



# EVERGREEN WOODS

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

## **2024 INFORMATION BOOKLET (DISCLOSURE STATEMENT)**

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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# **PART I: INTRODUCTION; OVERVIEW**

## INTRODUCTION

Evergreen Woods (the “Community”) brings to residents of Connecticut, aged 62 and over, a form of retirement living with a full continuum of care available. This concept, sometimes known as “life plan”, “continuing care”, or “life-care,” offers active retirees a lifestyle that is designed to meet their unique needs while allowing them the freedom to pursue their personal interests. 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, interest rates and other economic conditions. 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.

## GUIDING PRINCIPLES

The following Guiding Principles are the foundation upon which we operate:

**People First, Always.** We approach our business with a People Over Policy mindset. This allows our team members to make the decision at any given time which puts the Members we serve first. In addition, we believe in an empowered workforce. Our product is only as good as the hands that deliver it. That’s why we extend our People First principle to those we’re working alongside.

**We Exist to Serve Our Members.** If we lose sight of the individuals that we’ve built our community to serve and care for, then we don’t deserve to be in business. This is why we stress our mission on a daily basis to everyone from our front-line caregivers to our administrative staff.

**We Have A Responsibility to be Full.** We believe that we have the best community offering the best services resulting in industry-best care. As our community grows we are able to serve more and more Members for whom this quality of life is the best option. Therefore, it is our responsibility to be full. And by maintaining our position as best-in-class in all that we offer, we

believe we can help shape a changing culture that allows our person-centered, dignity-focused philosophy to trickle down to every other community in the nation.

### **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 the Brenda U. Thompson Irrevocable Trust dated December 28, 2020 own SLC and Maxwell Group, Inc., a North Carolina corporation (“Maxwell Group”), which provides management and marketing services for the Community. Benjamin Thompson, son of Donald O. Thompson, Jr., is the President & CEO of both SLC and Maxwell Group and is responsible for the management of the Provider and the Community. SLC operates nine 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.

SLC’s financing partner is National Health Investors, Inc., a Maryland corporation (“NHI”) that is a real estate investment trust. 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.

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

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

The Provider has retained Maxwell Group to manage the Community. Maxwell Group was founded in 1989 and has 35 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 15 retirement communities in six states. Ten of the communities managed by Maxwell Group, including Evergreen Woods, are continuing care retirement communities. 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 its’ 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 the Provider. The services described herein are furnished pursuant to a management agreement between the Provider and Maxwell Group.

Maxwell Group does not guarantee the obligations of the 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 the Provider, and is also paid a percentage fee based on the total collected revenue of Evergreen Woods.

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

**As of January 2024**

The Stratford, Carmel, Indiana  
Homestead Hills, Winston-Salem, North Carolina  
Brightwater, Myrtle Beach, South Carolina  
Cascades Verdae, Greenville, South Carolina  
Evergreen Woods, North Branford, Connecticut  
The Lakes at Litchfield, Pawleys Island, South Carolina  
Marsh's Edge, St. Simons Island, Georgia  
Ridgecrest, Mt. Airy, North Carolina  
Summit Hills, Spartanburg, South Carolina  
Wellmore of Tega Cay, Tega Cay, South Carolina  
Wellmore of Daniel Island, Charleston, South Carolina  
Wellmore of Lexington, Lexington, South Carolina  
The Charlotte Assisted Living & Memory Care, Charlotte, North Carolina  
Wildewood Downs, Columbia, South Carolina  
Osprey Village, Amelia Island, Florida

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

**LEADERSHIP**

Benjamin Thompson has been the President & CEO of both SLC and Maxwell Group (collectively, the "Companies") since July 2022. He oversees and provides direction for all of the Companies' operating functions. Thompson joined the Companies in May 2012 as an Operations Analyst. He has since gone on to serve as VP Special Projects, VP Procurement, VP Development and Executive Vice President. In his current roles, he is responsible for all of the Companies' operational functions including human resources, programming, dining, development,



construction, design, facility services, and purchasing. Thompson is a graduate of the University of North Carolina at Chapel Hill, where he double majored, earning a Bachelor of Science in Economics and a Bachelor of Science in Management and Society.

### **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 continuum of 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 Retreat is a Supportive Care Neighborhood 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. The Retreat 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 Advisory 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 facilitate communication between the administration of Evergreen Woods and 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. A resident will pay an Entrance Fee which will have various minimum refunds depending upon the plan selected by the resident (see description of the plans that we offer in the section below). After assuming residence in the Community, every resident pays a monthly service fee (the “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 two types of entry fee plans to accommodate the preferences of its residents: (1) the Traditional Residency Plan, and (2) the Unbundled Residency Plan (collectively, the “Plans”). Both plans include the same services for independent living and provide for the provision of skilled nursing services. However, the Traditional Residency Plan is priced to allow for the provision of skilled nursing expenses at a much lower cost if the resident needs those services in the future. Under the Unbundled Residency Plan, the costs of skilled nursing care charged to residents are the daily costs at the time when such services are rendered, and both the Entrance Fee and Monthly Service Fee amounts are substantially less than such fees under the Traditional Residency Plan. Both Plans have 3 different prices to reflect whether the resident chooses to have his or her Entrance Fee refunded at zero, sixty, or ninety percent (0%, 60%, or 90%) of the amount of the Entrance Fee. Each Plan is described in more detail in the applicable Residency Agreement. (See Exhibit A for an example copy of a Traditional Residency Agreement and Exhibit B for an example copy of an Unbundled Residency Agreement.)

## **CONTRACTS AND FEES**

The compensation to the 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**

Each month, each individual resident receives 600 dining credit points called “Flexible Dining Dollars” (**prorated for partial months**) for use towards:

- Restaurant dining in the Community’s main dining room for lunch or dinner;
- Casual dining in the bar or café for lunch or dinner;
- Private dining events in the Community’s private dining rooms;
- Take-out meals;
- Catered events in common areas or in the resident’s home;
- Beverage services in the Clubhouse dining and bar areas;
- Social events and parties.

A continental breakfast service is offered daily at no additional charge.

The monthly dining credit amount is sufficient for most residents to have at least one full meal (e.g., soup or salad, an entrée with sides, dessert, a beverage and a glass of wine or beer) per day each month in the main Clubhouse dining room or other dining areas. While each dining venue in the Community’s Clubhouse has a standard menu, some menus also include additional daily “Wellness” offerings for residents who wish to indulge in healthier fare. The service of the dietitian is available to residents who desire nutritional counseling.

In addition to the standard menus and Wellness offerings, the Community’s chefs prepare daily entrée, appetizer and dessert specials based on market availability and seasonal offerings, and the Community hosts a variety of special meals throughout the year (e.g., Thanksgiving Dinner) and these additional offerings are customized and priced accordingly.

“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.

Pricing for menu items is clearly marked and, following each meal, the resident will receive a detailed receipt for that meal, the number of Flexible Dining Dollar points used for the meal and a balance of his or her Flexible Dining Dollar points remaining for the month. If a resident exceeds his or her dining credit amount in a particular month, he or she will be charged at a percentage of the amount of such excess on his or her next monthly statement. If a resident ends the month with Flexible Dining Dollar points remaining, then that balance is carried over and added to the resident’s dining credit balance for the next month. For example, if Mr. Smith uses only 100 of his 600 Flexible Dining Dollar points in May, then in June, Mr. Smith will begin the month with 1,100 Flexible Dining Dollar points. There is no limit to the unused Flexible Dining Dollar points that can be carried forward.

At the end of each year, any resident who has remaining Flexible Dining Dollar points can choose to either carry his or her Flexible Dining Dollar points forward in the normal course, or to

apply those unused dining credits to his or her next Monthly Service Fee in an amount equal to 30% of the Flexible Dining Dollar points credit balance. If a resident leaves the Community (or relocates to the Health Center), he or she will receive cash back in the amount of 30% of his or her remaining balance at the time of departure.

Guests are always encouraged and residents may use their Flexible Dining Dollar points to pay for guests' meals.

Residents may also use their Flexible Dining Dollar points towards adult beverages and other entertainment in the lounge and dining areas of the Community.

### **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. Flexible Dining Dollar points may not be used in the Health Center; instead the resident's monthly billing statements will be adjusted when he or she is admitted to the Health Center to include the costs of Health Center meals. Visitors and volunteers are encouraged to visit the patient. Friends, relatives or spouses may take meals with patients with advance notification.

The costs of skilled nursing care are charged to residents who have the Unbundled Residency Plan at the then published daily rate for skilled nursing plus fees for supplies, medication, and any rehab provided.

A resident who has the Traditional Residency Plan will pay for skilled nursing at what he or she otherwise had been paying for his or her apartment Monthly Service Fee plus fees for the extra meals provided and for supplies, medication, and any rehab provided.

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 provided 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 in 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 not covered by the resident's Flex Dining Dollars point balance, 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 Lifestyle Advisor for a current copy of the policy.

### **Assisted Living 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 assisted living 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 and their staff meets the same requirements of the Evergreen Woods staff (i.e., background screens, drug testing, documentation, and community specific training).

### **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. See Exhibit A for an example copy of a Traditional Residency Agreement and Exhibit B for an example copy of an Unbundled Residency Agreement. There are three versions of each type of Residency Agreement (Traditional and Unbundled); the only substantive difference between the three versions is the refund provisions, which are described under “PROMISSORY NOTE” on page 33. 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 4.5 of the Residency Agreement describes the rights of a surviving spouse (or second person).

**Marriage of a Resident:** Section 11.2 of the Residency Agreement describes your rights if you get married or decide to have a second 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 10.1 of the Residency Agreement indicates that the Provider 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 Residency Agreement explains emergency termination.

**Resident's Termination Rights:** Section 9 of the Residency Agreement explains the resident's 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 Residency Plans**

UNIT TYPE		2016	2017	2018	2019	2020	2021	2022	2023	2024
ONE BEDROOM A:	The Maple	\$3,379	\$3,585	\$3,720	\$3,880	\$3,990	\$4,170	\$4,450	\$4,820	<b>\$5,180</b>
ONE BEDROOM B:	The Birch	\$4,033	\$4,265	\$4,420	\$4,610	\$4,750	\$4,960	\$5,290	\$5,730	<b>\$5,730</b>
ONE BEDROOM C:	The Hickory	\$4,130	\$4,365	\$4,530	\$4,730	\$4,870	\$5,080	\$5,410	\$5,860	<b>\$6,190</b>
ONE BEDROOM D:	The Cedar & The Oak	\$4,600	\$4,885	\$5,040	\$5,260	\$5,420	\$5,660	\$6,030	\$6,540	<b>\$6,830</b>
ONE BEDROOM D*:	The Elm	\$4,600	\$4,885	\$5,040	\$5,260	\$5,420	\$5,660	\$6,030	\$6,540	<b>\$6,830</b>
TWO BEDROOM E:	The Dogwood & The Cherry	\$4,785	\$5,045	\$5,230	\$5,460	\$5,620	\$5,870	\$6,250	\$6,770	<b>\$6,980</b>
TWO BEDROOM F:	The Willow & The Ash	\$4,882	\$5,145	\$5,340	\$5,570	\$5,740	\$5,990	\$6,380	\$6,920	<b>\$7,340</b>
TWO BEDROOM FC:	The Holly	\$4,882	\$5,145	\$5,340	\$5,570	\$5,740	\$5,990	\$6,380	\$6,920	<b>\$7,340</b>
TWO BEDROOM G:	The Sweetgum	\$5,159	\$5,435	\$5,640	\$5,890	\$6,060	\$6,330	\$6,750	\$7,320	<b>\$8,160</b>
TWO BEDROOM G*:	The Magnolia	\$5,159	\$5,435	\$5,640	\$5,890	\$6,060	\$6,330	\$6,750	\$7,320	<b>\$8,160</b>
TWO BEDROOM GL:	The Poplar	\$5,159	\$5,435	\$5,640	\$5,890	\$6,060	\$6,330	\$6,750	\$7,320	<b>\$8,160</b>
TWO BEDROOM GL*:	The Sycamore	\$5,159	\$5,435	\$5,640	\$5,890	\$6,060	\$6,330	\$6,750	\$7,320	<b>\$8,160</b>
SECOND PERSON		\$2,159	\$2,242	\$2,300	\$2,400	\$2,430	\$2,540	\$2,700	\$2,870	<b>\$3,050</b>

**Unbundled Residency Plans**

UNIT TYPE		2019	2020	2021	2022	2023	2024
ONE BEDROOM A:	The Maple	\$2,780	\$2,890	\$3,070	\$3,350	\$3,720	<b>\$3,980</b>
ONE BEDROOM B:	The Birch	\$3,510	\$3,650	\$3,860	\$4,190	\$4,630	<b>\$4,530</b>
ONE BEDROOM C:	The Hickory	\$3,630	\$3,770	\$3,980	\$4,310	\$4,760	<b>\$4,990</b>
ONE BEDROOM D:	The Cedar & The Oak	\$4,160	\$4,320	\$4,560	\$4,930	\$5,440	<b>\$5,630</b>
ONE BEDROOM D*:	The Elm	\$4,160	\$4,320	\$4,560	\$4,930	\$5,440	<b>\$5,630</b>
TWO BEDROOM E:	The Dogwood & The Cherry	\$4,360	\$4,520	\$4,770	\$5,150	\$5,670	<b>\$5,780</b>
TWO BEDROOM F:	The Willow & The Ash	\$4,470	\$4,640	\$4,890	\$5,280	\$5,820	<b>\$6,140</b>
TWO BEDROOM FC:	The Holly	\$4,470	\$4,640	\$4,890	\$5,280	\$5,820	<b>\$6,140</b>
TWO BEDROOM G:	The Sweetgum	\$4,790	\$4,960	\$5,230	\$5,650	\$6,220	<b>\$6,960</b>
TWO BEDROOM G*:	The Magnolia	\$4,790	\$4,960	\$5,230	\$5,650	\$6,220	<b>\$6,960</b>
TWO BEDROOM GL:	The Poplar	\$4,790	\$4,960	\$5,230	\$5,650	\$6,220	<b>\$6,960</b>
TWO BEDROOM GL*:	The Sycamore	\$4,790	\$4,960	\$5,230	\$5,650	\$6,220	<b>\$6,960</b>
SECOND PERSON		\$1,180	\$1,210	\$1,210	\$1,350	\$1,520	<b>\$1,720</b>

(Unbundled Residency Plans were not offered until 2019)

**EVERGREEN WOODS  
ENTRANCE FEES**

**Traditional Residency Plan<sup>1</sup>**

Unit Type	2016	2017	2018	2019
ONE BEDROOM A: The Maple	\$210,000	\$210,000	\$210,000	\$210,000
ONE BEDROOM B: The Birch	\$301,000	\$301,000	\$301,000	\$301,000
ONE BEDROOM C: The Hickory	\$305,000	\$305,000	\$305,000	\$305,000
ONE BEDROOM D: The Cedar & The Oak	\$338,000	\$338,000	\$338,000	\$338,000
ONE BEDROOM D*: The Elm	\$352,000	\$352,000	\$352,000	\$352,000
TWO BEDROOM E: The Dogwood & The Cherry	\$364,235	\$364,235	\$364,235	\$364,235
TWO BEDROOM F: The Willow & The Ash	\$374,253	\$374,235	\$374,235	\$374,235
TWO BEDROOM FC: The Holly	\$408,435	\$408,435	\$408,435	\$408,435
TWO BEDROOM G: The Sweetgum	\$478,930	\$478,930	\$478,930	\$478,930
TWO BEDROOM G*: The Magnolia	\$493,000	\$493,000	\$493,000	\$493,000
TWO BEDROOM GL: The Poplar	\$497,765	\$497,765	\$497,765	\$497,765
TWO BEDROOM GL*: The Sycamore	\$513,000	\$513,000	\$513,000	\$513,000
SECOND PERSON				\$22,000

**Note: The above prices reflect a 70% refund Traditional Residency Plan which is no longer offered.**

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<sup>1</sup> A one-time capital charge is due at the time the resident pays his/her balance. This non-refundable fee will be used for apartment refurbishment. For the Maple, Birch and Hickory styles, the capital charge is \$3,500. For the Cedar, Oak Elm, Dogwood, Cherry, Willow, Ash and Holly styles, the capital charge is \$6,500. For the Sweetgum, Magnolia, Poplar and Sycamore styles and larger, the capital charge is \$9,000.

**EVERGREEN WOODS  
ENTRANCE FEES**

**Tailored Entrance Fee Plan<sup>2</sup>**

Unit Type	2016	2017	2018	2019
ONE BEDROOM A: The Maple	\$144,000	\$144,000	\$144,000	\$144,000
ONE BEDROOM B: The Birch	\$226,000	\$226,000	\$226,000	\$226,000
ONE BEDROOM C: The Hickory	\$229,000	\$229,000	\$229,000	\$229,000
ONE BEDROOM D: The Cedar & The Oak	\$253,000	\$253,000	\$253,000	\$253,000
ONE BEDROOM D*: The Elm	\$266,000	\$266,000	\$266,000	\$266,000
TWO BEDROOM E: The Dogwood & The Cherry	\$273,160	\$273,160	\$273,160	\$273,160
TWO BEDROOM F: The Willow & The Ash	\$283,160	\$283,160	\$283,160	\$283,160
TWO BEDROOM FC: The Holly	\$305,980	\$305,980	\$305,980	\$305,980
TWO BEDROOM G: The Sweetgum	\$359,250	\$359,250	\$359,250	\$359,250
TWO BEDROOM G*: The Magnolia	\$372,000	\$372,000	\$372,000	\$372,000
TWO BEDROOM GL: The Poplar	\$373,350	\$373,350	\$373,350	\$373,350
TWO BEDROOM GL*: The Sycamore	\$386,000	\$386,000	\$386,000	\$386,000
SECOND PERSON				\$22,000

**Note: The above prices reflect a 0% refund Tailored Residency Plan which is no longer offered.**

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<sup>2</sup>A one-time capital charge is due at the time the resident pays his/her balance. This non-refundable fee will be used for apartment refurbishment. For the Maple, Birch and Hickory styles, the capital charge is \$3,500. For the Cedar, Oak Elm, Dogwood, Cherry, Willow, Ash and Holly styles, the capital charge is \$6,500. For the Sweetgum, Magnolia, Poplar and Sycamore styles and larger, the capital charge is \$9,000.

**EVERGREEN WOODS**

**2024 ENTRANCE FEES<sup>3</sup>**

Unit Type	UNBUNDLED PLAN			TRADITIONAL PLAN		
	Endowment Plan	60% Plan	90% Plan	Endowment Plan	60% Plan	90% Plan
ONE BEDROOM A: The Maple	\$140,200	\$191,200	\$254,900	\$164,900	\$224,900	\$299,900
ONE BEDROOM B: The Birch	\$200,200	\$272,900	\$363,900	\$235,500	\$321,100	\$428,100
ONE BEDROOM C: The Hickory	\$203,800	\$278,000	\$370,600	\$239,800	\$327,000	\$436,000
ONE BEDROOM D: The Cedar & The Oak	\$260,100	\$354,700	\$472,900	\$306,000	\$417,300	\$556,400
ONE BEDROOM D*: The Elm	\$258,300	\$352,200	\$469,600	\$303,900	\$414,400	\$552,500
TWO BEDROOM E: The Dogwood & The Cherry	\$206,800	\$282,000	\$376,000	\$243,300	\$331,800	\$442,400
TWO BEDROOM F: The Willow & The Ash	\$261,100	\$356,100	\$474,700	\$307,200	\$418,900	\$558,500
TWO BEDROOM FC: The Holly	\$285,100	\$388,800	\$518,400	\$335,400	\$457,400	\$609,900
TWO BEDROOM G: The Sweetgum	\$406,600	\$554,400	\$739,200	\$478,300	\$652,200	\$869,600
TWO BEDROOM G*: The Magnolia	\$418,100	\$570,100	\$760,200	\$491,900	\$670,700	\$894,300
TWO BEDROOM GL: The Poplar	\$422,400	\$576,000	\$768,000	\$496,900	\$677,600	\$903,500
TWO BEDROOM GL*: The Sycamore	\$435,100	\$593,300	\$791,100	\$511,900	\$698,000	\$930,700
SECOND PERSON	\$0	\$0	\$0	\$22,000	\$22,000	\$22,000

<sup>3</sup> A one-time capital charge is due at the time the resident pays his/her balance. This non-refundable fee will be used for apartment refurbishment. For the Maple, Birch and Hickory styles, the capital charge is \$3,500. For the Cedar, Oak Elm, Dogwood, Cherry, Willow, Ash and Holly styles, the capital charge is \$6,500. For the Sweetgum, Magnolia, Poplar and Sycamore styles and larger, the capital charge is \$9,000.

**SCHEDULE OF MISCELLANEOUS CHARGES (Effective 1/1/24)**

**Please Note: All Ancillaries are billed from the 1<sup>st</sup> through the last day of the month.**

ITEM	CHARGE
<b>GUEST SERVICES</b>	
Guest Rooms 1, 2, 3, & 4	\$110.00 per night
Cot Rental - tax included	\$10.00 per night

<b>MEALS</b>	
Guest Meals - tax included	See prices posted
Meal Delivery Charges	\$5.00
Additional 2 meals for Health Center Days	\$33 per day (for 2 meals)
Catering Services	Individually priced

<b>OFFICE SERVICES – All office services will be “cashless” services. All transactions will be added to your monthly bill.</b>	
Copier	\$0.15/copy
Laminating	\$2.50 (8-1/2 x 11)
FAX (outgoing only)	\$1.00 per page
Postage	As metered

<b>OTHER MISCELLANEOUS SERVICES</b>	
Garage	\$40.00/Month – (per \$5,000 purchased garage agreement) \$150/Month – (per *no money down rental garage agreement)

**HOUSEKEEPING SERVICES – ADDITIONAL CHARGES**

Housekeeping Services: **\$10 Per 15 minutes**

<ul style="list-style-type: none"> <li>• Bed-making</li> <li>• Blinds Cleaning (other than during deep cleaning)</li> <li>• Carpet cleaning (including spots)</li> <li>• Hand polishing furniture</li> <li>• Mattress turning</li> <li>• Moving area rugs and furniture</li> <li>• Oven cleaning</li> </ul>	<ul style="list-style-type: none"> <li>• Refrigerator cleaning</li> <li>• Re-organizing</li> <li>• Personal clothing laundry service \$1.75 per pound/ 10 pound minimum *wash &amp; wear items only</li> <li>• Silver polishing</li> <li>• Special laundry processing</li> <li>• Watering plants (when away)</li> </ul>
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## **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 \$50.00 per hour (min 1 hour) not including materials.

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	\$10.00
Replacement of Lost Keys	\$30.00
Replacement of Lost Fob	\$25.00
Replacement of Mailroom Keys will be charged based on the locksmith fee at time of replacement	

## **TRANSPORTATION SERVICES**

### **Personal Transportation for Evergreen Woods Residents – Regular Hours**

1<sup>st</sup> 25 miles or 30-minute radius (round trip) no charge, after 25 miles or 30 minutes (round trip), .60 per mile:

*\*All New Haven locations are covered.*

### **Airport or Private Transportation for Evergreen Woods Residents - Off Hours**

1<sup>st</sup> 25 miles or 30-minute radius no charge, after 25 miles or 30 minutes, \$.60 per mile in addition to the hourly charges below.

*\* All transportation requests and private rides must be given 48 hours in advance.*

*\*Transportation available hours occur between a 7:30 AM departure time and a 5:00 PM Return time. Any transportation occurring outside of the stated times are liable to be charged for driver hours and mileage.*

**\*Subject to driver availability.**

**RESIDENT HEALTH SERVICES PROGRAM FEES**  
**(Effective 1/1/2024)**

**Please Note: All Ancillaries are billed from the 1<sup>st</sup> through the last day of the month.**

**Resident Health Services: provided at no additional charge for those on Services**

- Wellness Counseling, Health Promotion, Disease Prevention
  - Resident Liaison/Advocate
  - Support/Counseling
  - Health education lectures
  - Education on treatments and procedures
  - Transportation to/from the Health Center
- Arrange for take-out meal delivery due to brief illness
- Medication delivery if needed due to illness
- Daily Wellness Clinic Visit
  - 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: performed by licensed nurses**

- Coordination of care for residents receiving Health Services **\$60.00/month**
- Admission Assessment to Assisted Living Services **\$150.00/per admission**
- Nursing Treatments/Assessments **\$32.00 per 15 minutes**  
Including but not limited to:
  - Pacemaker check
  - 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 Management of Pre-filled **\$120 Per Month**  
Includes ordering medications, assessing for side effects of medications, performing physical assessment (including blood pressure check and other vital signs).
- Médication 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 Skilled Home Health Agencies of your choice.***

**Resident Assistant Services: performed by certified aides**

All services are **SCHEDULED**, not on-demand. **\$11.00 per 15 minutes**

- Medication reminders or supervision
- Skin Care (non-medicated creams only)
- Toileting
- Exercise
- Bathing/hygiene/Dressing



- Assistance with Support Hose
- Meal Preparation
- Shopping in Country Store
- Escorts
- Personal Laundry/Ironing
- Housekeeping
- Unpacking
- Respite care
- “Friendly Visits”
- Safety Checks
- Reading and non-financial correspondence
- Errands within the Community

**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 (\$15.50 per unit of service).

**The Resident Services department holds a FREE, non-emergency clinic 7 days /week in the Wellness Center as posted at the clinic for sick visits, blood pressure checks, and simple dry treatments not accepted by a Skilled Home Health Care Agency.**

**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 per 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**

- |                                   |                            |
|-----------------------------------|----------------------------|
| • Dining Room Escort (round-trip) | <b>\$18.00 (flat fee)</b>  |
| • Dining Room Escort (one-way)    | <b>\$10.00 (flat fee)</b>  |
| • Foot Care Nurse                 | <b>\$60.00 per visit</b>   |
| • Personal Training               | <b>\$60 per 30 Minutes</b> |

**SUPPORTIVE CARE (“THE RETREAT”) ALL-INCLUSIVE CHARGES****Monthly Service Fees include the following services:**

- Supportive Care Program
- Medication Management
- STACK Monitoring System

**Supportive Care Program Services include:**

- **Dining Services:**  
A Dining Room available in The Retreat offering 3 hot and nutritionally well-balanced meals. 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
  - 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 1/1/24)

**Please Note: All Ancillaries are billed from the 1<sup>st</sup> through the last day of the month.**

### HEALTH CENTER ROOM RATES FOR PRIVATE PAY

- Semi-Private \$585 per day EW Residents/ \$637 per day non-members
- Private \$650 per day EW Residents / \$685 per day non-members

### PRIVATE ROOM DIFFERENTIAL

- Life Care Resident \$135.00 per day (if not medically necessary)
- Medicare Resident \$75.00 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 \$204 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
- \*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 Available
- \* Private Telephone
- \*Psychiatry Services
- \* Religious Services
- \* Special Events & Entertainment
- \*Wander Alert System
- \*Wheelchairs & Recliner Chair
- \*Wound Care Treatments

**SCHEDULE OF BEAUTY SALON CHARGES (Effective 1/1/24)**

**Please Note: All Ancillaries are billed from the 1<sup>st</sup> through the last day of the month.**

<b>ITEM</b>	<b>CHARGE</b>
<b>All transactions are “cashless” and will be added to your monthly statement.</b>	
Shampoo Only	\$13.50
Ladies Haircut	\$37.00
Ladies Haircut with set or blow dry and style	\$54.50
Men’s Haircut	\$26.25
Shampoo/Diffuser/Set	\$31.50
Shampoo/Blow-Dry/Iron	\$31.50
Permanent including cut/shampoo/conditioner/style	\$105.00
Color with Shampoo/Set/Blow dry	\$70.50
Waxing of brow, lip, face	\$11.50
Beard Trim	\$11.50
Comb Out	\$11.50
Nail Cut and file	\$11.50
Manicure including nail polish	\$21.00
Nail polish change	\$11.50

## **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 Chief Financial Officer of SLC 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 the operating and debt service reserve escrow account as of April 30, 2024 was \$4,660,297.04.

## PROMISSORY NOTE

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.

With all Residency Agreements, whether a Traditional Residency Agreement or an Unbundled Residency Agreement, the resident has a choice of three different refund plans: (1) the ninety percent (90%) refund plan, (2) the sixty percent (60%) minimum refund plan, or (3) the Endowment 0% refund plan. Between zero percent (0%) and ninety percent (90%) of the Entrance Fee is refunded to the resident or his or her estate upon termination of residency in the Community depending upon the type of plan selected by the resident and the date of termination. The 90% refund plan has a higher Entrance Fee than the 60% refund plan which has a higher Entrance Fee than the Endowment 0% refund plan.

If a resident chooses the ninety percent (90%) refund plan, then ninety percent (90%) of the Entrance Fee is refundable to the resident or his or her estate upon termination of residency in the Community no matter how long he or she has lived at the community.

If a resident chooses the sixty percent (60%) minimum refund plan, then a minimum of sixty percent (60%) of the Entrance Fee is refundable to the resident or his or her estate upon termination of residency in the Community. Ninety percent (90%) is refundable if the resident ends his or her residency in the Community during the 1<sup>st</sup> year after moving in. The refund amount declines to eighty percent (80%) during the second year and further declines to seventy percent (70%) during the third year. In the fourth year and all subsequent years, the amount refundable to the resident or his or her estate upon termination of residency in the Community is always sixty percent (60%).

If a resident chooses the Endowment 0% refund plan, then ninety percent (90%) of the Entrance Fee is refundable initially and during the first 5 months after occupancy, but is then amortized over the following forty-five (45) months to zero refund.

The refundable portion of the Entrance Fee for all plans is evidenced by a Promissory Note, an example of which is attached as an exhibit to the Residency Agreement executed by the resident and the Provider at occupancy.

## **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. As of January 1, 2024 the annual lease payment for the Community is \$6,629,528, which will increase by 3% on January 1 each year. 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. Audited financial statements of the Provider for years ended December 31, 2023, December 31, 2022, and December 31, 2021 are attached as Exhibit E.

Due to specific accounting standards applicable to continuing care retirement communities, specifically the accounting for entrance fees, our financial statements can often be misleading to

the average user. While many individuals tend to focus primarily on the income statement, it is important to pay equal attention to the statement of cash flows to be able to adequately assess the financial performance of the Community.

## **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. 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, as of January 2024, of the estimated flow of cash into and out of the Community for the period beginning on January 1, 2024 and ending December 31, 2026. Assumptions and explanations are contained in the notes following the Pro Forma Cash Flow Statement.

The Pro Forma Cash Flow Statement is based on operations of Evergreen Woods as of January 2024. 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) Evergreen Woods maintains its operating cash under a sweep arrangement with a master account held by SLC. For purposes of the Pro Forma Cash Flow below, beginning cash was set at \$0 with ending cash an accumulation of projected net change in cash per the projection.
- (b) Apartment Service Fees represent the total of Monthly Service Fees for all apartments, increasing by 3% each year, and based on average occupancy of 76% in 2024.
- (c) Total census in the Health Center is assumed to be 40 of 50 beds (20 Pvt Pays and 20 Med A) in 2024; 41 of 50 beds (20 Pvt Pays and 21 Med A) in 2025; and 41 of 50 beds (20 Pvt Pays and 21 Med A) in 2026.
- (d) Other income represents projected income from items such as assisted living services, meals, garage rentals, guest rooms, beauty and barbershop, and application fees.
- (e) Interest income is based on estimated projections of future interest rates.



- (f) A 3% increase in operating expenses is projected.
- (g) Capital expenditures cover unit and common area improvements or refurbishments and building updates.

	2024	2025	2026	
<b>Beginning Cash</b>	\$0	\$142,777	\$1,281,100	(a)
<b>Additions:</b>				
Entrance Fee Collections net of Refunds	3,780,000	3,855,600	3,932,712	
Monthly Service Fees	14,958,225	16,491,785	17,452,955	(b)
Net Health Center Income	1,983,099	2,161,820	2,226,675	(c)
Other Income	982,292	1,059,306	1,110,532	(d)
Interest Income	218,000	210,900	210,800	(e)
<b>Disbursements:</b>				
Operating Expenses	13,549,310	14,164,675	14,748,369	(f)
Capital Expenditures	1,600,000	1,648,000	1,697,440	(g)
Lease Payments	6,629,528	6,828,414	7,033,266	
<b>Net Change</b>	142,777	1,138,323	1,454,598	
<b>Ending Cash available for reserves and/or distribution</b>	\$142,777	\$1,281,100	\$2,735,698	

Comparison of prior projections to actual results: In the Provider's prior Disclosure Statement, (a) the projection for 2023 Entrance Fee Collections net of Refunds was \$2,943,360 and the audited result was \$3,886,526; (b) the projection for 2023 Monthly Service Fees was \$14,630,499 and the audited result was \$13,629,829; (c) the projection for 2023 Net Health Center Income was \$2,064,341 and the audited result was \$1,488,195; (d) the projection for 2023 Other Income was \$958,778 and the audited result was \$947,990; (e) the projection for 2023 Interest Income was \$193,100 and the audited result was \$13,960; (f) the projection for 2023 Operating Expenses was \$12,438,850 and the audited result was \$12,576,524; (g) the projection for 2023 Capital Expenditures was \$1,400,000 and the audited result was \$1,739,963; (h) the projection for 2023 Lease Payments was \$6,436,435 and the audited result was \$6,436,435.

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

1. The current rate schedule (see pages 18-21).
2. The independent living unit residential turnover rates anticipated for the next three fiscal years, are as follows:

Number of Residents Beginning of Year

<u>2024</u>	<u>2025</u>	<u>2026</u>
211	239	239

Anticipated Residential Turnover

<u>2024</u>	<u>2025</u>	<u>2026</u>
16.4%	6.2%	15.1%

Number of Occupied Units Beginning of Year

<u>2024</u>	<u>2025</u>	<u>2026</u>
167	189	189

Occupied Unit Turnover

<u>2024</u>	<u>2025</u>	<u>2026</u>
17.9%	4.8%	16.4%

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

<u>2024</u>	<u>2025</u>	<u>2026</u>
86	86	85

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

**Assisted Living Units**

<u>Year</u>	<u>Utilization Rate Patients/Percent</u>		<u>Admission Rate Patient/Percent</u>		<u>Days per 100 Residents*</u>
2024	9.7	3.2%	4.0	1.9%	1,180
2025	12.0	4.0%	4.0	1.7%	1,465
2026	12.0	4.0%	4.0	1.7%	1,465

**Skilled Nursing Facility**

<u>Year</u>	<u>Utilization Rate Patients/Percent</u>		<u>Admission Rate Patient/Percent</u>		<u>Days per 100 Residents*</u>
2024	40.3	13.5%	96.0	45.5%	4,913
2025	41.0	13.7%	97.0	40.6%	5,005
2026	41.0	13.7%	98.0	41.0%	5,005

\*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 fiscal years, are as follows:

<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2026</u></b>
76.1%	80.8%	83.1%

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

<b><u>Year</u></b>	<b><u>Assisted Living</u></b>	<b><u>Skilled Nursing</u></b>
2024	3,528	14,691
2025	4,380	14,695
2026	4,380	14,695

\*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 fiscal years, is as follows:

<b><u>Year</u></b>	<b><u>Assisted Living</u></b>	<b><u>Skilled Nursing</u></b>
2024	4.0	96.0
2025	4.0	97.0
2026	4.0	98.0

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	4	--	4
Skilled Nursing	8	1	9

9. The current occupancy rate as of Dec. 31, 2023 was:

<b>TYPE</b>	<b>% Occupied</b>
Independent Living	71%
Assisted Living	60%
Skilled Nursing	86%

## **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**

### **EXAMPLE TRADITIONAL RESIDENCY AGREEMENT**

See attached. Note that there are three versions of the Traditional Residency Agreement that follow this form. The only substantive difference between the three versions is the refund provisions, which are described under “PROMISSORY NOTE” on page 32 of the Disclosure Statement.



**TRADITIONAL RESIDENCY AGREEMENT  
60% MINIMUM REFUND PLAN**

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



## 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”).

**“Bill of Rights”** has the meaning set forth in **Section 15.20** of the Agreement.

**“Cash Requirements”** has the meaning set forth in **Section 12.3** of the Agreement.

**“Cash Requirements Allocation”** means your portion of The Community’s Cash Requirements as determined by the Cash Requirements Allocation Formula.

**“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 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 Evergreen Woods Retirement LLC, d/b/a Evergreen Woods, a limited liability company organized in the State of Connecticut and the operator of The Community.

**“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, fees for health care, if any, and all other fees and charges payable monthly pursuant to the terms of the Agreement, as appropriate in the particular circumstances.

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

**“Move-In Payment”** has the meaning set forth in **Section 1.3** of the Agreement.

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

**“Operating Cash Requirements”** has the meaning set forth in **Section 12.3.1** of the Agreement.

**“Promissory Note”** means the promissory note executed and delivered by Evergreen Woods to Resident pursuant to this Agreement in the form attached hereto as Exhibit A. Your rights to repayment of amounts due to you pursuant to the Promissory Note 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.

**“Resident” or “you”** means the resident or residents who is (are) signatory to the Agreement, as identified in **Section 1** of 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 fee established by us and payable by a prospective resident to us for acceptance of a second person pursuant to this Residency Agreement for acceptance into The Community as described in **Section 1** of the Agreement. The Second Person Entrance Fee is a one-time amount. The Second Person Entrance Fee is non-refundable.

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

**“The Health Center at Evergreen Woods”** means the health center forming a part of The Community that is licensed to provide nursing care.

**“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**  
**TRADITIONAL RESIDENCY AGREEMENT**  
**(60% Minimum Refund)**

**1. ENTRANCE FEE AND PROMISSORY NOTE.**

**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 an Entrance Fee of \$ \_\_\_\_\_.

Payment of your 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.

If there are two of you, then there is a one-time non-refundable Second Person Entrance Fee of \$ \_\_\_\_\_. This one-time non-refundable Second Person Entrance Fee is to be paid on or before the date you move into the Community.

**1.2 Initial 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 (ninety percent (90%)) of your Entrance Fee in the amount of \$ \_\_\_\_\_ (the “Move-In Payment”) 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 Move-In Payment and also the Second Person Entrance Fee, if applicable), extend beyond three (3) months from the date this Agreement is signed by both you and The Community.

**1.4 Promissory Note.** Upon receipt of the Move-In Payment, we will execute and deliver to you the Promissory Note substantially in the form attached to this Agreement as Exhibit A, and in the original principal amount of ninety percent (90%) of the Entrance Fee. Repayment of the Promissory Note will be made in accordance with its terms and the provisions of **Section 2.2** below. Your interest in

the Promissory Note 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 any Second Person Entrance Fee that you have paid will be refunded to you without interest within five (5) business days.

**2.1.2** You may cancel this Agreement at any time prior to occupying the Apartment for any reason. To cancel, you need to give us and the escrow agent, U.S. Bank, One Federal Street, 3<sup>rd</sup> Floor, Boston, MA 02110, written notice of cancellation by registered or certified mail and this Agreement will be canceled.

In such event, the full amount of the Entrance Fee and any Second Person Entrance Fee that you have paid will be refunded to you without interest within five (5) business days of written notice, except that we will retain an amount equal to any costs specifically incurred by us or The Community at your request (any such costs will be in a written addendum to this Agreement signed by both you and us).

**2.2 Repayment of Promissory Note After Occupancy.** In the event this Agreement is terminated or canceled after you have occupied your Apartment, the unpaid principal balance of the Promissory Note shall be repaid as stated following:

- a. The unpaid principal balance of the Promissory Note shall become due and payable to you or your estate, as the case may be, in accordance with the terms set forth below only when: (i) this Agreement has terminated; (ii) you have surrendered possession of the Apartment to us as required by this Agreement; and (iii) either we have received the full Entrance Fee from a substitute resident for the Apartment or a substitute resident moves into the Apartment or in accordance with **Section 2.2g**.
- b. We will be entitled to credits which will automatically reduce the principal balance of the Promissory Note in the following amounts, effective on the following dates:

A credit equal to 10% of the total Entrance Fee will be deducted from the principal balance on the Promissory Note if, on the first anniversary of the date that the Move-In Payment was made, this Agreement has not been terminated or you or the second person remains a resident in the Apartment or The Health Center at Evergreen Woods (i.e., we will then owe you an amount equal to 80% of the total Entrance Fee).

An additional credit equal to 10% of the total Entrance Fee will be deducted from the principal balance on the Promissory Note if, on the second anniversary of the date that your Move-In Payment was made, this Agreement has not been terminated or you or the second person remains a resident in the Apartment or The Health Center at Evergreen Woods (i.e., we will then owe you an amount equal to 70% of the total Entrance Fee).

A final credit equal to 10% of the total Entrance Fee will be deducted from the principal balance of the Promissory Note if, on the third anniversary of the date that your Move-In Payment was made, this Agreement has not been terminated or you or the second person remains a resident in the Apartment or The Health Center at Evergreen Woods (i.e., we will then owe you an amount equal to 60% of the total Entrance Fee).

The total of the credits which will occur on the first, second, and third anniversary of the date that your Move-In Payment was made is equal to 30% of the total Entrance Fee. Because the Promissory Note will initially be for an amount equal to 90% of the total Entrance Fee, the principal balance owed on the Promissory Note will not fall below 60% of the total Entrance Fee (less any amount you owe us under this Agreement at the time or after it terminates if we have elected to set-off such amount).

- c. We agree to evaluate your financial condition, upon your request, and if need is demonstrated, to apply amounts due to you on the Promissory Note to amounts you would otherwise owe us for services in The Health Center at Evergreen Woods. Any amounts so applied will become a reduction in the unpaid principal balance of the Promissory Note (i.e., a “set-off”).

- d. Upon payment to you of the unpaid principal balance due on the Promissory Note, you will execute all such documents and take all action necessary to cancel the Promissory Note.
- e. You will be responsible for payment of your own income taxes on any interest which accrues or is imputed on account of the Promissory Note pursuant to applicable state or federal law.
- f. If we have not received the Entrance Fee from a substitute resident for the Apartment or a substitute resident has not moved into the Apartment within two (2) years after this Agreement has terminated and you have surrendered possession of the Apartment to us and are not a resident in The Health Center at Evergreen Woods as required by this Agreement, then interest on the unpaid principal balance of the Promissory Note will accrue at the rate of four percent (4%) per annum and interest shall be paid to you monthly in arrears, starting on the tenth day of the month following the second anniversary of the termination date of this Agreement and continuing on the tenth day of each month thereafter until the Promissory Note is paid in full.
- g. If not sooner paid, the unpaid principal balance of the Promissory Note, plus unpaid accrued interest, shall be paid in full on the date which is three (3) years after this Agreement has terminated and you have surrendered possession of the Apartment and are no longer a resident of The Health Center at Evergreen Woods to us as required by this Agreement.
- h. Refurbishment Costs: You agree that we may deduct from the repayment to you of the principal balance our costs to refurbish the Apartment to like new condition when you leave. At a minimum, we will almost certainly replace the floor coverings and repaint the Apartment. You will be responsible for other costs in addition to paint and floor coverings for damage you, your guests, or your pets have caused to the Apartment, and such other costs will be deducted from the repayment to you of the principal balance.
- i. Tobacco Smoke Damage: You agree that the Apartment is a non-smoking residence at all times. All of our costs (at any time) to refurbish the Apartment to like new condition which are related to tobacco smoke may be deducted from the repayment to you of the principal balance. The costs to repair smoke damages are substantial

and generally include multiple replacements (such as duct work, surface finishes, even ceilings). These costs are in addition to those of **Section 2.2h** above.

- j. Pet Damage: You agree that all of our costs (at any time) to refurbish the Apartment for damages caused by your pet(s) may be deducted from the repayment to you of the principal balance. These costs are in addition to those of **Section 2.2h** above.
- k. The provisions of this **Section 2.2** shall survive termination of this Agreement.

**2.3 Right of Offset.** We have the right to offset against any Entrance Fee refund or Promissory Note 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 **Section 10.2**, 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 \$\_\_\_\_\_ (the “One-Time Capital Charge”). The One-Time Capital Charge is a one-time, 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) per 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 Monthly 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 \$\_\_\_\_\_ per month for one person and an additional \$\_\_\_\_\_ per month if there are two (2) of you occupying the Apartment. 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 when (a) you vacate the Apartment and remove your possessions from it or (b) you release your Apartment pursuant to the provisions of **Section 7** regarding usage of The Health Center at Evergreen Woods. 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. Further, if your surviving spouse is not a resident of The Community or a party to this Agreement, then this Agreement will terminate upon your death and any fees or refunds owed will be handled pursuant to the terms herein.

**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** Dining services and meals in the dining room per the Flexible Dining Dollar Points program;

**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** Complete kitchen, including refrigerator, range with oven, microwave, garbage disposal, dishwasher and ductless hood fan;

**5.13** Coin-free washers and dryers on each floor;

**5.14** Scheduled local transportation;

**5.15** Urgent call response system on a 24 hour basis;

**5.16** Use of all common areas in The Community; and

**5.17** 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, 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 charges 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. You will not be entitled to full or partial repayment of the Promissory Note at the time you release your Apartment for relocation in The Health Center at Evergreen Woods.

**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 (2) 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 Promissory Note at the time you release your Apartment for relocation in The Health Center at Evergreen Woods.

**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 health center fees of The Community 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 to 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 at Evergreen Woods until such apartment becomes available. Upon reoccupying an apartment, your Monthly Charges will be based on the then current charges for that 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 The Health Center at Evergreen Woods.** We 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 **Section 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 **Section 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 **Section 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 **Section 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 **Section 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 **Section 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 **Section 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 **Section 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 **Section 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 nursing care under the terms of this Agreement other than as set forth in this **Section 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 **Section 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 for any reason upon at least ninety (90) days' written notice signed by you (or both of you if there are two (2) of you) and sent to us by registered or certified mail. If you give such notice, you will pay all applicable Monthly Charges and any other daily charges pursuant to the terms of this Agreement until the later of the expiration of such ninety (90) day period or your departure from The Community. The balance due on your Promissory Note will be repaid to you pursuant to its terms.

**Happiness Guarantee:** You will have the right to terminate this Agreement within the first six (6) months after the earlier of when you move in or when you paid the Move-In Payment, by giving written notice to us and vacating the Apartment during that six (6) month period. In such event, we will refund the entire Entrance Fee (without interest) and refund the Second Person Entrance Fee (if applicable) that you have paid minus the following amount(s): (a) our cost to restore the Apartment to new condition and the cost for restoration for any damages you have made to the Apartment; and (b) any costs of any healthcare services provided to you. This will be paid to you upon the earliest of the following to occur: (i) our receipt of the full Entrance Fee from a substitute resident, (ii) the date a substitute resident moves into the Apartment, or (iii) the third anniversary of the date this Agreement is terminated. This Happiness Guarantee shall not apply for reasons of death. This Happiness Guarantee shall not apply if you move directly from your Apartment to a healthcare facility or you move to a healthcare facility within six (6) months of the date you move out of Evergreen Woods.

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

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

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

**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;

**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, the One-Time Capital Charge, and the Second Person Entrance Fee, if applicable, 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, satisfactory to us in our sole discretion, 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 **Section 7.10**. Any such charges deferred shall be offset against the refundable portion of your Entrance Fee when it is paid to you or your estate in accordance with the Promissory Note.



**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 thirty (30) day period, this Agreement shall not be then terminated. If the problem is not corrected within such thirty (30) day period, this Agreement will be terminated and you must vacate the Apartment, remove all your possessions, and 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 the health, safety, or welfare of 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**. If such second person is already a resident of The Community and the two of you would like to live in the same apartment under one residency agreement, 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 upon termination of this Agreement or within thirty (30) days after your death (if there are two of you, the death of the survivor), 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 Promissory Note when it is paid to you or your estate in accordance with its terms.

**11.6 Refurbishment.** We will provide maintenance and repair to your Apartment for property, furnishings, and equipment owned or leased by Evergreen Woods. Other maintenance services may be available at an additional cost. Should you desire to have the Apartment refurbished in the future (i.e., new paint, floor coverings, wall coverings, counter-tops, etc.), such services may be available at an additional cost to you. 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.

**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.

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

The amount of your Monthly Service Fee is determined by application of the Cash Requirements Allocation Formula. The Cash Requirements Allocation

Formula has been developed to equitably apportion the costs of operating The Community among its residents who are under a traditional residency plan.

**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 12.3**, 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 shall be equal to:

**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 **Section 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); plus

**12.3.2** An amount to maintain or increase the reserve for replacement described in **Section 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); plus

**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; plus

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

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

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

**12.3.7** 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 **Section 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 **Section 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 **Section 12.3** by the amount determined under **Section 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 **Section 12.4.3** by the factor assigned to each apartment and to the second person in **Section 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 **Section 12.3.2**); (b) an operating cash reserve (as described in **Section 12.3.5**); and (c) a reserve required by Connecticut law (as described in **Section 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 Requirements Allocation. Copies of these reserve agreements with the bank are available upon request.

### **13. ARBITRATION.**

Any dispute, claim or controversy of any kind between the parties arising out of, in connection with, or relating to this Agreement and any amendment hereof, or the breach hereof, shall be submitted to and determined by arbitration in North Branford, Connecticut in accordance with the commercial arbitration rules then obtaining of the American Arbitration Association. All parties shall be bound by the arbitrator's decision and judgment upon such decision may be entered in any federal or state court having jurisdiction unless the arbitration is fraudulent or so grossly erroneous as to necessarily imply bad faith. If the parties are unable to agree in good faith and within a reasonable time on the selection of an arbitrator, any party may request appointment of an arbitrator by the American Arbitration Association. The

parties shall make a reasonable attempt to select an arbitrator with experience in retirement communities, long-term care or health care operations generally. Cost of arbitration shall be shared by the parties equally. If the issue affects more than one resident, we may elect to join all affected residents into a single arbitration proceeding, and you hereby consent to such joinder.

#### **14. AMENDMENTS.**

**14.1 This Agreement.** Subject to **Section 14.2**, this Agreement may be amended only by written agreement of the parties to this Agreement.

**14.2 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.

#### **15. MISCELLANEOUS LEGAL PROVISIONS.**

**15.1 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.

**15.2 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.

**15.3 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.

**15.4 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.

**15.5 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.

**15.6 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. We strongly suggest you keep and maintain your own insurance for liability and property loss.

**15.7 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.

**15.8 Entire Agreement.** This Agreement and any Addenda or Exhibits express the entire agreement between the parties hereto and supersede any prior or contemporaneous written or oral understanding or agreement.

**15.9 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.

**15.10 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.

**15.11 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.

**15.12 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.

**15.13 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 **Section 10**.

**15.14 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. 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.

**15.15 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.

**15.16 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 of Evergreen Woods create any rights for third parties other than those who have executed this Residency Agreement.

**15.17 Estate Planning.** Evergreen Woods will pay any amounts due pursuant to the Promissory Note 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 repayment terms of the Promissory Note. If you do not wish to have the amounts due pursuant to the Promissory Note paid to your estate, you may choose to assign your right to the Promissory Note to a trust or other person designated by you pursuant to a form of Assignment of Promissory Note 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 any repayment due on the Promissory Note, then Evergreen Woods will repay any amounts due on the Promissory Note to the estate of the surviving resident. No other rights under this Residency Agreement are assignable.

**15.18 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, CT 06471.

**15.19 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.

**15.20 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 (the “Bill of Rights”). A staff member will explain the Bill of Rights to you, and you will be asked to separately sign the Bill of Rights to acknowledge that you have received it.

**15.21 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.

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

**17. 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.

**18. 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.

BALANCE OF PAGE LEFT BLANK.  
SIGNATURE PAGE FOLLOWS.

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 \_\_\_\_\_, \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
RESIDENT

EVERGREEN WOODS  
RETIREMENT LLC  
d/b/a Evergreen Woods

\_\_\_\_\_  
Witness

\_\_\_\_\_  
RESIDENT

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

\_\_\_\_\_  
Witness

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

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

Apartment Number: \_\_\_\_\_ Building Name: \_\_\_\_\_

Scheduled Move-In Date: \_\_\_\_\_

Entrance Fee: \$ \_\_\_\_\_ One Time Capital Charge: \$ \_\_\_\_\_

Non-Refundable One-Time Second Person Entrance Fee: \$ \_\_\_\_\_

1 Person Monthly Service Fee: \$ \_\_\_\_\_ (plus \$75 Working Capital charge)

2<sup>nd</sup> Person addition to Monthly Service Fee: \$ \_\_\_\_\_



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

**PROMISSORY NOTE**

\$ \_\_\_\_\_ North Branford, Connecticut  
\_\_\_\_\_

FOR VALUE RECEIVED, the undersigned (“Maker”) promises to pay to \_\_\_\_\_ (“Holder”) or order, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) payable in lawful money of the United States of America, at such place as the legal holder hereof may designate in writing, subject to the following.

This Note is given to evidence certain obligations of Maker pursuant to an Residency Agreement dated as of \_\_\_\_\_, \_\_\_\_\_ between the undersigned and Holder regarding residency at Evergreen Woods (the “Residency Agreement”) and is subject to the terms and conditions of the Residency Agreement, which are incorporated into and made a part of this Note by this reference.

Except as provided in Section 2.2 of the Residency Agreement, no interest shall accrue on the outstanding principal balance of this Note. Interest on this Note shall accrue as provided in Section 2.2 of the Residency Agreement. Maker shall make monthly payments of accrued interest, if any, on the tenth day of each calendar month.

The principal amount of indebtedness evidenced by this Note shall be automatically reduced in accordance with Section 2.2 of the Residency Agreement. If not sooner paid, the entire indebtedness, less a credit for any amount owed by Holder to Maker under the Residency Agreement, shall be due and payable on the date described in Section 2.2 of the Residency Agreement.

This Note may be prepaid in full or in part at any time without penalty or premium.

In the event of default in payment of any installment of principal or interest hereof as the same becomes due and such default is not cured within ten (10) days after written notice to Maker, then the Holder of this Note may without further notice, declare the remainder of the principal sum, together with all interest accrued thereon, at once due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise the same at any other time. The unpaid principal of this Note and any part thereof, accrued interest and all other sums due under this Note shall bear interest at the rate of twelve percent (12%) per annum after default until paid.

All parties to this Note, including Maker and any sureties, endorsers, or guarantors hereby waive protest, presentment, notice of dishonor, and notice of acceleration of maturity and agree to continue to remain bound for the payment of principal, interest and all other sums due under this Note notwithstanding any extension or extensions of time for the payment of principal and interest; and all such parties waive all and every kind of notice of such change or changes and agree that the same may be made without notice or consent of any of them.

Upon default the Holder of this Note may employ an attorney to enforce the Holder's rights and remedies and the Maker, principal, surety, guarantor and endorsers of this Note hereby agree to pay to the Holder reasonable attorney's fees not exceeding a sum equal to fifteen percent (15%) of the outstanding balance owing on this Note, plus all other reasonable expenses incurred by the Holder in exercising any of the Holder's rights and remedies upon default. The rights and remedies of the Holder as provided in this Note shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Holder. The failure to exercise any such right or remedy shall not be a waiver or release of such rights or remedies or the right to exercise any of them at another time.

Maker holds a leasehold interest in and operates Evergreen Woods. If Maker, (i) after obtaining the prior written consent of the owner of the fee interest in Evergreen Woods, assigns its leasehold interest in Evergreen Woods and (ii) the assignee assumes in writing all of Maker's obligations under the Residency Agreement and this Note, then Maker shall be released from all obligations under this Note and the term "Maker" shall thereafter mean such assignee.

This Note is to be governed and construed in accordance with the laws of the State of Connecticut.

This Note is given to secure a debt.

IN TESTIMONY WHEREOF, Maker has executed this Note under seal as of the day and year first above written.

EVERGREEN WOODS RETIREMENT, LLC,  
a Connecticut limited liability company (SEAL)

By: Senior Living Communities, LLC (SEAL)  
Manager

By: \_\_\_\_\_ (SEAL)  
Title: \_\_\_\_\_

## EXHIBIT B



### 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;
  - Privacy when receiving medical treatment or other services within the capacity 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  
Facilities 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

Office of the Long Term Care Ombudsman  
Dan Lerman  
370 James Street Suite 306  
New Haven, CT 06513  
(860) 823-3366

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**

### **EXAMPLE UNBUNDLED RESIDENCY AGREEMENT**

See attached. Note that there are three versions of the Unbundled Residency Agreement that follow this form. The only substantive difference between the three versions is the refund provisions, which are described under “PROMISSORY NOTE” on page 32 of the Disclosure Statement.



**UNBUNDLED RESIDENCY AGREEMENT  
60% MINIMUM REFUND PLAN**

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

## 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”).

**“Bill of Rights”** has the meaning set forth in **Section 15.20** of the Agreement.

**“Cash Requirements”** has the meaning set forth in **Section 12.3** of the Agreement.

**“Cash Requirements Allocation”** means your portion of The Community’s Cash Requirements as determined by the Cash Requirements Allocation Formula.

**“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 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 Evergreen Woods Retirement LLC, d/b/a Evergreen Woods, a limited liability company organized in the State of Connecticut and the operator of The Community.

**“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, fees for health care, if any, and all other fees and charges payable monthly pursuant to the terms of the Agreement, as appropriate in the particular circumstances.

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

**“Move-In Payment”** has the meaning set forth in **Section 1.3** of the Agreement.

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

**“Operating Cash Requirements”** has the meaning set forth in **Section 12.3.1** of the Agreement.

**“Promissory Note”** means the promissory note executed and delivered by Evergreen Woods to Resident pursuant to this Agreement in the form attached hereto as Exhibit A. Your rights to repayment of amounts due to you pursuant to the Promissory Note 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.

**“Resident” or “you”** means the resident or residents who is (are) signatory to the Agreement, as identified in **Section 1** of the Agreement. Sometimes a second Resident (if there are two of you) is referred to in the Agreement as the “second person.”

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

**“The Health Center at Evergreen Woods”** means the health center forming a part of The Community that is licensed to provide nursing care.

**“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**  
**UNBUNDLED RESIDENCY AGREEMENT**  
**(60% Minimum Refund)**

**1. ENTRANCE FEE AND PROMISSORY NOTE.**

**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 an Entrance Fee of \$ \_\_\_\_\_.

Payment of your 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 to have priority of admission to the health care services of The Community all in accordance with the terms of this Agreement.

**1.2 Initial 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 (ninety percent (90%)) of your Entrance Fee in the amount of \$ \_\_\_\_\_ (the “Move-In Payment”) 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 Move-In Payment), extend beyond three (3) months from the date this Agreement is signed by both you and The Community.

**1.4 Promissory Note.** Upon receipt of the Move-In Payment, we will execute and deliver to you the Promissory Note substantially in the form attached to this Agreement as Exhibit A, and in the original principal amount of ninety percent (90%) of the Entrance Fee. Repayment of the Promissory Note will be made in accordance with its terms and the provisions of **Section 2.2** below. Your interest in the Promissory Note 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 that you have paid will be refunded to you without interest within five (5) business days.

**2.1.2** You may cancel this Agreement at any time prior to occupying the Apartment for any reason. To cancel, you need to give us and the escrow agent, U.S. Bank, One Federal Street, 3<sup>rd</sup> Floor, Boston, MA 02110, written notice of cancellation by registered or certified mail and this Agreement will be canceled.

In such event, the full amount of the Entrance Fee that you have paid will be refunded to you without interest within five (5) business days of written notice, except that we will retain an amount equal to any costs specifically incurred by us or The Community at your request (any such costs will be in a written addendum to this Agreement signed by both you and us).

**2.2 Repayment of Promissory Note After Occupancy.** In the event this Agreement is terminated or canceled after you have occupied your Apartment, the unpaid principal balance of the Promissory Note shall be repaid as stated following:

- a. The unpaid principal balance of the Promissory Note shall become due and payable to you or your estate, as the case may be, in accordance with the terms set forth below only when: (i) this Agreement has terminated; (ii) you have surrendered possession of the Apartment to us as required by this Agreement; and (iii) either we have received the full Entrance Fee from a substitute resident for the Apartment or a substitute resident moves into the Apartment or in accordance with **Section 2.2g**.
- b. We will be entitled to credits which will automatically reduce the principal balance of the Promissory Note in the following amounts, effective on the following dates:

A credit equal to 10% of the total Entrance Fee will be deducted from the principal balance on the Promissory Note if, on the first anniversary of the date that the Move-In Payment was made, this Agreement has not been terminated or you or the second person remains a resident in the Apartment (i.e., we will then owe you an amount equal to 80% of the total Entrance Fee).

An additional credit equal to 10% of the total Entrance Fee will be deducted from the principal balance on the Promissory Note if, on the second anniversary of the date that your Move-In Payment was made, this Agreement has not been terminated or you or the second person remains a resident in the Apartment (i.e., we will then owe you an amount equal to 70% of the total Entrance Fee).

A final credit equal to 10% of the total Entrance Fee will be deducted from the principal balance of the Promissory Note if, on the third anniversary of the date that your Move-In Payment was made, this Agreement has not been terminated or you or the second person remains a resident in the Apartment (i.e., we will then owe you an amount equal to 60% of the total Entrance Fee).

The total of the credits which will occur on the first, second, and third anniversary of the date that your Move-in Payment was made is equal to 30% of the total Entrance Fee. Because the Promissory Note will initially be for an amount equal to 90% of the total Entrance Fee, the principal balance owed on the Promissory Note will not fall below 60% of the total Entrance Fee (less any amount you owe us under this Agreement at the time or after it terminates if we have elected to set-off such amount).

- c. We agree to evaluate your financial condition, upon your request, and if need is demonstrated, to apply amounts due to you on the Promissory Note to amounts you would otherwise owe us for services in The Health Center at Evergreen Woods. Any amounts so applied will become a reduction in the unpaid principal balance of the Promissory Note (i.e., a “set-off”).
- d. Upon payment to you of the unpaid principal balance due on the Promissory Note, you will execute all such documents and take all action necessary to cancel the Promissory Note.
- e. You will be responsible for payment of your own income taxes on any interest which accrues or is imputed on account of the Promissory Note pursuant to applicable state or federal law.
- f. If we have not received the Entrance Fee from a substitute resident for the Apartment or a substitute resident has not moved into the Apartment within two (2) years after this Agreement has terminated and you have



surrendered possession of the Apartment to us as required by this Agreement, then interest on the unpaid principal balance of the Promissory Note will accrue at the rate of four percent (4%) per annum and interest shall be paid to you monthly in arrears, starting on the tenth day of the month following the second anniversary of the termination date of this Agreement and continuing on the tenth day of each month thereafter until the Promissory Note is paid in full.

- g. If not sooner paid, the unpaid principal balance of the Promissory Note, plus unpaid accrued interest, shall be paid in full on the date which is three (3) years after this Agreement has terminated and you have surrendered possession of the Apartment to us as required by this Agreement.
- h. **Refurbishment Costs:** You agree that we may deduct from the repayment to you of the principal balance our costs to refurbish the Apartment to like new condition when you leave. At a minimum, we will almost certainly replace the floor coverings and repaint the Apartment. You will be responsible for other costs in addition to paint and floor coverings for damage you, your guests, or your pets have caused to the Apartment, and such other costs will be deducted from the repayment to you of the principal balance.
- i. **Tobacco Smoke Damage:** You agree that the Apartment is a non-smoking residence at all times. All of our costs (at any time) to refurbish the Apartment to like new condition which are related to tobacco smoke may be deducted from the repayment to you of the principal balance. The costs to repair smoke damages are substantial and generally include multiple replacements (such as duct work, surface finishes, even ceilings). These costs are in addition to those of **Section 2.2h** above.
- j. **Pet Damage:** You agree that all of our costs (at any time) to refurbish the Apartment for damages caused by your pet(s) may be deducted from the repayment to you of the principal balance. These costs are in addition to those of **Section 2.2h** above.
- k. The provisions of this **Section 2.2** shall survive termination of this Agreement.

**2.3 Right of Offset.** We have the right to offset against any Entrance Fee refund or Promissory Note 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 **Section 10.2**, 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 \$\_\_\_\_\_ (the “One-Time Capital Charge”). The One-Time Capital Charge is a one-time, 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) per 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 Monthly 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 \$\_\_\_\_\_ per month for one person and an additional \$\_\_\_\_\_ per month if there are two (2) of you occupying the Apartment. 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 when you vacate the Apartment and remove your possessions from it. 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. Further, if your surviving spouse is not a resident of The Community or a party to this Agreement, then this Agreement will terminate upon your death and any fees or refunds owed will be handled pursuant to the terms herein.

**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** Dining services and meals in the dining room per the Flexible Dining Dollar Points program;
- 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 Complete kitchen, including refrigerator, range with oven, microwave, garbage disposal, dishwasher and ductless hood fan;
- 5.13 Coin-free washers and dryers on each floor;
- 5.14 Scheduled local transportation;
- 5.15 Urgent call response system on a 24 hour basis;
- 5.16 Use of all common areas in The Community; and
- 5.17 Use of The Health Center at Evergreen Woods pursuant to the terms of this Agreement. Note that this is an Unbundled Residency Agreement and that health care (including skilled nursing services) are at an additional charge above the Monthly Service Fee.

**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.

**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, you need nursing care in The Health Center at Evergreen Woods and if space is available, we will provide you with nursing care services to the extent authorized by our license from

the State of Connecticut. Such nursing care services will be provided at an additional charge that is at the then applicable charges for skilled nursing care.

**7.1 Release Apartment.** If you are receiving nursing care in The Health Center at Evergreen Woods, you may choose to release your Apartment. When you release your Apartment for occupancy by someone else and you have removed your possessions from the Apartment, then the Monthly Service Fee charges for your Apartment will cease. You will pay for your nursing care monthly charges at the then applicable charges for skilled nursing care.

**7.2 Retain Apartment.** If you choose not to release your Apartment pursuant to **Section 7.1**, you will pay for your nursing care monthly charges at the then applicable charges for skilled nursing care, and in addition, you will continue to pay your Monthly Service Fee for your Apartment and the monthly Working Capital Fund Fee.

**7.3 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 at Evergreen Woods until such apartment becomes available. Upon reoccupying an apartment, your Monthly Charges will be based on the then current charges for that apartment.

**7.4 Additional Health Services.** We provide 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 daily charges and will be available for an extra charge.

**7.5 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.

**7.6 Non-resident Use of The Health Center at Evergreen Woods.** We 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.

## **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 or to such other health care facility as you choose.

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

After you have moved into The Community you may cancel this Agreement at any time for any reason upon at least ninety (90) days' written notice signed by you (or both of you if there are two (2) of you) and sent to us by registered or certified mail. If you give such notice, you will pay all applicable Monthly Charges and any other daily charges pursuant to the terms of this Agreement until the later of the expiration of such ninety (90) day period or your departure from The Community. The balance due on your Promissory Note will be repaid to you pursuant to its terms.

**Happiness Guarantee:** You will have the right to terminate this Agreement within the first six (6) months after the earlier of when you move in or when you paid the Move-In Payment, by giving written notice to us and vacating the Apartment during that six (6) month period. In such event, we will refund the entire Entrance Fee (without interest) that you have paid (minus the cost to restore the Apartment to new condition and the cost for restoration for any damages you have made to the Apartment). This will be paid to you upon the earlier of the following to occur: (i) our receipt of the full Entrance Fee from a substitute resident, (ii) the date a substitute resident moves into the Apartment, or (iii) the third anniversary of the date this Agreement is terminated. This Happiness Guarantee shall not apply for reasons of death. This Happiness Guarantee shall not apply if you move directly from your Apartment to a healthcare facility or you move to a healthcare facility within six (6) months of the date you move out of Evergreen Woods.

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

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

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

**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;

**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 and the One-Time Capital Charge, you encounter financial difficulties making it impossible for you to pay the full Monthly Charges and other charges appropriate for the Apartment; then:

**10.2.1** You shall 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

**10.2.2** 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, satisfactory to us in our sole discretion, 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. Any such charges deferred shall be offset against the refundable portion of your Entrance Fee when it is paid to you or your estate in accordance with the Promissory Note.

**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 thirty (30) day period, this Agreement shall not be then terminated. If the problem is not corrected within such thirty (30) day period, this Agreement will be terminated and you must vacate the Apartment, remove all your possessions, and 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 the health, safety, or welfare of 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 the then current additional Monthly Charges for second persons. 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**. If such second person is already a resident of The Community and the two of you would like to live in the same



apartment under one residency agreement, 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 upon termination of this Agreement or within thirty (30) days after your death (if there are two of you, the death of the survivor), 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 Promissory Note when it is paid to you or your estate in accordance with its terms.

**11.6 Refurbishment.** We will provide maintenance and repair to your Apartment for property, furnishings, and equipment owned or leased by Evergreen Woods. Other maintenance services may be available at an additional cost. Should you desire to have the Apartment refurbished in the future (i.e., new paint, floor coverings, wall coverings, counter-tops, etc.), such services may be available at an additional cost to you. 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.

**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.

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

The amount of your Monthly Service Fee is determined by application of the Cash Requirements Allocation Formula. The Cash Requirements Allocation Formula has been developed to equitably apportion the costs of operating The Community among its residents who are under an unbundled residency plan.

**12.1 General.** All projected Cash Requirements (including additions to reserves) necessary to provide accommodations and services to the residents of The Community (excluding 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 under unbundled residency plans for the on-going ownership of The Community is comprised solely of the Entrance Fee, 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 12.3**, 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 shall be equal to:

**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 **Section 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); plus

**12.3.2** An amount to maintain or increase the reserve for replacement described in **Section 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); plus

**12.3.3** An amount projected by us to account for expected changes from the previous year in services, apartment occupancy, marketing, remodeling or any other material factor; plus

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

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

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

**12.3.7** 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 **Section 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 **Section 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 **Section 12.3** by the amount determined under **Section 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 **Section 12.4.3** by the factor assigned to each apartment and to the second person in **Section 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 **Section 12.3.2**); (b) an operating cash reserve (as described in **Section 12.3.5**); and (c) a reserve required by Connecticut law (as described in **Section 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 Requirements Allocation. Copies of these reserve agreements with the bank are available upon request.

### **13. ARBITRATION.**

Any dispute, claim or controversy of any kind between the parties arising out of, in connection with, or relating to this Agreement and any amendment hereof, or the breach hereof, shall be submitted to and determined by arbitration in North Branford, Connecticut in accordance with the commercial arbitration rules then obtaining of the American Arbitration Association. All parties shall be bound by the arbitrator's decision and judgment upon such decision may be entered in any federal or state court having jurisdiction unless the arbitration is fraudulent or so grossly

erroneous as to necessarily imply bad faith. If the parties are unable to agree in good faith and within a reasonable time on the selection of an arbitrator, any party may request appointment of an arbitrator by the American Arbitration Association. The parties shall make a reasonable attempt to select an arbitrator with experience in retirement communities, long-term care or health care operations generally. Cost of arbitration shall be shared by the parties equally. If the issue affects more than one resident, we may elect to join all affected residents into a single arbitration proceeding, and you hereby consent to such joinder.

#### **14. AMENDMENTS.**

**14.1 This Agreement.** Subject to **Section 14.2**, this Agreement may be amended only by written agreement of the parties to this Agreement.

**14.2 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.

#### **15. MISCELLANEOUS LEGAL PROVISIONS.**

**15.1 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.

**15.2 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.

**15.3 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.

**15.4 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.

**15.5 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.

**15.6 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. We strongly suggest you keep and maintain your own insurance for liability and property loss.

**15.7 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.

**15.8 Entire Agreement.** This Agreement and any Addenda or Exhibits express the entire agreement between the parties hereto and supersede any prior or contemporaneous written or oral understanding or agreement.

**15.9 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.

**15.10 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.

**15.11 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.

**15.12 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.

**15.13 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 **Section 10**.

**15.14 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. 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.

**15.15 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.

**15.16 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 of Evergreen Woods create any rights for third parties other than those who have executed this Residency Agreement.



**15.17 Estate Planning.** Evergreen Woods will pay any amounts due pursuant to the Promissory Note 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 repayment terms of the Promissory Note. If you do not wish to have the amounts due pursuant to the Promissory Note paid to your estate, you may choose to assign your right to the Promissory Note to a trust or other person designated by you pursuant to a form of Assignment of Promissory Note 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 any repayment due on the Promissory Note, then Evergreen Woods will repay any amounts due on the Promissory Note to the estate of the surviving resident. No other rights under this Residency Agreement are assignable.

**15.18 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, CT 06471.

**15.19 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.

**15.20 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 (the “Bill of Rights”). A staff member will explain the Bill of Rights to you, and you will be asked to separately sign the Bill of Rights to acknowledge that you have received it.

**15.21 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.

**16. RESERVE POLICY.**

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

**17. 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 10.2.2** of this Agreement, to meet your financial obligations under this Agreement.

**18. 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.

BALANCE OF PAGE LEFT BLANK.  
SIGNATURE PAGE FOLLOWS.

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 \_\_\_\_\_, \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
RESIDENT

EVERGREEN WOODS  
RETIREMENT LLC  
d/b/a Evergreen Woods

\_\_\_\_\_  
Witness

\_\_\_\_\_  
RESIDENT

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

\_\_\_\_\_  
Witness

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

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

Apartment Number: \_\_\_\_\_ Building Name: \_\_\_\_\_

Scheduled Move-In Date: \_\_\_\_\_

Entrance Fee: \$ \_\_\_\_\_ One Time Capital Charge: \$ \_\_\_\_\_

1 Person Monthly Service Fee: \$ \_\_\_\_\_ (plus \$75 Working Capital charge)

2<sup>nd</sup> Person addition to Monthly Service Fee: \$ \_\_\_\_\_



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

**PROMISSORY NOTE**

\$ \_\_\_\_\_ North Branford, Connecticut  
\_\_\_\_\_

FOR VALUE RECEIVED, the undersigned (“Maker”) promises to pay to \_\_\_\_\_ (“Holder”) or order, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) payable in lawful money of the United States of America, at such place as the legal holder hereof may designate in writing, subject to the following.

This Note is given to evidence certain obligations of Maker pursuant to an Residency Agreement dated as of \_\_\_\_\_, \_\_\_\_\_ between the undersigned and Holder regarding residency at Evergreen Woods (the “Residency Agreement”) and is subject to the terms and conditions of the Residency Agreement, which are incorporated into and made a part of this Note by this reference.

Except as provided in Section 2.2 of the Residency Agreement, no interest shall accrue on the outstanding principal balance of this Note. Interest on this Note shall accrue as provided in Section 2.2 of the Residency Agreement. Maker shall make monthly payments of accrued interest, if any, on the tenth day of each calendar month.

The principal amount of indebtedness evidenced by this Note shall be automatically reduced in accordance with Section 2.2 of the Residency Agreement. If not sooner paid, the entire indebtedness, less a credit for any amount owed by Holder to Maker under the Residency Agreement, shall be due and payable on the date described in Section 2.2 of the Residency Agreement.

This Note may be prepaid in full or in part at any time without penalty or premium.

In the event of default in payment of any installment of principal or interest hereof as the same becomes due and such default is not cured within ten (10) days after written notice to Maker, then the Holder of this Note may without further notice, declare the remainder of the principal sum, together with all interest accrued thereon, at once due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise the same at any other time. The unpaid principal of this Note and any part thereof, accrued interest and all other sums due under this Note shall bear interest at the rate of twelve percent (12%) per annum after default until paid.

All parties to this Note, including Maker and any sureties, endorsers, or guarantors hereby waive protest, presentment, notice of dishonor, and notice of acceleration of maturity and agree to continue to remain bound for the payment of principal, interest and all other sums due under this Note notwithstanding any extension or extensions of time for the payment of principal and interest; and all such parties waive all and every kind of notice of such change or changes and agree that the same may be made without notice or consent of any of them.

Upon default the Holder of this Note may employ an attorney to enforce the Holder's rights and remedies and the Maker, principal, surety, guarantor and endorsers of this Note hereby agree to pay to the Holder reasonable attorney's fees not exceeding a sum equal to fifteen percent (15%) of the outstanding balance owing on this Note, plus all other reasonable expenses incurred by the Holder in exercising any of the Holder's rights and remedies upon default. The rights and remedies of the Holder as provided in this Note shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Holder. The failure to exercise any such right or remedy shall not be a waiver or release of such rights or remedies or the right to exercise any of them at another time.

Maker holds a leasehold interest in and operates Evergreen Woods. If Maker, (i) after obtaining the prior written consent of the owner of the fee interest in Evergreen Woods, assigns its leasehold interest in Evergreen Woods and (ii) the assignee assumes in writing all of Maker's obligations under the Residency Agreement and this Note, then Maker shall be released from all obligations under this Note and the term "Maker" shall thereafter mean such assignee.

This Note is to be governed and construed in accordance with the laws of the State of Connecticut.

This Note is given to secure a debt.

IN TESTIMONY WHEREOF, Maker has executed this Note under seal as of the day and year first above written.

EVERGREEN WOODS RETIREMENT, LLC,  
a Connecticut limited liability company (SEAL)

By: Senior Living Communities, LLC (SEAL)  
Manager

By: \_\_\_\_\_ (SEAL)  
Title: \_\_\_\_\_

## EXHIBIT B



### 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;
  - Privacy when receiving medical treatment or other services within the capacity 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  
Facilities 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

Office of the Long Term Care Ombudsman  
Dan Lerman  
370 James Street Suite 306  
New Haven, CT 06513  
(860) 823-3366

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 9th day of September, 2019.

U.S. Bank National Association, as Escrow Agent

By:   
Name: David W. Doucette  
Title: Vice President

STATE OF MASSACHUSETTS

COUNTY OF SUFFOLK

On this 9th day of September, 2019, personally appeared, David W. Doucette, 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.

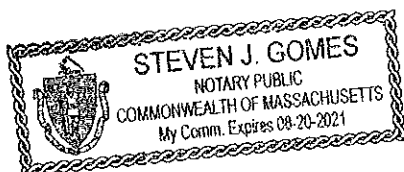
In witness whereof I hereunto set my hand.



(Notary Seal or Stamp)

Notary Public

My commission expires: 8/20/21



# 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.

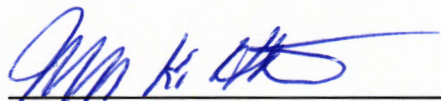
[Signatures Appear on Following Page]

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: \_\_\_\_\_

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

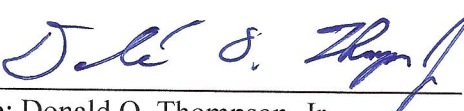
By: Brightview Evergreen Woods, LLC,  
a Maryland limited liability company,  
its managing member

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: \_\_\_\_\_

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:**

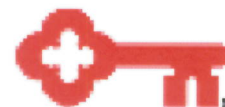
U.S. BANK NATIONAL ASSOCIATION,  
as Escrow Agent

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

**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 04th day of September, 2019.

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 4th day of September, 2019, 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)

Brian Banjac  
Notary Public

**BRIAN BANJAC, ATTORNEY  
NOTARY PUBLIC - STATE OF OHIO  
My commission has no expiration date  
Section 147.03 O.R.C.**

My commission expires: my commission  
has no expiration

## 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:**

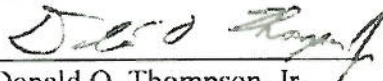
**Robinson, Bradshaw & Hinson, P.A.**  
101 North Tryon Street, Suite 1900  
Charlotte, North Carolina 28246  
Attention: Allen K. Robertson, Esq.  
Telephone: (704) 377-8368  
Fax: (704) 373-3968

[Signatures begin on the next page]

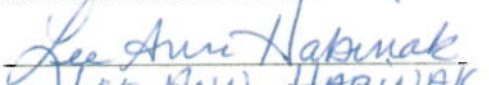
IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

**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

**EXHIBIT A**

**Fee Exhibit**  
To Escrow Agreement

Fees:

KeyBank, National Association

Annual Administrative Escrow Fee payable upon execution of agreement, and annually thereafter upon the anniversary date of the account opening:

Annual Administrative Fee:                 \$5,000.00

\*Note: Should the Parties to the Escrow Agreement direct alternative investments other than the Federated Money Market funds (Government Obligations or Treasury Obligations Capital Shares), an additional custodial fee of 5 basis points of assets market value will be charged quarterly against the escrowed funds. The custody fee will be in addition to the annual administrative escrow fee.

**EXHIBIT E**

**AUDITED FINANCIAL STATEMENTS**

See attached.

**EVERGREEN WOODS RETIREMENT, LLC**

**North Branford, Connecticut**

**Financial Statements**

**At**

**December 31, 2023 and 2022**

**And**

**For The Years Ended**

**December 31, 2023, 2022 and 2021**

**\* \* \* \* \***



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# Moyer, DeVoe & Iocco, PLLC

## Certified Public Accountants

7229 Albemarle Rd., Suite A  
Charlotte, NC 28227  
T: 704-566-0222  
F: 704-531-6197  
[cpacharlotte@msr-cpa.com](mailto:cpacharlotte@msr-cpa.com)  
[www.msr-cpa.com](http://www.msr-cpa.com)

### Independent Auditor's Report

To the Member  
of Evergreen Woods Retirement, LLC

#### Opinion

We have audited the accompanying financial statements of Evergreen Woods Retirement, LLC (a Connecticut limited liability company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in member's deficit, and cash flows for the years ended December 31, 2023, 2022 and 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Evergreen Woods Retirement, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years ended December 31, 2023, 2022 and 2021, in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

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

#### Management's Responsibility for the Financial Statements

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

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

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

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

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

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

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

*Mayer, DeBoe + Jocco, PLLC*

Charlotte, North Carolina

May 13, 2024

**EVERGREEN WOODS RETIREMENT, LLC**  
**Balance Sheets**  
**December 31, 2023 and 2022**

**ASSETS**

	2023	2022
<b>Current Assets</b>		
Cash	\$ 4,451	\$ 7,361
Occupancy Fee Deposits in Escrow	10,000	35,760
Accounts Receivable, Net	1,063,968	500,154
Current Portion of Deferred Commissions	526,904	476,364
Prepaid Expenses	66,042	113,669
Inventory	36,318	25,574
Total Current Assets	1,707,683	1,158,882
<b>Property and Equipment</b>		
Leasehold Improvements	6,869,067	6,015,452
Site Improvements	144,861	122,614
Furniture, Fixtures and Equipment	431,801	339,425
Automobiles and Golf Carts	332,869	332,869
Total Property and Equipment	7,778,598	6,810,360
Less Accumulated Depreciation	(5,125,674)	(4,130,453)
Property and Equipment, Net	2,652,924	2,679,907
<b>Other Assets</b>		
Operating Reserve Escrow	435,000	270,000
Deferred Commissions, Net	1,091,436	1,112,606
Right-of-Use Assets - Operating Leases	29,721,170	33,329,325
Goodwill	56,089,440	56,089,440
Total Other Assets	87,337,046	90,801,371
<b>TOTAL ASSETS</b>	<b>\$ 91,697,653</b>	<b>\$ 94,640,160</b>

See Independent Auditor's Report and Accompanying Notes.

**EVERGREEN WOODS RETIREMENT, LLC**  
**Balance Sheets (Continued)**  
**December 31, 2023 and 2022**

**LIABILITIES AND MEMBER'S DEFICIT**

	2023	2022
<b>Current Liabilities</b>		
Checks in Process	\$ 163,579	\$ 6,454
Accounts Payable	930,670	288,804
Monthly Service Fees Received in Advance	31,134	131,575
Accrued Expenses	2,568,711	2,958,912
Resident Deposits	9,427	27,235
Current Portion of Deferred Revenues	2,836,713	2,773,119
Current Portion of Operating Lease Liabilities	4,105,124	3,604,300
Total Current Liabilities	10,645,358	9,790,399
<b>Long-Term Liabilities</b>		
Operating Lease Liabilities, Net of Current Portion	29,856,815	33,961,939
Deposits on Occupancy Agreements	484,917	372,853
Refundable Occupancy Fees	55,985,568	55,642,958
Deferred Revenues, Net of Current Portion	1,239,015	1,173,517
Due to Related Party	14,798,059	14,227,240
Long-Term Liabilities, Net	102,364,374	105,378,507
<b>Total Liabilities</b>	113,009,732	115,168,906
<b>Member's Deficit</b>	(21,312,079)	(20,528,746)
<b>TOTAL LIABILITIES AND MEMBER'S DEFICIT</b>	\$ 91,697,653	\$ 94,640,160

See Independent Auditor's Report and Accompanying Notes.

**EVERGREEN WOODS RETIREMENT, LLC**  
**Statements of Operations**  
**For the Years Ended December 31, 2023, 2022 and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>			
Service Fees	\$ 20,072,343	\$ 16,458,708	\$ 15,216,467
Occupancy Fees Earned	4,458,660	4,427,032	3,458,458
Ancillary Income	425,164	414,519	388,698
Revenues, Net	<u>24,956,167</u>	<u>21,300,259</u>	<u>19,063,623</u>
<b>Expenses</b>			
Dining Services	2,367,189	2,315,022	2,089,050
Assisted Living	1,752,754	1,760,419	1,723,162
Skilled Nursing	4,461,118	3,447,570	3,098,182
Facilities Maintenance	2,110,021	1,998,340	2,676,421
Housekeeping	652,224	628,332	582,162
Member Services	454,090	480,755	443,517
Wellness	109,118	89,137	109,316
Marketing	1,253,030	1,145,600	1,075,960
Administration and Overhead	1,300,391	1,110,339	985,965
Utilities	950,971	970,196	971,287
Property Taxes	1,677,939	1,604,651	1,678,711
Insurance	466,571	502,539	503,466
Management Services	784,665	618,918	569,379
Provision for Bad Debt Expense	14,525	168,375	350,649
Depreciation and Amortization	995,221	1,120,529	994,411
Total Operating Expenses	<u>19,349,827</u>	<u>17,960,722</u>	<u>17,851,638</u>
<b>Operating Income Before Rent</b>	<b>5,606,340</b>	<b>3,339,537</b>	<b>1,211,985</b>
Rent Expense	<u>(6,440,289)</u>	<u>(6,440,289)</u>	<u>(6,440,289)</u>
<b>Operating Loss</b>	<b><u>(833,949)</u></b>	<b><u>(3,100,752)</u></b>	<b><u>(5,228,304)</u></b>
<b>Other Income (Expense)</b>			
HHS Provider Relief Funds	-	-	49,550
Gain on Sale of Assets	-	1,000	-
Other Income	57,138	115	6,233
Interest Income	13,960	31,473	-
Interest Expense	<u>(20,482)</u>	<u>(16,348)</u>	<u>(2,766)</u>
Other Income (Expense), Net	<u>50,616</u>	<u>16,240</u>	<u>53,017</u>
<b>Net Loss</b>	<b><u>\$ (783,333)</u></b>	<b><u>\$ (3,084,512)</u></b>	<b><u>\$ (5,175,287)</u></b>

See Independent Auditor's Report and Accompanying Notes.

**EVERGREEN WOODS RETIREMENT, LLC**  
**Statements of Changes in Member's Deficit**  
**For the Years Ended December 31, 2023, 2022 and 2021**

<b>Balance at January 1, 2021</b>	\$ (12,268,947)
Net Loss	<u>(5,175,287)</u>
<b>Balance at December 31, 2021</b>	(17,444,234)
Net Loss	<u>(3,084,512)</u>
<b>Balance at December 31, 2022</b>	(20,528,746)
Net Loss	<u>(783,333)</u>
<b>Balance at December 31, 2023</b>	<u><u>\$ (21,312,079)</u></u>

See Independent Auditor's Report and Accompanying Notes.

**EVERGREEN WOODS RETIREMENT, LLC**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2023, 2022 and 2021**

	2023	2022	2021
<b>Cash Flows from Operating Activities</b>			
Net Loss	\$ (783,333)	\$ (3,084,512)	\$ (5,175,287)
Adjustments to reconcile net loss to net cash used in operations:			
Depreciation and Amortization	995,221	1,120,529	994,411
Amortization of Right-of-Use Assets	3,608,155	3,338,606	3,110,771
Amortization of Deferred Commissions	574,864	549,010	424,812
Amortization of Occupancy Fees	(4,458,660)	(4,427,032)	(3,458,458)
Provision for Bad Debt	14,525	168,375	350,649
Gain on Sale of Assets	-	(1,000)	-
(Increase) Decrease in:			
Accounts Receivable	(578,340)	(29,926)	(523,611)
Accounts Receivable - Other	-	18,654	108,246
Deferred Commissions	(604,233)	(622,320)	(883,267)
Prepaid Expenses	47,628	(32,190)	19,425
Inventory	(10,744)	1,956	2,890
Increase (Decrease) in:			
Checks in Process	157,125	3,767	(9,863)
Accounts Payable	641,866	41,211	(454,807)
Monthly Service Fees Received in Advance	(100,441)	(54,005)	20,616
Accrued Expenses	49,401	(59,185)	73,636
Operating Lease Liabilities	(3,604,300)	(3,147,283)	(2,737,440)
Resident Deposits	(17,808)	(36,282)	43,517
Deposits on Occupancy Agreements	112,064	(297,077)	401,942
Other Intercompany Payables	570,819	2,728,790	3,197,601
<b>Net Cash Used in Operating Activities</b>	<b>(3,386,191)</b>	<b>(3,819,914)</b>	<b>(4,494,217)</b>

See Independent Auditor's Report and Accompanying Notes.



**EVERGREEN WOODS RETIREMENT, LLC**  
**Statements of Cash Flows (Continued)**  
**For the Years Ended December 31, 2023, 2022 and 2021**

	<b>2023</b>	2022	2021
<b>Cash Flows from Investing Activities</b>			
Additions to Property and Equipment	\$ (968,238)	\$ (906,896)	\$ (1,562,208)
Proceeds from Sale of Assets	-	1,000	-
<b>Net Cash Used in Investing Activities</b>	<b>(968,238)</b>	<b>(905,896)</b>	<b>(1,562,208)</b>
<b>Cash Flows from Financing Activities</b>			
Occupancy Fees Received	9,780,132	11,790,093	14,555,356
Occupancy Fees Refunded	(5,289,373)	(6,948,622)	(8,852,891)
Principal Payments on Note Payable	-	(34,485)	(51,915)
<b>Net Cash Provided by Financing Activities</b>	<b>4,490,759</b>	<b>4,806,986</b>	<b>5,650,550</b>
<b>Net Increase (Decrease) in Cash and Restricted Cash</b>	<b>136,330</b>	<b>81,176</b>	<b>(405,875)</b>
<b>Cash and Restricted Cash at Beginning of Year</b>	<b>313,121</b>	<b>231,945</b>	<b>637,820</b>
<b>Cash and Restricted Cash at End of Year</b>	<b>\$ 449,451</b>	<b>\$ 313,121</b>	<b>\$ 231,945</b>
 <b>Supplemental Cash Flow Information:</b>			
Cash paid for interest expensed	\$ 20,482	\$ 16,348	\$ 2,766
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	\$ 6,436,435	\$ 6,258,768	\$ 6,073,932

See Independent Auditor's Report and Accompanying Notes.

**EVERGREEN WOODS RETIREMENT, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

**Business Activity** - Evergreen Woods Retirement, LLC (the Company) was formed on June 27, 2016. It operates a continuing care retirement community (CCRC) in North Branford, Connecticut. It features 235 independent living apartments, 15 assisted living units, and 50 skilled nursing units.

**Limited Liability Company/Income Taxes** - The Company is a single member Limited Liability Company (LLC), whose LLC member is Senior Living Communities, LLC. The Company's taxable earnings or losses are passed through to the Company's member who is then taxed based on the taxable earnings or losses. Accordingly, no provision or benefit for federal or state income taxes has been reported by the Company.

As an LLC, the member's liability is limited to amounts reflected in the member's capital account.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications** - Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**Cash and Cash Equivalents** - The Company considers all highly liquid unrestricted investments with maturities of three months or less to be cash equivalents. The Company had no cash equivalents during the years ended December 31, 2023 and 2022.

**Accounts Receivable and Allowance for Credit Losses** - Accounts receivable are reported net of an allowance for credit losses. On a periodic basis, management evaluates the adequacy of the Company's allowance for credit losses using historical payment trends, write-off experience, review of specific accounts and analyses of economic conditions. The allowance for credit losses is adjusted as necessary.

Accounts receivable includes amounts due from third-party payors. Billings for services under third-party payor programs are recorded at amounts expected to be collected. Subsequent positive or negative adjustments are recorded when known. Contractual or cost related adjustments from Medicare are accrued when assessed. Gross amounts due from third-party payors at December 31, 2023 and 2022, are \$1,166,785 and \$755,142, respectively.

**Inventory** - Inventories are stated at cost determined on the first-in, first-out basis.

**Property and Equipment** - Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Major renewals and improvements are capitalized while replacements, maintenance, and repairs, which do not improve or extend the life of the assets, are expensed currently. When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and resulting gains and losses are included in the statements of operations.

**Deferred Commissions** - The Company pays commissions on all occupancy agreements. The Company will occasionally provide move-in services or other incentives to residents to sign an occupancy agreement for independent living units. In accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, incremental costs of entering into contracts with customers are recognized as an asset and amortized over the expected life of the contracts. The nonrefundable portion of occupancy fees received from independent living residents prior to moving into the community is earned over a five-year amortization period. The related costs are expensed on a straight-line basis over the same five-year amortization period. If a resident moves out prior to the end of the five-year period, the remaining costs are expensed in the same period. Amortization of these costs is included in marketing expenses. Accumulated amortization of deferred commissions at December 31, 2023 and 2022 is \$1,607,804 and \$1,219,414, respectively.

The Company expenses as incurred costs related to acquiring healthcare rental agreements with residents who move into assisted living or skilled nursing under the practical expedient permitted under ASC 340, *Other Assets and Deferred Costs*, because these contracts are considered rentals that are renewed monthly.

**EVERGREEN WOODS RETIREMENT, LLC**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Goodwill** - The Company follows Accounting Standards Update (ASU) 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment*. This ASU requires entities to calculate impairment as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The ASU requires the same test be applied to goodwill for all reporting units, even those with zero or negative carrying amounts, and requires entities to disclose the amount of goodwill at reporting units with zero or negative carrying amounts. The Company has a single reporting unit. The carrying value of goodwill at December 31, 2023 and 2022 is \$56,089,440.

For the years ended December 31, 2023, 2022 and 2021, no impairment of goodwill was identified.

**Checks in Process** - The Company has a sweep arrangement with its bank. Under this arrangement, the Company's operating accounts are zero balance accounts. The daily ending balances are cleared by sweep transfers to a master account held by Senior Living Communities, LLC. When funds are required in the operating account to clear checks and other disbursements, automatic transfers from the master account to the operating account occur for the required amounts. Checks issued and outstanding are shown as a current liability on the Company's balance sheets.

**Compensated Absences** - Employees of the Company are entitled to paid time off depending upon job classification, length of service, and other factors. The amount of paid time off earned but not taken by employees is recorded as a current liability on the balance sheets. The amount reflects as of December 31, 2023 and 2022, all unused time off employees have earned at their current rate of pay that would be payable upon termination under the Company's payout policy. The applicable share of employer-related taxes payable on the eventual payments has not been accrued as it is not practicable for the Company to estimate. The Company's policy is to recognize the employer-related taxes when the payment is made to the employee. Accrued paid time off at December 31, 2023 and 2022, totals \$380,061 and \$359,968, respectively.

**Self-Insurance** - The Company has established a self-insured health plan for the benefit of its employees and those of related parties (see Note H). Under the plan, the Company covers health claims for participants up to certain limits. Claims in excess of these limits are insured with stop-loss insurance. Claims paid by the plan are pooled and allocated to each participating entity based on its respective number of participants in the plan.

The Company has accrued a liability it believes is adequate to cover the outstanding claims and claims that have been incurred but not yet reported based on historical experiences, changes in medical costs, and changes in the number and age of plan participants. Any subsequent changes in estimate are recorded in the period in which they are determined.

**Revenue Recognition** - The Company offers various forms of contracts (occupancy agreements) with independent living residents which require an entrance fee to be paid upon moving into its communities. The nonrefundable portion of the occupancy fee paid represents contract revenues to be recognized over the expected length of time a resident will reside in the community's independent living. Monthly service fees are revenues associated with the contracts with residents and are billed monthly in advance. The Company recognizes revenue from monthly service fees as services are provided to residents under guidance that applies to contracts that are monthly with the option to renew. Monthly service fee revenue is recognized at the billing rates that the Company establishes from time to time. Ancillary income is recognized from services provided to residents on an "as needed" basis and for which a separate charge is assessed and billed in arrears. See Note I for further discussion of the Company's revenues.

**Obligation to Provide Future Services (FSO)** - The Company periodically calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from nonrefundable entrance fees. If the present value of the net cost of future services and use of facilities exceeds the unamortized deferred revenue from nonrefundable entrance fees, a liability is recorded (FSO) with a corresponding charge to income. No FSO liability has been recorded as of December 31, 2023 and 2022, because the present value of the net cost of future services and use of facilities is less than the deferred revenue from entrance fees.

**Government Grants** - The Company recognizes income from government grants over the periods in which it recognizes the related expenses for which the grants are intended to cover when there is reasonable assurance of compliance with the applicable terms and conditions of the grants received.

**EVERGREEN WOODS RETIREMENT, LLC**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Leases** - On November 8, 2016, Senior Living Communities, LLC entered into a lease agreement with NHI-REIT of Evergreen, LLC for this community. The lease has an initial lease term that is set to expire on December 31, 2029 and has two options to extend the lease for an additional five years with each extension. Senior Living Communities, LLC entered into a sub-lease agreement with Evergreen Woods Retirement, LLC under the same lease terms it has with NHI-REIT of Evergreen, LLC.

Following ASC 842, *Leases*, the Company determines whether an arrangement is or contains a lease at lease inception. Operating leases are included in operating lease right-of-use (ROU) assets, current operating lease liabilities and non-current operating lease liabilities in the consolidated balance sheets. The ROU asset represents the Company's right to use the leased assets over the term of the lease. Lease liabilities represent the Company's obligations to make lease payments over the term of the lease.

For operating leases, the Company determines the present value of the lease payments over the lease term, including any renewal periods that they are reasonably certain they will exercise. To determine the present value of the lease payments, the Company uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Company uses its incremental borrowing rate at the commencement date of the lease. Lease expense is recognized on a straight-line basis over the lease term. The Company has elected not to recognize an asset or obligation for leases with an initial term of twelve months or less. The expense associated with short-term leases is included operating expenses in the statements of operations.

For finance leases, after lease commencement the lease liability is measured on an amortized cost basis and increased to reflect interest on the liability and decreased to reflect the lease payments made during the period. Interest on the lease liability is determined each period during the lease term as the amount that results in a constant period discount rate on the remaining balance of the liability. The ROU asset is subsequently measured at cost, less any accumulated amortization and any impairment losses. Amortization is recognized over the period from commencement of the lease to the earlier of the end of the useful life of the asset or end of the lease term. The discount rate used by the Company for the finance leases is the Company's incremental borrowing rate as determined at lease inception.

To the extent that a lease arrangement includes both lease and non-lease components, where the Company is the lessee, the components are accounted for separately.

See Note K for further discussion of the Company's leases.

**Advertising** - The Company expenses advertising costs when the advertising first takes place. Advertising expenses for the years ended December 31, 2023, 2022, and 2021 are \$128,530; \$153,170 and \$186,678, respectively.

**Fair Value of Financial Instruments** - ASC 820, *Fair Value Measurement*, defines fair value and establishes a three-level valuation framework and hierarchy for disclosure of fair value measurements. That framework prioritizes the inputs to valuation used to measure fair value of an asset or liability as of the measurement date. The hierarchy gives the highest priority to the lowest level of input that is significant to the fair value measurement.

The three levels are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.  
Level 2 - Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Cash and occupancy fee deposits in escrow are carried at amounts considered by management to approximate fair value based on Level 1 valuation.

**EVERGREEN WOODS RETIREMENT, LLC**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE B - CASH AND RESTRICTED CASH**

The lease agreement with National Health Investors, Inc. requires the Company to maintain certain escrow accounts. These restricted cash accounts are reported on the balance sheets as current assets. In addition to the escrow accounts required by the lease, the state requires certain deposits received from residents to be temporarily held in an escrow account before it is available to be used in the Company’s operations. Additionally, the Company has segregated certain resident monies from its operating cash.

The Operating Reserve Escrow represents the funds contributed by the Company since it began operating the community to a reserve fund escrow account required by Connecticut state law to cover certain debt obligations and operating costs of the community. This restricted cash account is reported on the balance sheets as a noncurrent asset.

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

	<u>2023</u>	<u>2022</u>
Cash	\$ 4,451	\$ 7,361
Occupancy Fee Deposits in Escrow	10,000	35,760
Operating Reserve Escrow	<u>435,000</u>	<u>270,000</u>
Total Cash and Restricted Cash shown in the Statements of Cash Flows	<u>\$ 449,451</u>	<u>\$ 313,121</u>

**NOTE C - CONCENTRATIONS**

Evergreen Woods Retirement, LLC maintains its cash balances at one bank under a sweep investment arrangement. The operating account of Evergreen Woods Retirement, LLC is a zero-balance account. The daily ending balance of the account is cleared by sweep transfers to a master account held by Senior Living Communities, LLC. The balances on hand are combined with those of Senior Living Communities, LLC and its subsidiaries. Funds held in the master account are owned by the respective entities. When funds are required in the operating account to clear checks and other disbursements, automatic transfers from the master account back to the operating account occur for the necessary amounts.

Deposit insurance through the Federal Deposit Insurance Corporation is a function of ownership of the funds on deposit. Each entity participating in the sweep master account is entitled to its own separate deposit insurance up to \$250,000. At times, the balances may exceed the insured amounts. The Company periodically reviews the financial condition of the institution and believes the risk of loss to be minimal.

**NOTE D - DEFERRED COMMISSIONS**

The Company pays commissions and other move-in incentives directly tied to occupancy agreements that are signed with independent living residents and that require occupancy fees to be paid in advance. Management believes these are recoverable costs. Therefore, the Company has capitalized them as deferred commissions in the accompanying balance sheets. These costs are amortized over the estimated period the Company will provide services to the residents and over which it earns the nonrefundable portion of occupancy fees received upon move-in. Based on the average residency of an independent living resident across all communities operated by the Company’s parent, Senior Living Communities, LLC, the Company expects this to be five years from the date the resident moves in. The related costs are expensed on a straight-line basis over the same five-year amortization period and included in marketing expenses in the accompanying statements of operations. The Company expenses any unamortized costs related to a contract with a resident who moves out prior to the end of the five-year amortization period to marketing expense. Amortization of deferred commissions for the years ended December 31, 2023 and 2022 is \$574,864 and \$549,010, respectively.

The Company expenses as incurred all incremental costs related to acquiring healthcare rental agreements with residents who move into assisted living or skilled nursing under the practical expedient permitted under ASC 340, *Other Assets and Deferred Costs*, because these are considered rental agreements that are renewed monthly.

**EVERGREEN WOODS RETIREMENT, LLC**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE E - CONTINGENCIES**

It is possible for the Company to incur claims in the normal course of its business. The Company maintains general liability and professional liability insurance policies with coverage and deductibles it believes are appropriate based on the nature of its business and its historical experience. The policies provide coverage on a claims-made basis and are subject to certain deductibles. Losses related to deductible amounts are accrued based on the Company's estimate of expected losses from both asserted and incurred but not reported claims. The Company routinely reviews the adequacy of its insurance coverage and its accruals for any losses not covered by insurance. As of December 31, 2023 and 2022, the Company accrued reserves of \$38,000 and \$33,000, respectively, under such insurance policies.

**NOTE F - REFUNDABLE OCCUPANCY FEES**

The Company recognizes a long-term liability for the unsecured refund obligations associated with occupancy fees received for independent living apartments. The Company offers three forms of occupancy agreements that are Type C contracts (see Note K): the "90% Minimum Refund Plan," the "60% Minimum Refund Plan," and the "Endowment Plan," which the Company refers to as "unbundled," and two Type A contracts (see Note I): the "Traditional Plan" and the "Tailored Plan."

The "90% Minimum Refund Plan" occupancy agreements provide for repayment to the resident 90% of the original occupancy fee paid by the resident regardless of when the resident subsequently moves out of the home. The "60% Minimum Refund Plan" occupancy agreements provide for repayment to the resident 90%, 80%, or 70% of the original occupancy fee paid by the resident if the resident moves out of the home in the 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> year, respectively, after becoming a resident. In the 4<sup>th</sup> year or thereafter, the resident is entitled to a 60% refund of the occupancy fee paid. The "Endowment Plan" occupancy agreements provide for repayment to the resident of 90% of the original occupancy fee paid by the resident if the resident moves out of the home within the first six months of becoming a resident. After six months, the refundable portion is reduced each month by 2% of the total occupancy fee paid by the resident until the refundable portion is reduced to zero. For all of these plans, the refund is payable upon the earlier of securing a substitute resident who pays to the Company the then applicable occupancy fee or five years from the date the resident moves out.

The "Traditional Plan" occupancy agreements provide for a refund of 90% or 70% of the occupancy fee paid by the resident, regardless of when the resident moves out. The "Tailored Plan" occupancy agreements provide for a repayment to the resident starting at 90% less 2% per month for each calendar month or fraction of a month from the date the resident paid the occupancy fee until the resident moves out. After forty-five months the refundable portion for the "Tailored Plan" is reduced to zero. The refund obligation is usually due thirty days after a substitute resident has paid the Company the applicable occupancy fee. However, some of these occupancy agreements provide for the refund to be paid one year, eighteen months, or three years after the resident has moved out, even if the unit has not been reoccupied.

**NOTE G - DEFERRED REVENUES**

A portion of the occupancy fee received from residents represents payment for future services and therefore is nonrefundable. The nonrefundable portion is recorded as deferred revenue and recognized as earned revenue over a period of five years from the resident's move-in date, which approximates the average residency of the residents in independent living across Senior Living Communities, LLC. For "Tailored Plan" occupancy agreements, the deferred revenue is adjusted as amounts become nonrefundable under the terms of the occupancy agreements. Total deferred revenue to be recognized under existing occupancy agreements as of December 31, 2023 and 2022 is \$4,075,728 and \$4,777,917, respectively.

Periodically, the Company re-evaluates the appropriate revenue recognition period for income earned from these contracts.

**EVERGREEN WOODS RETIREMENT, LLC**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE H - RELATED PARTY TRANSACTIONS**

The Company participated in several transactions with individuals, corporations and other limited liability companies considered related due to common ownership and/or control.

Senior Living Communities, LLC is the member of Evergreen Woods Retirement, LLC. Donald O. Thompson, Jr. owns 50% of the LLC membership interests of Senior Living Communities, LLC; Live Long Well Care, LLC; Stratford Retirement, LLC; Wellmore, LLC; and WDI Parent, LLC. Wellmore, LLC has two subsidiaries – Wellmore of Tega Cay, LLC and Wellmore of Lexington, LLC. WDI Parent, LLC has one subsidiary – Wellmore of Daniel Island, LLC. He is the manager of the aforementioned LLCs. He is also a 25% stockholder of Maxwell Group, Inc., holding all of the voting shares.

The Brenda U. Thompson Irrevocable Trusts for the benefit of Benjamin M. Thompson and Joshua E. Thompson, sons of Donald O. Thompson, Jr., each own 25% of the LLC membership interests of Senior Living Communities, LLC; Live Long Well Care, LLC; Stratford Retirement, LLC; WDI Parent, LLC and Wellmore, LLC and 25% of the shares of Maxwell Group, Inc. Donald O. Thompson, Jr. is the trustee of both trusts.

Additionally, Benjamin M. Thompson and Joshua E. Thompson each own 50% of the LLC membership interests of Wildewood Retirement, LLC and 12.5% of the shares of Maxwell Group, Inc.

In its capacity as the parent company, Senior Living Communities, LLC pays various expenses on behalf of its subsidiaries, principally rent, property taxes, insurance and management fees. Senior Living Communities, LLC maintains an escrow account designated for certain deposits received from prospective new residents and for refunds currently owed to former residents. Amounts held in this account on behalf of Evergreen Woods Retirement, LLC at December 31, 2023 and 2022 are \$10,000 and \$35,760, respectively.

Maxwell Group, Inc. provides the Company with management, employee recruitment, accounting, advertising, and creative services throughout the year. Amounts charged by Maxwell Group, Inc. for the year ended December 31, 2023, 2022 and 2021 are \$1,804,752; \$1,597,369, and \$1,618,376 respectively. These amounts include management fees and reimbursements for additional services outside the scope of the management agreement. At December 31, 2023 and 2022, the balance due to Maxwell Group, Inc. by Senior Living Communities, LLC on behalf of the Company is \$94,300 and \$394,471, respectively.

The subsidiaries of Senior Living Communities, LLC engage in various intercompany advances and expense allocations during the year.

Related party balances as of December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Due to Senior Living Communities, LLC	\$ 14,798,059	\$ 14,227,240

**NOTE I - REVENUE**

***Significant Accounting Policies and Nature of Services***

The Company derives all of its revenues from providing an array of services to residents over the period of their residency in its community in North Branford Connecticut. Such services include residential, social, wellness, dining, housekeeping, and healthcare in accordance with occupancy agreements which specify the obligations of the community to the resident. The community offers a continuum of level of care units available for residents to reside: independent living, assisted living, and skilled nursing.

**EVERGREEN WOODS RETIREMENT, LLC**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE I - REVENUE (Continued)**

The Company offers two types of contracts to residents for independent living: Type A – Life Care Contracts (“Traditional Plans”), which also require an entrance fee upon moving into the community but provide for skilled nursing services at the same rate that the resident would pay for independent living services plus fees for extra meals and other supplies and services, provided certain conditions are met, and Type C – Fee-for-Service Contracts, which also require an entrance fee, and for which market rates are charged for health care services on an “as needed” basis. As described in Note F, the Company offers three forms of Type C contracts (occupancy agreements) with independent living residents, the “90% Refund Agreement,” the “60% Refund Agreement,” and the “Endowment Plan.” Type A contracts are referred to as “bundled” plans, and Type C contracts are referred to as “unbundled” plans. The nonrefundable portion of the occupancy fee paid under both contract types represent contract revenue to be recognized over the expected length of time a resident will reside in the community’s independent living.

When a resident signs a Type A contract, the monthly service fee charged to the resident includes the same services as the Type C contract plus nursing care in the Health Center for ninety (90) cumulative days without relinquishing the independent living residence. Charges for nursing care beyond the ninety days are dependent upon relinquishing the independent living residence. Therapy, pharmaceutical and medical supplies, personal laundry, equipment rental and additional meals during the healthcare stay are not included, and additional charges at current market rates would be charged for these.

For all Healthcare Rental Agreements, which are with residents who move into assisted living or skilled nursing, a monthly service fee is charged for use of the premises and for the programs, services, and healthcare provided by the community, including direct care, emergency call and fire alarm system monitoring, cable, utilities, daily meal services, housekeeping services, grounds keeping, social and wellness programming, and local transportation. The resident receives the services at a standalone selling price for the service.

The occupancy fee paid by independent living residents gives the resident initial right to the premises and access to additional goods or services through the monthly service fee. Monthly service fees charged to residents are higher on units with a higher percentage refund and on Type A contracts. The nonrefundable portion of the occupancy fee for these contracts is effectively an advance payment on those future services provided by the monthly service fees. As such, a portion should be recognized to revenue as those services are provided.

The Company charges the resident a monthly service fee at the billing rates that the Company establishes from time to time for the programs and services provided by the community, including emergency call and fire alarm system monitoring, cable, utilities, daily meal services, weekly housekeeping services, pest control, grounds keeping, social and wellness programming, parking, and priority admission status to healthcare units. Healthcare services generally are not included for independent living. Monthly service fees are a component of revenue associated with the contracts with residents. The Company recognizes revenue from monthly service fees as services are provided to residents under guidance that applies to contracts that are monthly with the option to renew. Revenue is recognized at the billing rates that the Company establishes from time to time or at the rates established by Medicare for providing services to residents whose costs of care are to be reimbursed under the various programs Medicare administers. Ancillary income is recognized from services provided to residents on an “as needed” basis and for which a separate charge is assessed.

The nonrefundable portion of the occupancy fees paid represents contract revenues to be recognized over the expected length of time a resident will reside in the community’s independent living. The Company recognizes revenue by amortizing a portion of the nonrefundable entrance fee paid in advance for services to be provided over the residents’ expected period of residency. The nonrefundable portion is recorded as deferred revenue and is adjusted as it becomes nonrefundable under the terms of the occupancy agreements. This revenue is earned over a period of five years from the resident’s move-in date, which approximates the average residency of the residents in independent living across Senior Living Communities, LLC.



**EVERGREEN WOODS RETIREMENT, LLC**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE I - REVENUE (Continued)**

***Disaggregation of Revenue***

All revenue is earned as services are provided over time.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Service Fees:			
Independent Living	\$ 12,861,461	\$ 11,771,048	\$ 10,377,114
Assisted Living	738,743	733,168	778,393
Skilled Nursing	5,949,313	3,483,945	3,452,330
Other	<u>522,826</u>	<u>470,547</u>	<u>608,630</u>
Total Service Fees	20,072,343	16,458,708	15,216,467
Nonrefundable Occupancy Fees Earned	4,458,660	4,427,032	3,458,458
Ancillary Income	<u>425,164</u>	<u>414,519</u>	<u>388,698</u>
Total Revenues	<u>\$ 24,956,167</u>	<u>\$ 21,300,259</u>	<u>\$ 19,063,623</u>

Skilled nursing service fees are further disaggregated by payor type:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Private Pay	\$ 2,124,656	\$ 1,440,938	\$ 1,164,251
Medicare	3,528,657	1,855,956	2,060,253
Other Third-Party Payor	<u>296,000</u>	<u>187,051</u>	<u>227,826</u>
Total Skilled Nursing Service Fees	<u>\$ 5,949,313</u>	<u>\$ 3,483,945</u>	<u>\$ 3,452,330</u>

***Contract Balances***

Invoices are sent to residents on the 20<sup>th</sup> of the month for the following month's monthly service fee and for the prior month's ancillary services that were provided. Medicare is billed in arrears. Amounts due from residents for the prior month's ancillary services, any unpaid monthly service fees for which services have been provided, and the amounts due from Medicare are included in accounts receivable in the accompanying balance sheets. The Company also records an allowance for doubtful accounts based on its analysis of collectability as the receivables age. The Company records deferred commissions for costs related to Type A and Type C contracts.

The Company records a liability for amounts paid in advance by residents for monthly services as well as for refundable occupancy fees and nonrefundable occupancy fees received in advance. Refundable occupancy fees represents amounts due to residents as of December 31 if the resident were to move out of the community. Deferred revenues represents the portion of the occupancy fees received from residents in advance that is nonrefundable as of December 31 that represents advanced payments for services to be provided over the full duration of their residency.

The following table provides information about contract assets related to occupancy agreements with residents at December 31:

	<u>2023</u>	<u>2022</u>
Contract Assets:		
Receivables, which are included in Accounts Receivable, Net	\$ 1,063,968	\$ 500,154
Deferred Commissions, Net	1,618,340	1,588,970

**EVERGREEN WOODS RETIREMENT, LLC**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE I - REVENUE (Continued)**

The following table provides information about contract liabilities related to occupancy agreements with residents at December 31:

	<u>2023</u>	<u>2022</u>
Contract Liabilities:		
Monthly Service Fees Received in Advance	\$ 31,134	\$ 131,575
Resident Deposits	9,427	27,235
Deposits on Occupancy Agreements	484,917	372,853
Refundable Occupancy Fees due currently, which are included in Accounts Payable and Accrued Expenses	2,306,301	2,144,744
Refundable Occupancy Fees not currently due	55,985,568	55,642,958
Deferred Revenue, Current Portion	2,836,713	2,773,119
Deferred Revenue expected to be recognized subsequent to December 31 of the following year	1,239,015	1,173,517

Significant changes in the contract assets during the year ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Contract Assets:		
Receivables:		
Increase (decrease) from revenue billed but not collected	\$ 528,871	(\$ 211,074)
(Increase) decrease in Allowance for Credit Losses	34,944	( 30,711)
Deferred Commissions:		
Increase for commissions capitalized	604,233	622,320
Decrease for amortization and other write-offs	( 574,864)	( 549,010)

The following table represents the changes in credit losses on accounts receivable for the years ended December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Allowance for credit losses, beginning of year	\$ 395,774	\$ 479,108	\$ 147,189
Provision recorded to Operating Expenses	14,525	168,375	350,649
Write-offs	( 62,709)	( 251,079)	( 32,246)
Recoveries	13,241	-	13,516
Allowance for credit losses, end of year	<u>\$ 360,831</u>	<u>\$ 395,774</u>	<u>\$ 479,108</u>

Significant changes in the contract liabilities during the year ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Contract Liabilities:		
Increase (decrease) in cash received, excluding amounts recognized as revenue during the year	(\$ 118,249)	(\$ 90,287)
Increase for Occupancy Fees received from independent living residents less amounts recognized as revenue during the year	5,321,472	7,065,984
Decrease for Occupancy Fees refunded to former independent living residents	( 5,289,373)	( 6,948,622)

**EVERGREEN WOODS RETIREMENT, LLC**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE I - REVENUE (Continued)**

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied or are partially unsatisfied at the end of the reporting period under occupancy agreements with independent living residents:

Year Ending December 31	<u>Amount</u>
2024	\$ 4,025,788
2025	3,396,734
2026	2,402,376
2027	1,234,491
2028	463,419
Total	<u>\$ 11,522,808</u>

The Company applies the practical expedient permitted in ASC 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

**NOTE J - 401(k) PLAN**

The Company, as part of the controlled group with Senior Living Communities, LLC and its subsidiaries, participates in the 401(k) plan of Senior Living Communities, LLC. Employees who are 21 years of age or older are immediately eligible to participate in the plan and are eligible for matching contributions. Employees become fully vested in the employer contributions to the plan after one year of service. Currently the Company's matching contribution equals 20% of up to 5% of compensation. Employer matching contributions for the year ended December 31, 2023, 2022 and 2021, are \$48,187; \$45,721 and \$42,213, respectively.

**NOTE K - LEASES**

The lease agreement between NHI-REIT of Evergreen, LLC and Senior Living Communities, LLC and its sub-lease with Evergreen Woods Retirement, LLC expires on December 31, 2029, with an option to renew for two additional five-year terms. Under the agreement, the lessee is responsible for all operating costs, maintenance and repairs, insurance, and property taxes. The Company also leases various types of equipment with terms ranging from month-to-month to four years.

The components of rent expense for the year ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Lease Cost - Facility, reported as Rent Expense	\$ 6,440,289	\$ 6,440,289	\$ 6,440,289
Variable Lease Cost - Facility			
Property Insurance, reported as Insurance	189,893	169,314	161,477
Property Taxes, reported as Property Taxes	1,677,939	1,604,651	1,678,711
Operating Lease Cost - Equipment, reported as			
Administrative and Overhead	9,802	9,802	6,975
Short-term Lease Costs, reported as Skilled Nursing	<u>25,987</u>	<u>12,746</u>	<u>12,958</u>
Total Lease Costs	<u>\$ 8,343,910</u>	<u>\$ 8,236,802</u>	<u>\$ 8,300,410</u>

**EVERGREEN WOODS RETIREMENT, LLC**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE K - LEASES (Continued)**

Supplemental balance sheet information related to leases for the year ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Operating Lease:		
Operating Lease Right-of-Use Asset	\$ 45,399,385	45,399,385
Accumulated Amortization	( 15,678,215)	( 12,207,060)
Operating Lease Right-of-Use Asset, Net	<u>\$ 29,721,170</u>	<u>\$ 33,329,325</u>
Current Operating Lease Liabilities	\$ 4,105,124	\$ 3,604,300
Noncurrent Operating Lease Liabilities	29,856,815	33,961,939
Total Operating Lease Liabilities	<u>\$ 33,961,939</u>	<u>\$ 37,566,239</u>
Other information:		
Weighted average remaining lease term - operating leases	6.0 years	7.0 years
Weighted average discount rate - operating leases	8.0%	8.0%

The following is a schedule of future minimum base rental payments for the facility over the next five years and in total:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2024	\$ 6,629,528
2025	6,828,414
2026	7,033,265
2027	7,244,264
2028	7,461,592
Thereafter	<u>7,685,439</u>
Total	<u>\$ 42,882,502</u>

**NOTE L - COVID-19 PANDEMIC**

The World Health Organization declared the coronavirus (COVID-19) outbreak to be a pandemic on March 11, 2020. The Federal public health emergency for COVID-19 expired on May 11, 2023. The pandemic significantly disrupted the United States economy, the Company, and the senior living industry as a whole. Federal, state, and local governments enacted certain safety measures to help minimize the spread of the virus. Such safety measures specific to the senior living industry and the Company included, but were not limited to, restrictions on admissions, visitation, and communal activities; personal protection equipment requirements; and testing requirements, among others. The Company also implemented its own additional safety measures for the protection of its residents and team members. As a result of these factors, the Company encountered significant challenges with occupancy levels while also incurring significant additional operating costs and expenses.

In response to the economic effects of the pandemic, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) on March 27, 2020, which, among other economic stimulus measures, established the Provider Relief Fund, administered by the US Department of Health and Human Services (HHS), to assist healthcare providers in the battle against the pandemic. Grants received from the Provider Relief Fund were subject to the terms and conditions of the program. The funds could only be used to prevent, prepare for, and respond to COVID-19 by covering the costs of healthcare related expenses or reimbursing the Company for lost revenues that are attributable to COVID-19. The Company was required to report to the HHS on the use of the grants, which is subject to audit. During the year ended December 31, 2021, the Company accepted \$49,550 of cash for grants from the Provider Relief Fund, all of which was recognized as other income in the period received based upon the Company's estimate of its satisfaction of the underlying terms and conditions.

**EVERGREEN WOODS RETIREMENT, LLC**  
**Notes to Financial Statements (Continued)**  
**December 31, 2023 and 2022**

**NOTE M - SUBSEQUENT EVENTS**

The Employee Retention Credit (ERC) was established by the CARES Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP) to assist businesses that were negatively impacted by COVID-19 to retain their employees. In December of 2023, the Company assessed its eligibility to receive this credit and submitted its application for credit in the amount of \$491,069. As of December 31, 2023, the Internal Revenue Service had not yet processed the Company's application for credit. Due to various rule changes in the program since inception and the uncertainty regarding the ultimate credit the Company might receive, the Company will follow the guidance in ASC 450-30 *Contingencies – Gain Contingencies* and will not recognize the gain resulting from the employee retention credit until all uncertainties have been resolved, and the credit has been received.

The Company evaluated transactions occurring after December 31, 2023, in accordance with ASC 855, *Subsequent Events*, through May 13, 2024, which is the date the financial statements were available for issuance. Based on this evaluation, no disclosures or adjustments were made to the financial statements.