cashless” services. All transactions will be added to your monthly bill.**

Copier	\$0.10/copy
Laminating	\$2.00 (8-1/2 x 11)
FAX (outgoing only)	\$1.00 per page
Postage	As metered

**MAINTENANCE SERVICES**

Services for moving furniture, hanging pictures, etc. will be provided at no charge for a period of ninety days from your move-in date.

After 90 days \$40.00 per hour (min 1 hour)

After work which may require the use of an outside contractor such as an electrician will be handled in one of two ways:

1. The contractor will invoice you directly.
2. Evergreen Woods will be invoiced and the amount of the invoice plus any applicable fees will be billed to you by Evergreen Woods.

Replacement of Broken Keys	\$5.00
Replacement of Lost Keys	\$30.00
Replacement of Lost Fob	\$15.00

Replacement of Mailroom Keys will be charged based on the locksmith fee at time of replacement

## OTHER MISCELLANEOUS SERVICES

Garage	\$30.00/Month – (per \$5,000 purchased garage agreement)
	\$120/Month – (per *no money down rental garage agreement)
Massage Therapy	See prices posted in Massage Room

## TRANSPORTATION SERVICES

Private Transportation (1<sup>st</sup> 20 miles no charge, after 20 miles, .55 per mile):

Car (1 hour minimum)	\$22 per hour (1/2 hr increments)
Wheelchair Van (1 hour minimum)	\$30 per hour (1/2 hr increments)

After Hours Private Transportation\*:

Transportation requests Monday – Friday before 9:00 a.m. and after 3:00 p.m., weekends and holidays are considered after hours and therefore will be considered private rides.

Car (1 hour minimum)	\$30 per hour (1/2 hr increments)
Wheelchair Van (1 hour minimum)	\$40 per hour (1/2 hr increments)

\*Subject to driver availability.

## ENVIRONMENTAL SERVICES

Bed-making	\$6.00 per bed
Carpet cleaning complete	\$24.00
Window washing	\$24.00
Re-organizing	\$24.00
Oven cleaning	\$24.00
Blinds (other than during deep cleaning)	\$24.00
Silver polishing	\$24.00
Moving area rugs and furniture	\$24.00
Personal clothing laundry service <i>*wash &amp; wear items only</i>	\$1.25 per pound/10 pound minimum -

Special laundry processing	\$24.00
Carpet cleaning (spots)	\$12.00
Mattress turning	\$12.00
Refrigerator cleaning	\$12.00
Hand polishing furniture	\$12.00
Watering plants when away	\$12.00
Any additional services	per event



**RESIDENT HEALTH SERVICES PROGRAM FEES**  
**(Effective 1/1/2016)**

**All ancillaries are charged from the 16<sup>th</sup> of the previous month through the 15<sup>th</sup> of the current month.**

**Resident Health Services provided at no additional charge**

- Wellness Counseling, Health Promotion, Disease Prevention
  - ✓ Resident Liaison/Advocate
  - ✓ Support/Counseling
  - ✓ Health education lectures
  - ✓ Education on treatments and procedures
  - ✓ Coordination of medical equipment
  - ✓ Follow-up on emergency calls
- Transportation to/from the Health Center
- Arrange for take-out meal delivery due to brief illness
- Medication delivery if needed due to illness
- Wellness Clinic Visit (nursing treatment may be at additional charge)
  - ✓ Blood pressure checks
  - ✓ Instruction/Teaching for treatments such as eye drops, support hose, heat or cold application, etc.
- Referrals to other agency services as appropriate such as Physical Therapy

**Nursing Services**

➤ **Nursing Services** (performed by licensed nurses)

- Coordination of care for residents receiving Health Services \$55.00/month
- Admission Assessment to Assisted Living Services \$150.00/per admission
- Nursing Treatments/Assessments \$30.00 per 15 minutes

Including but not limited to:

- ✓ Pacemaker check
- ✓ Wound care
- ✓ In home blood pressure checks
- ✓ Physical assessments
- ✓ In-home Assessment to follow-up on Call for Assistance
- ✓ Medication Re-Adjustment
- ✓ 120 Day Required Re-assessment

Medication pre-pours

\$90.00/pre-pour

Includes ordering medications, assessing for side effects of medications, performing physical assessment (including blood pressure check and other vital signs).

*Nursing Treatments covered by Medicare will be referred to the Visiting Agency (VNA) of your choice.*

**RESIDENT ASSISTANT SERVICES** (performed by certified aides):

Charge is **\$9.50 per 15 minutes**.

- All services are **SCHEDULED**, not on-demand.
  - Medication reminders or supervision
  - Skin Care (non-medicated creams only)
  - Toileting
  - Exercise
  - Bathing/hygiene
  - Dressing
  - Assistance with Support Hose
  - Meal Preparation
  - Grocery Shopping
  - Escorts
  - Personal Laundry
  - Housekeeping
  - Ironing
  - Unpacking
  - Respite care
  - “Friendly Visits”
  - Pet Assistance (food and water, cat litter removal only – no dog walking services)
  - Safety Checks
  - Reading and non-financial correspondence
  - Errands

**24 HOUR NOTICE MUST BE GIVEN TO CANCEL SCHEDULED CARE IN ORDER TO AVOID FULL CHARGE.**

Residents who want personal laundry as their only service will be serviced by our Laundry Department, not the Resident Services Department.

Services provided on Evergreen Woods Holidays will be billed at a 50% premium to reflect the cost of staff on these days (\$14.25 per unit of service).

**The Resident Services department holds a FREE, non-emergency clinic 7 days /week in the Wellness Center from 1:00-2:00pm for sick visits, blood pressure checks, and simple treatments not accepted by the VNA.**

**Calls for Assistance to your apartment that are non-emergency and therefore do not result in transport to the hospital will be charged at \$35.00/15 minutes.**

For those residents that have Long Term Care Insurance: Submission of bills and other required paperwork for reimbursement are the responsibility of the resident and/or family, not Resident Services/Evergreen Woods.

**Miscellaneous**

- Cordmate Rental \$50.00/month
- Emergency Linen Changes \$25.00 (flat fee)
- Dining Room Escort (round-trip) \$18.00 (flat fee)
- Dining Room Escort (one-way) \$9.50 (flat fee)
- Quiet Care Monitoring System \$70.00 per month

**Supportive Care All-Inclusive Charges**

- **Supportive Care Program on 2<sup>nd</sup> Floor of Eaton \$1,850 per month**
- **Quiet Care Monitoring System \$70.00 per month**
- **Dining Services:**
  - ✓ A Dining Room available right on the floor offering continental breakfast and a nutritionally well balanced lunch and dinner.
  - ✓ Staff available at each meal to provide assistance and monitoring of dietary intake.
- **Activity Program:**
  - ✓ Program staff will provide stimulating recreational activities and an opportunity for socialization and interaction.
- **Nursing/Coordination of Care Services:**
  - ✓ Up to one (1) hour of scheduled incremental certified aide assistance with activities of daily living such as dressing, bathing etc. and supervision of self-administration of medication as necessary. (Aide services provided above and beyond the one hour of care will be provided at an additional fee)
  - ✓ Certified nursing assistant on 2<sup>nd</sup> Floor of Eaton 24 hours a day
  - ✓ Dietician consultant when necessary
  - ✓ Health monitoring and promotion, wellness counseling and disease prevention in apartment
  - ✓ Periodic nursing assessments as necessary

- ✓ Coordination with your personal physician and referrals to other health care professionals, agencies or other ancillary services as appropriate
- ✓ Follow up visits after hospitalization or other medical absences
- ✓ Coordination of care between the resident or family member in determining the appropriate level of services along the continuum of care
- ✓ Coordination of medical transportation
- ✓ Associate response to emergencies
- ✓ Security checks during the night with medical staff response if needed.

## HEALTH CENTER SCHEDULE OF FEES

(Effective 1/1/2016)

All ancillaries are charged from the 16<sup>th</sup> of the previous month through the 15<sup>th</sup> of the current month.

### HEALTH CENTER ROOM RATES FOR PRIVATE PAY RESIDENTS

Semi-Private \$390.00 per day

Private \$450.00 per day

### PRIVATE ROOM DIFFERENTIAL

Life Care Resident \$125.00 per day (if not medically necessary)

Medicare Resident \$60.00 per day (if not medically necessary)

### MEDICARE PART A COVERED STAY

Days 1-20 Traditional Medicare covers 100% of your Medicare Part A stay

Days 21-100 Traditional Medicare covers all costs except a co-pay of \$161.00 per day

(Secondary insurance supplemental to Medicare may cover this cost.)

### 50 SKILLED NURSING BEDS

Room and Board, Social Services, Therapeutic Recreation, Linen, Housekeeping, Maintenance Services and 24 hour Skilled Nursing Services.

### SERVICES AND AMENITIES AVAILABLE

\*These items are available to residents at additional cost (most items covered by insurance).

- \* Adaptive Equipment
- \* Audiology, Dentistry & Optometry, Podiatry
- \* Beauty & Barber Shop
- \* Dry Cleaning
- \* EKG, Oximetry, Ultrasound, X-Ray
- \* Fine Dining with Selected Menus
- \* Guest Meals
- \* Laboratory Services
- \* Long Distance Calling
- \* Massage Therapy
- \* Medical Supplies
- \* Medication & IV Therapy
- \* Nutritional Supplements
- \* Personal Laundry Services
- \* Personal Supplies
- \* Podiatry
- \* Private & Semi Private Rooms
- \* Private Telephone
- \* Psychiatry Services
- \* Religious Services
- \* Special Events & Entertainment
- \* Wander Alert System
- \* Wheelchairs & Recliner Chairs
- \* Wound Care Treatments

**BEAUTY SALON SERVICE FEES**

**(Effective January 1, 2016)**

**All ancillaries are charged from the 16<sup>th</sup> of the previous month through the 15<sup>th</sup> of the current month.**

<b>ITEM</b>	<b>CHARGE</b>
<b>SALON SERVICES – All salon services are “cashless” services. All transactions (including tip) will be added to your monthly bill.</b>	
Shampoo Only	\$10.00
Ladies Haircut	\$28.00
Ladies Haircut/Shampoo	\$30.00
Ladies Haircut with set or blow dry and style	\$44.00
Men’s Haircut	\$20.00
Shampoo/Diffuser/Set	\$24.00
Shampoo/Blow-Dry/Iron	\$24.00
Permanent including cut/shampoo/conditioner/style	\$85.00
Color with Shampoo/Set/Blow dry	\$55.00
Color Rinse	\$3.50
Waxing of brow, lip, face	\$10.00
Mustache Trim	\$6.00
Beard Trim	\$10.00
Comb Out	\$10.00
Nail Cut and file	\$10.00
Manicure including nail polish	\$18.00
Nail polish change	\$10.00

## PART III: FINANCIAL INFORMATION

## **ENTRANCE FEE ESCROW**

Under the provisions of the Act, the Provider must maintain an escrow account for certain portions of the entrance fees with a bank or trust company. These are the entrance deposits that are paid to the Provider upon execution of the Residency Agreement and prior to occupancy, referred to as the “Entrance Deposit.” Such account has been established with U.S. Bank (formerly Union Trust Company), One Federal Street, Boston, Massachusetts 02110. Attached as **Exhibit C** to this Agreement is a sworn statement of U.S. Bank, affirming that the escrow required by Section 17b-524 of the Connecticut General Statutes has been established and maintained.

The ten percent (10%) Entrance Deposit, which prospective residents pay to reserve the apartment, is deposited into the entrance fee escrow account. The funds and interest earnings are held in escrow until all statutory requirements are met.

Prospective residents who desire to cancel their Residency Agreement are required to send a written notice of termination by registered or certified mail to the escrow agent at the above address and to Evergreen Woods Retirement, LLC, 88 Notch Hill Road, North Branford, Connecticut 06471. Prospective residents who cancel will not receive interest on the entrance fee deposit.

Interest earned on the entrance fee escrow account shall belong to the Provider.

## **OPERATING RESERVE ESCROW And DEBT SERVICE RESERVE ESCROW**

The Provider is required to and has established and maintains in trust an escrow account with KeyBank National Association, located at 100 Pearl Street, Hartford, Connecticut 06103 on a current basis, an operating and debt service reserve in an amount sufficient to cover: (a) all principal and interest, rental or lease payments due during the next six months on account of any first mortgage loan or other long-term financing or such lesser amount as determined by the Department of Social Services; and (b) the total cost of operation of the Community for a one-month period, excluding debt service and certain capital expenditures. Attached as **Exhibit D** to this Agreement is a sworn statement of KeyBank National Association, affirming that the escrow required by Section 17b-525 of the Connecticut General Statutes have been established and maintained. KeyBank National Association, as Escrow Agent, may invest all amounts held by it from time to time in such obligations of any federal or state or local authority (or in shares of a registered investment company which holds a portfolio of such securities) or such certificates of deposit, savings accounts, money market accounts, deposits, or other savings or investment securities including, without limitation, those of Escrow Agent, as the Provider may from time to time direct in writing, or absent such direction, in such accounts or similar investments as the Escrow Agent shall deem advisable in its sole discretion. Interest earned on the debt service and operating reserve escrow account is payable to the Provider. The balance of Evergreen Woods operating and debt service reserve escrow account as of November 8, 2016 was \$3,708,110. The Statement of Escrow Agent begins on page 98.



## **RESERVE FOR REPLACEMENT**

Evergreen Woods has established a reserve for replacement to make improvements or replace capital items at the Community that are not funded as Operating Cash Requirements under the Residency Agreement. Such capital items include those improvements, or replacements that cost over \$50,000, and other capital items which management determines should be funded from the reserve rather than as Operating Cash Requirements.

The replacement reserve is currently held in an account established at a Wells Fargo branch, but may be relocated to any other bank that the Provider selects.

## **RESIDENT LOANS**

Under the life-care retirement concept, no ownership interest in the real estate is transferred to the resident. Rather, the resident is provided use of an apartment, subject to and under the terms of the Residency Agreement and Connecticut statutes.

If a resident chooses the Traditional Entrance Fee plan, seventy percent (70%) of the Entrance Fee is refundable to the resident or his or her estate upon termination of residency in the Community. If a resident chooses the Tailored Entrance Fee Plan or the Tailored Monthly Fee Plan, ninety percent (90%) of the Entrance Fee is refundable initially but is amortized forty-five (45) months.

The refundable portion of the Entrance Fee is evidenced by a Loan Agreement attached to the Residency Agreement as an exhibit that is executed by the resident and the Provider at occupancy, and is referred to as a “Resident Loan.” Resident Loans made on and after November 8, 2016 are unsecured obligations of the Provider and are referred to as “Unsecured Resident Loans.”

Resident Loans made prior to November 8, 2016 (referred to as “Secured Resident Loans”) are secured by a Mortgage and Indenture of Trust with The Bank of New York Mellon Trust Company, N.A., as trustee. The trustee holds the Mortgage on the Community property for the benefit of residents of the Community holding Secured Resident Loans.

Events of default under the Mortgage and Indenture of Trust include failure to repay Secured Resident Loans within 90 days of the due dates, or the filing of a voluntary or involuntary bankruptcy or similar proceeding. Upon the occurrence and continuance of an event of default, the trustee would have the ability to exercise available remedies under the Mortgage. Otherwise, the trustee will not play an active role in the operation or management of Evergreen Woods.

The Mortgage and Indenture of Trust permits certain “permitted encumbrances.” These permitted encumbrances are intended to allow alternative financing which would be more difficult and more expensive if the Mortgage and Indenture of Trust had priority. Except for the permitted priority encumbrances, the Secured Resident Loans would take priority over most other claims, including Unsecured Resident Loans, with the exception of certain types of liens

and taxes. All Secured Resident Loans are equally protected by the Mortgage and Indenture of Trust and there is no priority among or between residents holding Secured Resident Loans. Over time, once all Secured Resident Loans have been repaid, the Mortgage and Indenture of Trust will be cancelled.

A copy of the Mortgage and Indenture of Trust is available for review by you or by your financial or legal advisor.

### **FINANCING OF THE COMMUNITY**

The Community is financed through a long-term lease from NHI-REIT of Evergreen, LLC, a wholly-owned subsidiary of National Health Investors, Inc., a Maryland corporation that is a real estate investment trust. The initial term of the lease runs to December 31, 2029, subject to two options to extend the initial term for an additional five years each. The initial annual lease payment for the Community is \$5,010,096.00, which will increase by 4% on January 1, 2017, 2018 and 2019, and by 3% on each January 1 thereafter. One half of the annual lease payment is required to be deposited in the operating and debt service reserve escrow described above.

### **AUDITED FINANCIAL STATEMENTS**

Evergreen Woods Retirement, LLC was formed in 2016 and began operating the Community in November 2016; therefore, audited financial statements of the Provider for the two most recent fiscal years are not available. If you would like to review the audited financial statements of the prior provider for the years ended December 31, 2015, 2014 and 2013, we will make a copy of the May 2016 Disclosure Statement for the Community available upon request.

### **FINANCIAL PROJECTIONS**

It is important for future residents, their families and their advisors to understand the financial basis on which the Community operates. The past experience of developing and managing senior living communities has been the basis for financial planning for the Community.

The financial projections presented in this Disclosure Statement were developed in October 2016, based on the past performance of the Community. As discussed in the Introduction to this Disclosure Statement, the achievement of a financial forecast is always dependent on future events.

### **THE PRO FORMA CASH FLOW STATEMENT**

A budgeting system is an essential business tool. Naturally, the entire process is ongoing, as new developments allow for refinement. Such new developments may include external events over which there is no control.

The Pro Forma Cash Flow Statement is simply a projection of the estimated flow of cash into and out of the Community for the period beginning on January 1, 2017 and ending

December 31, 2019. Assumptions and explanations are contained in the notes following the Pro Forma Cash Flow Statement.

The Pro Forma Cash Flow Statement is based upon the experience of the prior operator and the estimates of the prior operator with respect to Evergreen Woods as of April, 2016, provided, however, that the beginning cash balance represents Provider's cash, escrow and other reserve account balances held by the Provider, and the Partner Distribution figures are based on Provider's anticipated distributions to SLC. Such estimates are, of course, dependent upon assumptions concerning many items, including economic conditions such as inflation and interest rates, which are subject to change. Although there can be no guarantee of accuracy, it is believed that the Pro Forma Cash Flow Statement reflects sound financial planning and a rational set of assumptions, based upon experience and insight.

### **PRO FORMA CASH FLOW ASSUMPTIONS**

- (a) Beginning cash represents the anticipated interest-bearing operating cash, escrows, and all reserve accounts, including \$1.23 million in operating cash and \$3.708 million in the operating and debt service reserve escrow.
- (b) Apartment Service Fees represents the total of monthly Service Fees for all apartments based on stable occupancy of 89%.
- (c) Total census in Health Center is assumed to be 43 of 50 beds; 7 Pvt Pays, 7 Med A, 1 Managed Care, and 28 Life-care.
- (d) One-time community charges represents a one-time non-refundable fee due at closing which will be used to fund apartment refurbishment and other capital improvements, as determined by Evergreen Woods.
- (e) Other income represents projected income from meals, garage rentals, guest rooms, and beauty and barbershop.
- (f) Interest income is based on estimated projections of future interest rates.
- (g) Projecting a 4% increase in operating expenses.
- (h) Capital costs cover significant unit improvements, common area improvements or refurbishments, and building updates.
- (i) Future distributions to the partners will be after all required reserves and will be determined annually as appropriate.

<b>CASH FLOW PROJECTION</b>				
	<b>2017</b>	<b>2018</b>	<b>2019</b>	
<b>Beginning Cash</b>	4,938,000	8,579,959	12,251,430	(a)
<b>Additions:</b>	--	--	--	
Entrance Fee Collections net of Refunds	3,300,000	3,300,000	3,300,000	
Monthly Service Fees	17,082,848	17,731,996	18,441,276	(b)
Net Health Center Income	544,124	565,889	588,525	(c)
One-Time Community Charge	450,450	468,468	487,207	(d)
Other Income	1,429,426	1,486,603	1,546,067	(e)
Interest Income	31,200	32,448	33,746	(f)
<b>Disbursements:</b>				
Operating Expenses	12,735,589	13,245,013	13,774,813	(g)
Capital Expenditures	1,250,000	1,250,000	1,250,000	(h)
Lease Payments	5,210,500	\$5,418,920	\$5,581,487	
Partner Distributions	--	--	--	(i)
<b>Net Change</b>	3,641,959	3,671,471	3,790,521	
<b>Ending Cash available for reserves and/or distribution</b>	8,579,959	12,251,430	16,041,951	

In addition to the foregoing assumptions, the Pro Forma Cash Flow Statement is based the following assumptions:

1. The Project's current rate schedule (see pages 17-20).
2. The independent living unit residential turnover rates anticipated for the next three years, are as follows:

Number of Residents Beginning of Year

<b>2017</b>	<b>2018</b>	<b>2019</b>
238.9	237.5	236.3

**Anticipated Residential Turnover**

<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
10.8%	11.0%	11.2%

**Number Units Beginning of Year**

<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
200.2	200.2	200.2

**Occupied Unit Turnover**

<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
12.9%	13.1%	13.3%

3. The projected average age for the next three years for independent resident is as follows:

<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
87.4	87.6	87.7

4. Health care utilization rates, including admission rates and days per 100 residents by level of care anticipated for the next three years, are as follows:

**Assisted Living Units**

<b><u>Year</u></b>	<b><u>Utilization Rate Patients/Percent</u></b>		<b><u>Admission Rate Patent/Percent</u></b>		<b><u>Days per 100 Residents*</u></b>
2017	20.6	6.9%	7.5	3.2%	2,528
2018	19.5	6.6%	7.6	3.2%	2,419
2019	18.8	6.4%	7.7	3.3%	2,350

**Skilled Nursing Facility**

<b><u>Year</u></b>	<b><u>Utilization Rate Patients/Percent</u></b>		<b><u>Admission Rate Patent/Percent</u></b>		<b><u>Days per 100 Residents*</u></b>
2017	41.9	14.1%	95.9	40.3%	5,153
2018	41.9	14.2%	95.1	40.1%	5,201
2019	41.7	14.3%	94.6	40.1%	5,207

\*Only one level of care – skilled nursing.

\*\*Utilization rates include only Life-Care Residents

5. The average occupancy rates for independent living units anticipated for the next three years, are as follows:

<u>2017</u>	<u>2018</u>	<u>2019</u>
88%	88%	88%

6. The average number of days of care by level of care anticipated for the next three years, is as follows:

<u>Year</u>	<u>Assisted Living</u>	<u>Skilled Nursing</u>
2017	7,503	15,295
2018	7,127	15,322
2019	6,879	15,241

\*Includes life care permanent and temporary residents only. No direct admit residents are included in these numbers

7. The number of health care admissions by level of care anticipated for the next three years, is as follows:

<u>Year</u>	<u>Assisted Living</u>	<u>Skilled Nursing</u>
2017	7.5	95.9
2018	7.6	95.1
2019	7.7	94.6

8. The number of permanent transfers to the assisted living units and skilled nursing facility for the most recently completed fiscal year are:

Transferring From:

Facility Transferred to:	Independent Living	Assisted Living	Total
Assisted Living	10	--	10
Skilled Nursing	9	5	14

## PART IV: STATUTORY ACKNOWLEDGEMENTS

## **REGISTRATION**

The Community is subject to the provisions of the Connecticut Continuing Care Facilities Act (“Act”), Conn. Gen. Stat. § 17b-520 et seq. Accordingly, Evergreen Woods files annually the following documents with the Connecticut Department of Social Services (a) a current disclosure statement (information booklet), (b) financial information, (c) escrow account verifications and escrow agreements, and (d) a filing fee. Evergreen Woods complies with all of the filing requirements under the Act.

All documents filed will be a matter of public record and may be reviewed at the office of the Department of Social Services, located at 55 Farmington Avenue in Hartford, Connecticut 06105.

## **NOTICE TO PROSPECTIVE RESIDENTS**

Connecticut General Statutes require that the following Notice be given to prospective residents or their legal representative prior to the earlier of (i) the execution of a contract to provide continuing care (ii) the transfer of any money or other property to Evergreen Woods by or on behalf of the prospective Resident:

- A continuing care contract is a financial investment and your investment may be at risk.
- Our ability to meet our contractual obligations under such contract depends upon our financial performance.
- You are advised to consult an attorney or other professional experienced in matters relating to investments in continuing care facilities before you sign a contract for continuing care.
- The Connecticut Department of Social Services does not guarantee the security of your investment.



**ACKNOWLEDGEMENT OF RECEIPT OF DISCLOSURE STATEMENT**

In accordance with Sections 17b-522(b) and (f) of the Connecticut General Statutes, Evergreen Woods is required to deliver to a prospective resident or his or her legal representative a current Disclosure Statement not more than 60 days or less than 10 days before the execution of a continuing care contract or the transfer of any money or other property to Evergreen Woods by or on behalf of the prospective resident. In addition, Evergreen Woods is required to provide a revised and up-to-date Disclosure Statement to a prospective resident or his or her legal representative not more than 60 days or less than 10 days before the resident begins occupancy, or if no revisions have been made, a statement that there have been no revisions to the original Disclosure Statement.

**Acknowledgement:**

I, or my legal representative, have received and reviewed a copy of this notice and a copy of the continuing-care contract prior to entering into a continuing-care contract or the transfer of any money or other property to Evergreen Woods.

\_\_\_\_\_  
Signature of Prospective Resident

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Prospective Resident, if two

\_\_\_\_\_  
Date

**Exhibit A**

**RESIDENCY AGREEMENT  
FOR TRADITIONAL ENTRANCE PLAN**

## GLOSSARY

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

**“Agreement”** means this Residency Agreement.

**“Apartment”** means the apartment at The Community in which you are entitled to live pursuant to the Agreement, as identified in Section 1 of the Agreement.

**“Assisted Living Services”** means assistance with activities of daily living and nursing services provided by a licensed assisted living services agency (“ALSA”).

**“Cash Requirements Allocation Formula”** means the method for determining your portion of the Community’s Cash Requirements as set forth in Section 12 of the Agreement.

**“Entrance Deposit”** means ten percent (10%) of the Entrance Fee paid upon signing this Agreement in accordance with Section 1.2 of the Agreement.

**“Entrance Fee”** means those fees established by us and payable by a prospective resident to us for acceptance into The Community as described in Section 1 of the Agreement.

**“Evergreen Woods”** or **“we”** or **“us”** means Shoreline Life Care LLC (the successor-in-interest to Shoreline Care Limited Partnership), d/b/a Evergreen Woods, a limited liability company organized in the State of Connecticut and the owner of The Community.

**“Loan”** means the loan made to Evergreen Woods pursuant to this Agreement and the Loan Agreement attached hereto and made a part hereof as Exhibit A. Your rights to repayment of the Loan may be held by your heirs or others in trust established for your benefit if we consent to such an assignment, and our consent will not be unreasonably withheld.

**“Monthly Charges”** means all those monthly charges payable by you pursuant to the terms of the Agreement, including the Working Capital Fund Fees, the fees for optional services, the additional monthly fees for nursing care, if any, and all other fees and charges payable monthly pursuant to the terms of the Agreement, as appropriate in the particular circumstances.

**“One Time Capital Charge”** means the one-time non-refundable charge set forth in Section 3 of the Agreement.

**“Resident”** or **“you”** means the resident or residents who is (are) signatory to the Agreement. Sometimes a second Resident (if there are two of you) is referred to in the Agreement as the “second person.”

**“Second Person Entrance Fee”** means the non-refundable fee established by us when two residents occupy the same Apartment.

**“Service Fee”** means that monthly fee payable in consideration for the services provided to all residents, as set forth under Section 4.2 of the Agreement.

**“The Community”** means the facility known as Evergreen Woods, and which is the subject of the Agreement, including the apartments, the health center, and all common areas.

**“The Health Center at Evergreen Woods”** means the health center forming a part of The Community that is intended to provide nursing accommodations for the nursing care as stated in the Agreement.

**“Working Capital Fund Fee”** means that monthly fee payable to owner on a per contract basis for occupancy in The Community, as set forth in Section 4.1 of the Agreement.

**EVERGREEN WOODS**  
**RESIDENCY AGREEMENT**

**1. ENTRANCE FEE AND LOAN.**

**1.1 Entrance Fee.** To assure you, \_\_\_\_\_ (“Resident”), a place at Evergreen Woods in North Branford, Connecticut (hereinafter “The Community”) in accordance with all terms of this Agreement, including payment of the Monthly Charges described below, you will pay to Evergreen Woods (“Evergreen Woods”), an Entrance Fee and, if applicable, a Second Person Entrance Fee, for a total of \$\_\_\_\_\_.

(i) \$\_\_\_\_\_ of this amount represents the non-refundable portion of the Entrance Fee, which is thirty per cent (30%) of the Entrance Fee;

(ii) \$\_\_\_\_\_ represents the non-refundable Second Person Entrance Fee (if applicable); and

(iii) \$\_\_\_\_\_ represents the refundable portion of your Entrance Fee, which is seventy per cent (70%) of the Entrance Fee, and which shall be paid by you in the form of a Loan to Evergreen Woods in accordance with Section 1.4 of this Agreement.

Payment of your Entrance Fee and, if applicable, the Second Person Entrance Fee, entitles you to live in the \_\_\_\_\_ Building, Apartment no. \_\_\_\_\_ (“Apartment”) at The Community for as long as you are capable of meeting the requirements of apartment occupancy as set forth in our current entrance policy, and in The Health Center at Evergreen Woods when you are no longer capable of apartment occupancy, and to receive available services all in accordance with the terms of this Agreement.

**1.2 Entrance Deposit.** You agree to pay ten percent (10%) of your Entrance Fee in the amount of \$\_\_\_\_\_ when you sign this Agreement. We will hold this amount in escrow until such time as it may be released pursuant to Connecticut law.

**1.3 Balance of Entrance Fee and Loan.** You agree to pay the remaining balance or ninety percent (90%) of your Entrance Fee plus the Second Person Entrance Fee, if applicable, in the amount of \$\_\_\_\_\_, to Evergreen Woods on or before the date you move into The Community. You shall not be required to move into The Community before the expiration of thirty (30) days from your execution of this Agreement. In no event shall the date you move into The Community (or pay the balance of the Entrance Fee and Second Person Entrance Fee, if applicable, extend beyond \_\_\_\_\_ (\_\_\_\_\_) months from the date this Agreement is signed by both you and The Community.

**1.4 Loan.** The refundable portion of your Entrance Fee will be evidenced by a Loan Agreement, a copy of which is attached as **Exhibit A**. Your interest in the Loan may not be mortgaged, sold, discounted, assigned, or otherwise transferred, except to certain trusts established for your benefit, subject to our prior approval and in our sole discretion.

## **2. REIMBURSEMENT OF ENTRANCE FEE.**

### **2.1 Reimbursement of Entrance Fee Prior to Occupancy.**

**2.1.1** If you are not accepted for residency, as evidenced by Community-authorized signature of this Residency Agreement, the full amount of the Entrance Fee and Second Person Entrance Fee, if applicable, that you have paid will be refunded to you, without interest, within thirty (30) days.

**2.1.2** If you change your mind and you give us and the escrow agent, U.S. Bank (1 Federal Street, 3<sup>rd</sup> Floor, Boston, Massachusetts 02110) written notice of cancellation by registered or certified mail within thirty (30) days from the date you sign this Agreement, this Agreement will be automatically canceled. In such event, the full amount of the Entrance Fee and Second Person Entrance Fee, if applicable, that you have paid will be refunded to you, without interest, within sixty (60) days of written notice, except that we will retain (A) an amount equal to any costs specifically incurred by us or The Community at your request, and which costs have been set forth in a separate addendum to this Agreement, and (B) a reasonable service charge not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee.

**2.1.3** If you (or both of you, if there are two (2) of you) die at any time prior to the date your Apartment is ready for occupancy, and after the thirty (30) day period, or because of illness, injury, or incapacity, you (or both of you, if there are two (2) of you) are unable to occupy your Apartment under the terms of this Agreement, upon written notice to The Community by registered or certified mail, this Agreement will be automatically canceled, unless in the case of such illness, injury, or incapacity you (or both of you, if there are two (2) of you) are assigned to The Health Center at Evergreen Woods. If this Agreement is so canceled, the full amount of the Entrance Fee and any Second Person Entrance Fee that you have paid will be refunded to you or to your estate, without interest, within sixty (60) days of our receipt of the cancellation notice, except that we will retain (A) a reasonable service fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee; (B) if the Apartment was available for occupancy, a prorated *per diem* charge for the Monthly Charges for the period beginning seven (7) days after the execution of the contract and ending on the last day of the month in which we receive notice that you will not occupy the Apartment; and (C) amount equal to any costs specifically incurred by us or The Community at your request, which have been set forth in a separate addendum to this Agreement.

**2.1.4** In all other cases, if you cancel this Agreement prior to occupying the Apartment, we will retain four percent (4%) of the Entrance Fee and the balance will be refunded to you, without interest, within sixty (60) days.

**2.2 Reimbursement of Entrance Fee After Occupancy.** In the event this Agreement is terminated or canceled after you have occupied your Apartment, we will retain the non-refundable portion of the Entrance Fee and Second Person Entrance Fee and the total amount of the One-Time Capital Charge described in Section 3 of this Agreement. We will pay the refundable portion of your Entrance Fee in accordance with the Loan Agreement, a copy of which is attached as **Exhibit A** to this Residency Agreement.

**2.3 Right of Offset.** We have the right to offset, against any Entrance Fee refund or Loan repayment, any unpaid Monthly Charges owed by you, any unreimbursed health care expenses we have advanced on your behalf, any amounts deferred by us under paragraph 10.2.3, and any other sums owed by you to us.

**3. ONE TIME CAPITAL CHARGE.** On or before the date you move into The Community, you will pay us the amount of \$\_\_\_\_\_. This is a onetime, non-refundable charge that will be used to fund apartment refurbishment and other capital improvements as determined by us.

**4. MONTHLY CHARGES.**

**4.1 Working Capital Fund Fee.** You shall pay a Working Capital Fund Fee of seventy-five dollars (\$75) a month for occupying your Apartment or The Health Center at Evergreen Woods. If there are two of you, a single monthly Working Capital Fund Fee shall cover both residents. There shall be no increase in your Working Capital Fund Fee during the term of this Agreement. The Working Capital Fund Fee shall be our unrestricted property, and may be used by us for any purposes.

**4.2 Service Fees.** You shall pay a monthly Service Fee for the services and features provided to all residents as set forth in Section 5. During the current calendar year, this initial monthly Service Fee will be \$\_\_\_\_\_ a month for one person and an additional \$\_\_\_\_\_ a month if there are two (2) of you. We will give you advance written notice of not less than thirty (30) days before any change in the monthly Service Fee is implemented. Any change in the monthly Service Fee may be made at our discretion.

**4.3 Monthly Charges.** During the current calendar year, you will pay fixed monthly charges of \$\_\_\_\_\_, which represent the Working Capital Fund Fee and monthly Service Fee. In addition to the Working Capital Fund Fee and the monthly Service Fee, you will also be charged for any additional services you may utilize.

**4.4 Payment.** On the day you move into The Community or as otherwise provided in Section 1.3 of this Agreement, you shall pay a prorated portion of the Working Capital Fund Fee and monthly Service Fee. Thereafter, such fixed monthly charges will be payable on the first day of each month in advance, and your additional charges for optional services will be paid on the first day of each month for the optional services obtained during the preceding month.

**4.5 Termination of Charges for Apartment.** The Monthly Charges for your Apartment will terminate upon your death (if there are two (2) of you, upon the death of the survivor) or the release of your Apartment pursuant to the provisions regarding health center usage. In the event there are two (2) of you who occupy an Apartment and one of you dies, the second person's fees will cease and the remaining person will continue to pay the first person's monthly Service Fee and Working Capital Fund Fee.

**4.6 Late Payment Charge; Interest and Collection Costs.** Evergreen Woods reserves the right to impose a late payment charge and to assess interest at the rate of one and one-half percent (1.5%) per month for all balances that remain unpaid ten (10) days after the date on which they are due. Any account balances, including late payment charges and interest, that

remain unpaid when this Agreement is terminated shall become a lien against your assets or estate after deducting any refund owed under this Agreement. Evergreen Woods also reserves the right to charge you for the costs of collection, including reasonable attorney's fees.

## **5. SERVICES AND FEATURES PROVIDED TO ALL APARTMENT RESIDENTS.**

Evergreen Woods will furnish, at The Community, so long as you reside in an apartment therein, the following services and features, which are included in the monthly Service Fee:

- 5.1** Your choice of one full meal per day in the dining room;
- 5.2** Water, sewer, air conditioning, heating and electricity;
- 5.3** Basic cable TV service;
- 5.4** Property taxes, insurance on building and structures;
- 5.5** Grounds keeping, landscaping and snow removal;
- 5.6** Security services;
- 5.7** Building janitorial and maintenance service;
- 5.8** Weekly housekeeping service;
- 5.9** Weekly flat laundry service;
- 5.10** Planned activities - social, cultural and recreational, for those who wish to participate;
- 5.11** One reserved space for open parking;
- 5.12** Carpeting (except in kitchen and bath where there will be alternate floor covering);
- 5.13** Complete kitchen, including refrigerator, range with oven, microwave, garbage disposal, dishwasher and ductless hood fan;
- 5.14** Coin-free washers and dryers on each floor;
- 5.15** Scheduled local transportation;
- 5.16** Emergency response system on a 24 hour basis;
- 5.17** Use of all common areas in The Community; and
- 5.18** Use of The Health Center at Evergreen Woods pursuant to the terms of this Agreement.



## **6. ADDITIONAL SERVICES PROVIDED FOR AN EXTRA CHARGE.**

Evergreen Woods will also make available at The Community, at your request, so long as you reside in an apartment at The Community, for an extra charge at the then prevailing rates, additional meals over those provided in consideration for the monthly Service Fee, housekeeping, personalized maintenance services, delivered meal service, certain office services such as “fax” and copier, use of guest rooms, catering for private parties, assisted living services, beauty parlor/barber shop, a limited number of garages, personal transportation and certain other services, upon special arrangements. Certain additional services for extra charge will also be available to you while you are in The Health Center at Evergreen Woods.

## **7. THE HEALTH CENTER AT EVERGREEN WOODS.**

If, in the opinion of Evergreen Woods’ Medical Director, after consultation with you and your legally authorized representative, if applicable, that you need nursing care in The Health Center at Evergreen Woods, we will provide you with nursing care services to the extent authorized by our license from the State of Connecticut on the following terms:

**7.1 First Ninety (90) Days of Nursing Care.** We will provide nursing care in The Health Center at Evergreen Woods without additional charge for ninety (90) cumulative days for you (ninety (90) days for each of you if there are two of you, but allowance cannot be combined and used by only one of you), except that you (each of you if there are two of you) will pay the cost of the extra meals not covered by the monthly Service Fee at the then current charge for extra meals. The monthly Service Fees for your Apartment and the monthly Working Capital Fund Fees will continue as before.

**7.2 More than Ninety (90) Days of Nursing Care When There is One of You.** If there is one of you and you require nursing care beyond the ninety (90) cumulative days, your monthly charges will depend upon whether you choose to release your Apartment:

**7.2.1 Release Apartment.** When you release your Apartment for occupancy by someone else, the monthly Service Fee charge for your Apartment will cease. You will pay for your nursing care monthly charges in an amount equal to the then current monthly Service Fee. You will continue to pay your Working Capital Fund Fee. In addition, you will pay for the cost of the two meals per day not covered by the monthly Service Fee at the then current charge for extra meals.

**7.2.2 Retain Apartment.** If you choose not to release your Apartment, you will pay for your nursing care monthly charges in an amount equal to your Working Capital Fund Fee plus the then current monthly Service Fee. In addition, you will continue to pay your monthly Service Fee for your Apartment and the monthly Working Capital Fund Fee. You will also pay the cost of the one meal per day not covered by the two monthly Service Fees at the then current charge for extra meals.

**7.3 More than Ninety (90) Days of Nursing Care When There are Two of You.** If there are two (2) of you, and one of you requires nursing care beyond the ninety (90) cumulative days, there will be no additional charge for nursing care, except that you will pay the cost of the

extra meals per day not covered by the monthly Service Fee at the then current charge for extra meals. The monthly Service Fees for your Apartment and the monthly Working Capital Fund Fees will continue as before. If both of you require nursing care beyond the ninety (90) cumulative days, your monthly charges will depend upon whether you choose to release your Apartment:

**7.3.1 Release Apartment.** If you choose to release your Apartment for occupancy by someone else, the monthly Service Fee charges for your Apartment (first and second person) will cease. You will pay for your nursing care monthly charges in an amount equal to the then current monthly Service Fees (first and second person). You will continue to pay your Working Capital Fund Fees. In addition, you will pay for the cost of the four meals per day not covered by the monthly Service Fees at the then current charge for extra meals. You will not be entitled to full or partial repayment of the Loan at the time you release your Apartment for relocation in the Health Center.

**7.3.2 Retain Apartment.** If you choose not to release your Apartment, you will pay for your nursing care monthly charges in an amount equal to your Working Capital Fund Fees plus the then current monthly Service Fees. In addition, you will continue to pay your monthly Service Fees (first and second person) for your Apartment and the monthly Working Capital Fund Fees. You will also pay the cost of the two (2) meals per day not covered by the four (4) monthly Service Fees (two first person and two second person) at the then current charge for extra meals.

**7.4 Outside Care.** If, due to unusual circumstances, there are no beds available in The Health Center at Evergreen Woods, you agree to relocate to another health facility with which we will contract to provide nursing care. You will continue to pay applicable standard Community health center fees described in Section 7.3 above and other applicable monthly charges, but will incur no additional costs as a result of this relocation. You will be relocated in The Health Center at Evergreen Woods as soon as a bed is available.

**7.5 Return to Apartment.** If you release your Apartment because you have moved to The Health Center at Evergreen Woods, and if later you are able, in the opinion of the Medical Director, or your attending physician with the concurrence of the Medical Director, to return to an apartment, we will provide you an apartment of the same type as your Apartment as soon as one becomes available. You will be permitted to remain in The Health Center until such apartment becomes available. Upon reoccupying an apartment, your monthly charges will be based on the then current charges for the Apartment.

**7.6 Additional Health Services.** We will also provide additional health services and supplies in The Health Center at Evergreen Woods such as: therapy, pharmaceutical and medical supplies, personal laundry, and rental of equipment.

These services and supplies are not included in the nursing care monthly charges and will be available for an extra charge.

**7.7 Medical Director.** We have designated a member in good standing of the New Haven County Medical Society to serve as Medical Director of The Health Center at Evergreen

Woods. You will be at liberty to engage the services of the Medical Director or any other physician at your own expense. We will not be responsible for the cost of medical treatment by the Medical Director, or any other physician, nor will we be responsible for the cost of medicine, drugs, prescribed therapy, and other similar services and supplies. In the event we incur or advance costs for your medical treatment or for medicine, drugs, prescribed therapy, and other similar services and supplies, you will reimburse us for such costs.

**7.8 Non-resident Use of Health Center.** We intend to offer nursing services in The Health Center at Evergreen Woods to qualified non-residents for a fee to the extent beds are available. Residents will be given priority to available beds.

**7.9 Supplemental Insurance.** You are required to maintain Medicare Part A, Medicare Part B and Medicare Part D or an equivalent insurance policy under a private or public plan. In addition you must maintain 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 Health Center at Evergreen Woods. 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 Health Center at Evergreen Woods, or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay at The Health Center at Evergreen Woods, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other costs for each Medicare-qualified stay in The Health Center at Evergreen Woods. If you are eligible to receive the ninety (90) days of care in The Health Center at Evergreen Woods as provided in paragraph 7.1 and your stay in The Health Center at Evergreen Woods is a Medicare-qualified stay, such ninety (90) days will be applied after the expiration of your Medicare-qualified stay providing you have Medicare Part A, Medicare Part B, Medicare Part D and acceptable supplemental health insurance or equivalent insurance coverage. If failure to maintain Medicare Part A, Medicare Part B, Medicare Part D (or equivalent insurance coverage) or supplemental health insurance is causing depletion of your resources and impairs your ability to meet your financial obligations, we need not defer your financial obligations as provided in paragraph 10.2.3, and we retain the right to revoke your license to reside at The Community and terminate this Agreement as provided in Section 10.

**7.10 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 governing health center care will be as follows:

**7.10.1** If The Health Center at Evergreen Woods is a participating provider with your managed care program and your stay is a Medicare-qualified stay, we agree to accept, as full payment, reimbursement at the rate negotiated with your managed care program. Such managed care stay in The Health Center at Evergreen Woods will not reduce the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1.

**7.10.2** If The Health Center at Evergreen Woods is not a participating provider with your managed care program and you choose to receive health care services at a managed

care participating provider during a Medicare-qualified stay, then you agree that you must relocate for as long as necessary for those services to be provided, and be responsible for all costs for those health care services. In addition, while receiving health care services at the managed care participating provider, you agree that unless this Agreement is terminated, you will continue to pay the monthly service fee if you choose not to release your Apartment, and the Working Capital Fund Fee. Such a Medicare-qualified stay at a managed care participating provider other than The Health Center at Evergreen Woods will not reduce the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1.

**7.10.3** If the Health Center at Evergreen Woods is not a participating provider in your managed care program and your stay is a Medicare-qualified stay, we will attempt to negotiate an acceptable 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 Health Center at Evergreen Woods will not reduce the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1. If we are unable to negotiate an acceptable rate and you choose to receive health care in The Health Center at Evergreen Woods, you agree to be responsible for all charges for care in The Health Center at Evergreen Woods, as set forth in paragraph 7.10.4 below.

**7.10.4** If The Health Center at Evergreen Woods is not a participating provider in your managed care program and you would still like to receive health care in The Health Center at Evergreen Woods during a Medicare-qualified stay, then each day of your stay in The Health Center at Evergreen Woods will reduce by one day the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1. During any such Medicare-qualified stay in The Health Center at Evergreen Woods, you agree that you will continue to pay the monthly Service Fee if you choose not to release your Apartment, the Working Capital Fund Fee, and the charges for any additional health service you may receive pursuant to paragraph 7.6. If at any time during any such Medicare-qualified stay in The Health Center at Evergreen Woods you are no longer eligible to receive any of the cumulative days of care provided for in paragraph 7.1, then you agree to pay the per diem rate for your care in The Health Center at Evergreen Woods, the monthly Service Fee if you choose not to release your Apartment, and the Working Capital Fund Fee, while you are assigned to The Health Center at Evergreen Woods.

**7.10.5** At the conclusion of each such Medicare-qualified stay, you will be entitled to Health Center care under the terms of this Agreement other than as set for in this paragraph 7.10, as adjusted to reflect any reduction during such stay in the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1.

## **8. DURATION OF YOUR RIGHT TO OCCUPY THE APARTMENT.**

You can live in your Apartment for as long as you (or either of you) live, unless you (or both of you) require services that cannot be provided or accommodated in the Apartment, or this Agreement is terminated by you or by us. If, in the opinion of the Medical Director, your

physical or mental health requires that nursing care be given, you will relocate to The Health Center at Evergreen Woods where Evergreen Woods is licensed to provide such care.

## **9. YOUR VOLUNTARY CANCELLATION RIGHTS AFTER OCCUPANCY.**

After you have moved into The Community you may cancel this Agreement at any time by giving us one hundred twenty (120) days' written notice signed by you (or both of you if there are two of you) and sent by registered or certified mail. If you give such notice, you will pay all applicable Monthly Charges until the later of the expiration of such one hundred twenty (120) day period or your departure from The Community. In such event, we will retain the non-refundable portion of your Entrance Fee plus the Second Person Entrance Fee, if any, and the One-Time Capital Charge and will pay the refundable portion of the Entrance Fee in accordance with the Loan Agreement.

## **10. OUR TERMINATION RIGHTS.**

**10.1 Just Cause.** We will not terminate this Agreement except for just cause. "Just cause" includes, but is not limited to, the following:

**10.1.1** Except as set forth below, failure to pay any Monthly Charges, pay the Entrance Fee or make the Loan as provided herein; or

**10.1.2** Creation by you of a disturbance within The Community which in our judgment is detrimental to the health, safety, comfort or peaceful lodging of others; or

**10.1.3** You become infected with a dangerous and contagious disease or become mentally or emotionally disturbed, and the Medical Director determines that your condition is detrimental to the health, safety, or welfare of others and The Health Center at Evergreen Woods cannot care for you within the limits of our license from the State;

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

**10.1.5** You refuse medical treatment which in the opinion of the Medical Director is medically required for your health or the health or safety of others.

**10.2 Limitations on Termination Rights for Financial Inability.** If, after you have paid the Entrance Fee, One-Time Capital charges, Second Person Entrance Fee, if applicable, and made the Loan, you encounter financial difficulties making it impossible for you to pay the full Monthly Charges and other charges appropriate for the Apartment or for nursing care in The Health Center at Evergreen Woods; then:

**10.2.1** You may remain until any applicable Title XVIII Medicare benefits and/or third party insurance benefits received by us on your behalf have been earned;

**10.2.2** You shall in any case be permitted to remain at The Community for ninety (90) days after the date of failure to pay, during which time you shall continue to pay a reduced Monthly Charge based on your current financial condition; and

**10.2.3** Because it is and shall continue to be our declared policy to not terminate your residency solely by reason of your financial inability to pay the full Monthly Charges and other charges, you shall be permitted to remain at The Community at a reduced Monthly Charge based on your ability to pay for so long as you establish facts to justify deferral of the usual charges, and the deferral of such charges can, in our sole discretion, be granted without impairing our ability to operate on a sound financial basis. This provision shall be rendered inoperative if you have impaired your ability to meet your financial obligations hereunder by making unapproved gifts or other transfers or by not maintaining Medicare Part A, Medicare Part B, Medicare Part D and/or adequate supplemental insurance required under paragraph 7.10. Any such charges deferred shall be offset against the refundable portion of your Entrance Fee when it is paid to you in accordance with the Loan Agreement.

**10.3 Notice of Termination.** Prior to any termination of the Agreement by us, we will give you notice in writing of the reasons, and you will have thirty (30) days thereafter to correct the problem. If the problem is corrected within such time, this Agreement shall not be then terminated. If the problem is not corrected within such time, this Agreement will be terminated and you must leave The Community.

**10.4 Emergency Termination.** Notwithstanding the above, if the Medical Director determines that either the giving of notice or the lapse of time as above provided might be detrimental to you or others, then such notice and/or waiting period prior to termination and relocation to a hospital or other appropriate facility shall not be required, and termination of this Agreement shall be deemed to have occurred when you are relocated. In such event, we are expressly authorized to transfer you to a hospital or other appropriate facility and will promptly notify your representative or your attending physician.

## **11. MISCELLANEOUS PROVISIONS WITH RESPECT TO YOUR APARTMENT.**

**11.1 Use of Apartment.** The Apartment is for living only and shall not be used for carrying on any business or profession, nor in any manner in violation of zoning restrictions or any other municipal, state or federal law.

**11.2 Occupancy of Apartment.** Except as hereinafter provided, no person other than you (or both of you) may occupy the Apartment except with our express written approval. In the event that a second person who is not a party to this Agreement is accepted for residency under this Agreement at a time subsequent to the date hereof (said acceptance to be in accordance with admission policies governing all other admissions), you shall pay an Entrance Fee and, if applicable, a Second Person Entrance Fee, as determined by us, and each month thereafter the then current additional monthly charges for second persons shall be paid. If such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Apartment for more than thirty (30) days (except with our express written approval), and you may cancel this Agreement as provided in Section 9.

**11.3 Compliance Changes.** We may effect changes in The Community at any time to meet the requirements of the law. You agree to temporarily relocate to other facilities provided by us without additional cost to you if it becomes necessary to vacate your Apartment in order to make such changes.

**11.4 Furnishings.** Furnishings within the Apartment will not be provided by us except to the extent provided in consideration for the monthly Service Fee. Furnishings provided by you shall not interfere with the health, safety and general welfare of other residents or the staff of The Community. If removal of your furniture and other property is not accomplished within thirty (30) days after your death (if there are two of you, the death of the survivor) or termination of this Agreement, then we may remove and store such furniture and other property at the expense of you or your estate. We may dispose of such furniture or other property not claimed within ninety (90) days after your death (if there are two of you, the death of the survivor) or termination of this Agreement.

**11.5 Alterations by You.** You may not undertake any alterations to your Apartment without our prior written approval. We reserve the right, upon your release of the Apartment because you have moved to The Health Center at Evergreen Woods, or upon termination or cancellation of this Agreement, to require that any alterations made by you be removed, and that the Apartment be restored to its original design at your expense. The cost of any such restoration may be withheld from the refundable portion of your Entrance Fee when it is paid to you or your estate in accordance with the Loan Agreement.

**11.6 Refurbishment.** Customary and normal refurbishment costs of your Apartment will be borne by all residents of The Community. You agree to pay for any necessary refurbishments caused by you or your guests that are beyond those which are customary and normal, including, but not limited to, the costs of cleaning and removal of stains, odors, and other damage caused by smoking in your apartment. Such costs may be withheld from the refundable portion of your Entrance Fee when it is paid to you or your estate in accordance with the Loan Agreement.

**11.7 Emergency Entry.** We may enter your Apartment should it be necessary to protect your health or safety or the health or safety of other residents.

**11.8 Non-Smoking Community.** The Community is a non-smoking community and, as such, no smoking is permitted in any portion of The Community, including, without limitation, your Apartment or any common area within The Community.

## **12. CASH REQUIREMENTS ALLOCATION FORMULA.**

The amount of your monthly Service Fee is determined by application of the Cash Requirements Allocation Formula. The Formula has been developed to equitably apportion the costs of operating The Community among its residents.

**12.1 General.** All projected Cash Requirements (including additions to reserves) necessary to provide accommodations and services to the residents of The Community (including residents of The Health Center at Evergreen Woods) are charged to The Community residents through the application of the Cash Requirements Allocation Formula. Generally, the projected

Cash Requirements are based upon the costs incurred in connection with the operation of The Community for the preceding year with adjustments for inflation or deflation, occupancy rates, additions to reserves, and nonrecurring expenses, and reduced by projected revenues (such as fees for services, and certain investment income, etc.) for the upcoming year.

Once determined, the projected Cash Requirements are then allocated among The Community residents based upon the size of the Apartment that each resident occupies and the number of residents in The Community.

**12.2 Benefits to Us.** No portions of the costs included in the Cash Requirements Allocation Formula are paid to Evergreen Woods as fees. Our compensation for the on-going ownership of The Community is comprised solely of the Entrance Fee, the Second Person Entrance Fee, if applicable, monthly Working Capital Fund Fee (which is fixed for you for the duration of your occupancy), interest earned on deposits and/or certain escrowed monies, the appreciation of The Community, if any, and other benefits generally associated with the ownership of real estate. In the event, however, that we loan funds to operations that would normally be funded through the Cash Requirements Allocation and/or fund any differences between operating revenues and operating expenses, we may, at our option, recoup such amounts funded through the monthly Service Fees.

**12.3 Cash Requirements.** As set forth in this Section 12.1, your monthly Service Fee will be adjusted upward or downward each year according to the Cash Requirements of The Community, as allocated to each apartment and all second persons. The Cash Requirements to be allocated are the sum of:

**12.3.1 Operating Cash Requirements** for the preceding year (annualized if the actual period is less than a full operating year), which shall mean all recurring and nonrecurring costs, expenses and outlays incurred in connection with the operation and administration of The Community. Operating Cash Requirements shall be determined by The Community management and shall include but not be limited to salaries and wages and all fringe benefits paid to employees of The Community, and other persons stationed at The Community, and other persons having day-to-day administrative, marketing and/or management responsibilities; payroll taxes; telephone; utilities; insurance premiums; license fees, occupational taxes, property taxes, sales taxes, permits, etc., associated with the operation of The Community; lease payments, if any; legal and accounting services; bad debts and other losses related to the operation; deductibles related to insurance claims; consulting fees for specialists such as dietitians and medical directors; food and supplies; replacement and repair of equipment and all common furniture and fixtures; individual capital improvements, replacements or additions costing less than fifty thousand dollars (\$50,000) and not covered by paragraph 12.3.2; all interior building elements such as carpet, doors, repainting, and glass damage; management fees plus costs of reasonable expenses incurred in performing management services for The Community, such as transportation, living expenses, telephone expense and photocopying expense; cost of maintenance and normal replacement of landscaping; principal and interest payments on all loans except loans from residents; and other similar items related to the operation of The Community. Operating Cash Requirements shall not include income taxes, dividends, or individual capital improvements, and other replacements or additions that cost in excess of fifty thousand dollars (\$50,000).



**12.3.2** An amount to maintain or increase the reserve for replacement described in paragraph 12.6 shall be equal to three percent (3%) of the prior year's Operating Cash Requirements. This reserve is in addition to any operating reserves required under Connecticut law. Deposits to this reserve and earnings from this reserve may only be used for improving or replacing capital items of The Community that cost over fifty thousand dollars (\$50,000).

**12.3.3** An amount projected by us to account for expected changes from the previous year in services, The Health Center at Evergreen Woods utilization, apartment occupancy, marketing, remodeling or any other material factor.

**12.3.4** A reasonable estimate for inflation or deflation in the cost of operating The Community for the coming fiscal year.

**12.3.5** An amount to maintain or increase the reserve for operating cash established under paragraph 12.6. Deposits to this reserve may only be used for items related to the operation of The Community.

**12.3.6** An amount to maintain or increase the amount of any reserve required by the laws of the State of Connecticut.

**12.3.7** There shall then be subtracted the projected net revenues to be received in the coming fiscal year from (i) The Health Center at Evergreen Woods' operations; (ii) extra fees received for the furnishing of additional services to the residents as provided in Sections 6 and 7 of this Agreement; (iii) space rentals from such support services as barber/beauty shops; (iv) income from investment of reserves required by the laws of the State of Connecticut; and (v) nonrecurring operating income.

**12.4 Allocation of Cash Requirements.** Allocation of the sum of the Cash Requirements described in paragraph 12.3 to each individual resident's apartment and all second persons shall be accomplished by:

**12.4.1** Multiplying the number of apartments in The Community of each size and the number of second person residents therein by the following factors and then summing such products:

Number of One-Bedroom Alcove (Type A) Apartments X 70.6 percent factor

Number of One-Bedroom Apartments (Type B) X 84.3 percent factor

Number of One-Bedroom Custom Apartments (Type C) X 86.3 percent factor

Number of One-Bedroom Deluxe Apartments (Type D) X 96.1 percent factor

Number of Two-Bedroom Apartments (Type E) X 100.0 percent factor

Number of Two-Bedroom Custom Apartments (Type F) X 102.0 percent factor

Number of Two-Bedroom Corner Apartments (Type FC) X 102.0 percent factor

Number of Two-Bedroom Deluxe Apartments (Type G) X 107.8 percent factor

Number of Two-Bedroom Deluxe Apartments (Type GL) X 107.8 percent factor

Number of Second Persons X 45.1 percent factor

To take into account the combination or addition of different apartments to The Community, or similar events that require the addition of new factors, factors may be added to or deleted from the above formula.

**12.4.2** Multiplying the sum determined in paragraph 12.4.1 above by a factor representing the projected apartment occupancy rate.

**12.4.3** Dividing the sum of the Cash Requirements determined under paragraph 12.3 by the amount determined under paragraph 12.4.2 to arrive at the arithmetic quotient.

**12.4.4** The Cash Requirements Allocation for each apartment size and for the second person shall be the product of multiplying the arithmetic quotient determined under paragraph 12.4.3 by the factor assigned to each apartment and to the second person in paragraph 12.4.1. The amount of increase or decrease in the monthly Service Fee will be the difference between the new Cash Requirements Allocation for each apartment size and for the second person and the applicable Cash Requirements Allocation for the preceding year, divided by twelve (12).

**12.5 Determination and Implementation of Cash Requirements Allocation.** At least thirty (30) days prior to the end of each fiscal year, we will notify you of the new monthly Service Fee that will go into effect at the start of the next fiscal year.

**12.6 Additional Reserves.** Evergreen Woods has established reserves as follows: (a) A reserve for replacement (as described in paragraph 12.3.2); (b) an operating cash reserve (as described in paragraph 12.3.5); and (c) a reserve required by Connecticut law as described in paragraph 12.3.6). The total amount of the operating cash reserves includes operating reserves required by Connecticut law. Any amounts necessary to maintain or increase such additional reserves shall, however, be included in your Cash Requirement Allocation. Copies of these reserve agreements with the bank are available upon request.

### **13. AMENDMENTS.**

**13.1 This Agreement.** This Agreement may be amended by agreement of the parties to this Agreement.

**13.2 Compliance with Laws.** This Agreement may be modified by us at any time in order to comply with laws and regulations upon thirty days' notice to you.

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

**14.1 Governing Law.** This Agreement will be interpreted according to the laws of the State of Connecticut and will become effective upon acceptance and execution by us. The

Glossary which sets forth the definitions of certain terms used in this Agreement is by this reference incorporated herein and made a part of this Agreement.

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

**14.3 Capacity.** This Agreement has been executed on our behalf by our duly authorized agent, and no member, partner, officer, director, agent or employee of Evergreen Woods shall have any personal liability hereunder to Resident under any circumstances.

**14.4 Residents.** When Resident consists of more than one person, the rights and obligations of each are joint and several, except as the context otherwise requires.

**14.5 Resident's Rights.** You understand and agree that (a) this Agreement or your rights (including the use of the Apartment) 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 reimbursement of the amounts as described in Section 2; (b) this Agreement and your contractual right to occupy the Apartment shall exist and continue to exist during your lifetime unless canceled by you or terminated by us as provided herein; (c) this Agreement grants you a revocable license to occupy and use space in The Community but does not give you exclusive possession of the Apartment as against us and you shall not be entitled to any rights of specific performance but shall be limited to such remedies as set forth herein; (d) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by us; and (e) this Agreement grants to us complete decision making authority regarding the management and operation of The Community.

**14.6 Release.** We are not responsible for loss of or damage to your personal property. You may want to obtain, at your own expense, insurance to protect against such losses.

**14.7 Indemnity.** We shall not be liable for, and you agree to indemnify, defend and hold us harmless from claims, damages, settlements, and expenses, including attorney's 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.

**14.8 Entire Agreement.** This Agreement and any Addenda or Exhibits contain our entire understanding with respect to your residency.

**14.9 Reimbursement of Loss or Damage.** You or your representative, if applicable, will reimburse us for any loss or damage to The Community as the result of your intentional, careless, or negligent acts or omissions or that of your guests. You agree to obtain insurance for you and your property and agree to provide us with proof of such insurance upon request.

**14.10 Subordination.** Except for your right of cancellation prior to occupancy, you agree that all your rights under this Agreement will always be subordinate and junior to the lien of all indentures of trust, mortgages or other documents creating liens encumbering The Community or any of the assets of Evergreen Woods, which have been or will be executed by us.

Upon request, you agree to sign, acknowledge and deliver to such lender or lenders such further written evidence of such subordination as such lenders may reasonably require. You will not be liable for any such indebtedness.

**14.11 Transfers.** We may from time to time issue additional equity interests, or sell The Community, provided that in such latter event the buyer shall agree to assume all existing residency agreements. Your signature hereto constitutes your consent and approval to any such future transfer.

**14.12 Law Changes.** If changes are made in any of the statutes or regulations applicable to this Agreement, we shall have the right to submit to you a revised Agreement based on the changes in the law, and you agree to accept any such revisions that do not adversely affect you.

**14.13 Private Employee of Resident.** If you need additional services, you can obtain these needed services from a private employee (privately employed personnel). In such instances, you are encouraged to obtain these needed services from a licensed and/or certified home health agency. Further, you must comply with our policy regarding privately employed personnel and ensure that your private employee complies with our policies and rules of conduct as set forth by us. If you fail to follow the reasonable rules set forth by us, which will be provided to you prior to the time you sign this Agreement, and thereafter in the event of revisions or additions, then we may elect at our sole option to terminate this Agreement in accordance with paragraph 10.

**14.14 Responsible Party.** You agree to execute and deliver to us within sixty (60) days after assuming occupancy in your Apartment a Durable Power of Attorney, trust documents, or other documentation naming a responsible party for business and financial decision making. You also agree to provide us a copy of, or execute and deliver within the same sixty (60) day time frame, an Appointment of Health Care Representative or a valid Durable Power of Attorney for Health Care Decisions executed prior to October 1, 2006. These documents should be drafted to remain effective notwithstanding your incompetence or disability and shall be in a form acceptable to us, and you agree to keep such documents in effect as long as this Agreement is in effect. The person(s) named as your responsible party shall not be a person(s) employed by us or any other entity engaged in the management of The Community.

**14.15 Residents' Association.** Residents shall have the right to organize and operate a residents' association at The Community and to meet privately to conduct business of the residents' association.

**14.16 Rights of Third Parties.** Only parties who have executed this Residency Agreement will have any rights hereunder. Neither this Residency Agreement nor the Disclosure Statement create any rights for third parties other than those who have executed this Residency Agreement.

**14.17 Estate Planning.** Evergreen Woods will pay any refundable portion of the Entrance Fee to your estate upon your death, or in the case of a double-occupied apartment, upon the death of the surviving resident, in accordance with the Loan Agreement. If you do not

wish to have the refundable portion of the Entrance Fee paid to your estate, you may choose to assign your right to the Loan to a trust or other person designated by you pursuant to a form of Assignment of Loan Proceeds approved by Evergreen Woods. In the absence of any agreement between the residents of a double occupied apartment which has been provided to Evergreen Woods prior to the repayment of the Loan, then Evergreen Woods will repay the Loan to the estate of the surviving resident. No other rights under this Residency Agreement are assignable.

**14.18 Notices.** All written notices required by this Agreement will be sufficient if addressed; if to you, to your Apartment at Evergreen Woods; if to Evergreen Woods, to the attention of the Executive Director, Evergreen Woods, 88 Notch Hill Road, North Branford, Connecticut 06471.

**14.19 Compliance with Laws.** You will be afforded all rights and privileges under Conn. Gen. Stat. § 17b-520 et seq., which governs continuing care facilities, and all other applicable laws. Evergreen Woods will comply with all municipal, state and federal laws and regulations regarding consumer protection and protection from financial exploitation.

**14.20 Managed Residential Community Residents' Bill of Rights.** Evergreen Woods is registered as a "managed residential community" with the Connecticut Department of Public Health. Accordingly, Evergreen Woods is required to provide and explain to you, at the time of execution of this Agreement, the Managed Residential Community Residents' Bill of Rights attached hereto as Exhibit B.A staff member will explain the Managed Residential Community Residents' Bill of Rights to you, and you will be asked to separately sign the Bill of Rights to acknowledge that you have received it.

**14.21 Rules and Regulations.** Evergreen Woods shall have the right to adopt, or amend, either by itself or with or through the residents' council, such reasonable rules and regulations as it deems necessary or desirable for the proper management and operation of the Community and for the safety, health and comfort of the residents. The rules and regulations in effect at the time of execution of this Agreement are set forth in the Resident Handbook. You agree to abide by such rules and regulations, as they may be amended from time to time. The Resident Handbook includes procedures for you to address any concerns or complaints you may have during your residency.

**15. RESERVE POLICY.** It will be our policy to maintain reserve funds as required by Connecticut law.

**16. RESIDENT REPRESENTATIONS/OBLIGATIONS.**

By executing this Agreement you represent and warrant that you are at least sixty-two (62) years of age or older at the time of admission; that you are capable of meeting the requirements of admission as set forth in our current admission policy; that you have assets and income which are sufficient under foreseeable circumstances and after provision for payment of your obligations under this Agreement to meet your ordinary and customary living expenses after assuming occupancy, and that all written representations made with respect to such matters by you or on your behalf to us are true. From time to time, Evergreen Woods may request that you update the financial information you submitted prior to admission. As a condition of

continued residency in the Community, you agree to provide such financial information to Evergreen Woods when requested. You agree not to impair your ability, in any manner described in Section 10.2.3 of this Agreement, to meet your financial obligations under this Agreement.

**17. ACKNOWLEDGEMENT OF RECEIPT OF DOCUMENTS.**

Under the requirements of applicable law, we are obligated to remind you that: (1) this Agreement, which is a continuing care contract, is a financial investment and your investment may be at risk;

(2) our ability to meet our contractual obligations under this Agreement depends on our financial performance;

(3) you have been advised to consult an attorney or other professional experienced in matters relating to investments in continuing care facilities before you signed this Agreement; and

(4) the Department of Social Services of the State of Connecticut does not guarantee the security of your investment.

You hereby certify that you received a copy of this Agreement and a copy of our latest disclosure statement on or before the date hereof, and have been permitted to inspect any additional relevant materials requested to be reviewed by you or your representatives prior to signing this Agreement.

Executed at \_\_\_\_\_, Connecticut this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
RESIDENT

EVERGREEN WOODS RETIREMENT, LLC  
d/b/a Evergreen Woods

\_\_\_\_\_  
Witness

\_\_\_\_\_  
RESIDENT

By: \_\_\_\_\_  
Executive Director

\_\_\_\_\_  
Witness

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**EXHIBIT A**

**LOAN AGREEMENT**

**(TO BE EXECUTED AT OCCUPANCY)**

Pursuant to your Residency Agreement, you agree to loan \$ \_\_\_\_\_ (“Loan”) to Evergreen Woods Retirement, LLC, doing business as Evergreen Woods (hereafter referred to as “Evergreen Woods” or “The Community,” and Evergreen Woods agrees to repay such amount based upon the terms and conditions hereinafter set forth.

**1. Interest.**

No interest shall accrue or be paid on the amount of the Loan.

**2. Payment of Loan Proceeds.**

Your Loan shall become due and payable upon:

thirty (30) days after the date that your Apartment is reoccupied by a new resident to The Community in the event of your death (or the death of the survivor if there are two of you) or in the event that your Residency Agreement is terminated or canceled.

In no event, however, will the Loan be paid later than three (3) years from the date of your death (or the death of the survivor if there are two of you) or the date your Residency Agreement is terminated or cancelled. The full amount of the Loan proceeds to be paid may be reduced by (1) any unpaid Monthly Charges owed by you, (2) any charges deferred due to your financial inability to pay as provided in Section 10.2.3 of the Residency Agreement or (3) any charges due as a result of returning the vacated apartment to its original condition (allowance make for customary and normal refurbishment).

**3. Successors and Assigns.**

All terms and provisions of this Loan Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement is issued in Connecticut with and is a part of your Residency Agreement and is subject to all of the terms and conditions contained therein.

[Signatures appear on next page]



\_\_\_\_\_  
RESIDENT

EVERGREEN WOODS RETIREMENT, LLC  
d/b/a Evergreen Woods

\_\_\_\_\_  
Witness

\_\_\_\_\_  
RESIDENT

By: \_\_\_\_\_  
Executive Director

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**MANAGED RESIDENTIAL COMMUNITY  
RESIDENTS' BILL OF RIGHTS**

You have the right to:

- Live in a clean, safe and habitable private residential unit;
- Be treated with consideration, respect and due recognition of your personal dignity, individuality and the need for privacy;
- Privacy within your private residential unit, subject to the Community's rules reasonably designed to promote your health, safety and welfare;
- Retain and use your personal property within your apartment so as to maintain individuality and personal dignity, provided that your use of personal property does not infringe on the rights of other residents or threaten the health, safety and welfare of other residents;
- Private communications, including receiving and sending unopened correspondence, telephone access and visiting with persons of your choice;
- Freedom to participate in and benefit from community services and activities so as to achieve the highest possible level of independence, autonomy and interaction within the community;
- Directly engage or contract with licensed health care professionals and providers of your choice to obtain necessary health care services in your private apartment, or such other space in the Community as may be available to residents for such purposes;
- Manage your own financial affairs;
- Exercise civil and religious liberties;
- Present grievances and recommend changes in policies, procedures and services to our Executive Director or staff, government officials or any other person without restraint, interference, coercion, discrimination or reprisal from the Community, including access to representatives of the Department of Public Health or the Office of the Long-Term Care Ombudsman;
- Upon request, obtain the name of the Executive Director or any other persons responsible for resident care or the coordination of resident care;

- Confidential treatment of all records and communications to the extent required by state and federal law;
- Have all reasonable requests responded to promptly and adequately within the capacity of the Community and with due consideration given to the rights of other residents;
- Be fully advised of the relationship that the Community has with any Assisted Living Services Agency, health care facility or educational institution to the extent that such relationship relates to resident medical care or treatment and to receive an explanation about the relationship;
- Receive a copy of any rules or regulations of the Community;
- Refuse care and treatment and participate in the planning for the care and services you need or receive, provided, however, that your refusal of care and treatment may preclude you from being able to continue to reside in the Community; and
- If you are a continuing care resident, all rights afforded under Conn. Gen. Stat. § 17b-520 et seq. and any other applicable laws. If you rent your apartment, all rights and privileges afforded to tenants under title 47a of the Connecticut General Statutes (Connecticut's landlord tenant laws).

We hope that any complaints or concerns that you have can be resolved by our staff. However, you also have the right to contact the following state agencies regarding complaints or concerns:

Department of Public Health  
 Facility Licensing and Investigations  
 410 Capitol Ave., P.O. Box 340308  
 MS#12HSR  
 Hartford, CT 06134-0308

Information/General: Loan Nguyen, R.N.  
 Supervising Nurse Consultant (860) 509-7400

Complaints: Donna Ortelle, R.N.  
 Public Health Services Manager (860) 509-7400

Nancy B. Shaffer, State Long Term Care Ombudsman  
 Office of the Long Term Care Ombudsman  
 55 Farmington Ave.  
 Hartford, CT 06105

If you are receiving nursing or personal care from an Assisted Living Services Agency, you also have other rights set forth separately in the Assisted Living Clients' Bill of Rights.

Please sign below to acknowledge that we have provided you with a copy of the Managed Residential Community Residents' Bill of Rights and explained them to you.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident

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

\_\_\_\_\_  
Relationship to Resident

**EXHIBIT B**

**RESIDENCY AGREEMENT FOR  
TAILORED ENTRANCE FEE  
AND TAILORED MONTHLY FEE PLANS**

## GLOSSARY

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

**“Agreement”** means this Residency Agreement.

**“Amortized Entrance Fee”** means an amount equal to ninety percent (90%) of your Entrance Fee amortized in accordance with Section 2.2.2 of the Agreement.

**“Apartment”** means the apartment at The Community in which you are entitled to live pursuant to the Agreement, as identified in Section 1 of the Agreement.

**“Assisted Living Services”** means assistance with activities of daily living and nursing services provided by a licensed assisted living services agency (“ALSA”).

**“Cash Requirements Allocation Formula”** means the method for determining your portion of the Community’s Cash Requirements as set forth in Section 12 of the Agreement.

**“Entrance Deposit”** means ten percent (10%) of the Entrance Fee paid upon signing this Agreement in accordance with Section 1.2 of the Agreement.

**“Entrance Fee”** means those fees established by us and payable by a prospective resident to us for acceptance into The Community as described in Section 1 of the Agreement.

**“Evergreen Woods”** or **“we”** or **“us”** means Shoreline Life Care LLC (the successor-in-interest to Shoreline Care Limited Partnership), d/b/a Evergreen Woods, a limited liability company organized in the State of Connecticut and the owner of The Community.

**“Loan”** means the loan made to Evergreen Woods pursuant to this Agreement and the Loan Agreement attached hereto and made a part hereof as Exhibit A. Your rights to repayment of the Loan may be held by your heirs or others in trust established for your benefit if we consent to such an assignment, and our consent will not be unreasonably withheld.

**“Monthly Charges”** means all those monthly charges payable by you pursuant to the terms of the Agreement, including the Working Capital Fund Fees, the fees for optional services, the additional monthly fees for nursing care, if any, and all other fees and charges payable monthly pursuant to the terms of the Agreement, as appropriate in the particular circumstances.

**“One Time Capital Charge”** means the one-time non-refundable charge set forth in Section 3 of the Agreement.

**“Resident”** or **“you”** means the resident or residents who is (are) signatory to the Agreement. Sometimes a second Resident (if there are two of you) is referred to in the Agreement as the “second person.”

**“Second Person Entrance Fee”** means the non-refundable fee established by us when two residents occupy the same Apartment.

**“Service Fee”** means that monthly fee payable in consideration for the services provided to all residents, as set forth under Section 4.2 of the Agreement.

**“The Community”** means the facility known as Evergreen Woods, and which is the subject of the Agreement, including the apartments, the health center, and all common areas.

**“The Health Center at Evergreen Woods”** means the health center forming a part of The Community that is intended to provide nursing accommodations for the nursing care as stated in the Agreement.

**“Working Capital Fund Fee”** means that monthly fee payable to owner on a per contract basis for occupancy in The Community, as set forth in Section 4.1 of the Agreement.

**EVERGREEN WOODS**  
**RESIDENCY AGREEMENT**

**1. ENTRANCE FEE AND LOAN.**

**1.1 Entrance Fee.** To assure you, \_\_\_\_\_ (“Resident”), a place at Evergreen Woods in North Branford, Connecticut (hereinafter “The Community”) in accordance with all terms of this Agreement, including payment of the Monthly Charges described below, you will pay to Evergreen Woods (“Evergreen Woods”), an Entrance Fee and, if applicable, a Second Person Entrance Fee, for a total of \$\_\_\_\_\_.

(i) \$\_\_\_\_\_ of this amount represents the non-refundable portion of the Entrance Fee, which is ten per cent (10%) of the Entrance Fee;

(ii) \$\_\_\_\_\_ represents the non-refundable Second Person Entrance Fee (if applicable); and

(iii) \$\_\_\_\_\_ represents the Amortized Entrance Fee, which is ninety per cent (90%) of your Entrance Fee and which will be amortized and refunded in accordance with Section 2.2.2 of the Agreement and, until it is fully amortized, will be evidenced as a Loan to Evergreen Woods in accordance with Section 1.4 of this Agreement.

Payment of your Entrance Fee and, if applicable, Second Person Entrance Fee, entitles you to live in the \_\_\_\_\_ Building, apartment no. \_\_\_\_\_ (“Apartment”) at The Community for as long as you are capable of meeting the requirements of apartment occupancy as set forth in our current entrance policy, and in The Health Center at Evergreen Woods when you are no longer capable of apartment occupancy, and to receive available services all in accordance with the terms of this Agreement.

**1.2 Entrance Deposit.** You agree to pay ten percent (10%) of your Entrance Fee in the amount of \$\_\_\_\_\_ when you sign this Agreement. We will hold this amount in escrow until such time as it may be released pursuant to Connecticut law.

**1.3 Balance of Entrance Fee.** You agree to pay the remaining balance or ninety percent (90%) of your Entrance Fee plus the Second Person Entrance Fee, if applicable, in the amount of \$\_\_\_\_\_, to Evergreen Woods on or before the date you move into The Community. You shall not be required to move into The Community before the expiration of thirty (30) days from your execution of this Agreement. In no event shall the date you move into The Community (or pay the balance of the Entrance Fee and Second Person Entrance Fee, if applicable) extend beyond \_\_\_\_\_ (\_\_) months from the date this Agreement is signed by both you and The Community.

**1.4 Loan of Amortized Entrance Fee.** Your Amortized Entrance Fee will be evidenced by a Loan Agreement, a copy of which is attached as **Exhibit A**. The Loan Agreement shall remain in effect until such time as the Amortized Entrance Fee is fully amortized, as described in Section 2.22 of this Agreement. Your interest in the Loan may not be



mortgaged, sold, discounted, assigned, or otherwise transferred, except to certain trusts established for your benefit, subject to our prior approval and in our sole discretion.

## **2. REIMBURSEMENT OF ENTRANCE FEE.**

### **2.1 Reimbursement of Entrance Fee Prior to Occupancy.**

**2.1.1** If you are not accepted for residency, as evidenced by Community-authorized signature of this Residency Agreement, the full amount of the Entrance Fee and Second Person Entrance Fee, if applicable, that you have paid will be refunded to you, without interest, within thirty (30) days.

**2.1.2** If you change your mind and you give us and the escrow agent, U.S. Bank (1 Federal Street, 3<sup>rd</sup> Floor, Boston, Massachusetts 02110) written notice of cancellation by registered or certified mail within thirty (30) days from the date you sign this Agreement, this Agreement will be automatically canceled. In such event, the full amount of the Entrance Fee and Second Person Entrance Fee, if applicable, that you have paid will be refunded to you, without interest, within sixty (60) days of written notice, except that we will retain (A) an amount equal to any costs specifically incurred by us or The Community at your request, and which costs have been set forth in a separate addendum to this Agreement, and (B) a reasonable service charge not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee.

**2.1.3** If you (or both of you, if there are two (2) of you) die at any time prior to the date your Apartment is ready for occupancy, and after the thirty (30) day period, or because of illness, injury, or incapacity, you (or both of you, if there are two (2) of you) are unable to occupy your Apartment under the terms of this Agreement, upon written notice to The Community by registered or certified mail, this Agreement will be automatically canceled, unless in the case of such illness, injury, or incapacity you (or both of you, if there are two (2) of you) are assigned to The Health Center at Evergreen Woods. If this Agreement is so canceled, the full amount of the Entrance Fee and any Second Person Entrance Fee that you have paid will be refunded to you or to your estate, without interest, within sixty (60) days of our receipt of the cancellation notice, except that we will retain (A) a reasonable service fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee; (B) if the Apartment was available for occupancy, a prorated *per diem* charge for the Monthly Charges for the period beginning seven (7) days after the execution of the contract and ending on the last day of the month in which we receive notice that you will not occupy the Apartment; and (C) amount equal to any costs specifically incurred by us or The Community at your request, which have been set forth in a separate addendum to this Agreement.

**2.1.4** In all other cases, if you cancel this Agreement prior to occupying the Apartment, we will retain four percent (4%) of the Entrance Fee and the balance will be refunded to you, without interest, within sixty (60) days.

### **2.2 Reimbursement of Entrance Fee After Occupancy.**

**2.2.1** After you move into The Community, in the event of your death (or if there are two of you, the death of the survivor), or in the event you terminate this Agreement

pursuant to Section 9 or we terminate according to Section 10, we will retain the ten per cent (10%) non-refundable portion of the Entrance Fee, the Second Person Entrance Fee, if applicable, and the total amount of the One-Time Capital Charge described in Section 3 of this Agreement. We will pay the Amortized Entrance Fee, as determined under Section 2.2.2 of this Agreement, and in accordance with the Loan Agreement, a copy of which is attached as **Exhibit A** to this Residency Agreement.

**2.2.2** The “Amortized Entrance Fee” shall be an amount equal to ninety per cent (90%) of your Entrance Fee minus two percent (2%) of the Entrance Fee per month for each calendar month or fraction of a calendar month from the date you pay the balance of the Entrance Fee upon moving into The Community, until the following applicable date:

(i) in the event of your death (or, if there are two of you, the date of the survivor’s death), the date of your death (or if there are two of you, the date of death of the survivor of the two of you);

(ii) in the event you cancel this Agreement according to Section 9, the later of one hundred twenty (120) days from the date you give notice according to Section 9 or the date you (or both of you, if there are two of you) move out of The Community and your Apartment is empty of your furniture and other personal property; or

(iii) in the event we terminate this Agreement according to Section 10, the later of thirty (30) days from the date of termination or the date you (or both of you, if there are two of you) move out of The Community and your Apartment is empty of your furniture and other personal property.

After forty-five (45) months from the date you pay the balance of your Entrance Fee, such Entrance Fee will be fully amortized. At that time, no refund will be owed to you or your estate, and the Loan Agreement will terminate. Prior to forty- five (45) months from the date you pay the balance of your Entrance Fee, any refund will be paid to you or your estate in accordance with the Loan Agreement.

**2.3 Right of Offset.** We have the right to offset against any Entrance Fee refund or Loan repayment, any unpaid Monthly Charges owed by you, any unreimbursed health care expenses we have advanced on your behalf, any amounts deferred by us under paragraph 10.2.3, and any other sums owed by you to us.

**3. ONE TIME CAPITAL CHARGE.** On or before the date you move into The Community, you will pay us the amount of \$\_\_\_\_\_. This is a onetime, non-refundable charge that will be used to fund apartment refurbishment and other capital improvements as determined by us.

#### **4. MONTHLY CHARGES.**

**4.1 Working Capital Fund Fee.** You shall pay a Working Capital Fund Fee of seventy-five dollars (\$75) a month for occupying your Apartment or The Health Center at Evergreen Woods. If there are two of you, a single monthly Working Capital Fund Fee shall cover both residents. There shall be no increase in your Working Capital Fund Fee during the

term of this Agreement. The Working Capital Fund Fee shall be our unrestricted property, and may be used by us for any purposes.

**4.2 Service Fees.** You shall pay a monthly Service Fee for the services and features provided to all residents as set forth in Section 5. During the current calendar year, this initial monthly Service Fee will be \$ \_\_\_\_\_ a month for one person and an additional \$ \_\_\_\_\_ a month if there are two (2) of you. We will give you advance written notice of not less than thirty (30) days before any change in the monthly Service Fee is implemented. Any change in the monthly Service Fee may be made at our discretion.

**4.3 Monthly Charges.** During the current calendar year, you will pay fixed monthly charges of \$ \_\_\_\_\_, which represent the Working Capital Fund Fee and monthly Service Fee. In addition to the Working Capital Fund Fee and the monthly Service Fee, you will also be charged for any additional services you may utilize.

**4.4 Payment.** On the day you move into The Community or as otherwise provided in Section 1.3 of this Agreement, you shall pay a prorated portion of the Working Capital Fund Fee and monthly Service Fee. Thereafter, such fixed monthly charges will be payable on the first day of each month in advance, and your additional charges for optional services will be paid on the first day of each month for the optional services obtained during the preceding month.

**4.5 Termination of Charges for Apartment.** The Monthly Charges for your Apartment will terminate upon your death (if there are two (2) of you, upon the death of the survivor) or the release of your Apartment pursuant to the provisions regarding health center usage. In the event there are two (2) of you who occupy an Apartment and one of you dies, the second person's fees will cease and the remaining person will continue to pay the first person's monthly Service Fee and Working Capital Fund Fee.

**4.6 Late Payment Charge; Interest and Collection Costs.** Evergreen Woods reserves the right to impose a late payment charge and to assess interest at the rate of one and one-half percent (1.5%) per month for all balances that remain unpaid ten (10) days after the date on which they are due. Any account balances, including late payment charges and interest, that remain unpaid when this Agreement is terminated shall become a lien against your assets or estate after deducting any refund owed under this Agreement. Evergreen Woods also reserves the right to charge you for the costs of collection, including reasonable attorney's fees.

## **5. SERVICES AND FEATURES PROVIDED TO ALL APARTMENT RESIDENTS.**

Evergreen Woods will furnish, at The Community, so long as you reside in an apartment therein, the following services and features, which are included in the monthly Service Fee:

- 5.1** Your choice of one full meal per day in the dining room;
- 5.2** Water, sewer, air conditioning, heating and electricity;
- 5.3** Basic cable TV service;
- 5.4** Property taxes, insurance on building and structures;

- 5.5 Grounds keeping, landscaping and snow removal;
- 5.6 Security services;
- 5.7 Building janitorial and maintenance service;
- 5.8 Weekly housekeeping service;
- 5.9 Weekly flat laundry service;
- 5.10 Planned activities - social, cultural and recreational, for those who wish to participate;
- 5.11 One reserved space for open parking;
- 5.12 Carpeting (except in kitchen and bath where there will be alternate floor covering);
- 5.13 Complete kitchen, including refrigerator, range with oven, microwave, garbage disposal, dishwasher and ductless hood fan;
- 5.14 Coin-free washers and dryers on each floor;
- 5.15 Scheduled local transportation;
- 5.16 Emergency response system on a 24 hour basis;
- 5.17 Use of all common areas in The Community; and
- 5.18 Use of The Health Center at Evergreen Woods pursuant to the terms of this Agreement.

**6. ADDITIONAL SERVICES PROVIDED FOR AN EXTRA CHARGE.**

Evergreen Woods will also make available at The Community, at your request, so long as you reside in an apartment at The Community, for an extra charge at the then prevailing rates, additional meals over those provided in consideration for the monthly Service Fee, housekeeping, personalized maintenance services, delivered meal service, certain office services such as “fax” and copier, use of guest rooms, catering for private parties, assisted living services, beauty parlor/barber shop, a limited number of garages, personal transportation and certain other services, upon special arrangements. Certain additional services for extra charge will also be available to you while you are in The Health Center at Evergreen Woods.

**7. THE HEALTH CENTER AT EVERGREEN WOODS.**

If, in the opinion of Evergreen Woods’ Medical Director, after consultation with you and your legally authorized representative, if applicable, that you need nursing care in The Health Center at Evergreen Woods, we will provide you with nursing care services to the extent authorized by our license from the State of Connecticut on the following terms:

**7.1 First Ninety (90) Days of Nursing Care.** We will provide nursing care in The Health Center at Evergreen Woods without additional charge for ninety (90) cumulative days for you (ninety (90) days for each of you if there are two of you, but allowance cannot be combined and used by only one of you), except that you (each of you if there are two of you) will pay the cost of the extra meals not covered by the monthly Service Fee at the then current charge for extra meals. The monthly Service Fees for your Apartment and the monthly Working Capital Fund Fees will continue as before.

**7.2 More than Ninety (90) Days of Nursing Care When There is One of You.** If there is one of you and you require nursing care beyond the ninety (90) cumulative days, your monthly charges will depend upon whether you choose to release your Apartment:

**7.2.1 Release Apartment.** When you release your Apartment for occupancy by someone else, the monthly Service Fee charge for your Apartment will cease. You will pay for your nursing care monthly charges in an amount equal to the then current monthly Service Fee. You will continue to pay your Working Capital Fund Fee. In addition, you will pay for the cost of the two meals per day not covered by the monthly Service Fee at the then current charge for extra meals.

**7.2.2 Retain Apartment.** If you choose not to release your Apartment, you will pay for your nursing care monthly charges in an amount equal to your Working Capital Fund Fee plus the then current monthly Service Fee. In addition, you will continue to pay your monthly Service Fee for your Apartment and the monthly Working Capital Fund Fee. You will also pay the cost of the one meal per day not covered by the two monthly Service Fees at the then current charge for extra meals.

**7.3 More than Ninety (90) Days of Nursing Care When There are Two of You.** If there are two (2) of you, and one of you requires nursing care beyond the ninety (90) cumulative days, there will be no additional charge for nursing care, except that you will pay the cost of the extra meals per day not covered by the monthly Service Fee at the then current charge for extra meals. The monthly Service Fees for your Apartment and the monthly Working Capital Fund Fees will continue as before. If both of you require nursing care beyond the ninety (90) cumulative days, your monthly charges will depend upon whether you choose to release your Apartment:

**7.3.1 Release Apartment.** If you choose to release your Apartment for occupancy by someone else, the monthly Service Fee charges for your Apartment (first and second person) will cease. You will pay for your nursing care monthly charges in an amount equal to the then current monthly Service Fees. You will continue to pay your Working Capital Fund Fees. In addition, you will pay for the cost of the four meals per day not covered by the monthly Service Fees at the then current charge for extra meals. You will not be entitled to full or partial repayment of the Loan at the time you release your Apartment for relocation in the Health Center.

**7.3.2 Retain Apartment.** If you choose not to release your Apartment, you will pay for your nursing care monthly charges in an amount equal to your Working Capital Fund Fees plus the then current monthly Service Fees. In addition, you will continue to pay your

monthly Service Fees (first and second person) for your Apartment and the monthly Working Capital Fund Fees. You will also pay the cost of the two (2) meals per day not covered by the four (4) monthly Service Fees (two first person and two second person) at the then current charge for extra meals.

**7.4 Outside Care.** If, due to unusual circumstances, there are no beds available in The Health Center at Evergreen Woods, you agree to relocate to another health facility with which we will contract to provide nursing care. You will continue to pay applicable standard Community health center fees described in Section 7.3 above and other applicable monthly charges, but will incur no additional costs as a result of this relocation. You will be relocated in The Health Center at Evergreen Woods as soon as a bed is available.

**7.5 Return to Apartment.** If you release your Apartment because you have moved to The Health Center at Evergreen Woods, and if later you are able, in the opinion of the Medical Director, or your attending physician with the concurrence of the Medical Director, to return to an apartment, we will provide you an apartment of the same type as your Apartment as soon as one becomes available. You will be permitted to remain in The Health Center until such apartment becomes available. Upon reoccupying an apartment, your monthly charges will be based on the then current charges for the Apartment.

**7.6 Additional Health Services.** We will also provide additional health services and supplies in The Health Center at Evergreen Woods such as: therapy, pharmaceutical and medical supplies, personal laundry, and rental of equipment. These services and supplies are not included in the nursing care monthly charges and will be available for an extra charge.

**7.7 Medical Director.** We have designated a member in good standing of the New Haven County Medical Society to serve as Medical Director of The Health Center at Evergreen Woods. You will be at liberty to engage the services of the Medical Director or any other physician at your own expense. We will not be responsible for the cost of medical treatment by the Medical Director, or any other physician, nor will we be responsible for the cost of medicine, drugs, prescribed therapy, and other similar services and supplies. In the event we incur or advance costs for your medical treatment or for medicine, drugs, prescribed therapy, and other similar services and supplies, you will reimburse us for such costs.

**7.8 Non-resident Use of Health Center.** We intend to offer nursing services in The Health Center at Evergreen Woods to qualified non-residents for a fee to the extent beds are available. Residents will be given priority to available beds.

**7.9 Supplemental Insurance.** You are required to maintain Medicare Part A, Medicare Part B and Medicare Part D or an equivalent insurance policy under a private or public plan. In addition you must maintain 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 Health Center at Evergreen Woods. 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 Health Center at Evergreen Woods, or should you fail to purchase supplemental health insurance or equivalent coverage to

fully cover a Medicare-qualified stay at The Health Center at Evergreen Woods, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other costs for each Medicare-qualified stay in The Health Center at Evergreen Woods. If you are eligible to receive the ninety (90) days of care in The Health Center at Evergreen Woods as provided in paragraph 7.1 and your stay in The Health Center at Evergreen Woods is a Medicare-qualified stay, such ninety (90) days will be applied after the expiration of your Medicare-qualified stay providing you have Medicare Part A, Medicare Part B, Medicare Part D and acceptable supplemental health insurance or equivalent insurance coverage. If failure to maintain Medicare Part A, Medicare Part B, Medicare Part D (or equivalent insurance coverage) or supplemental health insurance is causing depletion of your resources and impairs your ability to meet your financial obligations, we need not defer your financial obligations as provided in paragraph 10.2.3, and we retain the right to revoke your license to reside at The Community and terminate this Agreement as provided in Section 10.

**7.10 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 governing health center care will be as follows:

**7.10.1** If The Health Center at Evergreen Woods is a participating provider with your managed care program and your stay is a Medicare-qualified stay, we agree to accept, as full payment, reimbursement at the rate negotiated with your managed care program. Such managed care stay in The Health Center at Evergreen Woods will not reduce the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1.

**7.10.2** If The Health Center at Evergreen Woods is not a participating provider with your managed care program and you choose to receive health care services at a managed care participating provider during a Medicare-qualified stay, then you agree that you must relocate for as long as necessary for those services to be provided, and be responsible for all costs for those health care services. In addition, while receiving health care services at the managed care participating provider, you agree that unless this Agreement is terminated, you will continue to pay the monthly service fee if you choose not to release your Apartment, and the Working Capital Fund Fee. Such a Medicare-qualified stay at a managed care participating provider other than The Health Center at Evergreen Woods will not reduce the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1.

**7.10.3** If the Health Center at Evergreen Woods is not a participating provider in your managed care program and your stay is a Medicare-qualified stay, we will attempt to negotiate an acceptable 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 Health Center at Evergreen Woods will not reduce the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1. If we are unable to negotiate an acceptable rate and you choose to receive health care in The Health Center at Evergreen Woods, you agree to be responsible for all charges for care in The Health Center at Evergreen Woods, as set forth in paragraph 7.10.4 below.

**7.10.4** If The Health Center at Evergreen Woods is not a participating provider in your managed care program and you would still like to receive health care in The Health Center at Evergreen Woods during a Medicare-qualified stay, then each day of your stay in The Health Center at Evergreen Woods will reduce by one day the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1. During any such Medicare-qualified stay in The Health Center at Evergreen Woods, you agree that you will continue to pay the monthly Service Fee if you choose not to release your Apartment, the Working Capital Fund Fee, and the charges for any additional health service you may receive pursuant to paragraph 7.6. If at any time during any such Medicare-qualified stay in The Health Center at Evergreen Woods you are no longer eligible to receive any of the cumulative days of care provided for in paragraph 7.1, then you agree to pay the per diem rate for your care in The Health Center at Evergreen Woods, the monthly Service Fee if you choose not to release your Apartment, and the Working Capital Fund Fee, while you are assigned to The Health Center at Evergreen Woods.

**7.10.5** At the conclusion of each such Medicare-qualified stay, you will be entitled to Health Center care under the terms of this Agreement other than as set for in this paragraph 7.10, as adjusted to reflect any reduction during such stay in the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1.

## **8. DURATION OF YOUR RIGHT TO OCCUPY THE APARTMENT.**

You can live in your Apartment for as long as you (or either of you) live, unless you (or both of you) “require services that cannot be provided or accommodated in the Apartment”, or this Agreement is terminated by you or by us. If, in the opinion of the Medical Director, your physical or mental health requires that nursing care be given, you will relocate to The Health Center at Evergreen Woods where Evergreen Woods is licensed to provide such care.

## **9. YOUR VOLUNTARY CANCELLATION RIGHTS AFTER OCCUPANCY.**

After you have moved into The Community you may cancel this Agreement at any time by giving us one hundred twenty (120) days’ written notice signed by you (or both of you, if there are two of you) and sent by registered or certified mail. If you give such notice, you will pay all applicable Monthly Charges until the later of the expiration of such one hundred twenty (120) day period or your departure from The Community. In such event, we will retain the non-refundable portion of your Entrance Fee and the One-Time Capital Charge and will pay the Amortized Entrance Fee, if any, as determined under Section 2.2.2 of this Agreement and in accordance with the Loan Agreement.

## **10. OUR TERMINATION RIGHTS.**

**10.1 Just Cause.** We will not terminate this Agreement except for just cause. “Just cause” includes, but is not limited to, the following:

**10.1.1** Except as set forth below, failure to pay any Monthly Charges, pay the Entrance Fee or make the Loan as provided herein; or



**10.1.2** Creation by you of a disturbance within The Community which in our judgment is detrimental to the health, safety, comfort or peaceful lodging of others; or

**10.1.3** You become infected with a dangerous and contagious disease or become mentally or emotionally disturbed, and the Medical Director determines that your condition is detrimental to the health, safety, or welfare of others and The Health Center at Evergreen Woods cannot care for you within the limits of our license from the State;

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

**10.1.5** You refuse medical treatment which in the opinion of the Medical Director is medically required for your health or the health or safety of others.

**10.2 Limitations on Termination Rights for Financial Inability.** If, after you have paid the Entrance Fee, One-Time Capital charges, Second Person Entrance Fee, if applicable, and made the Loan, you encounter financial difficulties making it impossible for you to pay the full Monthly Charges and other charges appropriate for the Apartment or for nursing care in The Health Center at Evergreen Woods; then:

**10.2.1** You may remain until any applicable Title XVIII Medicare benefits and/or third party insurance benefits received by us on your behalf have been earned;

**10.2.2** You shall in any case be permitted to remain at The Community for ninety (90) days after the date of failure to pay, during which time you shall continue to pay a reduced Monthly Charge based on your current financial condition; and

**10.2.3** Because it is and shall continue to be our declared policy to not terminate your residency solely by reason of your financial inability to pay the full Monthly Charges and other charges, you shall be permitted to remain at The Community at a reduced Monthly Charge based on your ability to pay for so long as you establish facts to justify deferral of the usual charges, and the deferral of such charges can, in our sole discretion, be granted without impairing our ability to operate on a sound financial basis. This provision shall be rendered inoperative if you have impaired your ability to meet your financial obligations hereunder by making unapproved gifts or other transfers or by not maintaining Medicare Part A, Medicare Part B, Medicare Part D and/or adequate supplemental insurance required under paragraph 7.10. Any such charges deferred shall be offset against the Amortized Entrance Fee, if any, when it is paid to you in accordance with the Loan Agreement.

**10.3 Notice of Termination.** Prior to any termination of the Agreement by us, we will give you notice in writing of the reasons, and you will have thirty (30) days thereafter to correct the problem. If the problem is corrected within such time, this Agreement shall not be then terminated. If the problem is not corrected within such time, this Agreement will be terminated and you must leave The Community.

**10.4 Emergency Termination.** Notwithstanding the above, if the Medical Director determines that either the giving of notice or the lapse of time as above provided might be

detrimental to you or others, then such notice and/or waiting period prior to termination and relocation to a hospital or other appropriate facility shall not be required, and termination of this Agreement shall be deemed to have occurred when you are relocated. In such event, we are expressly authorized to transfer you to a hospital or other appropriate facility and will promptly notify your representative or your attending physician.

## **11. MISCELLANEOUS PROVISIONS WITH RESPECT TO YOUR APARTMENT.**

**11.1 Use of Apartment.** The Apartment is for living only and shall not be used for carrying on any business or profession, nor in any manner in violation of zoning restrictions or any other municipal, state or federal law.

**11.2 Occupancy of Apartment.** Except as hereinafter provided, no person other than you (or both of you) may occupy the Apartment except with our express written approval. In the event that a second person who is not a party to this Agreement is accepted for residency under this Agreement at a time subsequent to the date hereof (said acceptance to be in accordance with admission policies governing all other admissions), you shall pay an Entrance Fee and, if applicable, a Second Person Entrance Fee, as determined by us, and each month thereafter the then current additional monthly charges for second persons shall be paid. If such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Apartment for more than thirty (30) days (except with our express written approval) and you may cancel this Agreement as provided in Section 9.

**11.3 Compliance Changes.** We may effect changes in The Community at any time to meet the requirements of the law. You agree to temporarily relocate to other facilities provided by us without additional cost to you if it becomes necessary to vacate your Apartment in order to make such changes.

**11.4 Furnishings.** Furnishings within the Apartment will not be provided by us except to the extent provided in consideration for the monthly Service Fee. Furnishings provided by you shall not interfere with the health, safety and general welfare of other residents or the staff of The Community. If removal of your furniture and other property is not accomplished within thirty (30) days after your death (if there are two of you, the death of the survivor) or termination of this Agreement, then we may remove and store such furniture and other property at the expense of you or your estate. We may dispose of such furniture or other property not claimed within ninety (90) days after your death (if there are two of you, the death of the survivor) or termination of this Agreement.

**11.5 Alterations by You.** You may not undertake any alterations to your Apartment without our prior written approval. We reserve the right, upon your release of the Apartment because you have moved to The Health Center at Evergreen Woods, or upon termination or cancellation of this Agreement, to require that any alterations made by you be removed, and that the Apartment be restored to its original design at your expense. The cost of any such restoration may be withheld from the Amortized Entrance Fee, if any, when it is paid to you or your estate in accordance with the Loan Agreement.

**11.6 Refurbishment.** Customary and normal refurbishment costs of your Apartment will be borne by all residents of The Community. You agree to pay for any necessary refurbishments caused by you or your guests that are beyond those which are customary and normal, including, but not limited to, the costs of cleaning and removal of stains, odors, and other damage caused by smoking in your apartment. Such costs may be withheld from the Amortized Entrance Fee, if any, when it is paid to you or your estate in accordance with the Loan Agreement.

**11.7 Emergency Entry.** We may enter your Apartment should it be necessary to protect your health or safety or the health or safety of other residents.

**11.8 Non-Smoking Community.** The Community is a non-smoking community and, as such, no smoking is permitted in any portion of The Community, including, without limitation, your Apartment or any common area within The Community.

## **12. CASH REQUIREMENTS ALLOCATION FORMULA.**

The amount of your monthly Service Fee is determined by application of the Cash Requirements Allocation Formula. The Formula has been developed to equitably apportion the costs of operating The Community among its residents.

**12.1 General.** All projected Cash Requirements (including additions to reserves) necessary to provide accommodations and services to the residents of The Community (including residents of The Health Center at Evergreen Woods) are charged to The Community residents through the application of the Cash Requirements Allocation Formula. Generally, the projected Cash Requirements are based upon the costs incurred in connection with the operation of The Community for the preceding year with adjustments for inflation or deflation, occupancy rates, additions to reserves, and nonrecurring expenses, and reduced by projected revenues (such as fees for services, and certain investment income, etc.) for the upcoming year. Once determined, the projected Cash Requirements are then allocated among The Community residents based upon the size of the Apartment that each resident occupies and the number of residents in The Community.

**12.2 Benefits to Us.** No portion of the costs included in the Cash Requirements Allocation Formula is paid to Evergreen Woods as fees. Our compensation for the on-going ownership of The Community is comprised solely of the Entrance Fee, the Second Person Entrance Fee, if applicable, monthly Working Capital Fund Fee (which is fixed for you for the duration of your occupancy), interest earned on deposits and/or certain escrowed monies, the appreciation of The Community, if any, and other benefits generally associated with the ownership of real estate. In the event, however, that we loan funds to operations that would normally be funded through the Cash Requirements Allocation and/or fund any differences between operating revenues and operating expenses, we may, at our option, recoup such amounts funded through the monthly Service Fees.

**12.3 Cash Requirements.** As set forth in this Section 12.1, your monthly Service Fee will be adjusted upward or downward each year according to the Cash Requirements of The

Community, as allocated to each apartment and all second persons. The Cash Requirements to be allocated are the sum of:

**12.3.1** Operating Cash Requirements for the preceding year (annualized if the actual period is less than a full operating year), which shall mean all recurring and nonrecurring costs, expenses and outlays incurred in connection with the operation and administration of The Community. Operating Cash Requirements shall be determined by The Community management and shall include but not be limited to salaries and wages and all fringe benefits paid to employees of The Community, and other persons stationed at The Community, and other persons having day-to-day administrative, marketing and/or management responsibilities; payroll taxes; telephone; utilities; insurance premiums; license fees, occupational taxes, property taxes, sales taxes, permits, etc., associated with the operation of The Community; lease payments, if any; legal and accounting services; bad debts and other losses related to the operation; deductibles related to insurance claims; consulting fees for specialists such as dietitians and medical directors; food and supplies; replacement and repair of equipment and all common furniture and fixtures; individual capital improvements, replacements or additions costing less than fifty thousand dollars (\$50,000) and not covered by paragraph 12.3.2; all interior building elements such as carpet, doors, repainting, and glass damage; management fees plus costs of reasonable expenses incurred in performing management services for The Community, such as transportation, living expenses, telephone expense and photocopying expense; cost of maintenance and normal replacement of landscaping; principal and interest payments on all loans except loans from residents; and other similar items related to the operation of The Community. Operating Cash Requirements shall not include income taxes, dividends, or individual capital improvements, and other replacements or additions that cost in excess of fifty thousand dollars (\$50,000).

**12.3.2** An amount to maintain or increase the reserve for replacement described in paragraph 12.6 shall be equal to three percent (3%) of the prior year's Operating Cash Requirements. This reserve is in addition to any operating reserves required under Connecticut law. Deposits to this reserve and earnings from this reserve may only be used for improving or replacing capital items of The Community that cost over fifty thousand dollars (\$50,000).

**12.3.3** An amount projected by us to account for expected changes from the previous year in services, The Health Center at Evergreen Woods utilization, apartment occupancy, marketing, remodeling or any other material factor.

**12.3.4** A reasonable estimate for inflation or deflation in the cost of operating The Community for the coming fiscal year.

**12.3.5** An amount to maintain or increase the reserve for operating cash established under paragraph 12.6. Deposits to this reserve may only be used for items related to the operation of The Community.

**12.3.6** An amount to maintain or increase the amount of any reserve required by the laws of the State of Connecticut.

**12.3.7** There shall then be subtracted the projected net revenues to be received in the coming fiscal year from (i) The Health Center at Evergreen Woods' operations; (ii) extra fees received for the furnishing of additional services to the residents as provided in Sections 6 and 7 of this Agreement; (iii) space rentals from such support services as barber/beauty shops; (iv) income from investment of reserves required by the laws of the State of Connecticut; and (v) nonrecurring operating income.

**12.4 Allocation of Cash Requirements.** Allocation of the sum of the Cash Requirements described in paragraph 12.3 to each individual resident's apartment and all second persons shall be accomplished by:

**12.4.1** Multiplying the number of apartments in The Community of each size and the number of second person residents therein by the following factors and then summing such products:

Number of One-Bedroom Alcove (Type A) Apartments X 70.6 percent factor

Number of One-Bedroom Apartments (Type B) X 84.3 percent factor

Number of One-Bedroom Custom Apartments (Type C) X 86.3 percent factor

Number of One-Bedroom Deluxe Apartments (Type D) X 96.1 percent factor

Number of Two-Bedroom Apartments (Type E) X 100.0 percent factor

Number of Two-Bedroom Custom Apartments (Type F) X 102.0 percent factor

Number of Two-Bedroom Corner Apartments (Type FC) X 102.0 percent factor

Number of Two-Bedroom Deluxe Apartments (Type G) X 107.8 percent factor

Number of Two-Bedroom Deluxe Apartments (Type GL) X 107.8 percent factor

Number of Second Persons X 45.1 percent factor

To take into account the combination or addition of different apartments to The Community, or similar events that require the addition of new factors, factors may be added to or deleted from the above formula.

**12.4.2** Multiplying the sum determined in paragraph 12.4.1 above by a factor representing the projected apartment occupancy rate.

**12.4.3** Dividing the sum of the Cash Requirements determined under paragraph 12.3 by the amount determined under paragraph 12.4.2 to arrive at the arithmetic quotient.

**12.4.4** The Cash Requirements Allocation for each apartment size and for the second person shall be the product of multiplying the arithmetic quotient determined under paragraph 12.4.3 by the factor assigned to each apartment and to the second person in paragraph 12.4.1. The amount of increase or decrease in the monthly Service Fee will be the difference

between the new Cash Requirements Allocation for each apartment size and for the second person and the applicable Cash Requirements Allocation for the preceding year, divided by twelve (12).

**12.5 Determination and Implementation of Cash Requirements Allocation.** At least thirty (30) days prior to the end of each fiscal year, we will notify you of the new monthly Service Fee that will go into effect at the start of the next fiscal year.

**12.6 Additional Reserves.** Evergreen Woods has established reserves as follows: (a) A reserve for replacement (as described in paragraph 12.3.2); (b) an operating cash reserve (as described in paragraph 12.3.5); and (c) a reserve required by Connecticut law (as described in paragraph 12.3.6). The total amount of the operating cash reserves includes operating reserves required by Connecticut law. Any amounts necessary to maintain or increase such additional reserves shall, however, be included in your Cash Requirement Allocation. Copies of these reserve agreements with the bank are available upon request.

### **13. AMENDMENTS.**

**13.1 This Agreement.** This Agreement may be amended by agreement of the parties to this Agreement.

**13.2 Compliance with Laws.** This Agreement may be modified by us at any time in order to comply with laws and regulations upon thirty days' notice to you.

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

**14.1 Governing Law.** This Agreement will be interpreted according to the laws of the State of Connecticut and will become effective upon acceptance and execution by us. The Glossary which sets forth the definitions of certain terms used in this Agreement is by this reference incorporated herein and made a part of this Agreement.

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

**14.3 Capacity.** This Agreement has been executed on our behalf by our duly authorized agent, and no member, partner, officer, director, agent or employee of Evergreen Woods shall have any personal liability hereunder to Resident under any circumstances.

**14.4 Residents.** When Resident consists of more than one person, the rights and obligations of each are joint and several, except as the context otherwise requires.

**14.5 Resident's Rights.** You understand and agree that (a) this Agreement or your rights (including the use of the Apartment) 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 reimbursement of the amounts as described in Section 2; (b) this Agreement and your contractual right to occupy the Apartment shall exist and continue to exist during your lifetime unless canceled by you or terminated by us as provided herein; (c) this

Agreement grants you a revocable license to occupy and use space in The Community but does not give you exclusive possession of the Apartment as against us and you shall not be entitled to any rights of specific performance but shall be limited to such remedies as set forth herein; (d) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by us; and (e) this Agreement grants to us complete decision making authority regarding the management and operation of The Community.

**14.6 Release.** We are not responsible for loss of or damage to your personal property. You may want to obtain, at your own expense, insurance to protect against such losses.

**14.7 Indemnity.** We shall not be liable for, and you agree to indemnify, defend and hold us harmless from claims, damages, settlements, and expenses, including attorney's 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.

**14.8 Entire Agreement.** This Agreement and any Addenda or Exhibits contain our entire understanding with respect to your residency.

**14.9 Reimbursement of Loss or Damage.** You or your representative, if applicable, will reimburse us for any loss or damage to The Community as the result of your intentional, careless, or negligent acts or omissions or that of your guests.

You agree to obtain insurance for you and your property and agree to provide us with proof of such insurance upon request.

**14.10 Subordination.** Except for your right of cancellation prior to occupancy, you agree that all your rights under this Agreement will always be subordinate and junior to the lien of all indentures of trust, mortgages or other documents creating liens encumbering The Community or any of the assets of Evergreen Woods, which have been or will be executed by us. Upon request, you agree to sign, acknowledge and deliver to such lender or lenders such further written evidence of such subordination as such lenders may reasonably require. You will not be liable for any such indebtedness.

**14.11 Transfers.** We may from time to time issue additional equity interests, or sell The Community, provided that in such latter event the buyer shall agree to assume all existing residency agreements. Your signature hereto constitutes your consent and approval to any such future transfer.

**14.12 Law Changes.** If changes are made in any of the statutes or regulations applicable to this Agreement, we shall have the right to submit to you a revised Agreement based on the changes in the law, and you agree to accept any such revisions that do not adversely affect you.

**14.13 Private Employee of Resident.** If you need additional services, you can obtain these needed services from a private employee (privately employed personnel). In such instances, you are encouraged to obtain these needed services from a licensed and/or certified home health agency. Further, you must comply with our policy regarding privately employed

personnel and ensure that your private employee complies with our policies and rules of conduct as set forth by us. If you fail to follow the reasonable rules set forth by us, which will be provided to you prior to the time you sign this Agreement, and thereafter in the event of revisions or additions, then we may elect at our sole option to terminate this Agreement in accordance with paragraph 10.

**14.14 Responsible Party.** You agree to execute and deliver to us within sixty (60) days after assuming occupancy in your Apartment a Durable Power of Attorney, trust documents, or other documentation naming a responsible party for business and financial decision making. You also agree to provide us a copy of, or execute and deliver within the same sixty (60) day time frame, an Appointment of Health Care Representative or a valid Durable Power of Attorney for Health Care Decisions executed prior to October 1, 2006. These documents should be drafted to remain effective notwithstanding your incompetence or disability and shall be in a form acceptable to us, and you agree to keep such documents in effect as long as this Agreement is in effect. The person(s) named as your responsible party shall not be a person(s) employed by us or any other entity engaged in the management of The Community.

**14.15 Residents' Association.** Residents shall have the right to organize and operate a residents' association at The Community and to meet privately to conduct business of the residents' association.

**14.16 Rights of Third Parties.** Only parties who have executed this Residency Agreement will have any rights hereunder. Neither this Residency Agreement nor the Disclosure Statement creates any rights for third parties other than those who have executed this Residency Agreement.

**14.17 Estate Planning.** Evergreen Woods will pay the Amortized Entrance Fee, if any, to your estate upon your death, or in the case of a double-occupied apartment, upon the death of the surviving resident, in accordance with the Loan Agreement. If the Amortized Entrance Fee has been reduced to zero in accordance with Section 2.2.2 of this Agreement, then no refund will be due, and nothing will be payable to your estate. If you do not wish to have the Amortized Entrance Fee, if any, paid to your estate, you may choose to assign your right to the Loan to a trust or other person designated by you pursuant to a form of Assignment of Loan Proceeds approved by Evergreen Woods. In the absence of any agreement between the residents of a double occupied apartment which has been provided to Evergreen Woods prior to the repayment of the Loan, then Evergreen Woods will repay the Loan to the estate of the surviving resident. No other rights under this Residency Agreement are assignable.

**14.18 Notices** All written notices required by this Agreement will be sufficient if addressed; if to you, to your Apartment at Evergreen Woods; if to Evergreen Woods, to the attention of the Executive Director, Evergreen Woods, 88 Notch Hill Road, North Branford, Connecticut 06471.

**14.19 Compliance with Laws.** You will be afforded all rights and privileges under Conn. Gen. Stat. § 17b-520 et seq., which governs continuing care facilities, and all other applicable laws. Evergreen Woods will comply with all municipal, state and federal laws and regulations regarding consumer protection and protection from financial exploitation.



**14.20 Managed Residential Community Residents' Bill of Rights.** Evergreen Woods is registered as a "managed residential community" with the Connecticut Department of Public Health. Accordingly, Evergreen Woods is required to provide and explain to you, at the time of execution of this Agreement, the Managed Residential Community Residents' Bill of Rights attached hereto as Exhibit B. A staff member will explain the Managed Residential Community Residents' Bill of Rights to you, and you will be asked to separately sign the Bill of Rights to acknowledge that you have received it.

**14.21 Rules and Regulations.** Evergreen Woods shall have the right to adopt, or amend, either by itself or with or through the residents' council, such reasonable rules and regulations as it deems necessary or desirable for the proper management and operation of the Community and for the safety, health and comfort of the residents. The rules and regulations in effect at the time of execution of this Agreement are set forth in the Resident Handbook. You agree to abide by such rules and regulations, as they may be amended from time to time. The Resident Handbook includes procedures for you to address any concerns or complaints you may have during your residency.

**15. RESERVE POLICY.**

It will be our policy to maintain reserve funds as required by Connecticut law.

**16. RESIDENT REPRESENTATIONS/OBLIGATIONS.**

By executing this Agreement you represent and warrant that you are at least sixty-two (62) years of age or older at the time of admission; that you are capable of meeting the requirements of admission as set forth in our current admission policy; that you have assets and income which are sufficient under foreseeable circumstances and after provision for payment of your obligations under this Agreement to meet your ordinary and customary living expenses after assuming occupancy, and that all written representations made with respect to such matters by you or on your behalf to us are true. From time to time, Evergreen Woods may request that you update the financial information you submitted prior to admission. As a condition of continued residency in the Community, you agree to provide such financial information to Evergreen Woods when requested. You agree not to impair your ability, in any manner described in Section 10.2.3 of this Agreement, to meet your financial obligations under this Agreement.

**17. ACKNOWLEDGEMENT OF RECEIPT OF DOCUMENTS.**

Under the requirements of applicable law, we are obligated to remind you that:

(1) this Agreement, which is a continuing care contract, is a financial investment and your investment may be at risk;

(2) our ability to meet our contractual obligations under this Agreement depends on our financial performance;

(3) you have been advised to consult an attorney or other professional experienced in matters relating to investments in continuing care facilities before you signed this Agreement; and

(4) the Department of Social Services of the State of Connecticut does not guarantee the security of your investment.

You hereby certify that you received a copy of this Agreement and a copy of our latest disclosure statement on or before the date hereof, and have been permitted to inspect any additional relevant materials requested to be reviewed by you or your representatives prior to signing this Agreement.

Executed at \_\_\_\_\_, Connecticut this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
RESIDENT

EVERGREEN WOODS RETIREMENT, LLC  
d/b/a Evergreen Woods

\_\_\_\_\_  
Witness

\_\_\_\_\_  
RESIDENT

By: \_\_\_\_\_  
Executive Director

\_\_\_\_\_  
Witness

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**EXHIBIT A**  
**LOAN AGREEMENT**  
**(TO BE EXECUTED AT OCCUPANCY)**

Pursuant to your Residency Agreement, you agree to loan \$\_\_\_\_\_ (“Loan”) to Evergreen Woods Retirement, LLC, doing business as Evergreen Woods (hereafter referred to as “Evergreen Woods” or “The Community”), and Evergreen Woods agrees to repay such amount based upon the terms and conditions hereinafter set forth.

**1. Interest.**

No interest shall accrue or be paid on the amount of the Loan.

**2. Payment of Loan Proceeds.**

In the event of your death (or the death of the survivor if there are two of you) or in the event of termination or cancellation of your Residency Agreement, your Loan shall become due and payable within thirty (30) days after the date that your Apartment is reoccupied by a new resident to The Community, unless this Loan Agreement has previously terminated pursuant to Section 5 herein. In no event will payment be made later than three (3) years from the date of your death (or the death of the survivor if there are two of you) or the date your Residency Agreement is terminated or cancelled.

The full amount of the Loan proceeds to be paid, if any, may be reduced by (1) any unpaid Monthly Charges owed by you, (2) any charges deferred due to your financial inability to pay as provided in Section 10.2.3 of the Residency Agreement or (3) any charges due as a result of returning the vacated apartment to its original condition (allowance make for customary and normal refurbishment).

**3. Successors and Assigns.**

All terms and provisions of this Loan Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement is issued in Connecticut with and is a part of your Residency Agreement and is subject to all of the terms and conditions contained therein.

**4. Termination.**

This Loan Agreement shall terminate as of the date on which the Amortized Entrance Fee becomes fully amortized, as set forth in Section 2.2.2. of the Residency Agreement.

[Signatures appear on next page]

\_\_\_\_\_  
RESIDENT

EVERGREEN WOODS RETIREMENT, LLC  
d/b/a Evergreen Woods

\_\_\_\_\_  
Witness

\_\_\_\_\_  
RESIDENT

By: \_\_\_\_\_  
Executive Director

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**MANAGED RESIDENTIAL COMMUNITY  
RESIDENTS' BILL OF RIGHTS**

You have the right to:

- Live in a clean, safe and habitable private residential unit;
- Be treated with consideration, respect and due recognition of your personal dignity, individuality and the need for privacy;
- Privacy within your private residential unit, subject to the Community's rules reasonably designed to promote your health, safety and welfare;
- Retain and use your personal property within your apartment so as to maintain individuality and personal dignity, provided that your use of personal property does not infringe on the rights of other residents or threaten the health, safety and welfare of other residents;
- Private communications, including receiving and sending unopened correspondence, telephone access and visiting with persons of your choice;
- Freedom to participate in and benefit from community services and activities so as to achieve the highest possible level of independence, autonomy and interaction within the community;
- Directly engage or contract with licensed health care professionals and providers of your choice to obtain necessary health care services in your private apartment, or such other space in the Community as may be available to residents for such purposes;
- Manage your own financial affairs;
- Exercise civil and religious liberties;
- Present grievances and recommend changes in policies, procedures and services to our Executive Director or staff, government officials or any other person without restraint, interference, coercion, discrimination or reprisal from the Community, including access to representatives of the Department of Public Health or the Office of the Long-Term Care Ombudsman;
- Upon request, obtain the name of the Executive Director or any other persons responsible for resident care or the coordination of resident care;

- Confidential treatment of all records and communications to the extent required by state and federal law;
- Have all reasonable requests responded to promptly and adequately within the capacity of the Community and with due consideration given to the rights of other residents;
- Be fully advised of the relationship that the Community has with any Assisted Living Services Agency, health care facility or educational institution to the extent that such relationship relates to resident medical care or treatment and to receive an explanation about the relationship;
- Receive a copy of any rules or regulations of the Community;
- Refuse care and treatment and participate in the planning for the care and services you need or receive, provided, however, that your refusal of care and treatment may preclude you from being able to continue to reside in the Community; and
- If you are a continuing care resident, all rights afforded under Conn. Gen. Stat. § 17b-520 et seq. and any other applicable laws. If you rent your apartment, all rights and privileges afforded to tenants under title 47a of the Connecticut General Statutes (Connecticut's landlord tenant laws).

We hope that any complaints or concerns that you have can be resolved by our staff. However, you also have the right to contact the following state agencies regarding complaints or concerns:

Department of Public Health  
 Facility Licensing and Investigations  
 410 Capitol Ave., P.O. Box 340308  
 MS#12HSR  
 Hartford, CT 06134-0308

Information/General: Loan Nguyen, R.N.  
 Supervising Nurse Consultant (860) 509-7400

Complaints: Donna Ortelle, R.N.  
 Public Health Services Manager (860) 509-7400

Nancy B. Shaffer, State Long Term Care Ombudsman  
 Office of the Long Term Care Ombudsman  
 55 Farmington Ave.  
 Hartford, CT 06105

If you are receiving nursing or personal care from an Assisted Living Services Agency, you also have other rights set forth separately in the Assisted Living Clients' Bill of Rights.

Please sign below to acknowledge that we have provided you with a copy of the Managed Residential Community Residents' Bill of Rights and explained them to you.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident

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

\_\_\_\_\_  
Relationship to Resident



**EXHIBIT C**

**SWORN STATEMENT OF ENTRANCE FEE ESCROW AGENT**

See attached.

The undersigned, U.S. Bank National Association, hereby affirms and swears that it serves as Escrow Agent under the Entrance Fee Escrow Agreement (Phase I) of Shoreline Care Limited Partnership dated January 26, 1990 (the "Entrance Fee Escrow Agreement") between Shoreline Care Limited Partnership, a Connecticut limited partnership, succeeded by Shoreline Life Care LLC, a Connecticut limited liability company (the "Assignor") and Union Trust Company, succeeded by U.S. Bank National Association, as escrow agent (the "Escrow Agent"). Attached is a copy of the Entrance Fee Escrow Agreement and the Assignment and Assumption Agreement between the Assignor and Evergreen Woods Retirement, LLC (the "Assignee") pursuant to which the Assignor assigns all of its right, title and interest in, and all of its obligations as "Provider" under, the Entrance Fee Escrow Agreement and the Assignee assumes and agrees to perform fully all of Assignor's covenants, promises, agreements, obligations and liabilities as "Provider" under the Entrance Fee Escrow Agreement, effective upon the change of ownership of the Evergreen Woods retirement community located in North Branford, Connecticut.

IN WITNESS WHEREOF, the undersigned Escrow Agent has caused this statement to be executed by its duly authorized officer on this 27th day of October, 2016.

U.S. Bank National Association, as Escrow Agent

By: \_\_\_\_\_  
Name: John Correia  
Title: Vice President

STATE OF MASSACHUSETTS

COUNTY OF SUFFOLK

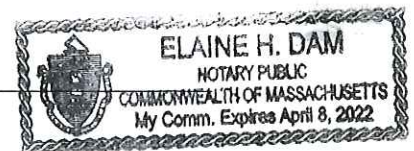
On this 27th day of October, 2016, personally appeared, John Correia, an officer of U.S. Bank National Association, known to me (or satisfactorily proven) to be the person whose name is subscribed to within this document and acknowledged that he/she executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand.

(Notary Seal or Stamp)

Elaine H. Dam  
Notary Public

My commission expires: \_\_\_\_\_



# 90046519

# 9572000189

ACCT # \_\_\_\_\_  
TYPE LEGAL  
350 INIT BTS

ENTRANCE FEE ESCROW AGREEMENT  
(PHASE I)

of

SHORELINE CARE LIMITED PARTNERSHIP

This Entrance Fee Escrow Agreement is made as of the 26 day of JANUARY, 1999 by and between SHORELINE CARE LIMITED PARTNERSHIP c/b/a EVERGREEN WOODS ("Provider"), a Connecticut limited partnership with an address at 5 Elm ST., NEW HAVEN, Connecticut, and UNION TRUST COMPANY, a banking institution with its principal place of business in the State of Connecticut ("Escrow Agent").

Recitals:

WHEREAS, Provider is the sponsor of a continuing-care retirement community ("Evergreen Woods") to be located in North Branford, Connecticut, and as such is a "provider" within the meaning of Section 1(d) of Connecticut Public Act No. 86-252 (the "Act"), codified as Sections 17-535 through 17-550 of the Connecticut General Statutes; and

WHEREAS, in order to comply with Section 2 and Section 5 of the Act and to protect residents or prospective residents of Evergreen Woods, the parties desire to enter into this Entrance Fee Escrow Agreement (the "Agreement") setting forth the terms under which certain deposits will be made with the Escrow Agent for the purpose of maintaining an escrow account for entrance fee payments in compliance with the Act. Attached hereto as Exhibit "A" and incorporated herein by reference is a copy of the proposed form of continuing-care contract (the "Residency Agreement") as such may be amended by Provider from time to time, which will be entered into between Provider and each prospective resident of Evergreen Woods (a "Resident").

NOW THEREFORE, in consideration of these premises and the mutual covenants herein set forth, the parties agree as follows:

1. Deposits. In accordance with Section 1 of the Residency Agreement, Provider expects to receive from each Resident a payment of that Resident's Entrance Fee (as such term is described in the Residency Agreement) at the time of execution of the Residency Agreement and to receive from each

Resident a payment of that Resident's Loan (as such term is described in the Residency Agreement) on or before the date Resident begins to reside at Evergreen Woods. On or after the date of this Agreement, Provider will deposit with the Escrow Agent, within seventy-two (72) hours of receipt thereof by Provider, all Entrance Fees received by Provider in connection with Evergreen Woods (Phase I) together with a letter substantially in the form of FORM 1 attached hereto, including a copy of the signature page of each Residency Agreement signed by a Resident.

2. Escrow Account. The Escrow Agent shall maintain all such deposits made to the Escrow Account separate and apart from any other funds of Resident or of Provider.

3. Investments. The Escrow Agent shall invest all amounts held by it from time to time in such obligations of the United States or its agencies (or in shares of a registered investment company which holds a portfolio of such securities) or such certificates of deposit, savings accounts, or other savings or investment securities as Provider may from time to time direct in writing. No amounts held by the Escrow Agent pursuant to this Agreement may be invested in any building or health-care facility of any kind, or used for capital construction or improvements or for the purchase of real estate or removed from the State of Connecticut if required to be maintained within such State. No amounts held by the Escrow Agent pursuant to this Agreement shall be pledged as collateral or subordinated to other loans or commitments of Evergreen Woods, other than first mortgage loans or other long-term financing obligations of Evergreen Woods.

4. Reports and Certificates. The Escrow Agent agrees to issue periodic statements indicating the status of the Escrow Account maintained by the Escrow Agent pursuant to this Agreement. In any event, Escrow Agent agrees to provide monthly reports to the Provider, which include a summary of all additions to, disbursements from and interest on the Escrow Account during the current period, and a detail of the investments comprising the balance in the Escrow Account as of the end of the current period.

5. Disbursements. The Escrow Agent shall release any amounts then held by it in the Escrow Account in accordance with the following terms and subject to Paragraph 5.5 hereof:

5.1 Disbursement When Resident Rescinds Within Thirty (30) Days. Upon receipt by the Escrow Agent of written notice from a Resident by registered or certified mail, pertaining to the election by the Resident to rescind his or her obligations under the Residency Agreement prior to occupancy, the Escrow Agent shall immediately notify the Provider of such request (such notice to be given by telephone and confirmed in a writing mailed to Provider at its address first set forth above) and, within five (5) business days of its receipt of a written confirmation of release of Provider (see FORM 2), release to the Resident, such portion of the Entrance Fee paid by such Resident as is required by his or her Residency Agreement, and shall remit the balance of such Entrance Fee, if any, to the Provider. The Escrow Agent shall promptly provide Provider with written notice of any such refund. Any Entrance Fees refundable to Resident pursuant to this Paragraph 5.1, are hereinafter referred to as "Refundable Deposits."

5.2 Disbursements When Resident Cancels For Any Other Reason. In the event that the Apartment at Evergreen Woods is not available for occupancy by the Resident within three (3) years after the date of execution of his or her Residency Agreement, or under any other circumstances permitting a refund of all or any portion of the Entrance Fee, the Escrow Agent shall, upon receipt of written notice thereof from the Provider certifying that such refund shall be made, return forthwith to the Resident such portion of the Entrance Fee paid by such Resident as is required by his or her Residency Agreement and shall remit the balance of such Entrance Fee, if any, to the Provider.

5.3 Disbursements to Additional Reserve. The Escrow Agent shall release amounts to the additional reserve described in Paragraph 6 below, upon receipt by the Escrow Agent of written notice from Provider substantially in the form of FORM 4 attached hereto which certifies that all conditions required by the Act have been met to permit such release, and sets forth the amount to be released to such additional reserve. Upon receipt of such notice, the Escrow Agent shall forthwith release such amount of the aggregate Entrance Fees then deposited with the Escrow Agent for deposit into such additional reserve and the balance, if any, shall be released to the Provider as described in Paragraph 5.4.

5.4 Disbursements to Provider. The Escrow Agent shall release amounts to the Provider in accordance with the following terms:

(a) With respect to a previously occupied living unit, upon receipt by the Escrow Agent of written notice from Provider stating that the previously occupied living unit to which the Entrance Fee(s) relates is available for occupancy by the Resident, the Escrow Agent shall forthwith release to the Provider the balance of any Entrance Fee(s) then deposited with the Escrow Agent pursuant to this Agreement for that Resident.

(b) With respect to a living unit which has not been previously occupied, upon receipt by the Escrow Agent of written notice from the Provider certifying that the following conditions have been met:

(i) The sum of the Entrance Fees received or receivable by the Provider pursuant to the Residency Agreements, plus the anticipated proceeds of any first mortgage loan or other long-term financing commitment, plus funds from other sources in the actual possession of the Provider, equals or exceeds the sum of seventy-five per cent of the aggregate cost of constructing or purchasing, equipping and furnishing Evergreen Woods plus seventy-five per cent of the funds estimated in the statement of anticipated source and application of funds submitted by the Provider as part of its disclosure statement on file with the Department of Aging (the "Disclosure Statement") to be necessary to fund start-up losses of Evergreen Woods plus seventy-five per cent of the amount of the reserve fund escrow required to be maintained by the Provider;

(ii) A commitment has been received by the Provider for any permanent mortgage loan or other long-term financing described in the statement of anticipated source and application of funds included in the Disclosure Statement and any conditions of the commitment prior to disbursement of funds thereunder, other than completion of the construction of Evergreen Woods, have been substantially satisfied; and

(iii) If construction of Evergreen Woods has not been substantially completed: all governmental permits or approvals necessary prior to the commencement of construction have been obtained; a maximum price contract has been entered into between the Provider and a general contractor responsible for construction of Evergreen Woods; a bond covering the faithful performance of the construction contract by the general contractor and the payment of all obligations arising thereunder has been issued by an insurer authorized to do business in the State of Connecticut with the Provider as obligee; a loan agreement has been entered into by the Provider for an interim construction loan in an amount, when combined with the amount of Entrance Fees then held in escrow under this Agreement plus the amount of funds from other sources then in the actual possession of the Provider, that will equal or exceed the estimated cost of constructing, equipping and furnishing Evergreen Woods; not less than ten per cent of the amount of the construction loan has been disbursed by the lender for physical construction or site preparation work completed; and orders at firm prices have been placed by the Provider for not less than fifty per cent in value, including installation charges if applicable, of items necessary for equipping and furnishing Evergreen Woods in accordance with the description set forth in the Disclosure Statement; or if construction or purchase of Evergreen Woods has been substantially completed, an occupancy permit covering the living unit has been issued by the local government having authority to issue these permits;

the Escrow Agent shall release to the Provider the balance of any Entrance Fees then deposited with the Escrow Agent less any Refundable Deposits then being held by the Escrow Agent. The aggregate amount of Entrance Fees which may be released to the Provider hereunder prior to the date on which any reserve fund escrow that is required to be established pursuant to the Act is established, shall not exceed the aggregate amount of Entrance Fees then received or receivable by the Provider pursuant to binding Residency Agreements less the amount of the Entrance Fees received or receivable which may be required to be initially maintained in such reserve fund escrow.

RAR  
3/29/07 1/28/08

1/29/08

12/24/08

1/17/09

1-3-10

(c) Upon receipt by the Escrow Agent of written notice from Provider, the Escrow Agent shall forthwith release to the Provider the aggregate of all interest earned on the Escrow Account, or such portion thereof as Provider desires released.

*NR*  
*4/1/09*  
*RAR*  
*6/16/09*

5.5 Written Confirmation by Provider of Disbursements. In any case in which the Provider believes that funds are required to be disbursed by the Escrow Agent hereunder, the Provider shall promptly give written notice to the Escrow Agent of the Provider's calculation of the amount(s) to be disbursed to Resident and/or Provider, as the case may be (refer to Paragraphs 5.2, 5.3, and 5.4 and FORM 3). In any case in which a Resident has notified the Escrow Agent that Escrowed Funds should be released to such Resident: (i) the Escrow Agent shall immediately notify the Provider of such request (such notice to be given by telephone and confirmed in a writing mailed to Provider at its address first set forth above); and (ii) the Escrow Agent shall not disburse any such funds except in accordance with written confirmation of the Provider, which confirmation shall be given by written notice substantially in the form attached hereto as FORM 2 (refer to Paragraph 5.1).

5.6 Notice to Residents. The Provider shall provide each prospective Resident of Evergreen Woods who has signed a Residency Agreement with the name, address, and telephone number of the Escrow Agent and shall file a copy of this Agreement with the Department of Aging.

6. Additional Reserve. To protect Residents and prospective Residents of Evergreen Woods and to comply with Section 6 of the Act, the Provider will establish the following additional reserve:

Operating Reserve. The Provider will establish an Operating Reserve, to be administered pursuant to a separate agreement. Such Operating Reserve shall be funded from the Escrow Account in accordance with Paragraph 5.3 above. If the Provider has already funded the Operating Reserve as required by Connecticut law, any amounts released from the Escrow Account which would have so funded the Operating Reserve shall be paid to the Provider to such extent.

7. Duties. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein and no



implied duties or obligations shall be inferred or otherwise imposed upon or against the Escrow Agent. The Escrow Agent may act in reliance upon any writing or instrument under signature which it, in good faith, believes to be genuine; may assume the validity and accuracy of any statement or assertion contained in any such writing or instrument; and may assume that any person purporting to give any writing, notice, advice, or instruction in connection with the provisions hereof has been duly authorized to do so, unless Escrow Agent has reason to believe otherwise. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form or manner of execution or validity of any instrument deposited with or delivered to the Escrow Agent hereunder. The duties of the Escrow Agent hereunder shall be limited to the safekeeping of the Deposits and other money, instruments, or other documents received by it as Escrow Agent and for its disposition of the same in accordance with the written instructions accepted by it as Escrow Agent. Each and every determination, payment, action or duty to be taken by the Escrow Agent under this Agreement shall be taken based solely on the written direction from the Provider and, in the case of disbursements made pursuant to Paragraph 5.1, from a Resident. The Escrow Agent will be fully released from any liability hereunder if it acts in accordance with such written direction.

8. Indemnity. Provider hereby agrees to indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits, or proceedings at law or in equity, or any other expense, fees, or charges in equity, or other expenses, fees, or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Agreement, unless caused by the Escrow Agent's willful misconduct or gross negligence; and in connection therewith, to indemnify the Escrow Agent against any and all expenses, including attorney's fees and the cost of defending any action, suit, or proceeding or resisting any claim. Any and all expenses incurred by the Escrow Agent hereunder shall be reimbursed by the Provider upon demand.

9. Termination. Either party may terminate this Agreement upon thirty (30) days' written notice thereof to the other party, subject to the appointment of its successor by Provider within such thirty (30) day period. Provider shall give prompt written notice to the Escrow Agent of the name and address of the successor escrow agent. If a successor escrow

agent is not appointed by provider within the thirty (30) day period, the Escrow Agent may petition the Court to appoint a successor. Upon the appointment of such successor escrow agent, the Escrow Agent agrees to deliver to such successor escrow agent all funds and documents in its possession within thirty (30) days from the date of its notice of termination or resignation, or five (5) business days from the date of appointment of the successor escrow agent, whichever shall later occur. The successor escrow agent shall also be required to have its principal place of business in Connecticut.

10. Fees. Provider shall pay the Escrow Agent its usual and customary fee for services as Escrow Agent as such amounts are set by the Escrow Agent from time to time. Fees for any additional or extraordinary services may be agreed upon by Provider and the Escrow Agent.

11. Amendments. This Agreement may be amended by the parties in writing signed by both, provided that no amendments be made without prior notification by the Provider to the Commissioner of the Connecticut Department on Aging and prior to approval by the Commissioner of the proposed changes, if and to the extent required by the Act or regulations thereunder.

12. Governing Law. This Agreement shall be construed according to the laws of the State of Connecticut.

13. Superseder. This Agreement supersedes and replaces any and all prior agreements between the parties concerning the subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Entrance Fee Escrow Agreement as of the 26 day of JANUARY, 1990.

UNION TRUST COMPANY

SHORELINE CARE LIMITED PARTNERSHIP  
d/b/a EVERGREEN WOODS

By [Signature]

By [Signature]

Its Senior Trust Officer

Its M.B.P.

FORM 1  
Entrance Fee Deposit

Date: \_\_\_\_\_

To: [Bank]

In accordance with the Entrance Fee Escrow Agreement entered into between Shoreline Care Limited Partnership d/b/a Evergreen Woods, and \_\_\_\_\_, please deposit this entrance fee payment into the established account for Evergreen Woods' entrance fees.

1. Date of Residency Agreement:
2. Amount: \$
3. Name on Residency Agreement:
4. Copy of Signature Page of Residency Agreement attached.

As the managing general partner of Shoreline Care Limited Partnership, I am authorized to act on behalf of Shoreline Care Limited Partnership.

Sincerely,

Managing General Partner

FORM 2  
Recision

Date: \_\_\_\_\_

To: [Bank]

In accordance with Paragraph 5.1 or 5.2 of the Entrance Fee Escrow Agreement entered into between Shoreline Care Limited Partnership d/b/a Evergreen Woods, and \_\_\_\_\_, please release the Refundable Deposits paid to Evergreen Woods to the Resident named in the Residency Agreement, as outlined in Section 2 of the Residency Agreement.

1. Name on Residency Agreement:
2. Amount of deposit: \$
3. Any cancellation costs: \$
4. Amount to be refunded to Resident: \$
5. Amount to be refunded to Evergreen Woods: \$

As the managing general partner of Shoreline Care Limited Partnership, I am authorized to act on behalf of Shoreline Care Limited Partnership.

Sincerely,

Managing General Partner

FORM 3  
Release of Deposit/Balance Payment

Date: \_\_\_\_\_

To: [Bank]

In accordance with Paragraph 5.4 of the Entrance Fee Escrow Agreement (the "Escrow Agreement") entered into between Shoreline Care Limited Partnership d/b/a Evergreen Woods, and \_\_\_\_\_, please release the amount of Entrance Fees indicated below and deposited with you pursuant to the Escrow Agreement to Shoreline Care Limited Partnership. We hereby certify that the conditions set forth in Section 5.4 of the Entrance Fee Escrow Agreement have been satisfied and that the living unit referred to in the Residency Agreement is now available for occupancy by said Resident.

1. Amount to be released: \$
2. Name on Residency Agreement:

As the managing general partner of Shoreline Care Limited Partnership, I am authorized to act on behalf of Shoreline Care Limited Partnership.

Sincerely,

Managing General Partner

FORM 4  
Release to Operating Reserve

Date: \_\_\_\_\_

To: [Bank]

In accordance with Paragraph 5.3 of the Entrance Fee Escrow Agreement entered into between Shoreline Care Limited Partnership d/b/a Evergreen Woods, and \_\_\_\_\_, please release the amount set forth below for deposit into the operating reserve escrow for Evergreen Woods. The undersigned hereby certifies that all conditions required by applicable statute have been met to permit such release and that the amount to be released, together with other amounts to be deposited in such operating reserve escrow, are sufficient to cover: (1) all principal and interest, rental or lease payments due during the first 12 months after Evergreen Woods is first occupied by a Resident on account of any first mortgage loan or any other long-term financing of Evergreen Woods; and (2) the total cost of operations of Evergreen Woods for a one-month period, excluding debt service, rental or lease payments as described in subsection (1) above and excluding capital expenditures.

Amount of Entrance Fees to be released for deposit into operating reserve escrow:

\$ \_\_\_\_\_

As the managing general partner of Shoreline Care Limited Partnership, I am authorized to act on behalf of Shoreline Care Limited Partnership.

Sincerely,

Managing General Partner

0324V

## ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this “Agreement”) is made as of the \_\_\_ day of November, 2016, by and between SHORELINE LIFE CARE, LLC, a Connecticut limited liability company (“Assignor”), and EVERGREEN WOODS RETIREMENT, LLC, a Connecticut limited liability company (“Assignee”), and relates to the Entrance Fee Escrow Agreement (Phase I) of Shoreline Care Limited Partnership dated January 26, 1990 (as the same may have been amended, modified or supplemented from time to time, the “Escrow Agreement”) between Shoreline Care Limited Partnership, a Connecticut limited partnership, succeeded by Assignor, and Union Trust Company, succeeded by U.S. Bank National Association, as escrow agent (the “Escrow Agent”).

### RECITALS:

A. Assignor is the owner of a retirement community consisting of approximately 250 independent and assisted living apartment units and 50 skilled nursing beds located at 88 Notch Hill Road, North Branford, Connecticut, and commonly known as “Evergreen Woods” (the “Facility”);

B. Assignor has entered into an Operations Transfer Agreement (the “OTA”) dated as of August 3, 2016, by and between Assignor and Assignee, pursuant to which Assignee will purchase all of the operating assets of the Facility and become the “Provider” with respect to the Facility under Chapter 319hh of the Connecticut General Statutes (the “Statutes”); and

C. In order to comply with Section 17b-524 of the Statutes, and as part of the transaction contemplated in the OTA, the parties desire that the Assignor assign to Assignee all of its rights, title and interest in, and all of its obligations as “Provider” under, the Escrow Agreement and that Assignee assume and agree to perform fully all of Assignor’s covenants, promises, agreements, obligations and liabilities as “Provider” under the Escrow Agreement.

### AGREEMENTS:

Accordingly, in consideration of the sale of the Facility, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby covenant and agree as follows:

1. Assignment. Assignor hereby assigns to Assignee all of its right, title and interest in, and all of its obligations as “Provider” under, the Escrow Agreement, subject to all of the terms, covenants, conditions and provisions thereof (the “Assignment”).

2. Assumption. Assignee hereby accepts the Assignment and assumes and agrees to perform fully all of Assignor’s covenants, promises, agreements, obligations and liabilities as “Provider” under the Escrow Agreement, whether arising or existing prior to, on or after the date hereof, including, without limitation, the payment in full of Assignor’s indemnification obligations as and when due in accordance with and subject to the terms and limitations of the Escrow Agreement (collectively, the “Assumed Obligations”).

3. Representations and Warranties.

(a) Assignor represents and warrants to Assignee that (i) Assignor is duly organized, validly existing and in good standing under the laws of its state of organization, and has the limited liability company power and authority and all governmental licenses, authorizations, consents and approvals, if any, required to carry on its business as now conducted; (ii) Assignor has the requisite limited liability company power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (iii) the execution and delivery of this Agreement by Assignor and the performance by Assignor of its obligations hereunder have been duly and validly authorized and approved, and no other proceedings, consents or authorizations are necessary to authorize the execution, delivery and performance by Assignor of this Agreement and the obligations to be performed by it hereunder; and (iv) this Agreement has been duly executed and delivered by Assignor and constitutes a valid and binding obligation of Assignor, enforceable against Assignor in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights.

(b) Assignee represents and warrants to Assignor that (i) Assignee is duly organized, validly existing and in good standing under the laws of its state of organization, and has the limited liability company power and authority and all governmental licenses, authorizations, consents and approvals, if any, required to carry on its business as now conducted; (ii) Assignee has the requisite limited liability company power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (iii) the execution and delivery of this Agreement by Assignee and the performance by Assignee of its obligations hereunder have been duly and validly authorized and approved, and no other proceedings, consents or authorizations are necessary to authorize the execution, delivery and performance by Assignee of this Agreement and the obligations to be performed by it hereunder; and (iv) this Agreement has been duly executed and delivered by Assignee and constitutes a valid and binding obligation of Assignee, enforceable against Assignee in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights.

4. Notices. Any notices or other communications under this Agreement shall be in writing and either shall be mailed by certified mail, postage prepaid, return receipt requested, or sent by overnight air courier service, or personally delivered to a representative of the receiving party, or sent by facsimile transmission (provided an identical notice is also sent simultaneously by mail, overnight courier or personal delivery as otherwise provided in this Section 4). All such notices and communications shall be mailed, sent or delivered, addressed to the party for whom it is intended at its address set forth below.

If to Assignor:

Shoreline Life Care, LLC  
c/o Shelter Development, LLC  
218 N Charles Street, Suite 220  
Baltimore, Maryland 21201  
Attention: Jeffrey Hettleman  
Facsimile: (410) 347-0587



with a copy to:

Gallagher Evelius and Jones LLP  
218 N Charles Street, Suite 400  
Baltimore, Maryland 21201  
Attention: Stephen A. Goldberg  
Facsimile: (410) 468-2786

If to Assignee:

Evergreen Woods Retirement, LLC  
c/o Senior Living Communities, LLC  
3530 Toringdon Way, Suite 204  
Charlotte, North Carolina 28277  
Attention: Donald O. Thompson, Jr.  
Facsimile: (704) 246-1621

With a copy to:

Allen K. Robertson  
Robinson, Bradshaw & Hinson, P.A.  
101 North Tryon Street, Suite 1900  
Charlotte, North Carolina 28246  
Facsimile: (704) 373-3968

5. Miscellaneous.

(a) This Agreement shall be construed and governed in accordance with the laws of the State of Connecticut. Each of the parties to this Agreement has participated fully in the negotiation and preparation hereof. Accordingly, this Agreement shall not be more strictly construed against either of the parties hereto. Each of the parties hereto irrevocably submits to the non-exclusive jurisdiction and venue of any State or federal court in the State of Connecticut and waives any claim that venue is improper or inconvenient.

(b) If any term or provision of this Agreement is determined to be illegal or otherwise invalid, such term or provision shall be given its nearest legal meaning or, if invalid, be construed as deleted from this Agreement, and the remainder of this Agreement shall be construed to be in full force and effect.

(c) This Agreement may be executed in two or more counterparts each of which shall be deemed an original, and all of which shall constitute one and the same instrument. This Agreement may be executed and delivered by electronic mail, pdf or other electronic means with the same force and effect as delivery of an original.

(d) This Agreement may not be changed, altered or modified except by an instrument in writing signed by the party against whom enforcement of such change, alteration or modification is sought. This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns. Neither party hereto shall have the right, directly or indirectly, to assign all or any portion of its rights or obligations under this Agreement to any person or entity, without first obtaining the written consent of the other party to any such assignment.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, Assignor and Assignee have executed this Agreement as of the date first set forth above.

**ASSIGNOR:**

**SHORELINE LIFE CARE, LLC,**  
a Connecticut limited liability company

By: Brightview Evergreen Woods, LLC,  
a Maryland limited liability company,  
its managing member

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ASSIGNEE:**

**EVERGREEN WOODS RETIREMENT, LLC,**  
a Connecticut limited liability company

By: Senior Living Communities, LLC, a North  
Carolina limited liability company  
its Manager

By: \_\_\_\_\_  
Name: Donald O. Thompson, Jr.  
Title: Manager

**ACKNOWLEDGED:**

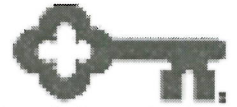
U.S. BANK NATIONAL ASSOCIATION,  
as Escrow Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT D**

**SWORN STATEMENT OF  
OPERATING AND DEBT SERVICE RESERVE ESCROW AGENT**

See attached.



**KeyBank National Association**

100 Public Square  
Mailcode: OH-01-10-0944  
Cleveland, Ohio 44113

The undersigned, KeyBank National Association, hereby affirms and swears that: (1) it serves as Escrow Agent under the Reserve Escrow Agreement dated October 27, 2016 (the "Debt Service and Operating Reserve Escrow Agreement") between Evergreen Woods Retirement, LLC, a Connecticut limited liability company ("Provider") and KeyBank National Association, as escrow agent (the "Escrow Agent"), and (2) the Debt Service and Operating Reserve Escrow Agreement states that the Provider will make certain deposits with the Escrow Agent for the purpose of maintaining a reserve fund in compliance with Section 17b-525 of the Connecticut General Statutes, as amended from time to time. A copy of the Debt Service and Operating Reserve Escrow Agreement is attached hereto.

IN WITNESS WHEREOF, the undersigned Escrow Agent has caused this statement to be executed by its duly authorized officer on this 27th day of October, 2016.

KeyBank National Association, as Escrow Agent

By: Lee Ann Habinak  
Name: Lee Ann Habinak  
Title: Vice President

STATE OF OHIO

COUNTY OF CUYAHOGA

On this 27th day of October, 2016, personally appeared, Lee Ann Habinak an officer of KeyBank National Association, known to me (or satisfactorily proven) to be the person whose name is subscribed to within this document and acknowledged that he/she executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand.

(Notary Seal or Stamp)

Jennifer L. Sebrasky  
Notary Public

My commission expires: JENNIFER L. SEBRASKY  
NOTARY PUBLIC • STATE OF OHIO  
My commission expires May 4, 2019

## RESERVE ESCROW AGREEMENT

This Reserve Escrow Agreement is made as of the 27<sup>th</sup> day of October 2016 by and between **Evergreen Woods Retirement, LLC** d/b/a **Evergreen Woods** (the “**Provider**”), and **KeyBank National Association**, a banking institution having a place of business in the State of Connecticut (the “**Escrow Agent**”),

### Recitals:

**WHEREAS**, the Provider is becoming the operator of a continuing care facility commonly known as “**Evergreen Woods**” (herein, the “**Community**”) pursuant to an Operations Transfer Agreement dated as of August 3, 2016 (the “**Operations Transfer Agreement**”) between the Provider and Shoreline Life Care LLC (the “**Existing Provider**”), and, in connection with that operations transfer, will become a “**Provider**” within the meaning of Chapter 319hh of the Connecticut General Statutes as amended from time to time (the “**Statutes**”);

**WHEREAS**, in order to comply with Section 17b-525 of the Statutes and to protect residents of the Community, the parties desire to enter into this Reserve Escrow Agreement (the “**Agreement**”) setting forth the terms under which certain deposits will be made with the Escrow Agent for the purpose of maintaining a reserve fund in compliance with the Statutes;

**WHEREAS**, upon the Effective Date (as hereinafter defined) of this Agreement, the Provider will transfer funds to the Escrow Agent which shall thereafter be subject to the terms and conditions of this Agreement;

**WHEREAS**, the Provider and Escrow Agent intend that this Agreement supersede and replace any prior agreement as to the same subject matter; and

**WHEREAS**, this Agreement shall become effective (the “**Effective Date**”) on the Transfer Date (as defined in the Operations Transfer Agreement), which will occur after the Provider has received the acknowledgment from the Connecticut Department of Social Services required under Section 17b-521 of the Statutes with respect to the operations transfer from the Existing Provider to the Provider.

**NOW THEREFORE**, in consideration of these premises and the mutual covenants herein set forth, the parties agree as follows:

1. **Deposits.** Pursuant to Section 17b-525(a) of the Statutes, the Provider is required to establish and maintain a reserve fund escrow account (the “**Reserve Escrow Account**”) sufficient to cover the following, unless the Commissioner of Social Services of the State of Connecticut (the “**Commissioner**”) approves a lesser amount to be maintained: (1) all principal and interest, rental or lease payments due during the next six (6) months on account of any first mortgage loan or other long-term financing of the Community, and (2) the total cost of operations of the Community for a one month period, excluding debt service, rental or lease payments, and capital expenditures by the Provider, except that such requirement for the cost of operations for one month may be met in whole or part based on mortgage loan, bond indenture or long-term financing requirements to maintain a certain number of days of cash on hand.

Commencing with the Effective Date of this Agreement and on or before the commencement of each calendar year thereafter:

(a) the Provider shall certify to the Escrow Agent the amount that, based on Evergreen Woods most recent budgets, taking into account existing days of cash on hand requirements, as applicable, will be required to be maintained in the Reserve Escrow Account in order to satisfy the escrow requirements of Section 17b-525(a) of the Statutes, and

(b) the Provider shall deposit with the Escrow Agent the amount necessary, if any, to insure that the total funds held in the Reserve Escrow Account will equal the amount that, based on the Community's most recent budgets, taking into account existing days of cash on hand requirements, as applicable, will be required to be maintained in the Reserve Escrow Account in order to satisfy the escrow requirements of Section 17b-525(a) of the Statutes.

2. **Reserve Escrow Account/Waiver of Lien Rights.** The Escrow Agent shall maintain all such deposits made to the Reserve Escrow Account separate and apart from any other funds of the Provider or the residents and the Escrow Agent hereby waives any and all lien rights it may have with respect to said funds and further waives the right to set off against said funds for or in connection with the obligations of any person or entity.

3. **Investments.** The Escrow Agent shall invest all amounts held by it from time to time in such obligations of any federal or state or local authority (or in shares of a registered investment company which holds a portfolio of such securities) or such certificates of deposit, savings accounts, money market accounts, deposits, or other savings or investment securities including, without limitation, those of Escrow Agent, as Provider may from time to time direct in writing, or absent such direction, in such accounts or similar investments as the Escrow Agent shall deem advisable in its sole discretion. No amounts held by the Escrow Agent pursuant to this Agreement may be invested in any building or health care facility of any kind, or used for capital construction or improvements or for the purchase of real estate or removed from the State of Connecticut if required to be maintained within such State. No amounts held by the Escrow Agent pursuant to this Agreement shall be subordinated to other loans or commitments of the Community other than first mortgage loans or long-term financing obligations of the Community.

4. **Reports.** The Escrow Agent agrees, upon the request of Provider, to issue a statement indicating the status of the Reserve Escrow Account maintained by the Escrow Agent pursuant to this Agreement. In any event, the Escrow Agent agrees to provide monthly reports to the Provider, which shall include a summary of all additions to and disbursements from the Reserve Escrow Account during the current period, and a detail of the investments comprising the balance in the Reserve Escrow Account as of the end of the current period.

5. **Disbursements.** The Escrow Agent shall release any amounts then held by it pursuant to this Agreement in accordance with the following terms:

5.1 Upon receipt by the Escrow Agent of written certification from the Provider that the amount currently required under the Statutes to be maintained in the Reserve Escrow Account is less than the current balance held in the Reserve Escrow Account, the Escrow Agent shall promptly distribute to the Provider upon demand an amount equal to such excess.

5.2 Upon written demand of the Provider, the Escrow Agent shall promptly release to the Provider up to one-twelfth (1/12) of the required principal balance of funds held in the Reserve Escrow Account; provided, however, that the Escrow Agent shall not make any release under this Paragraph 5.2 more than once during any calendar month and provided further that the Provider shall give prompt written notice to the Commissioner of any such release of escrowed funds. The Escrow Agent shall notify the Commissioner if escrowed funds so released are not replaced by the Provider within one (1) year.

5.3 Upon written demand of the Provider, which demand contains evidence of authorization from the Commissioner for the release of additional funds held in the Reserve Escrow Account, the Escrow Agent shall release to the Provider such amounts as are authorized for release, provided that the Provider shall give prompt written notice to the Commissioner of any such release of escrowed funds. The Escrow Agent shall notify the Commissioner if escrowed funds so released are not replaced by the Provider within one (1) year.

5.4 Upon written demand of the Provider, which demand contains a copy of written authorization from the Commissioner for the maintenance of a reserve escrow in a lesser amount than the required reserve amount previously specified by the Provider pursuant to Section 1(a) above, the Escrow Agent shall release any excess escrowed funds, provided that the Provider shall give prompt written notice to the Commissioner of any such release of escrowed funds.

5.5 Upon written demand of the Provider, the Escrow Agent shall release to the Provider any interest or earnings generated from escrowed funds.

5.6 The parties acknowledge that under Connecticut law, the Commissioner must receive prior notification of any withdrawals contrary to the terms of CGS 17b-520 to 17b-535, as amended, or for any change in the terms of this escrow agreement in regard thereto.

6. **Duties.** The Escrow Agent undertakes to perform only such duties as are expressly set forth herein and no implied duties or obligations shall be inferred or otherwise imposed upon or against the Escrow Agent. The Escrow Agent's duties and obligations are purely ministerial in nature, and nothing herein shall be construed to give rise to any fiduciary obligations of the Escrow Agent. The Escrow Agent may act in reliance upon any writing or instrument under signature which it, in good faith, believes to be genuine; may assume the validity and accuracy of any statement or assertion contained in any such writing or instrument; and may assume that any person purporting to give any writing, notice, advice, or instruction in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent

shall not be liable to anyone whatsoever by reason of any error of judgment or for any act done or step taken or omitted by it in good faith or for any mistake of fact or law or for anything which it may do or refrain from doing in connection herewith unless caused by or arising out of its own willfull misconduct or gross negligence. In no event shall the Escrow Agent be liable for any special or consequential damages caused by its gross negligence or willful misconduct even if previously informed of the possibility thereof. The Escrow Agent shall not be liable in any manner for the execution or validity of any instrument deposited with or delivered to the Escrow Agent hereunder, nor as to the identity, authority, or right of any person executing the same. The duties of the Escrow Agent hereunder shall be limited to the safekeeping of the deposits and other money, instruments, or other documents received by it as Escrow Agent, for its disposition of the same in accordance with the written instruction accepted by it as Escrow Agent.

7. **Indemnity.** The Provider hereby agrees to indemnify and defend the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits, or proceedings at law or in equity, or any other expense, fees, or charges of any character or nature, which it may incur or with which it may be threatened by reason of its directly or indirectly acting as Escrow Agent under this Agreement, unless caused by the Escrow Agent's willful misconduct or gross negligence; and in connection therewith, to indemnify the Escrow Agent against any and all expenses, including reasonable attorney's fees and the cost of defending any action, suit, or proceeding or resisting any claim. The parties hereto agree that the Escrow Agent does not assume any responsibility for the failure of any of the parties to make payment or perform the conditions of this Escrow Agreement as set forth herein, nor shall Escrow Agent be responsible for the collection of monies provided to be paid to it. Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The provisions of this Section 7 shall survive termination of the escrow arrangement contemplated hereby

8. **Termination.** Either party may terminate this Agreement upon thirty (30) days' written notice thereof to the other party, subject to the appointment of its successor by the Provider within such thirty (30) day period. Provider shall give prompt written notice to the Escrow Agent of the name and address of the successor escrow agent. If a successor escrow agent is not appointed by the Provider within the thirty (30) day period, the Escrow Agent may petition the court to appoint a successor. Upon the appointment of such successor escrow agent, the Escrow Agent agrees to deliver to such successor escrow agent all funds and documents in its possession within thirty (30) days from the date of its notice of termination or resignation, or five (5) business days from the date of appointment of the successor escrow agent, whichever occurs first. The successor escrow agent shall also be required to have a place of business in Connecticut.

9. **Fees.** The Provider shall pay the Escrow Agent its usual and customary fee for services as Escrow Agent as outlined in Exhibit "A" attached hereto. Any changes to such fees shall be effective if contained in writing signed by the Escrow Agent and the Provider. Fees for any additional or extraordinary services may be agreed upon in writing by the Provider and the Escrow Agent. The Escrow Agent shall be entitled to deduct its usual and customary fee for services as Escrow Agent from the Reserve Escrow Account, so long as the amount remaining in said account after any such deduction is not less than the amount required to be maintained in the



Reserve Escrow Account in order to satisfy the escrow requirements of Section 17b-525(a) of the Statutes.

10. **Authorized Persons of the Provider.** Escrow Agent will receive a list from the Provider of the individuals authorized to act on the Provider's behalf under the terms of this Agreement. The list shall contain the name, title, and signature of the authorized person. Whenever a change occurs in authorized persons, the Provider will provide a new list to the Escrow Agent.

11. **Governing Law/Headings.** This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut. The headings set forth in this Agreement are for convenience only and shall not affect the meaning of any term or provision of this Agreement.

12. **Successors and Assigns/Binding Effect.** The Escrow Agent shall not assign its rights or obligations under this Agreement without the prior written consent of the Provider, which consent may be granted or withheld in the Provider's sole and absolute discretion. Subject to the foregoing restriction on assignment, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

13. **Amendments.** This Agreement may be unilaterally amended by the Provider from time to time; provided, however, that no amendment shall alter the duties of the Escrow Agent without the consent of the Escrow Agent, and no amendment shall alter the covenants of the Provider under the residency agreements between the Provider and the residents of the Community. If the Provider wishes to amend this Agreement, no amendments shall be made without prior notification by the Provider to the Commissioner and prior to approval by the Commissioner of the proposed changes, if and to the extent required by the Statutes or regulations thereunder.

14. **Notices to the Parties.** All notices given to the Provider or to the Escrow Agent pursuant to this Agreement shall be in writing and shall be delivered via email, facsimile, first class mail, overnight courier or personal delivery and shall be deemed given and received on the date actually received (or the date that delivery is tendered if delivery is refused). The address to which any such notices shall be sent are as set forth below, unless a different address is specified in writing by either party after the date hereof:

**If to the Provider:**

**Evergreen Woods Retirement, LLC**  
c/o Senior Living Communities, LLC  
3530 Toringdon Way, Suite 204  
Charlotte, North Carolina 28277  
Attention: Donald O. Thompson, Jr.  
Fax: (704) 246-1621

**If to the Escrow Agent:**

**KeyBank National Association**  
Attn: Lee Ann Habinak  
100 Public Square, 9<sup>th</sup> Floor, Suite 600  
Cleveland, OH 44113  
Telephone: 216-689-3226  
Fax: 800-642-5089

**With Copy To:**

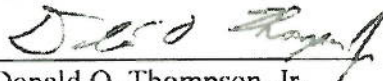
**Robinson, Bradshaw & Hinson, P.A.**  
101 North Tryon Street, Suite 1900  
Charlotte, North Carolina 28246  
Attention: Allen K. Robertson, Esq.  
Telephone: (704) 377-8368  
Fax: (704) 373-3968

[Signatures begin on the next page]

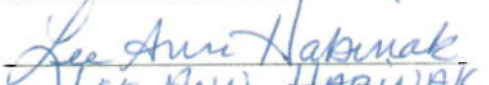
IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

**Evergreen Woods Retirement, LLC,**  
a Connecticut limited liability company

By: Senior Living Communities, LLC,  
a North Carolina limited liability company  
its Manager

By:   
Name: Donald O. Thompson, Jr.  
Title: Manager

**KeyBank National Association**

By:   
Name: LEE ANN HABINAK  
Title: VICE PRESIDENT