



 A Life Care Services Community™

Chester, Connecticut

THIS COMMUNITY, LIKE ALL OTHER CONTINUING-CARE COMMUNITIES IN THE STATE OF CONNECTICUT, IS SUBJECT TO CHAPTER 319HH, CONNECTICUT GENERAL STATUTES, CONCERNING MANAGEMENT OF CONTINUING-CARE COMMUNITIES. REGISTRATION UNDER THE LAW DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT OF THE COMMUNITY BY THE DEPARTMENT OF SOCIAL SERVICES OR THE STATE OF CONNECTICUT, NOR DOES SUCH REGISTRATION EVIDENCE THE ACCURACY OR COMPLETENESS OF THE INFORMATION IN THIS DISCLOSURE STATEMENT.

DISCLOSURE STATEMENT

December 2016

Equal Housing Opportunity

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**CHESTER VILLAGE WEST
NOTICE TO PROSPECTIVE RESIDENT**

In accordance with Section 17b-522 of the Connecticut General Statutes, this Notice to Prospective Resident is required to be given to a prospective resident or his or her legal representative as set forth below.

Prior to the earlier of (a) the execution of a contract to provide continuing care or (b) the transfer of any money or other property to Chester Village West by or on behalf of the prospective resident, Chester Village West is required to provide the following notice:

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

Acknowledgment: I, or my legal representative, have received and reviewed a copy of the above Notice to Prospective Resident, the Disclosure Statement 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 Chester Village West.

Signature of Prospective Resident Date

Signature of Prospective Resident, if two Date

CHESTER VILLAGE WEST
ACKNOWLEDGMENT OF RECEIPT OF DISCLOSURE STATEMENT

In accordance with Section 17b-522 of the Connecticut General Statutes, this Acknowledgment of Receipt of Disclosure Statement is required to be given to a prospective resident or his or her legal representative as set forth below.

Chester Village West 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 Chester Village West by or on behalf of the prospective resident.

Acknowledgment:

_____ I, or my legal representative, have received and reviewed a revised and up-to-date Disclosure Statement in that there have been revisions to the original Disclosure Statement I, or my legal representative, received and reviewed.

OR

_____ I, or my legal representative, have not received a revised and up-to-date Disclosure Statement in that there have been no revisions to the original Disclosure Statement I, or my legal representative, received and reviewed.

Signature of Prospective Resident Date

Signature of Prospective Resident, if two Date

INTRODUCTION

We are pleased you have expressed an interest in Chester Village West. We are very proud of our senior living community and appreciate the opportunity to tell you more about it. We are convinced that the more you learn about Chester Village West, the more comfortable you will be in deciding to make it your senior living community.

Chester Village West (the "Community") brings to Residents of a qualifying age a way of senior living known as "*ContinuingCare*[™]." This concept provides services that give them the opportunity to pursue their personal interests. *ContinuingCare* communities, such as the Community, encompass these important components: a private Residence, a wide array of personal services, and the security of access to in-residence home health services. Chester Woods LLC ("the Provider," "we," or "our") is an Iowa limited liability company, qualified to do business in the State of Connecticut, which conducts business as Chester Village West. As the Provider, we are committed to operating a quality senior living community which is financially sound and genuinely responsive to Resident needs.

One of the purposes of this Disclosure Statement is to explain to prospective Residents, their families, and their advisors who and what is involved in the operation of the Community. This Disclosure Statement was prepared on the basis of information available at the time of its publication and includes assumptions which were believed to be realistic as of that date. Such information and assumptions are, of course, subject to change, particularly in the areas of economics and design. Chester Village West can be significantly affected by changes in inflation and interest rates even though our projections are conservative and are formulated to take into account those influences. Because of these and other influences, future changes may be necessary, and we reserve the right to make those changes in the operation of Chester Village West.

Although we have prepared this Disclosure Statement carefully and have tried to use nontechnical language, it is possible that there may be some differences between the text of this Disclosure Statement and the language of the Residency Agreement or other documents which are summarized herein. Copies of the actual documents should be inspected to fully understand all of their terms and provisions. In the event of any differences, the provisions of the language of the Residency Agreement or other documents which are summarized herein shall govern. Capitalized terms used herein shall have the same meaning as given them in the Residency Agreement.

We are pledged to the letter and spirit of U.S. policy for achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, creed, color, national origin, ancestry, religion, sex, marital status, lawful source of income, familial status, disability (learning, physical, or mental), sexual orientation, or civil union status.

I. THE PEOPLE

CHESTER WOODS LLC

Chester Woods LLC ("The Provider") is an Iowa limited liability company organized for the purpose of owning and operating a *ContinuingCare*TM senior living community that conducts business as Chester Village West. Its principal business address is 400 Locust Street, Suite 820, Des Moines, Iowa 50309-2334. The Provider is a wholly-owned subsidiary of Life Care Services Communities LLC, which, in turn, is a subsidiary of Life Care Companies LLC ("LCS"), an Iowa limited liability company. The Provider is not affiliated with any religious, charitable, or other nonprofit corporation or entity.

The managers of the Provider are listed below:

Edward R. Kenny is chief executive officer, and manager of the Provider. Mr. Kenny is also chief executive officer and manager of Life Care Services Communities LLC and of LCS.

Joel D. Nelson is president, chief operating officer and manager of the Provider. Mr. Nelson is also president, chief operating officer, and manager of Life Care Services Communities LLC and of LCS.

Diane C. Bridgewater is the executive vice president, treasurer, secretary, and manager of the Provider. Ms. Bridgewater is also executive vice president, treasurer, secretary, and manager of Life Care Services Communities LLC and of LCS.

Scott M. Doherty is vice president and manager of the Provider. Mr. Doherty is also vice president of LCS.

Allison D. Pendroy is vice president and manager of the Provider. Ms. Pendroy is also vice president of Life Care Services Communities LLC and LCS, and a manager of Life Care Services Communities LLC.

The Provider has the overall responsibility for the Community. Some of its primary duties involve the approval of capital expenditures and operating budgets. The Provider reviews annually the insurance coverage on the Community's property and personnel. Operations policies for the Community are subject to approval and periodic review by its managers. The board also adopts and approves personnel policies for employees. The Provider monitors compliance with the budget and the performance of the Community and its management. These activities are carried out by means of reports, studies, and on-site visits.

None of the persons described herein have been convicted of a felony or pled nolo contendere to a felony charge, held liable or enjoined in a civil action by final judgment, or are subject to a currently effective injunction or restrictive or remedial order of a court of record, within the past five years, nor has any individual had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, rising 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, inclusive, or a similar statute in another state or country.

THE PROVIDER IS SOLELY RESPONSIBLE FOR ITS OBLIGATIONS, INCLUDING OBLIGATIONS UNDER THE RESIDENCY AGREEMENT. NO OTHER PERSON OR ENTITY REFERRED TO HEREIN HAS ASSUMED ANY FINANCIAL RESPONSIBILITY FOR THE FULFILLMENT OF THE AGREEMENTS MADE BY THE PROVIDER.

RESIDENTS ASSOCIATION AND EXECUTIVE COUNCIL

Membership in the Residents Association is open to all Residents of Chester Village West. The Residents Association nominates and elects certain Residents to become members of the Executive Council. The Executive Council meets with the Residents Association. Regularly scheduled Resident meetings are held to enable the Residents to communicate with the Executive Director. The Residents Association is advisory in nature and is intended to consolidate majority opinions and advise on general interest topics related to the quality of life at Chester Village West. The Provider retains full decision-making authority for the operation of the Community.

LIFE CARE SERVICES LLC

The Provider has retained Life Care Services LLC ("Life Care Services") to manage the Community. Life Care Services is a wholly-owned subsidiary of Life Care Companies LLC ("LCS"), an Iowa limited liability company.

LCS is a nationally recognized leader in the development and management of quality senior living communities throughout the United States. Since 1971, LCS has been instrumental in the planning, developing, and managing of senior living communities throughout the United States. Management services are provided through Life Care Services, and it currently manages more than 110 communities (see Exhibit A attached to this Disclosure Statement).

Edward R. Kenny is Chief Executive Officer and a Manager of Life Care Services. In this role, he provides both strategic and hands-on leadership to a dynamic organization of 550 employees who serve more than 33,000 seniors nationwide. Under Ed's direction, the LCS Family of Companies have grown to become leading providers of high-quality senior lifestyle products and services, and the third largest senior living management company. Ed assumed the top executive position at LCS in 2006. He began his association with the organization in 1979, initially serving as executive director for several communities managed by Life Care Services. He serves on the Board of Assisted Living Federation of America (ALFA), is a past Chairman of the American Seniors Housing Association (ASHA), and an invited member of the National Investment Center (NIC) where he serves on the NIC Operator Advisory Board. Ed holds a Bachelor of Science degree in health services administration from Providence College.

Joel D. Nelson is President, Chief Operating Officer and a Manager of Life Care Services. He is responsible for the day-to-day operating activities and sees the company vision strategy and financial plan is successfully executed. He joined the company in 1986 as an administrator-in-training, and served in a number of administrative, regional managerial, and company leadership and executive roles before assuming his current position in 2014. Joel has

been a presenter at several national conferences. He earned a Bachelor of Arts degree from Simpson College with a double major in health care administration and business management.

Diane C. Bridgewater is Executive Vice President/Chief Financial and Administrative Officer, Treasurer, Secretary and a Manager of Life Care Services. She joined Life Care Services in 2006 after filling several executive level positions with Pioneer Hi-Bred International, a DuPont Company. In her years with Pioneer, she held a number of operational and financial roles including: Chief Financial Officer, Vice President and Business Director for North America, Director of Customer and Sales Services for Seed and Crop Protection, Worldwide Finance Director and other roles. Diane started her career with KPMG. She earned her undergraduate degrees in accounting and French from the University of Northern Iowa and received her CPA certification in 1986.

Rick W. Exline is Executive Vice President and a Manager of Life Care Services. Rick is responsible for overseeing 90 senior living communities in 29 states and the District of Columbia. Rick began his career as an administrator-in-training in 1978, and after holding a number of operations management and marketing positions was named a Senior Vice President in 2000, with a promotion in 2011 to his current position. Rick graduated from Simpson College with a bachelor's degree in political science and from Oklahoma Baptist University with a bachelor's degree in health care administration.

Judi L. Buxo is a Senior Vice President of Life Care Services and also serves as a manager of Chester Woods LLC. Ms. Buxo serves as the director of asset management for LCS equity communities. She graduated from Florida State University in Tallahassee, Florida with a bachelor of science degree in leisure services and studies. Ms. Buxo joined Life Care Services in 1988 and has 13 years' experience as a community executive director. In 2001, she was promoted to director of operations management, was named vice president director of operations management in 2010, was promoted to vice president of equity communities in 2011, and to senior vice president of asset management in 2012.

Life Care Services supervises the management and operation of the Community on behalf of the Provider. In general, operations management services include recruiting and training an administrator; supervising the licensing, equipping, and staffing of the Community; preparing annual budgets; establishing and operating a system of financial controls, including comparative analyses with other communities; coordinating health services; supervising food services; and supervising quality accommodations throughout the Community.

The board of directors and officers of the Provider retain the ultimate responsibility for hiring managers and monitoring the operating costs, wages, salaries, expenses, fees, and overall fiscal viability of the Community. Life Care Services does not assume or guarantee any of the obligations of the Provider under the Residency Agreement.

EXECUTIVE DIRECTOR

Robert Taylor is the Executive Director of the Community. Mr. Taylor is a graduate of the University of Scranton, with a bachelor's degree in political science and philosophy. In addition, he completed coursework for his nursing home administrator's license through the University of Connecticut and currently holds his license in Connecticut. Robert joined Life Care Services in February 2011. He joined the Community in May 2012.

DIRECTOR OF OPERATIONS MANAGEMENT

Scott Doherty has been a member of the Life Care Services LLC family for over 10 years and has been a health care administrator since 1991. He began his career at Life Care Services as Administrator at Vista Grande Villa in Jackson, Michigan. He was executive director at Westminster Village in Spanish Fort, Alabama from January 2004 until February 2007 before being appointed the executive director at Timber Ridge in Issaquah, Washington. Prior to joining LCS, Mr. Doherty served four years of active duty in the United States Navy. He has also served six years in the Naval Reserves. His four years of active duty included a tour aboard the aircraft carrier USS Theodore Roosevelt. Mr. Doherty earned a bachelor of science degree in health care administration from James Madison University in Harrisonburg, Virginia along with a minor in business management. In January 2013, Mr. Doherty was promoted to director of operation management and became a vice president of Life Care Services in 2014.

II. THE COMMUNITY

THE LOCATION

The Community is located in Chester, Connecticut and is situated on approximately 26 wooded acres, nestled in among the rolling hills of the lower Connecticut River Valley and adjacent to the Cockaponsett State Forest.

Chester is a New England village with several restaurants and shops in the area. A mecca for the arts, the area is home to the nationally acclaimed Goodspeed Opera House. While the area is picturesque, medical services and convenient shopping areas are nearby. Hartford and New Haven, Connecticut are less than an hour away, and the cities of Boston and New York are within a comfortable driving distance as well.

RESIDENCES

Currently, the Community has 90 residential apartments and 15 single story ("Maplewood") homes (7 duplex buildings and 1 single detached Residence). Residents have a choice of one-bedroom, one-bedroom plus den, two (2) bedroom, or two (2) bedroom plus den apartment homes of varying sizes.

All Residences include a full eat-in kitchen with built-in appliances, including washer and dryer. The Residences also include carpet, individually controlled heating and cooling units, and other amenities to provide the greatest level of comfort. Each Residence is equipped with safety features such as emergency response signals and complete fire detection systems. The Maplewood homes include, in addition to the features mentioned above, washers and dryers, gas fireplaces, garages, and covered porches. The common areas of the Community include a formal dining room, a pub, a library, a creative arts studio, a fitness room with strength and cardio equipment, a multi-purpose room, a card room, an enclosed swimming pool, guest room accommodations, and a private dining room which may be reserved by Residents who wish to entertain. A Community Life Services Director is on staff to assist the Residents in the planning of on-site events and activities, as well as off-site trips.

THE PERSONNEL

With approval from the Provider, Life Care Services employs the executive director of Chester Village West under the terms of its Management Agreement. The Provider employs all other personnel. Other employees of Chester Village West include receptionists, community life services director, accounting staff, maintenance workers, security personnel, marketing personnel, residential health services staff, housekeeping staff, kitchen staff, dining room personnel, clerical staff, and transportation personnel.

CONTRACTS AND FEES

The services under the Residency Agreement described herein are furnished pursuant to a management agreement between the Provider and Life Care Services. Life Care Services is the day-to-day manager of Chester Village West. Under the management agreement, the Provider pays Life Care Services a management fee for management of the Community. In addition, the salary and benefits of Life Care Services personnel assigned to the Community, plus other reimbursable costs, are paid by the Provider to Life Care Services.

HOME HEALTH CARE

Home Health Care Services LLC, doing business as Health at Home™ ("Health at Home"), an Iowa for-profit limited liability company, will provide full-time nursing personnel to staff the Residential Health Services Program at the Community under an agreement with the Provider. Health at Home is a home health care agency licensed and an assisted living service agency licensed by the State of Connecticut. Health at Home is a subsidiary of LCS and is an affiliate of the Provider.

Health at Home will be the preferred provider for the Provider's Residential Health Services Program. However, Residents of Chester Village West may, at their option, contract with any other home care agency of their choice for home health care services or assistance with the activities of daily living that complies with the Community's Personal Service Provider Policy. The fees incurred by the Residents for the services provided by Health at Home will depend on the nature, frequency, and duration of the services purchased by the Residents.

THE SERVICES

The decision to move into a *Continuing*Care senior living community demands careful consideration of many factors, including the services to be provided. A description of the services that are provided by the Provider is attached as Exhibit B to this Disclosure Statement. Briefly, in accordance with the terms of the Residency Agreement pertaining to Chester Village West, and in addition to providing a Residence and Community facilities for lifetime use by the Resident, the Provider makes available the following services:

- same number of meals, in the dining room, as there are days in the month;
- water, sewer, electric, air conditioning, and heating;
- building and grounds maintenance;
- housekeeping service;
- laundry service;
- planned activities - social, cultural, spiritual, and recreational for those who wish to participate (pursuant to activity schedule periodically drawn up by the Community Life Services Director and posted on bulletin board(s) adjacent to Resident mailboxes);

- one space for open parking and use of available parking spaces for guests - covered parking in paragraph 2.10 of the Residency Agreement takes the place of open space;
- carpeting (except in kitchen and bath where there will be alternate floor covering);
- complete kitchen, including refrigerator, range with oven, and microwave;
- scheduled local transportation by arrangement with the Transportation Coordinator;
- emergency call system;
- fire detection system;
- security for buildings and grounds;
- trash disposal;
- private mail box in common area;
- access to certain services available under the Residential Health Services Program at no extra charge (see Exhibit B to the Residency Agreement, or Resident Handbook, for additional details);
- up to ninety (90) days of Skilled Nursing Benefit per-diem costs in a semi-private health center room (see the Residency Agreement for additional details);
- use of all common areas in the Community; and
- Also, additional services are available to the Residents for an extra charge, as outlined in the Residency Agreement.

The choices at the Community support a healthy way to live. The Community's innovative *HealthyLife™ Services* Program offers an all-encompassing commitment to Resident's health lifestyle, including spiritual, physical, emotional, social, environmental, intellectual, vocational and health services. This dynamic principle underscores the nature of our services which are designed to promote personal wellness.

The Health Care Navigator ("Navigator") for health services will assist Residents in obtaining personal care services from Health at Home or an outside agency of Resident's choice in accordance with the Community's Personal Service Provider Policy. At the Resident's direction, the Navigator may guide preventative wellness oriented services such as fitness and exercise activities, as well as healthy food choices. Other services may include: wellness screenings such as blood pressure checks, health fairs and life-long learning seminars geared to health and wellness. Should health care needs arise, the Navigator may support Residents with health and medical related services, such as assistance with physician appointments, emergency medical management, physical and other therapies, as well as private home health services designed to provide care in Resident's Residence during spells of illness or post hospitalization. The goal is to provide as much support as the Resident desires to promote wellness and to avoid admission to a more acute level of health care. If more acute care is needed the Navigator will coordinate admitting details.

A registered nurse is available on weekdays and a home health care aide is available evenings and weekends through Residential Health Services. A registered nurse is also available on-call 24 hours a day, seven (7) days a week. Residents who do not require ongoing care at an outside health care facility, but who need limited additional personal services to continue occupancy of their Residence, may contract for those additional services through the Community's *HealthyLife Services* Program. The Provider has the right to adjust the level of

personal care services and the charges for such services. The services furnished through this program are provided for an extra charge to the Resident and enable the Resident to remain in their Residence without transfer to an outside health care facility.

SKILLED NURSING CARE

The Community will assist its Residents in securing skilled nursing care services, if needed, through the Navigator. There are several high quality nursing care facilities conveniently located to the Community that readily accept our Residents. If these services are required, the Community will pay the published per-diem rate for a semi-private room for up to ninety (90) days in an outside health center for days not covered by Medicare or private insurance. All other charges associated with nursing care services are the responsibility of the Resident. Long Term Care Insurance may be applicable.

FITNESS AND WELLNESS PROGRAMS

The Community offers fitness and wellness programs, including regularly scheduled exercise classes, and wellness clinics staffed by a registered nurse. The exercise room, equipped with state of the art cardio and strengthening equipment and an enclosed swimming pool, and nearby hiking trails are all available for Residents' use. A day spa makes available a number of services to residents. The Community also makes space available for local health care providers, including, but not limited to a Medicare-certified therapy provider, podiatrist, and audiologist. Local health care providers are contracted by The Community or lease office space on an annual basis. As such, the list of available providers is subject to change.

III. THE PROPOSAL

THE *CONTINUINGCARE* CONCEPT

The *ContinuingCare* concept provides an individual with lifetime use of a private Residence for as long as he or she is capable of living in a Residence, and a wide array of support services. This concept has grown in popularity as an increasing number of men and women reaching retirement age have sought better alternatives to address potential needs during the aging process. For those services and accommodations, a Resident pays a First Person Fee, a one-time Working Capital Fee, and makes a Loan to the Provider in accordance with the terms of the Residency Agreement. The Resident begins to pay the Monthly Fee and Monthly Owner's Supervision Fee, if applicable, on the earlier of the date the Resident moves into the Community, or within 90 days of the Provider's approval of the Residency Agreement.

RETURN-OF-CAPITAL™ PLAN

Our Return-of-Capital™ Residency Agreement for Chester Village West provides an additional benefit. Under the Resident Agreement, a Resident pays an Entrance Payment consisting of a First Person Fee and a Loan. The First Person Fee constitutes 35% of the Entrance Payment and is repayable upon cancellation of the Residency Agreement according to the schedule below. The Loan constitutes 65% of the Entrance Payment and is fully repayable upon cancellation of the Residency Agreement. If a Resident dies or decides to leave Chester Village West, the Entrance Payment is repayable to the Resident or Resident's estate net of amounts subject to offset, pursuant to the Residency Agreement in the following manner:

- During the first four (4) months of occupancy, the Entrance Payment (including First Person Fee and Loan), and the Second Person Fee if there are two (2) Residents, will be 100% repayable;
- After the first four (4) months of occupancy, only the Loan (65% of the Entrance Payment) will be repayable. The Second Person Fee if there are two (2) Residents will be non-repayable.

In the event of death or cancellation of the Residency Agreement and removal of all property from the Residence, the Loan will be repaid 14 days from the date the Entrance Payment is collected from a new Resident for the vacated Residence. In the event the Residence is reoccupied by an existing Resident of Chester Village West, repayment will occur on the date an Entrance Payment is received for the Residence vacated by the existing Resident. If more than one internal transfer of existing Residents occurs, repayment of the Loan will be tied to the last vacated Residence. However, in no event shall such date be more than 24 months from the date of cancellation of the Residency Agreement. If the Residency Agreement is not cancelled within the 30 years from the date of the Loan Agreement, the Loan shall be immediately due and payable by Chester Village West to the Resident or the Resident's estate.

In anticipation of meeting the needs of Residents over time, the Provider recognizes the need to be able to modify and develop new forms of Residency Agreements. To meet those needs, the Provider reserves the right to offer new prospective Residents alternative forms of Residency Agreements from time to time, without said change being applied to existing Residents.

C. A copy of each Residency Agreement is attached to this Disclosure Statement as Exhibit

THE RESIDENCY AGREEMENT

Upon deciding to become a Resident of the Community, a prospective Resident will execute a Residency Agreement to reserve the Residence selected. Residency Agreements are subject to acceptance by the Community. The description of the Residency Agreements and the terms of residency contained in this Disclosure Statement are qualified by reference to the applicable form of Residency Agreement.

Residency Agreements are subject to acceptance by the Provider. At the time of executing a Residency Agreement, a determination will be made as to whether a prospective Resident meets the residency criteria: age, financial qualifications, and the ability to live in a Residence with or without reasonable accommodation or reasonable modification. To determine if the prospective Resident meets these three (3) residency guidelines, a Confidential Data Application and Resident Health Information Form is completed. The Application requires the prospective Resident's birth date as well as a summary of assets and monthly income, and information regarding the Resident's ability to live in a Residence with or without reasonable accommodation or reasonable modification. The prospective Resident's signature on the Confidential Data Application and Resident Health Information form is an acknowledgment that the information provided is correct.

The basic differences outlined in the Residency Agreement between Apartment Residences and Maplewood Residences are outlined below.

- A Maplewood Resident will reimburse the Provider for electric and directly pay the utility company for gas service.
- A Maplewood Residence will have an attached garage and driveway parking space.

A summary of the Residency Agreement and terms of residency are set forth below. The summary explanation of the Residency Agreement contained in this Disclosure Statement is qualified by reference to the Residency Agreement (Exhibit C) which shall prevail in the event of any conflict.

The basic terms and conditions of the Residency Agreements are summarized below:

1. **Payment of a First Person Fee and Second Person Fee.** The First Person Fee is an amount equal to 35% of the Entrance Payment. At the time the Residency Agreement is executed by a Resident, he or she will be required to pay an amount equal to 10% of the Entrance Payment, which will be deposited into an escrow account until it may be released to us pursuant to Connecticut law. The balance of the First Person Fee will be paid at the time of the Loan payment and payment of the Working Capital Fee. If there are two (2) Residents, a Second Person Fee, if

applicable, will be paid at the time of the Loan payment and payment of the Working Capital Fee.

Before occupancy, the 10% will be fully repayable without interest if: (i) the Provider does not accept the prospective Resident for residency, (ii) the prospective Resident changes his or her mind within the 30 day rescission period or (iii) due to death, illness, injury, or incapacity, the Resident will be unable to occupy a Residence. In all other cases, if a Resident changes his or her mind prior to occupancy, the Provider will retain \$3,000 of the First Person Fee paid plus an amount equal to any costs specifically incurred by the Provider at the Resident's request, and will repay the balance, without interest, within 60 days of cancellation.

After occupancy, the Resident's First Person Fee and Second Person Fee may be fully repayable or non-repayable as outlined in the Residency Agreement. The First Person Fee and Second Person Fee will be fully repayable during the first four (4) months of occupancy. After the first four months of occupancy, the First Person Fee and Second Person Fee, if applicable, will be non-repayable and may be used by the Provider for any purpose, including purposes related or unrelated to the Community. The Provider may distribute any non-repayable First Person Fees or Second Person Fees to its Member.

2. **Payment of Loan.** A Resident will be required to make a Loan to the Provider, equal to 65% of the Entrance Payment, on the earlier of the date the Resident moves into the Community or within 90 days of the Provider's approval of the Residency Agreement. The Loan is fully repayable as set forth in the Loan Agreement attached as Exhibit A to the Residency Agreement.
3. **Payment of a Working Capital Fee.** A Resident will be required to pay a one-time Working Capital Fee to the Provider at the time the Resident makes the Loan under the Residency Agreement. The Working Capital Fee will be an amount equal to two (2) times the then-current Monthly Fee, including the second person Monthly Fee if there are two (2) Residents for the Residence. The Working Capital Fee is intended to be used only for purposes related to the Community and will be non-repayable.
4. **Payment of a Monthly Owner's Supervision Fee.** Each Resident (both Residents if there are two (2) Residents) will be required to pay a Monthly Owner's Supervision Fee, if applicable, as stipulated in the Residency Agreement. The amount of the Monthly Owner's Supervision Fee will be set at the time the Resident executes the Residency Agreement and will not change during the term of the Residency Agreement.
5. **Payment of a Monthly Fee.** A Resident will be required to pay a Monthly Fee which is determined annually by the Provider. For a more complete description of the Monthly Fee, see the section titled "Monthly Charges" in this Disclosure Statement and Section 6 of the Residency Agreement.

6. **Miscellaneous Additional Services and Extra Charges.** Section 2 of the Residency Agreement describes certain items that may be available for an additional charge, including, but not limited to, additional meal charges in excess of the meals included in the Monthly Fee, tray service, Residential Health Services (home health care) provided in Resident's Residence, and additional housekeeping.
7. **Capital Asset Replacement Reserve Fund.** In addition to budgeted capital item expenses, the owner has established a Capital Asset Replacement Reserve Fund, which will be used for improving or replacing significant capital items of Chester Village West that cost in excess of fifty thousand dollars (\$50,000). The intent of this fund is to provide available funds for higher capital expenses. Therefore, items cannot be combined together to achieve the fifty thousand dollar (\$50,000) threshold to withdraw from this account.
8. **Health Care Benefits.** The Residential Health Services staff and our Navigator are available to Residents to coordinate personal in-Residence assistance and skilled care. Those services include assisting Residents with various tasks of daily living, arranging for home health care services, and coordinating transfers to a long-term care nursing facility, should the need arise. In the event you need the services provided by a nursing care facility, we will attempt to arrange for your transfer to a nursing care facility of your choice through the Health Care Navigator. Under the terms of this Agreement, you, or both of you if there are two residents, are provided with a total of ninety (90) days of Skilled Nursing Benefits in a semi-private room for days not covered by Medicare or private insurance. The Community will pay the then-current semi-private room per-diem rate for up to ninety (90) days. All other costs charged by the nursing care facility shall be your responsibility and you shall also be responsible for all charges for nursing care, including the per diem costs, following the expiration of the Skilled Nursing Benefit.
9. **Cancellation.** Prior to occupancy, the Residency Agreement may be rescinded by the Resident giving the Provider written notice within 30 days following the date the Residency Agreement is executed by the Resident and Provider. In such event, the portion of the First Person Fee paid by the Resident will be returned in full within 30 days, without interest, less those costs specifically incurred by the Provider at the Resident's request and described in an addendum to the Residency Agreement executed by the Resident and the Provider. If the Residency Agreement is canceled after the right of rescission period, the First Person Fee paid will be repaid pursuant to the terms of the Residency Agreement, without interest.

During the right of rescission period and until it may be released to the Provider pursuant to Connecticut Law, the portion of the First Person Fee paid by the Resident will be held in an escrow account. Should the Resident cancel the Residency Agreement during or after the 30 day right of rescission period, the timing and amount of repayment will depend upon the circumstances surrounding cancellation as set forth in Section 7 of the Residency Agreement. A Resident

may cancel the Residency Agreement after occupancy in accordance with Section 8 of the Residency Agreement.

A Resident may cancel the Residency Agreement after occupancy in accordance with Section 8 of the Residency Agreement. The Provider may not cancel a Resident's Residency Agreement after occupancy except for just cause as described under Section 9 of the Residency Agreement.

10. **Financial Assistance.** In cases where a Resident's financial resources prove inadequate, the Resident may apply for special financial consideration from the Provider. It is the policy of the Provider not to require a Resident to leave Chester Village West because of justifiable inability to pay the full Monthly Fee as long as it does not impair the Provider's ability to operate on a sound financial basis. If this occurs, any deferred charges will be offset against any Loan repayment due the Resident. The circumstances under which a Resident will be allowed to remain at Chester Village West in the event of additional financial difficulty are set forth in Section 9.2 of the Residency Agreement.

SUMMARY OF TRADITIONAL RESIDENCY AGREEMENT

The primary difference between the Return-of-Capital Residency Agreements and the Traditional Residency Agreement is that the Traditional Residency Agreement will continue to amortize until the Resident's entire Entrance Payment has been earned by the Provider. There is no loan made to the Provider.

Payment of Entrance Payment and Second Person Fee. At the time the Residency Agreement is executed by a Resident, he or she will be required to pay an amount equal to 10% of the Entrance Payment, which will be deposited into an escrow account until it may be released to us pursuant to Connecticut law. The balance of the Entrance Payment will be paid on the earlier of the date the Resident moves into the Community or within 90 days of the Provider's approval of the Residency Agreement. If there are two (2) Residents, a Second Person Fee, if applicable, will be paid at the time of the balance of the Entrance Payment and payment of the Working Capital Fee.

Before occupancy, the 10% will be fully repayable without interest if: (i) the Provider does not accept the prospective Resident for residency, (ii) the prospective Resident changes his or her mind within the 30 day rescission period or (iii) due to death, illness, injury, or incapacity, the Resident will be unable to occupy a Residence. In all other cases, if a Resident changes his or her mind prior to occupancy, the Provider will retain \$3,000 of the Entrance Payment paid plus an amount equal to any costs specifically incurred by the Provider at the Resident's request, and will repay the balance, without interest, within 60 days of cancellation. After occupancy, the Resident's Entrance Payment and Second Person Fee may be fully repayable or non-repayable as outlined in the Residency Agreement and summarized below.

No Loan. As the entire Entrance Payment may become earned by the Provider, the Resident will not be required to make a Loan to the Provider. The Entrance Payment is instead earned by the Provider pursuant to the amortization schedule summarized below.

Repayment of Entrance Payment After Occupancy. If a Resident dies or decides to leave Chester Village West, the Entrance Payment is repayable to the Resident or Resident's estate net of amounts subject to offset, pursuant to the Residency Agreement in the following manner:

- During the first four (4) months of occupancy, the Entrance Payment and the Second Person Fee will be fully repaid;
- Upon the conclusion of the fourth month of occupancy, the Entrance Payment shall be reduced by a total of thirty (30%) percent.
- During months 5 through 39 of occupancy, the Entrance Payment will be reduced by two percent (2%) of the Entrance Payment per month of occupancy until the Entrance Payment has fully amortized down to zero; and
- After 39 months of occupancy, the Resident will not receive any repayment of their Entrance Payment.
- After you assume occupancy at Chester Village West, you may cancel your Residency Agreement at any time by giving us one hundred twenty (120) days' advance written notice signed by you (both of you if there are two (2) of you) and sent by registered or certified mail. You will continue to pay your Monthly Fee until the later of (i) the expiration of such one hundred twenty (120) day period or (ii) your vacancy of the Residence, and removal of all your furniture and other property.

TRANSFERS TO ANOTHER CHESTER VILLAGE WEST RESIDENCE

Residents may determine that a transfer to another Residence may better meet their needs. A transfer policy has been developed to support aging in place and to meet the financial needs of the Residents and Chester Village West. If so desired, Residents who have already taken occupancy of a Residence at Chester Village West may transfer to another available Residence in accordance with our then-current policy and practices. Any transfers to a new Residence are subject to management approval and will require an Amendment to a Resident's Residency Agreement. Based upon the repayable amount of the Resident's Entrance Payment under the Residency Agreement, a Resident desiring to transfer may be required to pay an additional Entrance Payment and Second Person Fee if the then-current Entrance Payment is higher than the repayable amount of the Entrance Payment. A Resident may need to complete a new Confidential Data Application and meet Chester Village West's financial qualifications to occupy the new Residence. A Refurbishment Fee to restore the condition of the previous Residence will be charged for each transfer. The Monthly Fee will also be adjusted to the then-current Monthly Fee for the new Residence. Upon transfer to a new Residence, the amortization of the new Residence's Entrance Payment shall be calculated based upon the date of transfer.

MONTHLY CHARGES

On the earlier of the date the Resident moves into the Community or within 90 days of the date of the Provider's approval of the Residency Agreement, the Resident is required to pay the balance of the First Person Fee, pay the one-time Working Capital Fee, make the Loan and to begin paying the Monthly Owner's Supervision Fee, if applicable, and Monthly Fee (due in advance at the first of each month). A history of the Entrance Payment and Monthly Fees for all Residences are attached as Exhibit F to this Disclosure Statement. Current Entrance Payments and Monthly Fees for all Residences are attached as Exhibit G to this Disclosure Statement.

The amount of the Monthly Owner's Supervision Fee and Monthly Fee in effect at the time the Residency Agreement is executed will be clearly stated in the Residency Agreement. The total Monthly Fee is higher when a second person also shares a Residence.

The Monthly Fee is adjusted upon 30 days' written notice to the Residents. The amount of the Monthly Fee is determined pursuant to the Fair Share Allocation. The purpose of the Fair Share Allocation is to equitably allocate the projected costs of operating the Community among the Residents. This allocation is affected by Residence size and other factors. The Monthly Fee will be increased only if it is necessary to meet the financial needs of the Community. The Fair Share Allocation is intended to reflect anticipated changes in operating costs, anticipated inflation during the coming year, and the need to maintain working capital among other items.

In addition to the Monthly Fee, the Resident will also pay a Monthly Owner's Supervision Fee, if applicable, in the amount stated in Section 6 of the Residency Agreement. The Monthly Owner's Supervision Fee cannot be increased for as long as the Resident lives in the Community.

Optional services are available at the Resident's request for an additional charge. Additional charges for optional services will be due at the first of the month for the optional services received during the preceding month.

FEE SCHEDULES

Historical Entrance Payments and Monthly Fees are included as Exhibit F to this Disclosure Statement. Current Entrance Payments, Monthly Fees and Extra Charges are included as Exhibit G to this Disclosure Statement.

ESTATE PLANNING

The Return-of-Capital™ Residency Agreement provides for the payment of the Entrance Fee in two (2) parts: a First Person Fee and the Loan. The First Person Fee is an amount equal to 35% of the Entrance Payment. An amount equal to 10% of the Entrance Payment is paid upon execution of the Residency Agreement. A resident is then required to pay the balance of the First Person Fee, pay the Second Person Fee, if applicable, pay the one-time Working Capital Fee, and make the Loan on the earlier of the date Resident moves into the Community or within 90 days of the Provider's approval of the Residency Agreement. The Loan is payable to a Resident's

estate upon the death of the Resident, or in the case of a double-occupied Residence, upon the death of the surviving Resident, in accordance with the terms of the Loan Agreement.

In the absence of any agreement between the Residents of a double-occupied Residence which has been provided to the Provider, the Loan repayment will be paid to the estate of the surviving Resident. Residents of double-occupied Residences who wish to make other provisions as to whom the Loan repayment is to be payable should consult their attorney for an appropriate agreement. It is the responsibility of the Resident to make the Provider aware of the existence of any such agreement and to provide a copy of the agreement to the Provider. No other rights under the Residency Agreement are assignable. Forms of Assignment of Rights to Repayment are available for review by the Resident or by the Resident's financial or legal advisor upon request.

IV. FINANCIAL MATTERS

FINANCIAL PROJECTIONS

The following information is provided to future Residents, their families, and their advisors so that they may understand the financial basis on which the Community is operated. Our past experience regarding such items as wage rates, utilities, real estate taxes, supplies, etc., and the past experience of LCS in successfully managing retirement communities, has been the basis for financial planning for the Community.

CASH FLOW PROJECTION (PRO FORMA)

On the following pages are the January 1, 2016 through December 31, 2018 pro forma cash flow projection per the 2015 Annual Financial Filing for the Provider. The pro forma projections are based on the assumptions stated in the notes attached thereto, and are projections of future activity rather than historical financial statements. Such pro forma projections are based on cash flow concepts, which make it unlike an income statement prepared in accordance with generally accepted accounting principles.

The pro forma cash flow projection is simply a projection of the estimated expenses and income of the Community. The projected rates for income and expenses are not guaranteed. The percent of increase may be greater or lower based upon the increased cost to operate the Community and other factors. Variances from these projections should be expected.

CHESTER WOODS, INC.

Chester, CT

CASH FLOW PROJECTION - OPERATIONS DIVISION

For the Period Beginning January 1, 2016

	Year 1 2016	Year 2 2017	Year 3 2018
Beginning Cash (1)	1,578,021	1,852,788	2,512,097
Interest Income (2)	559	1,121	1,121
Attrition Cash Flow and Admission Fees (3)	2,080,713	2,051,390	2,466,540
Apartment Service Fees (4)	4,127,649	4,884,456	5,490,420
Miscellaneous Income (5)	247,580	252,474	257,466
Working Capital Reserve Fees (6)	166,132	167,040	183,744
Operating Expenses (7)	(5,208,405)	(5,695,655)	(5,922,324)
Capital Expenses - funded from Operations (8)	(1,102,041)	(964,097)	(942,476)
Debt Service (9)	(37,420)	(37,420)	(37,420)
Advance to Owners (10)	0	0	0
Net Change	274,767	659,309	1,497,071
Ending Cash	1,852,788	2,512,097	4,009,168

**PRO FORMA CASH FLOW ASSUMPTIONS
CHESTER WOODS, INC.**

- (1) Beginning Cash represents the cash on hand at the beginning of the fiscal year, as well as reserves and other assets whose use is limited.

Cash	\$1,072,562
Assets Whose Use is Limited – Current	0
Assets Whose Use is Limited - Long Term	505,459
Total	\$1,578,021

- (2) Interest Income is assumed to be at an annual average rate of 0.06 percent in each year.
- (3) Attrition Cash Flow and Admission Fees represents the Admission Payments paid by residents to Chester Woods, Inc. less any refund paid.
- (4) Apartment Service Fees represents the total of first and second-person monthly Service Fees for all apartments. Upon implementation of the Fair Share Allocation, the monthly Service Fees will be equal to the sum of total expenses plus any increase in reserves.
- (5) Miscellaneous Income represents revenue from meals, garage rentals, guest rooms, and beauty and barber shops adjusted upward at the same rate as apartment Service Fees.
- (6) Working Capital Reserve Fees represents a one-time non-refundable working capital fee due at closing which will be used for purposes related to Chester Village West.
- (7) Operating Expense includes the expenses for staffing, materials, and services for the entire project. These expenses are projected to increase at approximately 3.25% in years 2 and 3.
- (8) Capital Expenditures represents the cost for the additions to or the repair or replacement of portions of the buildings and equipment.
- (9) Debt Service Payments represents principal and interest payments.
- (10) Advance to Owners represents net attrition proceeds advanced to owners for investment.

RESIDENTIAL TURNOVER RATES

The residential turnover rate is calculated by dividing the number of apartments released by the average number of occupied apartments.

The residential turnover rates for the most recently completed fiscal year, and anticipated for the next three years, are as follows:

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
16.45%	15.91%	15.37%	15.04%

AVERAGE AGE OF RESIDENTS

The projected average age of residents for the next three years is as follows:

<u>2016</u>	<u>2017</u>	<u>2018</u>
86.75	86.74	86.75

HEALTH CARE UTILIZATION RATES

This facility does not have an on-site health center. Therefore, this page projects the need for health care by the CCRC population, not health center utilization at the facility.

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

<u>Year</u>	<u>Utilization Rate</u>	<u>Admission Rate</u>	<u>Days per 100 Residents*</u>
FY 2015	5.823%	5.823%	745
FY 2016	9.327%	5.479%	1,851
FY 2017	11.182%	5.232%	2,445
FY 2018	12.178%	5.063%	2,772

*Only one level of care -- skilled nursing.

OCCUPANCY RATES

The occupancy rates for the most recently completed fiscal year is 72.38%.

NUMBER OF HEALTH CARE ADMISSIONS

This facility does not have an on-site health center. Therefore, this page projects the need for health care by the CCRC population, not health center utilization at the facility.

The number of health care admissions pursuant to continuing-care contracts for the most recently completed fiscal year, and anticipated for the next three years, is as follows:

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
6	6	6	6

DAYS OF CARE

This facility does not have an on-site health center. Therefore, this page projects the need for health care by the CCRC population, not health center utilization at the facility.

The days of care per year for the most recently completed fiscal year, and anticipated for the next three years, are as follows:

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
767	2,020	2,823	3,351

NUMBER OF PERMANENT TRANSFERS

The number of permanent transfers to an off-site health center in fiscal year ending December 31, 2015 was two (2) residents.

Explanation of Material Differences						
Between Previous Pro Forma Cash Flow						
And Actual Results of Operations for 2015						
Chester Woods, Inc.						
			2015 Actual	2015 Pro Forma	Difference	% Change
Operating Revenue:						
Apartment Service Fees			4,102,251	4,283,940	(181,689)	-4.24%
Non-refundable Fees			192,320	56,788	135,532	238.66%
Interest Income			107,666	200	107,466	53733.00%
Other Income			578,667	323,749	254,918	78.74%
Total Operating Revenues			4,980,904	4,664,677	316,227	
Operating Expenses:						
General & Administrative Expense			1,868,254	1,844,129	(24,125)	-1.31%
Plant Expense			1,224,645	1,282,110	57,465	4.48%
Environmental Service			300,773	306,559	5,786	1.89%
Food & Beverage Service			949,885	948,692	(1,193)	-0.13%
Resident Services			463,251	448,093	(15,158)	-3.38%
Depreciation & Amortization			521,358	521,387	29	0.01%
Interest Expense			32,106	32,106	0	0.00%
Other Expense			(14,441)	1,350	15,791	1169.70%
Total Operating Expenses			5,345,831	5,384,426	38,595	
Net Income (Loss)			(364,927)	(719,749)	277,632	
Beginning Cash	(1)		1,575,944	1,612,031	(36,087)	-2.24%
Additions:						
Entrance Fees, Net of Refunds	(2)		1,647,779	1,125,803	521,976	46.36%
Disbursements:						
Capital Expenses	(3)		(949,474)	(675,300)	(274,174)	40.60%
Debt Service	(4)		(24,235)	(24,235)	0	0.00%
Net Change			674,070	426,268	247,802	
Ending Cash			2,250,014	2,038,299	211,715	

Footnotes for Explanation of Material Differences						
Between Previous Pro Forma Cash Flow						
And Actual Results of Operations for 2015						
Chester Woods, Inc.						
(1)	<u>Beginning Cash</u> - Beginning cash is in line with pro forma.					
(2)	<u>Entrance Fees</u> - Entrance fee revenue is higher than pro forma due to closings that had higher entrance fees than what was budgeted.					
(3)	<u>Capital Expenses</u> - Capital expenses are higher than pro forma due to renovations.					
(4)	<u>Debt Service</u> - Debt service expense is in line with pro forma.					

Explanation of Material Differences						
Between Previous Pro Forma Income Statement						
And Actual Results of Operations for 2015						
Chester Woods, Inc.						
			2015 Actual	2015 Pro Forma	Difference	% Change
Operating Revenue:						
Apartment Service Fees	(1)		4,102,251	4,283,940	(181,689)	-4.24%
Non-refundable Fees	(2)		192,320	56,788	135,532	238.66%
Interest Income	(3)		107,666	200	107,466	53733.00%
Other Income	(4)		578,667	323,749	254,918	78.74%
Total Operating Revenues			4,980,904	4,664,677	316,227	
Operating Expenses:						
General & Administrative Expense	(5)		1,868,254	1,844,129	(24,125)	-1.31%
Plant Expense	(6)		1,224,645	1,282,110	57,465	4.48%
Environmental Service	(7)		300,773	306,559	5,786	1.89%
Food & Beverage Service	(8)		949,885	948,692	(1,193)	-0.13%
Resident Services	(9)		463,251	448,093	(15,158)	-3.38%
Depreciation & Amortization	(10)		521,358	521,387	29	0.01%
Interest Expense	(11)		32,106	32,106	0	0.00%
Other Expense	(12)		(14,441)	1,350	15,791	1169.70%
Total Operating Expenses			5,345,831	5,384,426	38,595	
Net Income (Loss)			(364,927)	(719,749)	277,632	

Footnotes for Explanation of Material Differences	
Between Previous Pro Forma Income Statement	
And Actual Results of Operations for 2015	
Chester Woods, Inc.	
(1)	<u>Apartment Service Fees</u> - Apartment service fees are lower than pro forma due to lower than projected occupancy.
(2)	<u>Non-refundable Fees</u> - Non-refundable fees are higher than pro forma as more closings occurred in 2015 than originally projected.
(3)	<u>Interest Income</u> - Interest income is higher than pro forma because a portion of the balance was not projected for the 2015 year.
(4)	<u>Other Income</u> - Other income is higher than pro forma due to the recognition of deferred revenue.
(5)	<u>General & Administrative Expense</u> - G&A expenses are higher than pro forma due to higher than projected expenses for advertising, consulting, and payroll.
(6)	<u>Plant Expense</u> - Plant expenses are lower than pro forma due to lower than projected expenses for employee benefits and repairs.
(7)	<u>Environmental Service</u> - Environmental service expenses are lower than pro forma due to lower than projected expenses for employee benefits and supplies.
(8)	<u>Food & Beverage Service</u> - Food and beverage service expenses are higher than pro forma due to higher than projected expenses for payroll and food.
(9)	<u>Resident Services</u> - Resident service expenses are higher than pro forma due to higher than projected expenses for outside labor and activities.
(10)	<u>Depreciation & Amortization</u> - Depreciation and amortization expense is in line with pro forma.
(11)	<u>Interest Expense</u> - Interest expense is in line with pro forma.
(12)	<u>Other Expense</u> - Other expenses are lower than pro forma due to the recognition of proceeds from insurance claims.

LONG-TERM FINANCING

On October 21, 2011, Life Care Services Communities LLC paid the bank, on behalf of the Provider, the outstanding balance of \$1,590,000, and entered into a promissory note ("Note"). Under the terms of the Note, the Provider will make interest payments at an annual rate of 1.19% with all unpaid interest and principal due October 21, 2016. Long-term debt is to be repaid from the cash flow generated through on-going operations, including the receipt of Monthly Fees, and any other fee revenue.

AUDITED FINANCIAL STATEMENTS

The fiscal year end of the Provider is December 31. Audited and certified financial statements for the Provider are attached as Exhibit D to this Disclosure Statement.

PROVIDER'S COMPENSATION

The Provider's compensation for the risks of ownership of Chester Village West is comprised of the First Person Fees, the Second Person Fees (if there are two (2) Residents), the Loans (subject to Provider's obligation to repay the Loans under the Return-of-Capital™ Residency Agreements), the potential appreciation of Chester Village West, and the tax benefits generally associated with the ownership of real estate. The Provider may make distribution to its Member that will be loaned or paid as cash to the extent there is excess cash. In order to maximize the appreciation of Chester Village West, there must be substantial future demand for Chester Village West's accommodations and services. This demand will, in part, be dependent upon maintaining viable, competitive Monthly Fees in connection with providing Residents services and amenities at Chester Village West.

V. REGULATORY MATTERS

CONTINUING CARE RETIREMENT COMMUNITY REGISTRATION

The Provider is subject to the provisions of Connecticut law on Management of Continuing-Care Facilities, Chapter 319HH, Connecticut General Statutes. In compliance with the continuing-care law, the Provider has filed the following documents with the Connecticut Department of Social Services:

- (1) a current disclosure statement,
- (2) Annual Financial Filing, and
- (3) escrow agreements.

All documents filed are a matter of public record and may be reviewed at the Department's office at:

State Department of Social Services
Office of Certificate of Need and Rate Setting
25 Sigourney Street
Hartford, Connecticut 06106-5033

ENTRANCE PAYMENT ESCROW

Under the provisions of the continuing-care law, the Provider has established separate escrow accounts with a bank for purposes of depositing the Entrance Payments paid by Residents prior to occupancy. Such accounts have been established with:

U.S. Bank (f/k/a State Street Bank & Trust Company)
Lockbox Services CM9705
PO BOX 70870
St. Paul, MN 709705

Interest earned on the escrow accounts will be credited to the Provider. The Provider is required to maintain the Entrance Payments received from Residents in the escrow account pursuant to the terms of the agreements and the statutory requirements imposed upon the Provider.

Persons desiring to rescind their Residency Agreement should send written notice of rescission by registered or certified mail to:

Chester Woods LLC
c/o Administration
317 West Main Street
Chester, Connecticut 06412

Included as Exhibit E to this Disclosure Statement is a signed statement from the escrow agent, US Bank, verifying that the required Entrance Payment Escrow has been established and maintained.

OPERATING RESERVE ESCROW

The Provider is also required to establish and maintain a reserve fund escrow (i.e. operating reserve escrow) account in an aggregate amount sufficient to cover:

- (1) all principal and interest, rental or lease payments, due during the next 12 months on account of any first mortgage loan or other long-term financing; and
- (2) the total cost of operation of the Community for a one-month period, excluding debt service and capital expenditures.

A reserve fund escrow account in an amount sufficient to cover the total of items (1) and (2) above has been established with:

U.S. Bank (f/k/a State Street Bank & Trust Company)
Lockbox Services CM9705
PO BOX 70870
St. Paul, MN 709705

Included as Exhibit E to this Disclosure Statement is a signed statement from the escrow agent, US Bank, verifying that the required Reserve Fund Escrow has been established and maintained.

INVESTMENT DIRECTION

Investment direction of the escrow accounts will be made in accordance with the terms of the escrow agreements as directed in writing by an officer of the Provider. Under the provisions of the continuing-care law, statutory reserve funds (i.e. Entrance Payment escrows and operating reserve escrow) may not 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. Investment decisions will be made with an expectation of reasonable return while maintaining the security of the fund.

TAX DISCUSSION

The executing of the Residency Agreement and payment of the First Person Fee and Monthly Fee may give rise to certain unique tax considerations. Each Resident is advised to consult with his/her personal tax advisor regarding the tax considerations associated with becoming a Resident of Chester Village West. Chester Village West is not a tax advisor and disclaims any responsibility for any tax advice relating to becoming a Resident of Chester Village West.

JUDICIAL PROCEEDINGS

No judicial proceedings have been initiated against us as defined under Section 17b-522(a)(4) of the Connecticut General Statutes or pursuant to State Regulation 17a-373-3(c)(3) which govern the management of continuing-care facilities.

VI. EXHIBITS

EXHIBIT A
SENIOR LIVING COMMUNITIES MANAGED
BY LIFE CARE SERVICES
AS OF 10/11/2016

Alabama, Hoover – Danberry at Inverness
Arizona, Mesa – Savanna House
Arizona, Peoria – Sierra Winds
Arizona, Phoenix – Sagewood
Arizona, Tempe (Phoenix) – Friendship Village of Tempe
Arkansas, Fayetteville – Clarity Pointe Fayetteville
Arkansas, Little Rock – Clarity Pointe Little Rock
California, Carlsbad – LaCosta Glen and GlenBrook
California, Cupertino – The Forum at Rancho San Antonio
California, Fullerton – Morningside of Fullerton and Park Vista
California, Pleasanton – Stoneridge Creek Pleasanton and CreekView
California, San Diego – Casa de las Campanas
California, San Rafael – Aldersly Garden Retirement Community
California, Thousand Oaks – University Village at Thousand Oaks and Oak View
Connecticut, Chester – Chester Village West
Connecticut, Essex – Essex Meadows
Connecticut, Mystic – StoneRidge
Connecticut, Redding – Meadow Ridge
Connecticut, Southbury – Pomperaug Woods
Florida, Boca Raton - Sinai Residences of Boca Raton
Florida, Clermont – Crane's View Lodge Assisted Living & Memory Care
Florida, Jacksonville – Clarity Pointe Jacksonville
Florida, Jacksonville – The Beach House
Florida, Kissimmee – Volterra at Solivita Marketplace
Florida, Naples – Bayshore Memory Care
Florida, Naples – Beach House Naples
Florida, Naples – The Glenview at Pelican Bay
Florida, Orlando – Gentry Park
Florida, Palm Bay – RiverView Senior Resort Living
Florida, Palm City – Sandhill Cove
Florida, Pensacola – Clarity Pointe Pensacola
Florida, Poinciana – Tuscan Isle
Florida, Pompano Beach – Preserve at Palm Aire
Florida, Stuart – Stuart Lodge Assisted Living
Florida, Tavares – Osprey Lodge Assisted Living & Memory Care
Florida, The Villages – Elan Spanish Springs
Florida, Venice – Tuscan Gardens of Venetia Bay
Georgia, Columbus – Spring Harbor at Green Island
Georgia, Cumming – Towne Club at Windermere
Georgia, Greensboro – Glen at Lake Oconee Village, The
Georgia, Savannah – The Marshes of Skidaway Island
Georgia, Stone Mountain – Park Springs
Hawaii, Honolulu – Hale Ola Kino
Illinois, Algonquin – Clarendale at Algonquin
Illinois, Chicago – The Clare
Illinois, Godfrey – The United Methodist Village
Illinois, Lincolnshire – Sedgebrook
Illinois, Long Grove – Arboria of Long Grove

Illinois, Mokena – Clarendale of Mokena
Illinois, Naperville – Monarch Landing
Illinois, Tinley Park – Hanover Place of Tinley Park
Illinois, Wheaton – Wyndemere
Indiana, Bloomington – Gentry Park Bloomington
Indiana, Carmel – Magnolia Springs at Bridgewater
Indiana, Greenwood (Indianapolis) – Greenwood Village South
Indiana, Indianapolis – Magnolia Springs Southpointe
Indiana, Indianapolis – Marquette
Indiana, North Manchester – Peabody Retirement Community
Indiana, Schererville – Clarendale of Schererville
Indiana, Terre Haute – Westminster Village
Indiana, West Lafayette – Westminster Village West Lafayette
Iowa, Ames – Green Hills Retirement Community
Iowa, Cedar Rapids – Cottage Grove Place
Kansas, Atchison – Dooley Center
Kentucky, Florence – Magnolia Springs Florence
Kentucky, Lexington – Magnolia Springs Lexington
Kentucky, Louisville – Clarity Pointe Louisville
Kentucky, Louisville – Magnolia Springs East
Kentucky, Louisville – Magnolia Springs at Whipps Mill
Louisiana, Covington – Christwood
Maryland, Annapolis – Baywoods of Annapolis
Maryland, Columbia – Vantage House
Maryland, Pikesville (Baltimore) – North Oaks
Maryland, Timonium – Mercy Ridge
Maryland, Towson (Baltimore) – Blakehurst
Michigan, Battle Creek – NorthPointe Woods
Michigan, Dearborn – Henry Ford Village
Michigan, East Lansing – Burcham Hills
Michigan, Jackson – Vista Grande Villa
Michigan, Kalamazoo – Friendship Village
Michigan, Waterford – Canterbury on-the-Lake
Minnesota, Apple Valley – Timbers
Minnesota, Brooklyn Park – Tradition
Minnesota, Brooklyn Park – Waterford Estates
Minnesota, Brooklyn Park – Waterford Manor
Minnesota, Burnsville – The Rivers
Minnesota, Crystal – Heathers Estates
Minnesota, Crystal – Heathers Manor
Minnesota, Plymouth – Trillium Woods
Minnesota, Vadnais Heights – Gable Pines
Minnesota, Wayzata – Meridian Manor
Missouri, Chesterfield (St. Louis) – Friendship Village Chesterfield
Missouri, Higginsville – John Knox Village East
Missouri, Kansas City – Kingswood Senior Living Community
Missouri, Sunset Hills (St. Louis) – Friendship Village Sunset Hills
New Jersey, Lakewood – Harrogate
North Carolina, Arden – Ardenwoods
North Carolina, Chapel Hill – The Cedars of Chapel Hill
North Carolina, Charlotte – The Cypress of Charlotte
North Carolina, Durham – Croasdaile Village
North Carolina, Greensboro – WhiteStone
North Carolina, Greenville – Cypress Glen Retirement Community

North Carolina, Lumberton – Wesley Pines Retirement Community
North Carolina, Raleigh – The Cypress of Raleigh
North Carolina, Wilmington – Plantation Village
Ohio, Chagrin Falls – Hamlet Village
Ohio, Dublin – Friendship Village of Dublin
Ohio, Mason – Magnolia Springs Loveland
Oklahoma, Bartlesville – Green Country Village
Oklahoma, Broken Arrow – Prairie House Assisted & Memory Care
Oregon, Dallas – Dallas Retirement Village
Oregon, Salem – Capital Manor
Pennsylvania, Reading – Heritage of Green Hills
South Carolina, Greenville – Rolling Green Village
South Carolina, Hilton Head Island – Bayshore on Hilton Head Island
South Carolina, Hilton Head Island – The Cypress of Hilton Head
South Carolina, Sumter – Covenant Place
South Carolina, West Columbia – Laurel Crest
Tennessee, Brentwood – The Heritage at Brentwood
Tennessee, Franklin – Maristone of Franklin
Tennessee, Germantown – The Gardens of Germantown
Tennessee, Germantown – The Village at Germantown
Tennessee, Knoxville – Clarity Pointe Knoxville
Tennessee, Mt. Juliet – Maristone at Providence
Texas, Austin – Elan South Park Meadows
Texas, Austin – Westminster
Texas, Bedford – Parkwood Healthcare
Texas, Bedford – Parkwood Retirement
Texas, Dallas – Autumn Leaves
Texas, Dallas – Monticello West
Texas, Dallas – Signature Pointe
Texas, Dallas – Walnut Place
Texas, Georgetown – The Delaney at Georgetown Village
Texas, Lubbock – Carillon Senior LifeCare Community
Texas, New Braunfels – Elan-Westpointe
Texas, Wichita Falls – Rolling Meadows
Virginia, Bristol – Oakmont at Gordon Park
Virginia, Norfolk – Province Place of DePaul
Virginia, Portsmouth – Province Place of Maryview
Virginia, Williamsburg – Edgeworth Park at New Town
Washington, Issaquah – Timber Ridge at Talus
Wisconsin, Mequon – Newcastle Place
Wisconsin, Milwaukee – Eastcastle Place

EXHIBIT B

DESCRIPTION OF THE SERVICES

The services available to Residents are listed in the Residency Agreement which governs all such obligations. To more fully explain the nature of these services, the following detailed description has been prepared. The procedures followed in furnishing these services may be modified by Chester Village West to best meet the needs of Residents. Residents will be advised of any changes in these services through Chester Village West's Residents' Association.

Beauty and Barber Services

Beauty and barber services provided by a hairdresser/barber and barbers are available for an extra charge.

Cable Television

Each residence will have cable jacks in various locations. Basic or premium cable service is available for an additional charge through local cable providers.

Dining Services

The number of meals offered as part of the Monthly Fee is equal to the number of days in the month. Meals are served in our community dining room. The meals provided in the Monthly Fee may be taken at any scheduled time during the month. Residents may dine at any time when the dining room is open. Additional meals over and above the monthly meal allowance are available to residents and billed monthly. Guest meals are available at a slightly higher cost and may be credited against meals covered by the Monthly Fee. Residents are eligible for dining credits if they are away from The Community for more than 30 consecutive days.

Complimentary coffee, tea and a full continental breakfast including oatmeal, assorted breads and fresh fruit are available in the Pub each morning to residents who wish to stop by and enjoy morning conversation. Casual dining service is available and may be ordered as take-out, or delivered to several locations in the Commons during extended hours from 11:00 to 3:00.

Lunch and dinner are available each weekday, and include soup, salad, choice of two or more entrees, a starch, two vegetables of the day, beverage, and dessert. On weekends, the dining room is open for dinner on Saturday evenings and for Sunday brunch. Residents are served at their table by trained dining room personnel. Optional take-out service is available for residents to pick up their meal and eat in their private residence.

Preparation of food is health-oriented with salt, sugar, and fat used in moderation. An ample variety of food is available for a well-balanced diet. The dining room staff is attentive to individual needs. Room service may be provided to the resident's private residence with necessary diet modifications, when ordered by the Resident Services Director. This room service is an optional service and may be provided for an additional charge.

We employ dining room and kitchen staff, directed by a food service director who is a professional chef.

Emergency Response System

All residences have an emergency response system. The system summons assistance to the residence in an emergency. The staff of the Community are trained in the handling of an emergency and will respond to the residence and summon any other appropriate emergency services.

***HealthyLife Services*TM Program**

The objective of The Community is to offer a lifestyle with services that will foster Residents maintaining and improving their overall health and well-being. To achieve this objective Residents will be offered opportunities to enrich their sense of well being through programs directed by Resident interests.

HealthyLife Services is a comprehensive program designed to enhance and enrich Residents' active lifestyle by offering new opportunities in five essential areas of life – fitness, health, nutrition, active life and well-being. Residents may choose from an array of one-on-one or group activities, including classes, workshops, lectures, physical activity and trips to meet their individual preferences. Each Resident has the opportunity to work with Community staff who are committed to maximizing the Residents' quality of life in eight dimensions of wellness: spiritual, physical, emotional, social, environmental, intellectual, vocational and health services.

The objective is to create opportunities that Residents prefer, facilitate their participation and monitor the satisfaction and success of these programs from an individual Resident perspective and make adjustments in the program to further enhance these opportunities on an ongoing basis. Key Components of the *HealthyLife Services* Program include:

- **Health Care Navigator.** The Residential Health Services director serves as a Health Care Navigator ("Navigator") for Chester Village West Residents. At the Resident's direction, the Navigator may guide preventative wellness oriented services such as fitness and exercise activities, as well as healthy food choices. Other services may include wellness screenings such as blood pressure checks, health fairs and life-long learning seminars geared to health and wellness. Should health care needs arise, the Navigator may support the Resident with health and medical related services, such as assistance with physician appointments, emergency medical management, physician ordered on-site laboratory screenings, physical and other therapies, as well as private home health services designed to provide care in Resident's Residence during spells of illness or post hospitalization. For additional services provided to the resident, please see Residential Health Services Program in this section. The goal of the Navigator is to provide as much support as the Resident desires to promote wellness and avoid admission to a more acute level of health care.
- **Resident Services Program.** The Resident Services Program is available to coordinate the health care services necessary to meet residents' health care needs,

allowing residents the ability to remain independent in their own home. The Resident Services Program also provides other services which are charged to the resident on a fee-for-service basis.

- **Community Life Services Program.** A Community Life Services Director, assists the residents in planning a wide range of social, cultural, and recreational activities based upon the interests of the residents. Lectures, guest speakers, cultural and musical programs, and group trips to social events, concerts, the theater and sporting events are among those activities that may be arranged on a regular basis.

The Community Life Services Director is responsible for helping to coordinate the activities held in The Community. Participation in any organized event is at the resident's sole discretion and option.

Rounding out the *HealthyLife Services* Program are a variety of dining and beverage services designed to enhance the Resident's meal programming. Examples include: health food options identified on the menu, lite fare options, "to-go" take-out meals, and different dining venues.

Housekeeping and Maintenance

We maintain all common areas and provide bi-weekly housekeeping services for all apartments and single story homes.

Housekeeping services include dusting and vacuuming of the apartment and single story home interior; washing of hard surface floors; washing of exposed surfaces in the kitchen, including range, refrigerator, and sink and counters; and cleaning and polishing of all exterior surfaces and chrome fixtures in the bathrooms. A more comprehensive cleaning is done periodically for hard-to-reach areas. Additional housekeeping services are available for an additional charge. We employ maintenance workers and contract with groundskeepers to maintain and clean the common spaces and the exterior of The Community.

Laundry

Freshly laundered bed linens are provided during regular housekeeping visits. Washers and dryers are available on each floor for resident's personal laundry needs. Single story home residents are provided with their own washers and dryers. Personal laundry and dry cleaning services are also available for an additional charge.

***LifeSTYLE Promise*TM**

LifeSTYLE Promise is our all-encompassing ideology that residents deserve choices, control and flexibility when it comes to living their lives. At Life Care Services communities, we focus on delivering an extensive variety of services for a rare level of individualization. When it comes to service, every Resident is given a personal, attentive approach to hospitality and customer service, at the highest standard. This is our approach to all areas of living at Chester Village West. Examples are:

- Flexible dining program
- Housekeeping services organized and delivered according to Resident's preferences
- Residents Association and Executive Council

Parking

One parking space is provided for each apartment. The single story homes each have an attached garage. Additional spaces are available for residents' guests on a first-come, first-served basis. Carports are also available for an additional charge.

Prescription Services

Delivery service by a local pharmacy may be available for the residents' convenience or provided by the pharmacy of resident's choice.

Private Dining Room

A private dining room is available for use by residents and their guests with advance reservation. Special meals are also available for an extra cost. Any additional charges related to the use of the private dining room will be added to the resident's monthly billing statement.

Receptionist

A receptionist is on duty from approximately 8:00 a.m. to 9:00 p.m. each day. Additional hours may be scheduled depending on the needs of the residents and staff. All payments of monthly charges, as well as maintenance orders and messages, are handled at the reception desk.

Security

For the residents' safety, all entrance and exit doors (except the main entrance during the day) are locked 24 hours a day. Residents are given a key to gain entrance at locked doors. The Community is staffed 24 hours a day.

Services Available for an Extra Charge

Additional services are available at residents' request for an extra charge, and added to the monthly billing statement. Such services may include guest accommodations, dining that exceeds the resident's monthly dining allowance, beauty and barber services, and additional personal care services and/or personal laundry, additional housekeeping, Residential Health Services (home health care), special transportation to cultural and sporting events, and such other reasonable services as requested by the resident.

Telephone Service

Each residence has wired telephone jacks in various locations. Individual resident telephones and the use of long distance service are the resident's responsibility and expense.

Transportation

Regularly scheduled local transportation is available for the residents' use for medical appointments and shopping. Transportation personnel are employed by us.

Utilities

Charges for electricity, water, sewage, and gas service is included in the monthly Services Fees for apartment Residences. Single story home Residences will reimburse the Provider for electric charges in the monthly billing statement and will pay the utility company directly for gas service.

COMMONLY DISCUSSED TOPICS

Below is a brief overview of some commonly discussed topics. Should you have any questions about these or any other topics, you are encouraged to ask the Executive Director. At the time of closing on your Residence, you will receive a Resident Handbook that will address additional topics related to your residency at Chester Village West.

Financial Data

Chester Village West follows a disclosure policy and provides information according to this policy. Information regarding personnel salaries and employees' disciplinary decisions will not be made available. Residents' financial information is handled on a confidential basis. This Exhibit B is a part of the current Disclosure Statement filed with the Department of Social Services, which is available for inspection by the residents. The Provider will also make available for inspection by the Residents, the most current Annual Financial Filing. Residents are notified of the Monthly Fee adjustments and informed of the budgeting process annually. Reports and other data required under various statutes are also posted.

Gratuities

Gratuities offered to employees of The Community are not allowed, and employees who accept them are subject to discharge. Residents have established an employee appreciation fund to be shared with each employee on a basis determined by the residents and administration.

Monthly Billing Service

Each month, a billing statement outlining the Monthly Fee and any other charges will be placed in the resident's mailbox. All charges are due to be paid upon receipt. If payments are late, a late payment charge will be assessed at the rate of one percent (1%) per month on the total delinquent amounts due. Late payment charges will not be compounded and will not be included in the total delinquent amounts computed for determining any late payment charge assessed in any succeeding month. We do not waive our right to cancel this Agreement for nonpayment of fees subject to Section 8 of this Agreement.

Pets

We recognize the value that the companionship of a pet can provide to residents. However, the right of a resident to have a pet is secondary to the right of other residents to enjoy The Community. Therefore, residents who choose to bring their pets must execute the pet agreement and follow the guidelines outlined in the resident handbook.



A Life Care Services Community™

Chester, Connecticut

**RESIDENCY AGREEMENT
65% RETURN-OF-CAPITAL™**

1/1/2017

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- Exhibit A: Loan Agreement
- Exhibit B: Residential Health Services Program - List of Services and Extra Charges
- Exhibit C: MRC Residents' Bill of Rights
- Exhibit D: Complaint Resolution Process
- Exhibit E: Acknowledgment of Receipt of Resident Handbook

GLOSSARY

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

"Aging-in-Community Policy" refers to that policy issued by Chester Woods LLC ("Chester Woods," "we," or "us"), which outlines the requirements of the Resident to continue to live in a Residence at Chester Village West.

"Agreement" refers to this Residency Agreement between the Resident and Chester Woods, which delineates the contractual obligations of Chester Woods to the Resident for accommodations, services, and amenities provided by Chester Woods.

"Capital Asset Replacement Reserve Fund" means a reserve fund to improve or replace capital items that cost over \$50,000.

"Chester Village West" or "Community" means that senior living community known as Chester Village West, including the Residences, the common areas and all site amenities associated with these areas located in Chester, CT.

"Chester Woods" or "we" or "us" refers to the owner and operator of a *ContinuingCare*[™] senior living community that conducts business as Chester Woods. Chester Woods LLC is an Iowa limited liability company

qualified to conduct business in the State of Connecticut.

"Disclosure Statement" refers to that document that outlines in detail the services and amenities to be provided by Chester Woods.

"Entrance Payment" refers to the sum of the (i) First Person Fee paid to Chester Woods and (ii) the Loan made to Chester Woods pursuant to the Agreement.

"Extra Charges" refers to the charges payable in consideration for the additional services and amenities requested by Resident, as set forth in Section 2 of the Residency Agreement.

"Fair Share Allocation" refers to the method for determining the Resident's Monthly Fee.

"Financial Assistance Amendment to Residency Agreement" refers to that amendment that allows the Resident to remain at Chester Village West in the event of a change in the Resident's financial condition.

"First Person Fee" refers to the fee identified in Section 5 of the Agree-

ment. The First Person Fee is 35% of the Entrance Payment.

"Loan" refers to the Loan made to Chester Woods pursuant to the Agreement. The Loan is 65% of the Entrance Payment.

"Managed Residential Community" refers to a community registered with the Connecticut Department of Public Health in order to offer certain residential health services provided by a licensed assisted living services agency to Residents in their Residences. Chester Village West is registered as a managed residential community.

"Member" refers to LCS Communities LLC, the legal entity that owns Chester Woods.

"Monthly Charges" refers to all those Monthly Charges payable by the Resident pursuant to the terms of the Agreement, including the Monthly Owner's Supervision Fee, the Monthly Fee, the extra charges for additional services, the Second Person Monthly Fee, if applicable, and all other fees and charges payable monthly pursuant to the terms of the Agreement, as appropriate in the particular instance.

"Monthly Owner's Supervision Fee" refers to the fixed monthly fee identified in paragraph 6.1 of the Agreement, which, if applicable, is payable on a per Resident basis for occupying the Community.

"Monthly Fee" refers to that monthly fee payable in consideration for the accommodations, amenities and services provided to the Residents, as set forth in Section 1 of the Agreement. The Monthly Fee includes a second person Monthly Fee if there are two (2) Residents.

"Occupancy" refers to the earlier of the date Resident moves into the Community or the date Resident pays the balance of the First Person Fee and makes a Loan to Chester Woods pursuant to paragraph 5.3 of the Agreement.

"Personal Service Provider" refers to a private employee, an independent contractor, or a licensed home health care agency that may be contracted by the Resident to provide additional personal services requested or required by the Resident which are not covered by the Agreement.

"Personal Service Provider Policy" refers to the policy established by Chester Woods which sets forth the rules of conduct which must be followed by any Personal Service Provider providing services to Residents of the Community.

"Remarketing Agreement" refers to that agreement between Chester Woods LLC and the Resident stipulating the terms for remarketing the Residence and is executed upon (i) a Resident's notices of cancellation

of the Agreement; or (ii) a Resident's decision to transfer to another Residence at the Community.

"Residence" refers the Residence at the Community identified in page 1 of the Agreement in which the Resident is entitled to occupy a Residence pursuant to the Agreement in exchange for paying the First Person Fee, the one-time Working Capital Fee, paying the Monthly Owner's Supervision Fee, paying the Monthly Fee, and making the Loan.

"Residence Modification Agreement" refers to that agreement between Chester Woods and the Resident which outlines the terms and conditions under which the Resident may make modifications to his/ her Residence.

"Residency Policy" refers to that policy issued by Chester Woods which outlines the requirements of the Resident to live in a Residence at Chester Village West.

"Resident" or "you" refers to the Resident or Residents who execute the Agreement. Sometimes a second Resident (if there are two (2) Residents) is referred to in the Agreement as the "second person". Unless otherwise indicated "you" refers to both of you if there are two (2) Residents.

"Skilled Nursing Benefit" refers to the then-current posted semi-private per diem room rate for ninety (90) days of Skilled Nursing Care pursuant to Section 4.3 of this Agreement.

"Transfer Policy" refers to that policy issued by Chester Woods LLC that outlines the process for a resident to relocate to another Residence in Chester Village West.

"Working Capital Fee" refers to the one-time fee paid by the Resident to Chester Woods LLC at the time the Loan is paid and used by Chester Woods LLC only for purposes related to Chester Village West.

CHESTER VILLAGE WEST
65% RETURN-OF-CAPITAL™ RESIDENCY AGREEMENT

This 65% Return-of-Capital™ Residency Agreement ("Agreement") is entered into by Chester Woods LLC, ("Chester Woods," "we," "us," or "our") and _____ (individually or collectively, "you," "your," or "Resident"). Chester Village West is a *ContinuingCare*™ senior living community located in Chester, Connecticut, whose purpose is to provide individuals of a qualifying age a way of living known as *ContinuingCare*™.

Chester Village West will provide quality residential housing for seniors along with a wide array of personal services and amenities outlined in this Agreement. Subject to the conditions contained in this Agreement, we agree to make available to you the residence (hereafter "Residence") described as follows:

Residence Number: _____

Residence Style: _____

Chester Village West is designed to offer an environment that enriches your life. The objective of Chester Village West is to offer a lifestyle with services and programs based on your interests that will complement or augment your current lifestyle and well-being. The design of Chester Village West allows for creative and healthy lifestyle activities in a comfortable environment.

In addition, our Residential Health Services Program allows for you to transition to higher levels of care, when needed, or work with our licensed home health agency, Health at Home™, for in-residence assistance. As a Resident of a *ContinuingCare*™ senior living community, you are offered lifetime use of a Residence and the services and amenities detailed in Section 1 and 2 of this Agreement. One of the most significant benefits of Chester Village West is that you will receive up to ninety (90) Skilled Nursing Benefits days, as long as you remain a *ContinuingCare*™ Resident. The health care cost savings is one of the many, and also one of the most important, benefits of becoming a Resident of Chester Village West.

To be accepted for residency, you must meet our residency criteria that include: age guidelines, financial guidelines, and ability to meet the requirements of Residence occupancy.

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

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

1.1 Same number of meals, in the dining room, as there are days in the month;

1.2 Room service if ordered by the Health Care Navigator;

1.3 Water, and sewer;

1.4 Electric, air conditioning and heating (**Apartment Residences only**);

1.5 Building and grounds maintenance;

1.6 housekeeping service;

1.7 Laundry service;

1.8 As part of the *HealthyLife™ Services* Program, you may choose to participate in fitness, nutrition, active life, and well-being activities to enhance your lifestyle;

1.9 Parking as detailed below:

1.9.1 Apartment Residences are provided one space for outdoor parking - Covered parking in paragraph 2.10 below takes the place of outdoor space;

1.9.2 Maplewood Residences are provided with an attached garage and driveway parking;

1.9.3 Additional parking and guest parking is available in lighted paved lots.

1.10 Carpeting (except in kitchen and bath where there will be alternate floor covering);

1.11 Complete kitchen, including refrigerator, range with oven, dishwasher and microwave;

1.12 a washer and dryer in each Residence;

1.13 Scheduled local transportation;

1.14 Emergency call system;

1.15 Fire detection system;

1.16 Security for buildings and grounds;

1.17 Trash disposal;

1.18 Emergency generator for all common areas;

1.19 Private mail box in common area;

1.20 Access to certain services available under the Residential Health Services Program at no extra charge (see Exhibit B to this Agreement, or Resident Handbook, for additional details);

1.21 Up to ninety (90) days of Skilled Nursing Benefit per-diem costs pursuant to Section 4.3 of this Agreement; and

1.22 Use of all common areas in the Community.

2. ADDITIONAL SERVICES PROVIDED FOR AN EXTRA CHARGE. We may also make available at the Community, at your request, for as long as you reside in a Residence at Chester Village West, at the then-prevailing rates of Extra Charge:

2.1 Room service to the Residence for the one meal per day, with any necessary diet modifications, when not ordered by the Health Care Navigator;

2.2 Home health services provided in your Residence as described in the Disclosure Statement.

2.3 Telephone service charge;

2.4 Additional maintenance services in the Residence;

2.5 Personal laundry services;

2.6 Additional housekeeping services;

2.7 Special events and transportation scheduled by you;

2.8 Guest accommodations when available;

2.9 Guest meals;

2.10 Carport covered parking space in lieu of open space provided in paragraph 1.9 above (**available to Apartment Residences only**);

2.11 Access to additional services available under the Residential Health Services Program for an extra charge (see Exhibit B, or Resident Handbook, for additional details regarding which services are available for an extra charge, and the current extra charges for such services);

2.12 Special activities and programs including services or pro-

grams offered under the *HealthyLife Services* Program; and

2.13 Electric, air conditioning and heating (**Maplewood Residences only**)

2.14 Other additional services approved by us from time to time.

3. DURATION OF YOUR RIGHT TO OCCUPY THE RESIDENCE. You may reside in your Residence for as long as you live unless you are not capable of living in a Residence as set forth in our Aging in Community Policy, or this Agreement is canceled by you or by us. If there are two (2) of you under this Agreement and one (1) of you dies or is unable to occupy the Residence, the remaining Resident may continue to occupy the Residence under the terms of this Agreement.

4. HEALTH CARE BENEFITS.

4.1 Residential Health Services Program. If you need personal care services in your Residence or you need to transfer to a health care facility, we will make arrangements for these services through the Residential Health Services Program. You have the right to participate, as fully and meaningfully as you are able, in making the decision about your health care services. These services will not be provided by us, and you agree to pay all costs charged

by third-party health care providers for such services.

4.2 Home Health Care Services. Home Health Care Services LLC d/b/a Health at Home™, a licensed home health agency and an affiliate of Chester Woods, will be available to contract with Residents to provide home health services in the Residences. Arrangements may be made for such services through the Health Care Navigator. All costs charged by any home health agency shall be your responsibility.

4.3 Skilled Nursing Care. In the event you need the services provided by a nursing care facility, we will attempt to arrange for your transfer to a nursing care facility of your choice through the Health Care Navigator. Under the terms of this Agreement, you, or both of you if there are two residents, are provided with a total of ninety (90) days of Skilled Nursing Benefits in a semi-private room for days not covered by Medicare or private insurance. The Community will pay the then-current semi-private room per-diem rate for up to ninety (90) days. All other costs charged by the nursing care facility shall be your responsibility and you shall also be responsible for all charges for nursing care, including the per diem costs, following the expiration of the Skilled Nursing Benefit. If you elect a private room under the terms of this Section, all

charges exceeding the semi-private per diem room rate will be borne by you.

4.4 Health Care Decisions.

You have the right to be independent in decisions regarding your medical care, and we shall not prevent or otherwise infringe upon your right to obtain treatment, care and services from providers with which we do not have a contractual arrangement. Any charges by a non-designated health care provider shall be your responsibility.

5. ENTRANCE PAYMENT AND WORKING CAPITAL FEE.

5.1 Entrance Payment. To assure you a Residence in Chester Village West in accordance with all the terms of this Agreement, you will pay to us an Entrance Payment of \$_____. Your Entrance Payment is comprised of two (2) payments (i) the First Person Fee (which may be repayable as outlined in Section 7); and (ii) the Loan (which is repayable as outlined in the Loan Agreement - Exhibit A). Payment of 10% of your Entrance Payment at the time of executing this Agreement will reserve your Residence referenced on page 1 of this Agreement. Payment of your First Person Fee, one-time Working Capital Fee, Monthly Charges (described below), and making a Loan, entitles you to live in a Residence at the Community. You

may live in a Residence for as long as you are capable of living in a Residence, as defined in our current Aging in Community Policy, and you will receive available services, all in accordance with the terms of this Agreement.

5.2 Entrance Payment

Timing. An amount equal to 10% of your Entrance Payment, or \$_____ is paid herewith to reserve your Residence and is a part of the First Person Fee. This 10% amount will be held in escrow pursuant to Connecticut law. A copy of the Admission Payments Escrow Agreement will be available for your review upon your request. The total First Person Fee is 35% of the Entrance Payment, or \$_____. The balance of the First Person Fee, or \$_____, will be paid to Chester Woods on the earlier of (i) occupancy or (ii) within 90 days of the date of our approval of this Agreement. Subject to the provisions of the Admission Payments Escrow Agreement and our repayment obligations under Section 7 below, any amounts paid to us as a First Person Fee will be the unrestricted property of the Provider, and may be used by the Provider for any purpose unrelated to Chester Village West at the Provider's sole discretion. Chester Village West may distribute such funds to its Member. You shall not be required to move into the Community

before the expiration of 30 days from the date you execute this Agreement.

5.3 Loan. Your Loan of \$_____ (an amount equal to 65% of your Entrance Payment) will be paid to Chester Woods on the earlier of (i) occupancy or (ii) within 90 days of the date of our approval of this Agreement. In exchange for paying the First Person Fee, paying the Working Capital Fee, paying the Monthly Owner's Supervision Fee, paying the Monthly Charges, and making the Loan, this Agreement grants you a license for lifetime use of the Residence and other amenities and services at the Community. Your Loan will be evidenced by a Loan Agreement attached as Exhibit A.

5.4 Working Capital Fee. At the same time you make your Loan, pay the balance of your First Person Fee, pay your Monthly Owner's Supervision Fee and commence paying your Monthly Fee for your Residence, you will pay to us a Working Capital Fee that is an amount equal to two (2) times the then-current Monthly Fee for your Residence (including a second person Monthly Fee if there are two (2) of you). This is a one (1) time non-repayable charge to be used by us only for purposes related to the Community.

6. MONTHLY CHARGES.

6.1 Monthly Owner's Supervision Fee. You will pay the current Monthly Owner's Supervision Fee, if applicable, once a month per Resident (each Resident if there are two (2) Residents) applicable as of the date of this Agreement. There shall be no increase in your Monthly Owner's Supervision Fee during the term of this Agreement. We reserve the right to implement or change the Monthly Owner's Supervision Fee at our discretion. The Monthly Owner's Supervision Fee shall be our unrestricted property, and may be used by us for any purpose whether or not related to the Community, in our sole discretion. Your Monthly Owner's Supervision Fee shall be:

\$_____ ; or
_____ Not Applicable

6.2 Monthly Fee. You shall pay the following Monthly Fee for the accommodations, services and amenities provided to the Residents as set forth in Section 1 of this Agreement. The current Monthly Fee is \$_____ a month for one (1) person and an additional \$_____ a month if there are two (2) of you. Future adjustments to the Monthly Fee will be determined by the Fair Share Allocation formula developed to apportion the costs of operating the Community among its Residents.

6.3 Monthly Charges for Residence. Your initial Monthly

Charges (including second person charges if there are two (2) of you) for the Monthly Owner's Supervision Fee and the Monthly Fee is \$_____.

6.4 Fair Share Allocation.

Implementation of the Fair Share Allocation means the Monthly Fee will be your fair share of the cash requirement of the Community (as described in paragraph 6.5 below). The Fair Share Allocation has been developed to apportion the cash requirement of the Community among its Residents, based on such factors as Residence size and type, number of second persons, and other relevant factors as determined by us from time to time.

6.5 Cash Requirement.

The cash requirement of the Community is that projected amount necessary to provide services and amenities to the Residents. The cash requirement is charged to all Residents through the Monthly Fee and application of the Fair Share Allocation. Generally, we will determine the cash requirement based upon (i) the costs incurred in connection with the operation of the Community for the prior fiscal year; (ii) with adjustments made for inflation or deflation, occupancy rates, changes to reserves, and nonrecurring expenses; and (iii) reduced by certain projected operational income for the next fiscal year. Once determined, the cash requirement is allocated among the Residents

pursuant to the Fair Share Allocation. The determination of the cash requirement is further explained below:

6.5.1 Costs.

Based upon the costs incurred in connection with the operation of the Community for the prior fiscal year, we will determine all anticipated expenses, costs, and other charges to the Community for the next fiscal year, including but not limited to salaries, wages, and fringe benefits of the Community employees and other persons at the Community (including executive directors and administrators); payroll taxes; telephone; utilities; license fees, occupational taxes, property taxes, sales taxes, permits, and other taxes (excluding only our income taxes); legal and accounting fees and costs; bad debts and other losses; insurance premiums, commissions, deductibles, and claims; consulting fees; directors' expenses; food; supplies; interior, exterior, and grounds replacement; repair and maintenance, including Residence refurbishment costs, to the extent funds are not available for such use by the Working Capital Fee; capital improvements to the extent funds are not available for such use from the Community's Capital Asset Replacement Reserve Fund as described in paragraph 6.11); an amount to fund the Capital Asset Replacement Reserve Fund (as described in paragraph 6.11); management fees paid to others; management fees paid to Life Care Services LLC, or to an affiliate

of Life Care Services LLC, plus reimbursable costs incurred in performing management services as described in the management agreement; debt service, including principal and interest (excluding only principal payments on loans from Residents); occupancy development costs; lease payments; and any other similar expenses, costs, and charges to the Community.

6.5.2 Adjustments. The foregoing projected expenses, costs, and charges are then further adjusted by us to take into account anticipated changes in reserves, working capital needs, services, Residence occupancy, inflation or deflation, nonrecurring expenses, and other relevant factors.

6.5.3 Income. The foregoing adjusted costs (except Residence refurbishment costs), expenses, and charges are then reduced by certain projected income of the Community for the next fiscal year, including income from extra meals, beauty shop rental, guest meals and guest room rentals, and interest income from the Community's statutory reserves and operating cash accounts. Residence refurbishment costs are then reduced by projected income from the Working Capital Fee for the next fiscal year. The total of these reduced costs, expenses, and charges is the cash requirement of the Community for the next fiscal year.

6.6 Monthly Fee Changes. The Monthly Fee may be adjusted upon 30 days' prior written notice by us or immediately without notice if such change in the Monthly Fee is required by local, state, or federal laws or regulations.

6.7 Payment. You will pay the Monthly Owner's Supervision Fee and a pro rata portion of the Monthly Fee commencing on the earlier of (i) occupancy or (ii) within 90 days of the date of our approval of this Agreement. Thereafter, your Monthly Owner's Supervision Fee and Monthly Fee will be payable in advance on the fifth (5th) day of each month. Any extra charges for additional services obtained during the preceding month will be paid on the fifth (5th) day of each month for the additional services obtained during the preceding month.

6.8 Late Payment. A late payment charge will be assessed 30 days from the date on the billing statement at the rate of one percent (1%) per month on the total delinquent amounts due. Late payment charges will not be compounded in the total delinquent amounts computed for determining any late payment charge assessed in any succeeding month. The late payment charge will cease on the date we receive payment of the total delinquent amount.

6.9 Cease Payment of Monthly Fee for Residence. The Monthly Charges for your Residence will cease in accordance with Section 8 or 9 if you (or both of you if there are two (2) of you) or we cancel this Agreement and in accordance with paragraph 8.4 if you die (or if there are two (2) of you, the death of the survivor). If there is one of you and you are permanently assigned to a Skilled Nursing Facility, the ninety (90) day Skilled Nursing Benefit shall continue for as long as you continue to pay the Monthly Fee for the residence until the expiration of your ninety (90) days of Skilled Nursing Benefits. In the event there are two (2) of you who occupy the Residence and only one (1) of you cancels this Agreement or dies, the second person Monthly Fee will cease and the remaining person will continue to pay the first person Monthly Fee and Monthly Owner's Supervision Fee and will be the recipient of any unused Skilled Nursing Benefit days. If you, or both of you if there are two residents, are permanently assigned to Skilled Nursing Facility, you will continue to pay the Monthly Fee for the residence until the expiration of your ninety (90) days of Skilled Nursing Benefits unless you, or both of you if there are two residents, release the residence for remarketing, remove all possessions and return the residence keys and this Agreement shall cancel.

6.10 Reduction in Monthly Fee During an Absence for Medical Reasons. If you are absent from the Community for more than 30 days due to medical reasons, your Monthly Fee will be reduced as follows:

6.10.1 If there is one (1) of you who occupies the Residence and you are absent from the Community for more than 30 days due to medical reasons, you will continue to pay the Monthly Fee less the food costs for the one meal a day not taken during your absence from the Community.

6.10.2 If there are two (2) of you who occupy the Residence and one (1) of you is absent from the Community for more than 30 days due to medical reasons, the second person Monthly Fee will cease and you will only be required to pay the first person Monthly Fee during the other person's absence from the Community.

6.10.3 If there are two (2) of you who occupy the Residence and both of you are absent from the Community for more than 30 days due to medical reasons, the second person Monthly Fee will cease and you will only be required to pay the first person Monthly Fee during your absence from the Community, less the food costs for the one meal per day not taken during your absence from the Community.

You will continue to pay the Monthly Owner's Supervision Fee per Resident during any such absence from the Community.

6.11 Capital Asset Replacement Reserve Fund. We have established a Capital Asset Replacement Reserve Fund maintained by us and to be used only for improving or replacing major capital items of the Community. Such reserve is funded from Monthly Fees as set forth in paragraph 6.5.1.

7. REPAYMENT OF FIRST PERSON FEE OR LOAN.

7.1 Repayment of First Person Fee Prior to Occupancy.

7.1.1 Nonacceptance.

If we do not accept you for residency, we will repay to you the amount of the First Person Fee you have paid, without interest, within thirty (30) days of our notice to you of nonacceptance.

7.1.2 Right of Rescission Period. If prior to occupancy you change your mind and you give us written notice of cancellation by registered or certified mail within 30 days from the date you execute this Agreement, this Agreement will be automatically canceled. In such event, we will repay to you the amount of the First Person Fee you

have paid, without interest, within 30 days of notice, except that we will retain an amount equal to any costs specifically incurred by us or the Community at your request, if any, and which are set forth in a separate addendum to this Agreement. You shall not be required to move into the Community before the expiration of the thirty (30) day rescission period.

7.1.3 Change in Condition. If prior to occupancy (i) you (or either of you if there are two (2) of you) die or become unable to occupy your Residence because of illness, injury, or incapacity or (ii) you elect to cancel this Agreement because of a substantial change in your physical, mental, or financial condition, then upon our receipt of your written notice to us by registered or certified mail this Agreement will be automatically canceled. In such event, we will return to you or your legal representative, without interest, the amount of the First Person Fee you have paid to us within 60 days of our receipt of your written notice of cancellation, except that we will retain an amount equal to any costs specifically incurred by us at your request, if any, and which are set forth in a separate addendum to this Agreement.

7.1.4 Cancellation for Reasons Other Than Set Forth in 7.1.1, 7.1.2, and 7.1.3. If prior to assuming occupancy you give us written notice of cancellation by

registered or certified mail and neither paragraphs 7.1.1, 7.1.2, nor 7.1.3 are applicable, this Agreement will be canceled. In such event, we will retain three thousand dollars (\$3,000) from the amount of the First Person Fee you paid, plus an amount equal to any costs specifically incurred by us at your request, if any, and which are set forth in a separate addendum to this Agreement, and the balance will be repaid to you, without interest, within 60 days of our receipt of your written notice of cancellation.

7.2 Repayment of First Person Fee After Occupancy.

7.2.1 Repayment Within First Four Months of Occupancy. Except within the rescission period, which will be handled according to paragraph 7.1.2, should you or we cancel this Agreement pursuant to Section 8 or 9, or in the event of the death of the surviving Resident within the first four months of your occupancy, 100% of the First Person Fee you have paid, will be repaid to you pursuant to Section 8 or 9. Such repayment amount will be made without interest at the same time your Loan is repaid.

7.2.2 Repayment After First Four Months of Occupancy. After the first four months of your occupancy, should you or we cancel this agreement, or in the event of the death of the surviving Resident, your

First Person Fee will be non-repayable.

7.3 Repayment of Loan. The repayment of your Loan will be made in accordance with the Loan Agreement a copy of which is attached as Exhibit A.

7.4 Right of Offset. We have the right to offset against any Loan repayment due you, any unpaid Monthly Charges owed by you, any amounts deferred by us under paragraph 9.2, and any other sums owed by you to us. Any amounts owed by you to us will be payable with interest.

7.5 Beneficiary Designation. You may designate a beneficiary for receipt of any repayable portion of the Entrance Payment if the designation is in writing, is witnessed, is noncontingent, is specified in percentages and accounts for 100%, and has received our approval. An Assignment of Rights to Repayment may be obtained from the Community's business office.

8. YOUR CANCELLATION RIGHTS.

8.1 Prior to Occupancy. You may cancel this Agreement for any reason at any time before occupancy by giving us written notice executed by you (both of you, if there are two (2) of you) and sent by

registered or certified mail. If you give such notice, prior to your occupancy of the Community, the cancellation will be effective as described in Section 7.

8.2 During First Four Months of Occupancy.

8.2.1 Written Notice. During your first four months of occupancy at Chester Village West, you may cancel this Agreement at any time after occupancy by giving us written notice executed by you (both of you if there are two (2) of you) and sent by registered or certified mail. Upon our receipt of your written notice of cancellation, you and we will execute a Remarketing Agreement for the resale of your Residence.

8.2.2 Monthly Charges. You will continue to pay your Monthly Fee and Monthly Owner's Supervision Fee until the date you vacate your Residence and remove of all your furniture and other property.

8.2.3 Removal of Property. If removal of your furniture and other property is not accomplished after giving written notice of cancellation, we may continue to charge the Monthly Owner's Supervision Fee and Monthly Fee or we may remove and store your furniture and other property at the expense and risk of you or your estate.

8.2.4 Cancellation. This Agreement will cancel, and the services provided under this Agreement will cease after giving written notice of cancellation and upon the date you vacate your Residence and remove all your furniture and other property.

8.2.5 Repayment of Entrance Payment. If you give us written notice of cancellation during the first four months of your occupancy, your First Person Fee will be fully repayable, providing you vacate your Residence, and remove all your furniture and other property within your first four months of occupancy. However, if you fail to vacate your Residence within your first four months of occupancy, your First Person Fee will be non-repayable. Your Loan will be repaid in accordance with the Loan Agreement.

8.3 After First Four Months of Occupancy.

8.3.1 Written Notice. After your first four months of occupancy, you may cancel this Agreement at any time after occupancy by giving us 120 days' advance written notice executed by you (both of you if there are two (2) of you) and sent by registered or certified mail. Upon our receipt of your written notice of cancellation, you and we will execute a Remarketing Agreement for the resale of your Residence.

8.3.2 Monthly Fee. You will continue to pay your Monthly Fee and Monthly Owner's Supervision Fee until the later of (i) the expiration of the 120 day written notice of cancellation period or (ii) the date you vacate your Residence and remove of all your furniture and other property.

8.3.3 Removal of Property. If removal of your furniture and other property is not accomplished within 120 days of your written notice of cancellation, we may continue to charge the Monthly Owner's Supervision Fee and Monthly Fee or we may remove and store your furniture and other property at the expense and risk of you or your estate.

8.3.4 Cancellation. This Agreement will cancel, and the services provided under this Agreement will cease, upon the later of (i) 120 days following the date you give us written notice of cancellation or (ii) the date you vacate your Residence and remove all your furniture and other property.

8.3.5 Loan Repayment. Your Loan will be repaid in accordance with the Loan Agreement.

8.4 Death.

8.4.1 Monthly Fee. You will continue to pay your Monthly Fee and Monthly Owner's Supervision

Fee until the later of (i) your death (if there are two (2) of you, the death of the survivor) or (ii) your vacancy of the Residence and removal of all your furniture and other property.

8.4.2 Removal of Property. If removal of your furniture and other property is not accomplished within 30 days of your death (if there are two (2) of you, the death of the survivor), we may continue to charge the Monthly Fee and Monthly Owner's Supervision Fee or we may remove and store your furniture and other property at the expense and risk of you or your estate.

8.4.3 Cancellation. This Agreement will cancel and the services provided under this Agreement will cease, upon the later of (i) your death (if there are two (2) of you, the death of the survivor) or (ii) your vacancy of the Residence and removal of all your furniture and other property.

8.4.4 Loan Repayment. Your Loan will be repaid in accordance with the Loan Agreement.

8.5 Cancellation Due to Medical Treatment After Occupancy.

8.5.1 Written Notice. If you develop a medical condition which requires you to seek long-term or permanent medical treatment else-

where (because such medical condition cannot be treated with home health services available at the Community), you may voluntarily cancel this Agreement after occupancy by giving us 30 days' advance written notice signed by you (both of you if there are two (2) of you) and sent by registered or certified mail. Upon our receipt of your written notice of cancellation, you and we will execute a Remarketing Agreement for the resale of your Residence.

8.5.2 Monthly Fee. If you give such notice, you will continue to pay your Monthly Fee and Monthly Owner's Supervision Fee until the later of (i) expiration of such 30 day period, (ii) your vacancy of the Residence and removal of all your furniture and other property, or (iii) if permanently assigned to Skilled Nursing Facility, the expiration of your ninety (90) days of Skilled Nursing Benefit.

8.5.3 Removal of Property. If removal of your furniture and other property is not accomplished, we may continue to charge the Monthly Fee and Monthly Owner's Supervision Fee or we may remove and store your furniture and other property at the expense and risk of you or your estate.

8.5.4 Cancellation. This Agreement will cancel on the later of (i) 30 days following the date you

give us written notice of cancellation, (ii) the date you vacate your Residence and remove all your furniture and other property, or (iii) if permanently assigned to Skilled Nursing Facility, the expiration of your ninety (90) days of Skilled Nursing Benefit.

8.5.5 Loan Repayment. Your Loan will be repaid in accordance with the Loan Agreement.

9. OUR CANCELLATION RIGHTS.

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

9.1.1 Nonpayment. Except as set forth below, nonpayment of fees or charges; or

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

9.1.3 Threat to Health or Safety. Health status or behavior which constitutes a substantial threat to the health or safety of yourself, other Residents, or others including your refusal to consent to relocation

or that would result in physical damage to the property of others; or

9.1.4 Change in Condition. A major change in your physical or mental condition and your condition cannot be treated with home health services available at the Community.

9.2 Financial Difficulty. If, after you have paid the Entrance Payment, you encounter financial difficulties making it impossible for you to pay the full Monthly Charges, then:

9.2.1 Permitted to Stay. You shall in any case be permitted to remain at the Community for 90 days after the date of failure to pay, during which time you shall continue to pay reduced Monthly Charges based on your current income. Pursuant to paragraph 7.4, any amounts owed by you to us will be payable with interest; and

9.2.2 Terms of Stay. After the 90 days, you shall be permitted to remain at the Community at reduced Monthly Charges based on your ability to pay for so long as you establish facts to justify deferral of such 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 will not apply if you have impaired your ability to meet your financial

obligations hereunder by transfer of assets, after assuming residency, other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B and/or supplemental insurance coverages. To evidence these agreements based on the circumstances at the time, you agree to enter into a special Financial Assistance Amendment to Residency Agreement with us at the time of any such deferrals to reflect the reduced charges currently payable and the interest rate to be applied to the deferrals and to provide us with a perfected first security interest in your Loan repayment rights. Any payments otherwise due to you from us, including the repayment of your Loan, will be offset against any such deferred charges.

9.2.3 Guarantor. Paragraphs 9.2.1 and 9.2.2 are not applicable if, to initially qualify for residency at Chester Village West, a third party(ies) with adequate resources agreed in writing, prior to your acceptance for residency, to guarantee payment of your obligations and is fulfilling their obligations pursuant to a Guaranty of Fees and Other Payments under the Residency Agreement.

9.3 Notice of Cancellation. Prior to any cancellation of this Agreement by us, we will give you notice in writing of the reasons, and you will have 60 days thereafter to

correct the problem. If we determine that the problem is corrected within such time, this Agreement will remain in effect. If we determine that the problem is not corrected within such time, you must leave the Community within 30 days after we notify you of our determination. You will continue to pay your Monthly Fee and Monthly Owner's Supervision Fee until removal of your furniture and other property has occurred. If removal of your furniture and other property is not accomplished, we may remove and store your furniture and other property at the expense and risk of you or your estate. This Agreement will cancel upon the removal of your furniture and other property. Your Loan will be repaid in accordance with the Loan Agreement.

9.4 Emergency Notice.

Should your continued residency pose an imminent threat of serious harm to you or other Residents, and the giving of notice or the waiting period described above might be detrimental to you or other Residents, then such notice and/or waiting period shall not be required before relocation to a hospital or other appropriate facility. If there is one of you under this Agreement, we are expressly authorized to transfer you to such hospital or other facility, and we will promptly notify your responsible party and your attending physician. After transferring you to such hospital or other facility, we will provide you

with a notice of cancellation if you will be unable to return to the Community. If you transfer to Skilled Nursing Facility and are eligible for the benefits provided by us under Section 4.3, you will continue to pay your Monthly Fee until the later of (i) your vacancy of the Residence and removal of all your furniture and other property, or (ii) if permanently assigned to Skilled Nursing Facility, the expiration of your ninety (90) days of Skilled Nursing Benefit. You will continue to pay the Monthly Fee and Monthly Owner's Supervision Fee, until removal of your furniture and other property has occurred. If removal of your furniture and other property is not accomplished, we may remove and store your furniture and other property at the expense and risk of you or your estate. This Agreement will cancel upon the removal of your furniture and other property. Your Loan will be repaid in accordance with the Loan Agreement. If there are two (2) of you under this Agreement and one (1) of you is transferred to a hospital or other appropriate facility under the circumstances described in this section, the other person may continue to occupy the Residence under the terms of this Agreement. We are not responsible for any charges related to such transfer or relocation.

10. MISCELLANEOUS PROVISIONS WITH RESPECT TO YOUR RESIDENCE.

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

10.2 Occupants of Residence. Except as hereinafter provided, no person other than you (or both of you if there are two (2) of you) may occupy the Residence except with our express written approval. In the event that a second person who is not a party to this Agreement wishes to be accepted for residency under this Agreement, after the date we execute this Agreement, said second persons' acceptance will be based upon our then-current Residency Policy. If accepted, payment of the then-current Second Person Fee as determined by us, and payment of the then-current additional Monthly Charges for second persons shall be due. If such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Residence for more than 30 days (except with our express written approval), and you may cancel this Agreement as provided in Section 8.

10.3 Emergency Entry and Relocation. We may enter your Residence should it be necessary in an emergency to protect your health or safety or the health or safety of other Residents. Should it be necessary to modify facilities to meet the requirements of any applicable law or regulation which necessitate temporary vacation of your Residence, we will provide alternate facilities for you without extra charge within or outside the Community. Further, if relocation within the Community is recommended by your attending physician, we will request that you relocate to another Residence for the protection of your health or safety or for the health or safety of the other Residents of the Community.

10.4 Furnishings. Furnishings within the Residence will be provided by you except as otherwise provided in Section 1. Furnishings provided by you will not interfere with the health or safety of you or other Residents or others.

10.5 Alterations by You. You may undertake alterations to your Residence with our prior written approval as set forth in a separate Residence Modification Agreement.

10.6 Refurbishment. Customary and normal refurbishment costs of your Residence will be borne by all residents of Chester Village West as part of the Monthly Fee. Any

necessary refurbishment costs beyond those which are customary and normal, are your responsibility and will be offset against any Loan repayment.

10.7 Change of Residence. Should you relocate to another Residence in the Community you may be subject to a transfer fee, as set forth under our then-current Residence Transfer Policy.

11. AMENDMENTS.

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

11.2 All Agreements. In addition, with the approval of (i) at least 67% of the Residents of the Residences in the Community, who have this type of residency agreement, and (ii) us, all residency agreements of this type, may be amended in any respect, provided, however, that no such amendment shall:

11.2.1 Reduce the aforesaid percentage of Residents which is required to consent to any such amendment; or

11.2.2 Permit the preference or priority of any Resident without the consent of each Resident.

Upon our approval and upon our receipt of evidence of the approval of at least 67% of the Residents of Residences as aforesaid, such amendment shall be effective and any designated residency agreements, which may include this Agreement, shall automatically be amended. Accordingly, any of the terms of this Agreement may be amended.

11.3 Law Changes. This Agreement may be modified by us at any time in order to comply with Federal or state laws or regulations.

12. MISCELLANEOUS LEGAL PROVISIONS.

12.1 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.

12.2 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.

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

12.4 Residents. When Resident consists of more than one (1) person, the rights and obligations of each are joint and several, except as the context of this Agreement otherwise requires.

12.5 Nature of Rights. You understand and agree that (i) this Agreement or your rights (including the use of the Residence) under it, may not be assigned, and no rights or benefits under this Agreement shall inure to the benefit of your heirs, legatees, assignees, or representatives, except as to repayments of the amounts described in Section 7; (ii) this Agreement and your contractual right to occupy the Community will exist and continue to exist during your lifetime unless canceled as provided herein; (iii) this Agreement grants you a revocable right to occupy and use space in the Community but does not give you exclusive possession of the Residence against us, (iv) you will not be entitled to any rights of specific performance, but will be limited to such remedies as set forth herein and as provided by continuing care law;

(v) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by us; and (vi) this Agreement grants to us complete decision-making authority regarding the management and operation of the Community.

12.6 Release. We are not responsible for loss of or damage to your personal property, and you hereby release us from any such liability. You may want to obtain at your own expense insurance to protect against such losses.

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

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

12.9 Tax Considerations. Each person considering executing this Agreement should consult with his or her tax advisor regarding the

tax considerations associated with this Agreement. Tax considerations are discussed in the Disclosure Statement.

12.10 Transfers. We may from time to time issue additional equity interests or sell or transfer interest in the Community, provided that, in such later event, the buyer will agree to assume this Agreement and all other existing Residency Agreements. In addition, we may sell or otherwise transfer the land or other portions of the Community. Your signature hereto constitutes your consent and approval to any such future transfer.

12.11 Residents Association. Residents will have the right to organize and operate a Residents Association at the Community and to meet privately to conduct business of the Residents Association. It is our policy to encourage the organization and operation of a Residents Association.

12.12 Private Employee of Resident. If you need additional services, you can obtain these needed services from a private employee, an independent contractor, or through an agency ("Personal Service Provider"). In such instances, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. In any event, you must comply with our policy regarding Personal Service Providers and ensure that he/she/they complies with our

policies and rules of conduct as set forth in our Personal Service Provider Policy. If you fail to follow or enforce the rules set forth in the Personal Service Provider Policy, then we may elect at our sole option to cancel this Agreement.

12.13 Resident Representations. By signing this Agreement, you represent and warrant that (i) you are at least 62 years of age or older at the time of residency or you will share your Residence with another person who is at least 62 years of age or older at the time of residency; (ii) you are capable of living in your Residence in accordance with the Community's Residency Policy, (iii) 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 (iv) all written representations made to us with respect to such matters by you or on your behalf during the residency process are true.

12.14 Responsible Party. You agree to execute and deliver to us within 60 days after assuming occupancy in your Residence, a Durable Power of Attorney, trust documents, or other documentation naming a responsible party for business and financial decision-making. These documents should be drafted to remain effective notwithstanding your

incompetence or disability and will 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 will not be a person(s) employed by us or any other entity engaged in the management of the Community.

12.15 Adjustments for Absences. You will receive a credit toward your Monthly Fee if you are absent from the Community for more than 14 consecutive days and you give us 14 days' advance written notice of the absence. Such credit shall cover the raw food cost portion of the one meal per day for that period of time. The amount of the credit shall be determined by us in our sole discretion based on our then-current policy regarding absences from the Community.

12.16 Funeral and Burial Services. No funeral or burial services or expenses are provided by us pursuant to this Agreement.

12.17 Arbitration. You agree that any dispute, claim, or controversy of any kind between you and us arising out of, in connection with, or relating to this Agreement and any amendment hereof, or the breach hereof, which cannot be resolved by mutual agreement or in small claims court, will be submitted to and determined by arbitration in Middlesex

County, Connecticut in accordance with the Federal Arbitration Act and the then current commercial arbitration rules of the Federal Arbitration Act. You and we will jointly agree on an arbitrator and the arbitrator will be selected according to the procedure set forth in state law, if applicable. In reaching a decision, the arbitrator shall prepare findings of fact and conclusions of law. Any direct arbitration costs incurred by you will be borne by you. Costs of arbitration, including our legal costs and attorneys' fees, arbitrators' fees, and similar costs, will be borne by all Residents of the Community provided that the arbitrator may choose to award the costs of arbitration against us if the arbitrator determines that the proposed resolution urged by us was not reasonable. If the issue affects more than one (1) Resident, we may elect to join all affected Residents into a single arbitration proceeding, and you hereby consent to such joinder.

You may withdraw your agreement to arbitrate within thirty (30) days after signing this Agreement by giving written notice of your withdrawal to us. This arbitration clause binds all parties to this Agreement and their spouses, heirs, representatives, executors, administrators, successors, and assigns, as applicable. After cancellation of this Agreement, this arbitration clause shall remain in effect for the resolution of all claims

and disputes that are unresolved as of that date.

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

12.19 Resident Rights. As a Resident of the Community, you have certain rights under the Connecticut continuing care law (Conn. Gen. Stat. §17b-520 *et seq.*), a copy of which is available upon request. You also have certain rights as a Resident of the Community because it is registered with the Department of Public Health as a Managed Residential Community. A copy of the Managed Residential Community Residents' Bill of Rights is attached hereto as Exhibit C.

12.20 Compliance with Laws and Regulations. We will comply with all applicable Municipal, State, and Federal laws and regulations regarding consumer protection and protection from financial exploitation.

12.21 Complaint Resolution Process. We have established a complaint resolution process for Residents and families, which is attached hereto as Exhibit D. Residents and families may use the complaint resolution process without fear of reprisal of any kind.

12.22 Acknowledgment of Receipt of Documents. You hereby

certify that you (i) received a copy of this Agreement, (ii) received a copy of our most current Disclosure Statement, and (iii) have been permitted to inspect any additional relevant materials requested to be reviewed by you or your representatives prior to executing this Agreement. Attached as Exhibits to this Agreement are the following: (i) a list of services available under the Community's Residential Health Services Program and charges for such services (this information is also included in Exhibit B to this Agreement); (ii) Resident's Bill of Rights attached as Exhibit C to this Agreement; (iii) Complaint Resolution Process attached as Exhibit D to this Agreement; and (iv) Acknowledgment of Receipt of Resident Handbook attached as Exhibit E.

12.23 Chester Village West Residency Agreement Fee Summary.

First Person Fee (equal to 35% of the Entrance Payment, of which 10% is paid upon executing this Agreement, and 20% to be paid on the earlier of (i) occupancy, or (ii) within 90 days of the date of our approval of this Agreement)

\$ _____

Loan (to be paid upon occupancy or within ninety (90) days of our approval of this Agreement,

whichever is earlier; equal to 65% of the Entrance Payment)

\$ _____

Entrance Payment (First Person Fee plus Loan)

\$ _____

Working Capital Fee (to be paid upon occupancy or within ninety (90) days of our approval of this Agreement, whichever is earlier, equal to two (2) times the then-current Monthly Fee including a second person Monthly Fee if there are two (2) of you)

\$ _____ *

Monthly Fee

\$ _____ *

Second Person Monthly Fee (if applicable)

\$ _____ *

Monthly Owner's Supervision Fee (if applicable)

\$ _____ *

Second Person Monthly Owner's Supervision Fee (if applicable)

\$ _____ *

*Monthly Fee, Second Person Monthly Fee and Working Capital Fee will be adjusted per Section 6.

Executed this _____ day of _____, 20____.

Approved this _____ day of _____, 20____.

**RESIDENT OR RESIDENT'S
LEGAL REPRESENTATIVE**

**CHESTER WOODS LLC
d/b/a Chester Village West**

Witness

By: _____
Authorized Representative

**RESIDENT OR RESIDENT'S
LEGAL REPRESENTATIVE**

Witness

Residence Type _____

Residence Number _____

Attachments:

- Exhibit A: Loan Agreement
- Exhibit B: Residential Health Services Program - List of Services and Extra Charges
- Exhibit C: MRC Residents' Bill of Rights
- Exhibit D: Complaint Resolution Process
- Exhibit E: Acknowledgment of Receipt of Resident Handbook



1/1/2017

65% Return-of-Capital Residency Agreement (2017-01-01)

EXHIBIT A
LOAN AGREEMENT
(TO BE EXECUTED UPON LOAN PAYMENT)

Pursuant to your Residency Agreement with Chester Woods LLC ("Chester Woods", "we", "our" or "us"), you agree to loan \$_____ to Chester Woods, and we hereby promise to repay your Loan upon the terms and conditions hereinafter set forth in this Loan Agreement ("Agreement"). Capitalized terms used herein shall have the same meanings as set forth in the Residency Agreement.

1. **Making of Loan.** Your Loan shall be made to Chester Woods on the earlier of (i) occupancy or (ii) within ninety (90) days of our approval of this Agreement.

2. **Repayment.** In the event you or we cancel your Residency Agreement and remove your furniture and other property, your Loan shall become due and payable in full, without interest, in accordance with paragraph 7.3 of your Residency Agreement 30 days from the date the Entrance Payment is collected for your Residence from a new Resident to the Community. If your Residence is reoccupied by an existing Resident of the Community transferring from another Residence ("Transferring Resident"), your Loan shall be due and payable upon the date we receive the next Entrance Payment (First Person Fee plus Loan) for the Residence vacated by the Transferring Resident. If more than one internal transfer of existing Residents occurs, repayment of your Loan will be tied to the last vacated Residence. However, in no event shall such date be more than 24 months from the date of cancellation of your Residency Agreement at which point your Loan shall become immediately due and payable to you or your estate. If your Residency Agreement is not cancelled within 30 years from the date of this Agreement, your Loan shall become immediately due and payable by us. You agree to look solely to the assets of Chester Woods for the repayment of your Loan. We may offset against any Loan repayment any amounts then due by you to us pursuant to paragraph 7.4 of your Residency Agreement.

3. **Right of Offset.** You agree that we have the right to offset against any Loan repayment due you, any unpaid Monthly Charges owed by you, any amounts deferred by us under paragraph 9.2 of the Residency Agreement, and any other sums owed by you to us with interest.

4. **No Assignment of Loan; Successors and Assigns.** Your rights under this Loan Agreement may not be sold, assigned or otherwise transferred, except to your estate, another individual(s), or to certain trusts established for your benefit, subject to our prior approval in our sole discretion. All terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Dated this _____ day of _____, 20_____.

**RESIDENT OR RESIDENT'S
LEGAL REPRESENTATIVE**

**CHESTER WOODS LLC
d/b/a/ Chester Village West**

Witness

By: _____
Authorized Representative

**RESIDENT OR RESIDENT'S
LEGAL REPRESENTATIVE**

Witness



1/1/2017

65% Return-of-Capital Residency Agreement (2017-01-01)

EXHIBIT B

RESIDENTIAL HEALTH SERVICES CURRENT LIST OF SERVICES AND EXTRA CHARGES

1. Resident Service provided, at no additional charge:

	<u>Time Frame</u>	<u>Fee</u>
a. Assessments	Unlimited	No Fee
b. Coordination of Services		
c. Monitoring delivery of services		
d. Referrals to area health care providers		
e. Follow-up emergency call		
f. Resident liaison/advocate		
g. Support/counseling		
h. Health education lectures and newsletters		
i. Education on treatment and procedures		
j. Medical equipment assistance		
k. Coordination of medical transportation		

2. Resident Services Licensed Care provided by ALSA Supervisor – an RN

	<u>Time Frame</u>	<u>Fee</u>
a. Service for ALSA client	Monthly	\$32.00
b. Medication pre-pour	Once a week	\$64.00
c. Pacemaker checks	as needed	\$15.00
d. Blood sugar	As needed	\$15.00
e. Dressing change (Dr. ordered, not covered by Medicare)	As needed	\$15.00
f. Other Dr. ordered services (not covered by Medicare)	By arrangement	--
g. B-12		\$15.00

3. Resident Services Assistance Services as Provided by Certified Home Health Aides

	<u>Time Frame</u>	<u>Fee</u>
a. Apartment tidy	¼ hr.	\$8.00
b. Shop (with client) groceries or clothing	¼ hr.	\$8.00
c. Escort Dr. visit (no hands-on assistance)	¼ hr.	\$8.00
d. Meal preparation and clean-up	¼ hr.	\$8.00
e. In-house escort	¼ hr.	\$8.00
f. Pet and plant care	¼ hr.	\$8.00
g. Event reminder service and calendar review	¼ hr.	\$8.00

4. Residence Service personal care provided by a certified home health aide. Care monitored by Resident Service RN under ALSA regulations.

	<u>Time Frame</u>	<u>Fee</u>
a. Grooming	¼ hr.	\$8.00
b. Skin care	¼ hr.	\$8.00
c. Transfers	¼ hr.	\$8.00
d. Toileting	¼ hr.	\$8.00
e. Bathroom/hygiene	¼ hr.	\$8.00
f. Dressing	¼ hr.	\$8.00
g. Support hose	¼ hr.	\$8.00
h. Medication reminders	¼ hr.	\$8.00

These services can be combined with other Resident Services and/or services of Medicare or other private agencies.

5. Domestic Services:

	<u>Time Frame</u>	<u>Fee</u>
a. Errands	½ hr.	\$8.50
b. Grocery Shopping	½ hr.	\$8.50
c. Laundry	½ hr.	\$8.50
d. Ironing	½ hr.	\$8.50
e. Pet Care	½ hr.	\$8.50
f. Plant Care	½ hr.	\$8.50
g. Assisting with Mail	½ hr.	\$8.50
h. Light Housekeeping	½ hr.	\$8.50

6. Private Duty Nursing Services provided by Home Health Care Services Corporation

	<u>Time Frame</u>	<u>Fee</u>
a. Private duty aides	2 hr. minimum	\$24.25/hr. weekdays
		\$25.25/hr. weekends
b. Registered Nurse visits		\$80/visit
c. Case management fee		\$78/month
d. Medicare covered home care		According to Medicare reg.
e. Live-in		\$215/day
f. Companion/homemaker		\$19.25/hr.
		\$20.25/hr. weekends

7. Private Duty Nursing Services provided by outside agencies or persons*

Time Frame **Fee**

Established by agency

*** Private employees of all Residents must register with Director of Resident Services prior to providing services.**

8. Packages of services can be arranged by Resident Services Director

Time Frame **Fee**

Established by Resident
Services Director

9. Skilled Nursing Benefit – Order of Payment Methods (in order)
1. Medicare Coverage and any private insurance
 2. Long Term Care Insurance (if applicable)
 - a. In the case of a waiting or elimination period under the terms of your insurance, as long as you retain the Skilled Nursing Benefit, the Skilled Nursing Benefit days will begin to cover the per-diem semi-private room rate.
 - b. In the event the Long Term Care Insurance capacity for coverage has been reached, the Skilled Nursing Benefit days will begin to cover the per-diem semi-private room rate.
 3. Skilled Nursing Benefit
 - a. Pursuant to the terms of Section 4.3 of this Agreement.

EXHIBIT C

MANAGED RESIDENTIAL COMMUNITY RESIDENTS' BILL OF RIGHTS

You have the right to:

- Live in a clean, safe and habitable private Residence;
- Be treated with consideration, respect and due recognition of your personal dignity, individuality and the need for privacy;
- Privacy within your private Residence, subject to the Community's rules reasonably designed to promote your health, safety and welfare;
- Retain and use your personal property within your Residence 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 Residence, 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 Residential Health Services Director or any other persons responsible for resident care or the coordination of resident care;

- Confidential treatment of all records and communications to the extent required by State and Federal law;
- Have all reasonable requests responded to promptly and adequately within the capacity of the Community and with due consideration given to the rights of other residents;
- Be fully advised of the relationship that the Community has with any Assisted Living Services Agency, health care facility or educational institution to the extent that such relationship relates to resident medical care or treatment and to receive an explanation about the relationship;
- Receive a copy of any rules or regulations of the Community;
- Refuse care and treatment and participate in the planning for the care and services you need or receive, provided, however, that your refusal of care and treatment may preclude you from being able to continue to reside in the Community; and
- If you are a continuing care resident, all rights afforded under Conn. Gen. Stat. § 17b-520 *et seq.*, and any other applicable laws. If you rent your Residence, 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
Faculty Licensing and Investigations
410 Capitol Ave., P.O. Box 340308
MS#12HSR
Hartford, CT 06134-0308

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

Complaints: Donna Ortelle, Supervisor
(860) 509-7400

Nancy Shaffer, State Long Term Care Ombudsman
Office of the Long Term Care Ombudsman
55 Farmington Avenue
Hartford, CT 06105-3730
(866) 388-1888 or (860) 424-5200

Brenda Foreman, Regional Ombudsman
Long-Term Care Ombudsman Program
401 West Thames Street
Norwich, CT 06360
(860) 823-3366

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

Date

Resident

Resident's Legal Representative

Relationship to Resident

EXHIBIT D

Complaint Resolution Process

Purpose: To ensure that resident concerns related to their residency in the Community are resolved quickly and do not develop into major concerns, thereby ensuring optimum resident and employee satisfaction.

Policy: Residents who have a problem which they believe requires more detailed attention or who wish to voice a formal complaint, may elect to use the Complaint Resolution Process, without fear of reprisal of any kind. Every effort will be made to resolve any issue, dispute, or difference regarding residency matters, in accordance with the following Procedure:

Procedure:

1. Residents are encouraged to bring their concerns to the attention of the Department Director of the Department in which the problem is occurring (or occurred).
2. If the issue is not resolved after the first step, the resident should be encouraged to contact the Executive Director. The Executive Director will respond in writing within one (1) working day after receipt. If the issue requires more extensive research, then the resident will be corresponded with at every step of the resolution process.
3. If the issue is still unresolved after step 2, the resident may appeal to the Community's Director of Operations Management. The Director of Operations Management will respond in writing within three (3) working days after receipt. The Director of Operations Management may also (at the sole discretion of the Director of Operations Management) take the issue to the Community's board of directors for further consideration and resolution.
4. The Community will also publicize and post information pertaining to all applicable governmental regulatory resources for handling complaints unresolved by the Community (see Exhibit C – "Managed Residential Community Residents' Bill of Rights" for the contact information of such regulatory resources and individuals).

EXHIBIT E

Acknowledgment of Receipt of Resident Handbook

I, the undersigned, acknowledge receipt of the Chester Village West Resident Handbook dated _____, 20____, which contains certain rules, policies, and guidelines in order to promote the health, safety and welfare of the residents of the Community.

Date

Resident

Resident's Representative

Relationship to Resident

Date

Resident

Resident's Representative

Relationship to Resident



A Life Care Services Community™

Chester, Connecticut

**RESIDENCY AGREEMENT
TRADITIONAL**

1/1/2017

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- Exhibit A: Residential Health Services Program - List of Services and Extra Charges
- Exhibit B: MRC Residents' Bill of Rights
- Exhibit C: Complaint Resolution Process
- Exhibit D: Acknowledgment of Receipt of Resident Handbook

GLOSSARY

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

"Aging-in-Community Policy" refers to that policy issued by Chester Woods LLC ("Chester Woods," "we," or "us"), which outlines the requirements of the Resident to continue to live in a Residence at Chester Village West.

"Agreement" refers to this Residency Agreement between the Resident and Chester Woods, which delineates the contractual obligations of Chester Woods to the Resident for accommodations, services, and amenities provided by Chester Woods.

"Capital Asset Replacement Reserve Fund" means a reserve fund to improve or replace capital items that cost over \$50,000.

"Chester Village West" or "Community" means that senior living community known as Chester Village West, including the Residences, the common areas and all site amenities associated with these areas located in Chester, CT.

"Chester Woods" or "we" or "us" refers to the owner and operator of a *ContinuingCare*[™] senior living community that conducts business as Chester Woods. Chester Woods LLC is an Iowa limited liability company

qualified to conduct business in the State of Connecticut.

"Disclosure Statement" refers to that document that outlines in detail the services and amenities to be provided by Chester Woods.

"Entrance Payment" refers to the one-time payment made to Chester Woods prior to occupancy pursuant to the Agreement.

"Extra Charges" refers to the charges payable in consideration for the additional services and amenities requested by Resident, as set forth in Section 2 of the Residency Agreement.

"Fair Share Allocation" refers to the method for determining the Resident's Monthly Fee.

"Financial Assistance Amendment to Residency Agreement" refers to that amendment that allows the Resident to remain at Chester Village West in the event of a change in the Resident's financial condition.

"Managed Residential Community" refers to a community registered with the Connecticut Department of Public Health in order to offer

certain residential health services provided by a licensed assisted living services agency to Residents in their Residences. Chester Village West is registered as a managed residential community.

"Member" refers to LCS Communities LLC, the legal entity that owns Chester Woods.

"Monthly Charges" refers to all those Monthly Charges payable by the Resident pursuant to the terms of the Agreement, including the Monthly Owner's Supervision Fee, the Monthly Fee, the extra charges for additional services, and all other fees and charges payable monthly pursuant to the terms of the Agreement, as appropriate in the particular instance.

"Monthly Owner's Supervision Fee" refers to the fixed monthly fee identified in paragraph 6.1 of the Agreement, which, if applicable, is payable on a per Resident basis for occupying the Community.

"Monthly Fee" refers to that monthly fee payable in consideration for the accommodations, amenities and services provided to the Residents, as set forth in Section 1 of the Agreement. The Monthly Fee includes a second person Monthly Fee if there are two (2) Residents.

"Occupancy" refers to the earlier of the date Resident moves into the Community or the date Resident pays

the balance of the Entrance Payment and the Second Person Fee, if applicable, to Chester Woods pursuant to this Agreement.

"Personal Service Provider" refers to a private employee, an independent contractor, or a licensed home health care agency that may be contracted by the Resident to provide additional personal services requested or required by the Resident which are not covered by the Agreement.

"Personal Service Provider Policy" refers to the policy established by Chester Woods which sets forth the rules of conduct which must be followed by any Personal Service Provider providing services to Residents of the Community.

"Remarketing Agreement" refers to that agreement between Chester Woods LLC and the Resident stipulating the terms for remarketing the Residence and is executed upon (i) a Resident's notices of cancellation of the Agreement; or (ii) a Resident's decision to transfer to another Residence at the Community.

"Residence" refers the Residence at the Community identified in page 1 of the Agreement in which the Resident is entitled to occupy a Residence pursuant to the Agreement in exchange for paying the Entrance Payment, the Second Person Fee, if applicable, the one-time Working Capital Fee, paying

the Monthly Owner's Supervision Fee, and paying the Monthly Fee.

"Residence Modification Agreement" refers to that agreement between Chester Woods and the Resident which outlines the terms and conditions under which the Resident may make modifications to his/ her Residence.

"Residency Policy" refers to that policy issued by Chester Woods which outlines the requirements of the Resident to live in a Residence at Chester Village West.

"Resident" or "you" refers to the Resident or Residents who execute the Agreement. Sometimes a second Resident (if there are two (2) Residents) is referred to in the Agreement as the "second person". Unless otherwise indicated "you" refers to both of you if there are two (2) Residents.

"Second Person Fee" refers to the additional fee payable if there are two (2) Residents.

"Skilled Nursing Benefit" refers to the then-current posted semi-private per diem room rate for ninety (90) days of Skilled Nursing Care pursuant to Section 4.3 of this Agreement.

"Transfer Policy" refers to that policy issued by Chester Woods LLC that outlines the process for a resident to relocate to another Residence in Chester Village West.

"Working Capital Fee" refers to the one-time fee paid by the Resident to Chester Woods LLC at the time the balance of the Entrance Payment is paid and used by Chester Woods LLC only for purposes related to Chester Village West.

**CHESTER VILLAGE WEST
TRADITIONAL RESIDENCY AGREEMENT**

This Traditional Residency Agreement ("Agreement") is entered into by Chester Woods LLC, ("Chester Woods," "we," "us," or "our") and _____ (individually or collectively, "you," "your," or "Resident"). Chester Village West is a *ContinuingCare*[™] senior living community located in Chester, Connecticut, whose purpose is to provide individuals of a qualifying age a way of living known as *ContinuingCare*[™].

Chester Village West will provide quality residential housing for seniors along with a wide array of personal services and amenities outlined in this Agreement. Subject to the conditions contained in this Agreement, we agree to make available to you the residence (hereafter "Residence") described as follows:

Residence Number: _____

Residence Style: _____

Chester Village West is designed to offer an environment that enriches your life. The objective of Chester Village West is to offer a lifestyle with services and programs based on your interests that will complement or augment your current lifestyle and well-being. The design of Chester Village West allows for creative and healthy lifestyle activities in a comfortable environment.

In addition, our Residential Health Services Program allows for you to transition to higher levels of care, when needed, or work with our licensed home health agency, Health at Home[™], for in-residence assistance. As a Resident of a *ContinuingCare*[™] senior living community, you are offered lifetime use of a Residence and the services and amenities detailed in Section 1 and 2 of this Agreement. One of the most significant benefits of Chester Village West is that you will receive up to ninety (90) Skilled Nursing Benefits days, as long as you remain a *ContinuingCare*[™] Resident. The health care cost savings is one of the many, and also one of the most important, benefits of becoming a Resident of Chester Village West.

To be accepted for residency, you must meet our residency criteria that include: age guidelines, financial guidelines, and ability to meet the requirements of Residence occupancy.

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

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

1.1 Same number of meals, in the dining room, as there are days in the month;

1.2 Room service if ordered by the Health Care Navigator;

1.3 Water, and sewer;

1.4 Electric, air conditioning and heating (**Apartment Residences only**);

1.5 Building and grounds maintenance;

1.6 housekeeping service;

1.7 Laundry service;

1.8 As part of the *HealthyLife™ Services* Program, you may choose to participate in fitness, nutrition, active life, and well-being activities to enhance your lifestyle;

1.9 Parking as detailed below:

1.9.1 Apartment Residences are provided one space for outdoor parking - Covered parking in paragraph 2.10 below takes the place of outdoor space;

1.9.2 Maplewood Residences are provided with an attached garage and driveway parking;

1.9.3 Additional parking and guest parking is available in lighted paved lots.

1.10 Carpeting (except in kitchen and bath where there will be alternate floor covering);

1.11 Complete kitchen, including refrigerator, range with oven, dishwasher and microwave;

1.12 a washer and dryer in each Residence;

1.13 Scheduled local transportation;

1.14 Emergency call system;

1.15 Fire detection system;

1.16 Security for buildings and grounds;

1.17 Trash disposal;

1.18 Emergency generator for all common areas;

1.19 Private mail box in common area;

1.20 Access to certain services available under the Residential Health Services Program at no extra charge (see Exhibit A to this Agreement, or Resident Handbook, for additional details);

1.21 Up to ninety (90) days of Skilled Nursing Benefit per-diem costs pursuant to Section 4.3 of this Agreement; and

1.22 Use of all common areas in the Community.

2. ADDITIONAL SERVICES PROVIDED FOR AN EXTRA CHARGE. We may also make available at the Community, at your request, for as long as you reside in a Residence at Chester Village West, at the then-prevailing rates of Extra Charge:

2.1 Room service to the Residence for the one meal per day, with any necessary diet modifications,

when not ordered by the Health Care Navigator;

2.2 Home health services provided in your Residence as described in the Disclosure Statement.

2.3 Telephone service charge;

2.4 Additional maintenance services in the Residence;

2.5 Personal laundry services;

2.6 Additional housekeeping services;

2.7 Special events and transportation scheduled by you;

2.8 Guest accommodations when available;

2.9 Guest meals;

2.10 Carport covered parking space in lieu of open space provided in paragraph 1.9 above (**available to Apartment Residences only**);

2.11 Access to additional services available under the Residential Health Services Program for an extra charge (see Exhibit A, or Resident Handbook, for additional details regarding which services are available for an extra charge, and the current extra charges for such services);

2.12 Special activities and programs including services or programs offered under the *HealthyLife Services* Program; and

2.13 Electric, air conditioning and heating (**Maplewood Residences only**)

2.14 Other additional services approved by us from time to time.

3. DURATION OF YOUR RIGHT TO OCCUPY THE RESIDENCE. You may reside in your Residence for as long as you live unless you are not capable of living in a Residence as set forth in our Aging in Community Policy, or this Agreement is canceled by you or by us. If there are two (2) of you under this Agreement and one (1) of you dies or is unable to occupy the Residence, the remaining Resident may continue to occupy the Residence under the terms of this Agreement.

4. HEALTH CARE BENEFITS.

4.1 Residential Health Services Program. If you need personal care services in your Residence or you need to transfer to a health care facility, we will make arrangements for these services through the Residential Health Services Program. You have the right to participate, as fully and meaningfully as you are able, in making the decision about your health care services. These

services will not be provided by us, and you agree to pay all costs charged by third-party health care providers for such services.

4.2 Home Health Care Services. Home Health Care Services LLC d/b/a Health at Home™, a licensed home health agency and an affiliate of Chester Woods, will be available to contract with Residents to provide home health services in the Residences. Arrangements may be made for such services through the Health Care Navigator. All costs charged by any home health agency shall be your responsibility.

4.3 Skilled Nursing Care. In the event you need the services provided by a nursing care facility, we will attempt to arrange for your transfer to a nursing care facility of your choice through the Health Care Navigator. Under the terms of this Agreement, you, or both of you if there are two residents, are provided with a total of ninety (90) days of Skilled Nursing Benefits in a semi-private room for days not covered by Medicare or private insurance. The Community will pay the then-current semi-private room per-diem rate for up to ninety (90) days. All other costs charged by the nursing care facility shall be your responsibility and you shall also be responsible for all charges for nursing care, including the per diem costs, following the expiration of the Skilled Nursing

Benefit. If you elect a private room under the terms of this Section, all charges exceeding the semi-private per diem room rate will be borne by you.

4.4 Health Care Decisions.

You have the right to be independent in decisions regarding your medical care, and we shall not prevent or otherwise infringe upon your right to obtain treatment, care and services from providers with which we do not have a contractual arrangement. Any charges by a non-designated health care provider shall be your responsibility.

5. ENTRANCE PAYMENT AND WORKING CAPITAL FEE.

5.1 Entrance Payment. To assure you a Residence in Chester Village West in accordance with all the terms of this Agreement, you will pay to us an Entrance Payment of \$_____. Payment of 10% of your Entrance Payment at the time of executing this Agreement will reserve your Residence referenced on page 1 of this Agreement. The balance of the Entrance Payment (an amount equal to 90% of the Entrance Payment, or \$_____) will be paid to us on the earlier of: (i) within 90 days of the date of our approval of this Agreement; or (ii) upon the date of occupancy (as defined in the Glossary). Payment of the balance of the Entrance Payment, Second Person

Fee if there are two (2) of you, one-time Working Capital Fee, and Monthly Charges (described below) entitles you to live in a Residence at the Community. You may live in a Residence for as long as you are capable of living in a Residence, as defined in our current Aging in Community Policy, and you will receive available services, all in accordance with the terms of this Agreement.

5.2 Second Person Fee.

If there are two (2) of you, a Second Person Fee of \$_____ and the balance of your Entrance Payment in the amount of \$_____ will be paid to us on the earlier of (i) occupancy or (ii) within 90 days of the date of our approval of this Agreement. Subject to the provisions of the Admission Payments Escrow Agreement and our repayment obligations under Section 7 below, any amortized amounts paid to us as an Entrance Payment and Second Person Fee, if applicable, will be the unrestricted property of the Provider, and may be used by the Provider, once it is earned, for any purpose unrelated to Chester Village West at the Provider's sole discretion. Chester Village West may distribute such funds to its Member. You shall not be required to move into the Community before the expiration of 30 days from the date you execute this Agreement.

5.3 Working Capital Fee.

At the same time you pay the balance of your Entrance Payment, pay your Monthly Owner’s Supervision Fee and commence paying your Monthly Fee for your Residence, you will pay to us a Working Capital Fee that is an amount equal to two (2) times the then-current Monthly Fee for your Residence (including a second person Monthly Fee if there are two (2) of you). This is a one (1) time non-repayable charge to be used by us only for purposes related to the Community.

6. MONTHLY CHARGES.

6.1 Monthly Owner's Supervision Fee. You will pay the current Monthly Owner's Supervision Fee once a month per Resident (each Resident if there are two (2) Residents) applicable as of the date of this Agreement. There shall be no increase in your Monthly Owner's Supervision Fee during the term of this Agreement. We reserve the right to implement or change the Monthly Owner's Supervision Fee at our discretion. The Monthly Owner's Supervision Fee shall be our unrestricted property, and may be used by us for any purpose whether or not related to the Community, in our sole discretion. Your Monthly Owner's Supervision Fee shall be:

\$ _____; or
_____ Not Applicable

6.2 Monthly Fee. You shall pay the following Monthly Fee for the accommodations, services and amenities provided to the Residents as set forth in Section 1 of this Agreement. The current Monthly Fee is \$_____ a month for one (1) person and an additional \$_____ a month if there are two (2) of you. Future adjustments to the Monthly Fee will be determined by the Fair Share Allocation formula developed to apportion the costs of operating the Community among its Residents.

6.3 Monthly Charges for Residence. Your initial Monthly Charges (including second person charges if there are two (2) of you) for the Monthly Owner’s Supervision Fee and the Monthly Fee is \$_____.

6.4 Fair Share Allocation. Implementation of the Fair Share Allocation means the Monthly Fee will be your fair share of the cash requirement of the Community (as described in paragraph 6.5 below). The Fair Share Allocation has been developed to apportion the cash requirement of the Community among its Residents, based on such factors as Residence size and type, number of second persons, and other relevant factors as determined by us from time to time.

6.5 Cash Requirement. The cash requirement of the Commu-

nity is that projected amount necessary to provide services and amenities to the Residents. The cash requirement is charged to all Residents through the Monthly Fee and application of the Fair Share Allocation. Generally, we will determine the cash requirement based upon (i) the costs incurred in connection with the operation of the Community for the prior fiscal year; (ii) with adjustments made for inflation or deflation, occupancy rates, changes to reserves, and nonrecurring expenses; and (iii) reduced by certain projected operational income for the next fiscal year. Once determined, the cash requirement is allocated among the Residents pursuant to the Fair Share Allocation. The determination of the cash requirement is further explained below:

6.5.1 Costs. Based upon the costs incurred in connection with the operation of the Community for the prior fiscal year, we will determine all anticipated expenses, costs, and other charges to the Community for the next fiscal year, including but not limited to salaries, wages, and fringe benefits of the Community employees and other persons at the Community (including executive directors and administrators); payroll taxes; telephone; utilities; license fees, occupational taxes, property taxes, sales taxes, permits, and other taxes (excluding only our income taxes); legal and accounting fees and costs; bad debts and other losses; insurance

premiums, commissions, deductibles, and claims; consulting fees; directors' expenses; food; supplies; interior, exterior, and grounds replacement; repair and maintenance, including Residence refurbishment costs, to the extent funds are not available for such use by the Working Capital Fee; capital improvements to the extent funds are not available for such use from the Community's Capital Asset Replacement Reserve Fund as described in paragraph 6.11); an amount to fund the Capital Asset Replacement Reserve Fund (as described in paragraph 6.11); management fees paid to others; management fees paid to Life Care Services LLC, or to an affiliate of Life Care Services LLC, plus reimbursable costs incurred in performing management services as described in the management agreement; debt service, including principal and interest (excluding only principal payments on loans from Residents); occupancy development costs; lease payments; and any other similar expenses, costs, and charges to the Community.

6.5.2 Adjustments. The foregoing projected expenses, costs, and charges are then further adjusted by us to take into account anticipated changes in reserves, working capital needs, services, Residence occupancy, inflation or deflation, nonrecurring expenses, and other relevant factors.

6.5.3 Income. The foregoing adjusted costs (except Resi-

dence refurbishment costs), expenses, and charges are then reduced by certain projected income of the Community for the next fiscal year, including income from extra meals, beauty shop rental, guest meals and guest room rentals, and interest income from the Community's statutory reserves and operating cash accounts. Residence refurbishment costs are then reduced by projected income from the Working Capital Fee for the next fiscal year. The total of these reduced costs, expenses, and charges is the cash requirement of the Community for the next fiscal year.

6.6 Monthly Fee Changes.

The Monthly Fee may be adjusted upon 30 days' prior written notice by us or immediately without notice if such change in the Monthly Fee is required by local, state, or federal laws or regulations.

6.7 Payment. You will pay the Monthly Owner's Supervision Fee and a pro rata portion of the Monthly Fee commencing on the earlier of (i) occupancy or (ii) within 90 days of the date of our approval of this Agreement. Thereafter, your Monthly Owner's Supervision Fee and Monthly Fee will be payable in advance on the fifth (5th) day of each month. Any extra charges for additional services obtained during the preceding month will be paid on the fifth (5th) day of each month for the additional services obtained during the preceding month.

6.8 Late Payment. A late payment charge will be assessed 30 days from the date on the billing statement at the rate of one percent (1%) per month on the total delinquent amounts due. Late payment charges will not be compounded in the total delinquent amounts computed for determining any late payment charge assessed in any succeeding month. The late payment charge will cease on the date we receive payment of the total delinquent amount.

6.9 Cease Payment of Monthly Fee for Residence.

The Monthly Charges for your Residence will cease in accordance with Section 8 or 9 if you (or both of you if there are two (2) of you) or we cancel this Agreement and in accordance with paragraph 8.4 if you die (or if there are two (2) of you, the death of the survivor). If there is one of you and you are permanently assigned to a Skilled Nursing Facility, the ninety (90) day Skilled Nursing Benefit shall continue for as long as you continue to pay the Monthly Fee for the residence until the expiration of your ninety (90) days of Skilled Nursing Benefits. In the event there are two (2) of you who occupy the Residence and only one (1) of you cancels this Agreement or dies, the second person Monthly Fee will cease and the remaining person will continue to pay the first person Monthly Fee and Monthly Owner's Supervision Fee and

will be the recipient of any unused Skilled Nursing Benefit days. If you, or both of you if there are two residents, are permanently assigned to Skilled Nursing Facility, you will continue to pay the Monthly Fee for the residence until the expiration of your ninety (90) days of Skilled Nursing Benefits unless you, or both of you if there are two residents, release the residence for remarketing, remove all possessions and return the residence keys and this Agreement shall cancel.

6.10 Reduction in Monthly Fee During an Absence for Medical Reasons. If you are absent from the Community for more than 30 days due to medical reasons, your Monthly Fee will be reduced as follows:

6.10.1 If there is one (1) of you who occupies the Residence and you are absent from the Community for more than 30 days due to medical reasons, you will continue to pay the Monthly Fee less the food costs for the one meal a day not taken during your absence from the Community.

6.10.2 If there are two (2) of you who occupy the Residence and one (1) of you is absent from the Community for more than 30 days due to medical reasons, the second person Monthly Fee will cease and you will only be required to pay the first person Monthly Fee during the

other person's absence from the Community.

6.10.3 If there are two (2) of you who occupy the Residence and both of you are absent from the Community for more than 30 days due to medical reasons, the second person Monthly Fee will cease and you will only be required to pay the first person Monthly Fee during your absence from the Community, less the food costs for the one meal per day not taken during your absence from the Community.

You will continue to pay the Monthly Owner's Supervision Fee per Resident during any such absence from the Community.

6.11 Capital Asset Replacement Reserve Fund. We have established a Capital Asset Replacement Reserve Fund maintained by us and to be used only for improving or replacing major capital items of the Community. Such reserve is funded from Monthly Fees as set forth in paragraph 6.5.1.

7. REPAYMENT OF ENTRANCE PAYMENT AND SECOND PERSON FEE.

7.1 Repayment of Entrance Payment Prior to Occupancy.

7.1.1 Nonacceptance.
If we do not accept you for residency,

we will repay to you the amount of the Entrance Payment you have paid, without interest, within thirty (30) days of our notice to you of nonacceptance.

7.1.2 Right of Rescission Period. If prior to occupancy you change your mind and you give us written notice of cancellation by registered or certified mail within 30 days from the date you execute this Agreement, this Agreement will be automatically canceled. In such event, we will repay to you the amount of the Entrance Payment you have paid, without interest, within 30 days of notice, except that we will retain an amount equal to any costs specifically incurred by us or the Community at your request, if any, and which are set forth in a separate addendum to this Agreement. You shall not be required to move into the Community before the expiration of the thirty (30) day rescission period.

7.1.3 Change in Condition. If prior to occupancy (i) you (or either of you if there are two (2) of you) die or become unable to occupy your Residence because of illness, injury, or incapacity or (ii) you elect to cancel this Agreement because of a substantial change in your physical, mental, or financial condition, then upon our receipt of your written notice to us by registered or certified mail this Agreement will be automatically canceled. In such event, we will

return to you or your legal representative, without interest, the amount of the Entrance Payment you have paid to us within 60 days of our receipt of your written notice of cancellation, except that we will retain an amount equal to any costs specifically incurred by us at your request, if any, and which are set forth in a separate addendum to this Agreement.

7.1.4 Cancellation for Reasons Other Than Set Forth in 7.1.1, 7.1.2, and 7.1.3. If prior to assuming occupancy you give us written notice of cancellation by registered or certified mail and neither paragraphs 7.1.1, 7.1.2, nor 7.1.3 are applicable, this Agreement will be canceled. In such event, we will retain three thousand dollars (\$3000) from the amount of the Entrance Payment you paid, plus an amount equal to any costs specifically incurred by us at your request, if any, and which are set forth in a separate addendum to this Agreement, and the balance will be repaid to you, without interest, within 60 days of our receipt of your written notice of cancellation.

7.2 Repayment of Entrance Payment and Second Person Fee Within First Four Months of Occupancy. Except within the rescission period, which will be handled according to paragraph 7.1.2, should you or we cancel this Agreement pursuant to Section 8 or 9, or in the event of the death of the surviving

Resident within the first four months of your occupancy, 100% of the Entrance Payment you have paid, and the Second Person Fee if there are two of you, will be repaid to you pursuant to Section 8 or 9.

Your repayment shall become due and payable upon 14 days from the date the Entrance Payment is collected for your Residence from a new resident to Chester Village West. If your Residence is reoccupied by an existing resident of Chester Village West who transfers from another residence ("Transferring Resident"), your repayment shall be due and payable upon the date we receive the next full Entrance Payment for the residence vacated by the Transferring Resident. If more than one internal transfer of existing residents occurs, repayment of your Entrance Payment will be tied to the last vacated residence. However, in no event shall such date be more than 24 months from the date of cancellation of your Residency Agreement at which time your repayment shall become immediately due and payable to you or your estate. We may offset against any repayment any amounts then due by you to us pursuant to paragraph 7.4

7.3 Repayment After First Four Months of Occupancy. In the event of your death (or the death of the survivor if there are two of you) after occupancy, or if you or we cancel this Agreement pursuant to

Sections 8, we will repay to you (or your estate), without interest, the amount of the Entrance Payment paid by you reduced by thirty percent (30%) earned by us upon occupancy and two percent (2%) per full month of occupancy until the Entrance Payment is fully amortized. For purposes of calculating the repayment, amortization will begin on the fifth month of occupancy and will end when this Agreement is cancelled pursuant to Section 8 or 9. After occupancy, Second Person Fee (if applicable) is not repayable.

Your repayment shall become due and payable upon 14 days from the date the Entrance Payment is collected for your Residence from a new resident to Chester Village West. If your Residence is reoccupied by an existing resident of Chester Village West who transfers from another residence ("Transferring Resident"), your repayment shall be due and payable upon the date we receive the next full Entrance Payment for the residence vacated by the Transferring Resident. If more than one internal transfer of existing residents occurs, repayment of your Entrance Payment will be tied to the last vacated residence. However, in no event shall such date be more than 24 months from the date of cancellation of your Residency Agreement at which time your repayment shall become immediately due and payable to you

or your estate. We may offset against any repayment any amounts then due by you to us pursuant to paragraph 7.4

7.4 Right of Offset. We have the right to offset against any repayment due you, any unpaid Monthly Charges owed by you, any amounts deferred by us under paragraph 9.2, and any other sums owed by you to us. Any amounts owed by you to us will be payable with interest.

7.5 Beneficiary Designation. You may designate a beneficiary for receipt of any repayable portion of the Entrance Payment if the designation is in writing, is witnessed, is noncontingent, is specified in percentages and accounts for 100%, and has received our approval. An Assignment of Rights to Repayment may be obtained from the Community's business office.

8. YOUR CANCELLATION RIGHTS.

8.1 Prior to Occupancy. You may cancel this Agreement for any reason at any time before occupancy by giving us written notice executed by you (both of you, if there are two (2) of you) and sent by registered or certified mail. If you give such notice, prior to your occupancy of the Community, the cancellation will be effective as described in Section 7.

8.2 During First Four Months of Occupancy.

8.2.1 Written Notice. During your first four months of occupancy at Chester Village West, you may cancel this Agreement at any time after occupancy by giving us written notice executed by you (both of you if there are two (2) of you) and sent by registered or certified mail. Upon our receipt of your written notice of cancellation, you and we will execute a Remarketing Agreement for the resale of your Residence.

8.2.2 Monthly Charges. You will continue to pay your Monthly Fee and Monthly Owner's Supervision Fee until the date you vacate your Residence and remove of all your furniture and other property.

8.2.3 Removal of Property. If removal of your furniture and other property is not accomplished after giving written notice of cancellation, we may continue to charge the Monthly Owner's Supervision Fee and Monthly Fee or we may remove and store your furniture and other property at the expense and risk of you or your estate.

8.2.4 Cancellation. This Agreement will cancel, and the services provided under this Agreement will cease after giving written notice of cancellation and upon the date you

vacate your Residence and remove all your furniture and other property.

8.2.5 Repayment of Entrance Payment. If you give us written notice of cancellation during the first four months of your occupancy, your Entrance Payment and Second Person Fee, if there are two of you, will be fully repayable, providing you vacate your Residence, and remove all your furniture and other property within your first four months of occupancy. However, if you fail to vacate your Residence within your first four months of occupancy, the amount of Entrance Payment repaid to you shall be calculated and repaid pursuant to Section 8.3 below

8.3 After First Four Months of Occupancy.

8.3.1 Written Notice. After your first four months of occupancy, you may cancel this Agreement at any time after occupancy by giving us 120 days' advance written notice executed by you (both of you if there are two (2) of you) and sent by registered or certified mail. Upon our receipt of your written notice of cancellation, you and we will execute a Remarketing Agreement for the resale of your Residence.

8.3.2 Monthly Fee. You will continue to pay your Monthly Fee and Monthly Owner's Supervision Fee until the later of (i) the ex-

piration of the 120 day written notice of cancellation period or (ii) the date you vacate your Residence and remove of all your furniture and other property.

8.3.3 Removal of Property. If removal of your furniture and other property is not accomplished within 120 days of your written notice of cancellation, we may continue to charge the Monthly Owner's Supervision Fee and Monthly Fee or we may remove and store your furniture and other property at the expense and risk of you or your estate.

8.3.4 Cancellation. This Agreement will cancel, and the services provided under this Agreement will cease, upon the later of (i) 120 days following the date you give us written notice of cancellation or (ii) the date you vacate your Residence and remove all your furniture and other property.

8.3.5 Repayment of Entrance Payment. Any unamortized amount of your Entrance Payment, if any, will be repaid to you in accordance with Paragraph 7.3.

8.4 Death.

8.4.1 Monthly Fee. You will continue to pay your Monthly Fee and Monthly Owner's Supervision Fee until the later of (i) your death (if there are two (2) of you, the death of

the survivor) or (ii) your vacancy of the Residence and removal of all your furniture and other property.

8.4.2 Removal of Property. If removal of your furniture and other property is not accomplished within 30 days of your death (if there are two (2) of you, the death of the survivor), we may continue to charge the Monthly Fee and Monthly Owner's Supervision Fee or we may remove and store your furniture and other property at the expense and risk of you or your estate.

8.4.3 Cancellation. This Agreement will cancel and the services provided under this Agreement will cease, upon the later of (i) your death (if there are two (2) of you, the death of the survivor) or (ii) your vacancy of the Residence and removal of all your furniture and other property.

8.4.4 Repayment of Entrance Payment. Any unamortized amount of your Entrance Payment, if any, will be repaid to you in accordance with Paragraph 7.3.

8.5 Cancellation Due to Medical Treatment After Occupancy.

8.5.1 Written Notice. If you develop a medical condition which requires you to seek long-term or permanent medical treatment else-

where (because such medical condition cannot be treated with home health services available at the Community), you may voluntarily cancel this Agreement after occupancy by giving us 30 days' advance written notice signed by you (both of you if there are two (2) of you) and sent by registered or certified mail. Upon our receipt of your written notice of cancellation, you and we will execute a Remarketing Agreement for the resale of your Residence.

8.5.2 Monthly Fee. If you give such notice, you will continue to pay your Monthly Fee and Monthly Owner's Supervision Fee until the later of (i) expiration of such 30 day period, (ii) your vacancy of the Residence and removal of all your furniture and other property, or (iii) if permanently assigned to Skilled Nursing Facility, the expiration of your ninety (90) days of Skilled Nursing Benefit.

8.5.3 Removal of Property. If removal of your furniture and other property is not accomplished, we may continue to charge the Monthly Fee and Monthly Owner's Supervision Fee or we may remove and store your furniture and other property at the expense and risk of you or your estate.

8.5.4 Cancellation. This Agreement will cancel on the later of (i) 30 days following the date you

give us written notice of cancellation, (ii) the date you vacate your Residence and remove all your furniture and other property, or (iii) if permanently assigned to Skilled Nursing Facility, the expiration of your ninety (90) days of Skilled Nursing Benefit.

8.5.5 Repayment of Entrance Payment. Any unamortized amount of your Entrance Payment, if any, will be repaid to you in accordance with Paragraph 7.3.

9. OUR CANCELLATION RIGHTS.

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

9.1.1 Nonpayment. Except as set forth below, nonpayment of fees or charges; or

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

9.1.3 Threat to Health or Safety. Health status or behavior which constitutes a substantial threat to the health or safety of yourself,

other Residents, or others including your refusal to consent to relocation or that would result in physical damage to the property of others; or

9.1.4 Change in Condition. A major change in your physical or mental condition and your condition cannot be treated with home health services available at the Community.

9.2 Financial Difficulty. If, after you have paid the Entrance Payment, you encounter financial difficulties making it impossible for you to pay the full Monthly Charges, then:

9.2.1 Permitted to Stay. You shall in any case be permitted to remain at the Community for 90 days after the date of failure to pay, during which time you shall continue to pay reduced Monthly Charges based on your current income. Pursuant to paragraph 7.4, any amounts owed by you to us will be payable with interest; and

9.2.2 Terms of Stay. After the 90 days, you shall be permitted to remain at the Community at reduced Monthly Charges based on your ability to pay for so long as you establish facts to justify deferral of such 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 will not apply if you have impaired your ability to meet your financial obligations hereunder by transfer of assets, after assuming residency, other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B and/or supplemental insurance coverages. To evidence these agreements based on the circumstances at the time, you agree to enter into a special Financial Assistance Amendment to Residency Agreement with us at the time of any such deferrals to reflect the reduced charges currently payable and the interest rate to be applied to the deferrals and to provide us with a perfected first security interest in your repayment rights. Any payments otherwise due to you from us, including the repayment of your Entrance Payment, will be offset against any such deferred charges.

9.2.3 Guarantor. Paragraphs 9.2.1 and 9.2.2 are not applicable if, to initially qualify for residency at Chester Village West, a third party(ies) with adequate resources agreed in writing, prior to your acceptance for residency, to guarantee payment of your obligations and is fulfilling their obligations pursuant to a Guaranty of Fees and Other Payments under the Residency Agreement.

9.3 Notice of Cancellation.

Prior to any cancellation of this Agreement by us, we will give you notice in writing of the reasons, and you will have 60 days thereafter to correct the problem. If we determine that the problem is corrected within such time, this Agreement will remain in effect. If we determine that the problem is not corrected within such time, you must leave the Community within 30 days after we notify you of our determination. You will continue to pay your Monthly Fee and Monthly Owner's Supervision Fee until removal of your furniture and other property has occurred. If removal of your furniture and other property is not accomplished, we may remove and store your furniture and other property at the expense and risk of you or your estate. This Agreement will cancel upon the removal of your furniture and other property. Your Entrance Payment, if applicable, will be repaid in accordance with Paragraph 7.3.

9.4 Emergency Notice.

Should your continued residency pose an imminent threat of serious harm to you or other Residents, and the giving of notice or the waiting period described above might be detrimental to you or other Residents, then such notice and/or waiting period shall not be required before relocation to a hospital or other appropriate facility. If there is one of you under this Agreement, we are expressly au-

thorized to transfer you to such hospital or other facility, and we will promptly notify your responsible party and your attending physician. After transferring you to such hospital or other facility, we will provide you with a notice of cancellation if you will be unable to return to the Community. If you transfer to Skilled Nursing Facility and are eligible for the benefits provided by us under Section 4.3, you will continue to pay your Monthly Fee until the later of (i) your vacancy of the Residence and removal of all your furniture and other property, or (ii) if permanently assigned to Skilled Nursing Facility, the expiration of your ninety (90) days of Skilled Nursing Benefit. You will continue to pay the Monthly Fee and Monthly Owner's Supervision Fee, until removal of your furniture and other property has occurred. If removal of your furniture and other property is not accomplished, we may remove and store your furniture and other property at the expense and risk of you or your estate. This Agreement will cancel upon the removal of your furniture and other property. Your Entrance Payment, if applicable, will be repaid in accordance with Paragraph 7.3. If there are two (2) of you under this Agreement and one (1) of you is transferred to a hospital or other appropriate facility under the circumstances described in this section, the other person may continue to occupy the Residence under the terms of this

Agreement. We are not responsible for any charges related to such transfer or relocation.

10. MISCELLANEOUS PROVISIONS WITH RESPECT TO YOUR RESIDENCE.

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

10.2 Occupants of Residence. Except as hereinafter provided, no person other than you (or both of you if there are two (2) of you) may occupy the Residence except with our express written approval. In the event that a second person who is not a party to this Agreement wishes to be accepted for residency under this Agreement, after the date we execute this Agreement, said second persons' acceptance will be based upon our then-current Residency Policy. If accepted, payment of the then-current Second Person Fee as determined by us, and payment of the then-current additional Monthly Charges for second persons shall be due. If such second person does not meet the requirements for residency,

such second person will not be permitted to occupy the Residence for more than 30 days (except with our express written approval), and you may cancel this Agreement as provided in Section 8.

10.3 Emergency Entry and Relocation. We may enter your Residence should it be necessary in an emergency to protect your health or safety or the health or safety of other Residents. Should it be necessary to modify facilities to meet the requirements of any applicable law or regulation which necessitate temporary vacation of your Residence, we will provide alternate facilities for you without extra charge within or outside the Community. Further, if relocation within the Community is recommended by your attending physician, we will request that you relocate to another Residence for the protection of your health or safety or for the health or safety of the other Residents of the Community.

10.4 Furnishings. Furnishings within the Residence will be provided by you except as otherwise provided in Section 1. Furnishings provided by you will not interfere with the health or safety of you or other Residents or others.

10.5 Alterations by You. You may undertake alterations to your Residence with our prior written

approval as set forth in a separate Residence Modification Agreement.

10.6 Refurbishment.

Customary and normal refurbishment costs of your Residence will be borne by all residents of Chester Village West as part of the Monthly Fee. Any necessary refurbishment costs beyond those which are customary and normal, are your responsibility and will be offset against any repayment of the Entrance Payment, if applicable.

10.7 Change of Residence.

Should you relocate to another Residence in the Community you may be subject to a transfer fee, as set forth under our then-current Residence Transfer Policy.

11. AMENDMENTS.

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

11.2 All Agreements. In addition, with the approval of (i) at least 67% of the Residents of the Residences in the Community, who have this type of residency agreement, and (ii) us, all residency agreements of this type, may be amended in any respect, provided, however, that no such amendment shall:

11.2.1 Reduce the aforesaid percentage of Residents which is required to consent to any such amendment; or

11.2.2 Permit the preference or priority of any Resident without the consent of each Resident.

Upon our approval and upon our receipt of evidence of the approval of at least 67% of the Residents of Residences as aforesaid, such amendment shall be effective and any designated residency agreements, which may include this Agreement, shall automatically be amended. Accordingly, any of the terms of this Agreement may be amended.

11.3 Law Changes. This Agreement may be modified by us at any time in order to comply with Federal or state laws or regulations.

12. MISCELLANEOUS LEGAL PROVISIONS.

12.1 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.

12.2 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.

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

12.4 Residents. When Resident consists of more than one (1) person, the rights and obligations of each are joint and several, except as the context of this Agreement otherwise requires.

12.5 Nature of Rights. You understand and agree that (i) this Agreement or your rights (including the use of the Residence) under it, may not be assigned, and no rights or benefits under this Agreement shall inure to the benefit of your heirs, legatees, assignees, or representatives, except as to repayments of the amounts described in Section 7; (ii) this Agreement and your contractual right to occupy the Community will exist and continue to exist during your lifetime unless canceled as provided

herein; (iii) this Agreement grants you a revocable right to occupy and use space in the Community but does not give you exclusive possession of the Residence against us, (iv) you will not be entitled to any rights of specific performance, but will be limited to such remedies as set forth herein and as provided by continuing care law; (v) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by us; and (vi) this Agreement grants to us complete decision-making authority regarding the management and operation of the Community.

12.6 Release. We are not responsible for loss of or damage to your personal property, and you hereby release us from any such liability. You may want to obtain at your own expense insurance to protect against such losses.

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

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

12.9 Tax Considerations. Each person considering executing this Agreement should consult with his or her tax advisor regarding the tax considerations associated with this Agreement. Tax considerations are discussed in the Disclosure Statement.

12.10 Transfers. We may from time to time issue additional equity interests or sell or transfer interest in the Community, provided that, in such later event, the buyer will agree to assume this Agreement and all other existing Residency Agreements. In addition, we may sell or otherwise transfer the land or other portions of the Community. Your signature hereto constitutes your consent and approval to any such future transfer.

12.11 Residents Association. Residents will have the right to organize and operate a Residents Association at the Community and to meet privately to conduct business of the Residents Association. It is our policy to encourage the organization and operation of a Residents Association.

12.12 Private Employee of Resident. If you need additional services, you can obtain these needed

services from a private employee, an independent contractor, or through an agency ("Personal Service Provider"). In such instances, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. In any event, you must comply with our policy regarding Personal Service Providers and ensure that he/she/they complies with our policies and rules of conduct as set forth in our Personal Service Provider Policy. If you fail to follow or enforce the rules set forth in the Personal Service Provider Policy, then we may elect at our sole option to cancel this Agreement.

12.13 Resident Representations. By signing this Agreement, you represent and warrant that (i) you are at least 62 years of age or older at the time of residency or you will share your Residence with another person who is at least 62 years of age or older at the time of residency; (ii) you are capable of living in your Residence in accordance with the Community's Residency Policy, (iii) 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 (iv) all written representations made to us with respect to such matters by you or on your behalf during the residency process are true.

12.14 Responsible Party. You agree to execute and deliver to us within 60 days after assuming occupancy in your Residence, a Durable Power of Attorney, trust documents, or other documentation naming a responsible party for business and financial decision-making. These documents should be drafted to remain effective notwithstanding your incompetence or disability and will 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 will not be a person(s) employed by us or any other entity engaged in the management of the Community.

12.15 Adjustments for Absences. You will receive a credit toward your Monthly Fee if you are absent from the Community for more than 14 consecutive days and you give us 14 days' advance written notice of the absence. Such credit shall cover the raw food cost portion of the one meal per day for that period of time. The amount of the credit shall be determined by us in our sole discretion based on our then-current policy regarding absences from the Community.

12.16 Funeral and Burial Services. No funeral or burial services or expenses are provided by us pursuant to this Agreement.

12.17 Arbitration. You agree that any dispute, claim, or controversy of any kind between you and us arising out of, in connection with, or relating to this Agreement and any amendment hereof, or the breach hereof, which cannot be resolved by mutual agreement or in small claims court, will be submitted to and determined by arbitration in Middlesex County, Connecticut in accordance with the Federal Arbitration Act and the then current commercial arbitration rules of the Federal Arbitration Act. You and we will jointly agree on an arbitrator and the arbitrator will be selected according to the procedure set forth in state law, if applicable. In reaching a decision, the arbitrator shall prepare findings of fact and conclusions of law. Any direct arbitration costs incurred by you will be borne by you. Costs of arbitration, including our legal costs and attorneys' fees, arbitrators' fees, and similar costs, will be borne by all Residents of the Community provided that the arbitrator may choose to award the costs of arbitration against us if the arbitrator determines that the proposed resolution urged by us was not reasonable. If the issue affects more than one (1) Resident, we may elect to join all affected Residents into a single arbitration proceeding, and you hereby consent to such joinder.

You may withdraw your agreement to arbitrate within thirty (30) days after signing this Agreement by

giving written notice of your withdrawal to us. This arbitration clause binds all parties to this Agreement and their spouses, heirs, representatives, executors, administrators, successors, and assigns, as applicable. After cancellation of this Agreement, this arbitration clause shall remain in effect for the resolution of all claims and disputes that are unresolved as of that date.

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

12.19 Resident Rights. As a Resident of the Community, you have certain rights under the Connecticut continuing care law (Conn. Gen. Stat. §17b-520 *et seq.*), a copy of which is available upon request. You also have certain rights as a Resident of the Community because it is registered with the Department of Public Health as a Managed Residential Community. A copy of the Managed Residential Community Residents' Bill of Rights is attached hereto as Exhibit B.

12.20 Compliance with Laws and Regulations. We will comply with all applicable Municipal, State, and Federal laws and regulations regarding consumer protection and protection from financial exploitation.

12.21 Complaint Resolution Process. We have established a com-

plaint resolution process for Residents and families, which is attached hereto as Exhibit C. Residents and families may use the complaint resolution process without fear of reprisal of any kind.

12.22 Acknowledgment of Receipt of Documents. You hereby certify that you (i) received a copy of this Agreement, (ii) received a copy of our most current Disclosure Statement, and (iii) have been permitted to inspect any additional relevant materials requested to be reviewed by you or your representatives prior to executing this Agreement. Attached as Exhibits to this Agreement are the following: (i) a list of services available under the Community's Residential Health Services Program and charges for such services (this information is also included in Exhibit A to this Agreement), (ii) Resident's Bill of Rights attached as Exhibit B to this Agreement; (iii) Complaint Resolution Process attached as Exhibit C to this Agreement; and (iv) Acknowledgment of Receipt of Resident Handbook attached as Exhibit D to this Agreement.

12.23 Chester Village West Residency Agreement Fee Summary.

Initial Payment of Entrance Payment (equal to 10% of the Entrance Payment paid upon executing this Agreement)

\$ _____

Balance of Entrance Payment (to be paid upon occupancy or within ninety (90) days of our approval of this Agreement, whichever is earlier; equal to 90% of the Entrance Payment)

\$ _____

Total Entrance Payment

\$ _____

Second Person Fee (to be paid upon occupancy or within ninety (90) days of our approval of this Agreement, whichever is earlier)

\$ _____

Working Capital Fee (to be paid upon occupancy or within ninety (90) days of our approval of this Agreement, whichever is earlier, equal to two (2) times the then-current Monthly Fee including a second person Monthly Fee if there are two (2) of you)

\$ _____*

Monthly Fee

\$ _____*

Second Person Monthly Fee (if applicable)

\$ _____ *

Monthly Owner's Supervision Fee

\$ _____ *

Second Person Monthly Owner's Supervision Fee (if applicable)

\$ _____ *

*Monthly Fee, Second Person Monthly Fee and Working Capital Fee will be adjusted per Section 6.

Executed this _____ day of _____, 20____.

RESIDENT OR RESIDENT'S LEGAL REPRESENTATIVE

Witness

RESIDENT OR RESIDENT'S LEGAL REPRESENTATIVE

Witness

Residence Type _____

Residence Number _____

Approved this _____ day of _____, 20____.

CHESTER WOODS LLC
d/b/a Chester Village West

By: _____
Authorized Representative

Attachments:

- Exhibit A: Residential Health Services Program - List of Services and Extra Charges
- Exhibit B: MRC Residents' Bill of Rights
- Exhibit C: Complaint Resolution Process
- Exhibit D: Acknowledgment of Receipt of Resident Handbook



1/1/2017

Tradition Residency Agreement (2017-01-01)

EXHIBIT A
RESIDENTIAL HEALTH SERVICES
CURRENT LIST OF SERVICES AND EXTRA CHARGES

1. Resident Service provided, at no additional charge:

	<u>Time Frame</u>	<u>Fee</u>
a. Assessments	Unlimited	No Fee
b. Coordination of Services		
c. Monitoring delivery of services		
d. Referrals to area health care providers		
e. Follow-up emergency call		
f. Resident liaison/advocate		
g. Support/counseling		
h. Health education lectures and newsletters		
i. Education on treatment and procedures		
j. Medical equipment assistance		
k. Coordination of medical transportation		

2. Resident Services Licensed Care provided by ALSA Supervisor – an RN

	<u>Time Frame</u>	<u>Fee</u>
a. Service for ALSA client	Monthly	\$32.00
b. Medication pre-pour	Once a week	\$64.00
c. Pacemaker checks	as needed	\$15.00
d. Blood sugar	As needed	\$15.00
e. Dressing change (Dr. ordered, not covered by Medicare)	As needed	\$15.00
f. Other Dr. ordered services (not covered by Medicare)	By arrangement	--
g. B-12		\$15.00

3. Resident Services Assistance Services as Provided by Certified Home Health Aides

	<u>Time Frame</u>	<u>Fee</u>
a. Apartment tidy	¼ hr.	\$8.00
b. Shop (with client) groceries or clothing	¼ hr.	\$8.00
c. Escort Dr. visit (no hands-on assistance)	¼ hr.	\$8.00
d. Meal preparation and clean-up	¼ hr.	\$8.00
e. In-house escort	¼ hr.	\$8.00
f. Pet and plant care	¼ hr.	\$8.00
g. Event reminder service and calendar review	¼ hr.	\$8.00

4. Residence Service personal care provided by a certified home health aide. Care monitored by Resident Service RN under ALSA regulations.

	<u>Time Frame</u>	<u>Fee</u>
a. Grooming	¼ hr.	\$8.00
b. Skin care	¼ hr.	\$8.00
c. Transfers	¼ hr.	\$8.00
d. Toileting	¼ hr.	\$8.00
e. Bathroom/hygiene	¼ hr.	\$8.00
f. Dressing	¼ hr.	\$8.00
g. Support hose	¼ hr.	\$8.00
h. Medication reminders	¼ hr.	\$8.00

These services can be combined with other Resident Services and/or services of Medicare or other private agencies.

5. Domestic Services:

	<u>Time Frame</u>	<u>Fee</u>
a. Errands	½ hr.	\$8.50
b. Grocery Shopping	½ hr.	\$8.50
c. Laundry	½ hr.	\$8.50
d. Ironing	½ hr.	\$8.50
e. Pet Care	½ hr.	\$8.50
f. Plant Care	½ hr.	\$8.50
g. Assisting with Mail	½ hr.	\$8.50
h. Light Housekeeping	½ hr.	\$8.50

6. Private Duty Nursing Services provided by Home Health Care Services Corporation

	<u>Time Frame</u>	<u>Fee</u>
a. Private duty aides	2 hr. minimum	\$24.25/hr. weekdays
		\$25.25/hr. weekends
b. Registered Nurse visits		\$80/visit
c. Case management fee		\$78/month
d. Medicare covered home care		According to Medicare reg.
e. Live-in		\$215/day
f. Companion/homemaker		\$19.25/hr.
		\$20.25/hr. weekends

7. Private Duty Nursing Services provided by outside agencies or persons*

Time Frame **Fee**

Established by agency

*** Private employees of all Residents must register with Director of Resident Services prior to providing services.**

8. Packages of services can be arranged by Resident Services Director

Time Frame **Fee**

Established by Resident
Services Director

9. Skilled Nursing Benefit – Order of Payment Methods (in order)
1. Medicare Coverage and any private insurance
 2. Long Term Care Insurance (if applicable)
 - a. In the case of a waiting or elimination period under the terms of your insurance, as long as you retain the Skilled Nursing Benefit, the Skilled Nursing Benefit days will begin to cover the per-diem semi-private room rate.
 - b. In the event the Long Term Care Insurance capacity for coverage has been reached, the Skilled Nursing Benefit days will begin to cover the per-diem semi-private room rate.
 3. Skilled Nursing Benefit
 - a. Pursuant to the terms of Section 4.3 of this Agreement.

EXHIBIT B

MANAGED RESIDENTIAL COMMUNITY RESIDENTS' BILL OF RIGHTS

You have the right to:

- Live in a clean, safe and habitable private Residence;
- Be treated with consideration, respect and due recognition of your personal dignity, individuality and the need for privacy;
- Privacy within your private Residence, subject to the Community's rules reasonably designed to promote your health, safety and welfare;
- Retain and use your personal property within your Residence 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 Residence, 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 Residential Health Services Director or any other persons responsible for resident care or the coordination of resident care;

- Confidential treatment of all records and communications to the extent required by State and Federal law;
- Have all reasonable requests responded to promptly and adequately within the capacity of the Community and with due consideration given to the rights of other residents;
- Be fully advised of the relationship that the Community has with any Assisted Living Services Agency, health care facility or educational institution to the extent that such relationship relates to resident medical care or treatment and to receive an explanation about the relationship;
- Receive a copy of any rules or regulations of the Community;
- Refuse care and treatment and participate in the planning for the care and services you need or receive, provided, however, that your refusal of care and treatment may preclude you from being able to continue to reside in the Community; and
- If you are a continuing care resident, all rights afforded under Conn. Gen. Stat. § 17b-520 *et seq.*, and any other applicable laws. If you rent your Residence, 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
Faculty Licensing and Investigations
410 Capitol Ave., P.O. Box 340308
MS#12HSR
Hartford, CT 06134-0308

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

Complaints: Donna Ortelle, Supervisor
(860) 509-7400

Nancy Shaffer, State Long Term Care Ombudsman
Office of the Long Term Care Ombudsman
55 Farmington Avenue
Hartford, CT 06105-3730
(866) 388-1888 or (860) 424-5200

Brenda Foreman, Regional Ombudsman
Long-Term Care Ombudsman Program
401 West Thames Street
Norwich, CT 06360
(860) 823-3366

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

Date

Resident

Resident's Legal Representative

Relationship to Resident

EXHIBIT C

Complaint Resolution Process

Purpose: To ensure that resident concerns related to their residency in the Community are resolved quickly and do not develop into major concerns, thereby ensuring optimum resident and employee satisfaction.

Policy: Residents who have a problem which they believe requires more detailed attention or who wish to voice a formal complaint, may elect to use the Complaint Resolution Process, without fear of reprisal of any kind. Every effort will be made to resolve any issue, dispute, or difference regarding residency matters, in accordance with the following Procedure:

Procedure:

1. Residents are encouraged to bring their concerns to the attention of the Department Director of the Department in which the problem is occurring (or occurred).
2. If the issue is not resolved after the first step, the resident should be encouraged to contact the Executive Director. The Executive Director will respond in writing within one (1) working day after receipt. If the issue requires more extensive research, then the resident will be corresponded with at every step of the resolution process.
3. If the issue is still unresolved after step 2, the resident may appeal to the Community's Director of Operations Management. The Director of Operations Management will respond in writing within three (3) working days after receipt. The Director of Operations Management may also (at the sole discretion of the Director of Operations Management) take the issue to the Community's board of directors for further consideration and resolution.
4. The Community will also publicize and post information pertaining to all applicable governmental regulatory resources for handling complaints unresolved by the Community (see Exhibit B – "Managed Residential Community Residents' Bill of Rights" for the contact information of such regulatory resources and individuals).

EXHIBIT D

Acknowledgment of Receipt of Resident Handbook

I, the undersigned, acknowledge receipt of the Chester Village West Resident Handbook dated _____, 20____, which contains certain rules, policies, and guidelines in order to promote the health, safety and welfare of the residents of the Community.

Date

Resident

Resident's Representative

Relationship to Resident

Date

Resident

Resident's Representative

Relationship to Resident

Chester Woods LLC

Financial Report
December 31, 2015

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Independent Auditor's Report

RSM US LLP

To the Board of Managers
Chester Woods LLC
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Chester Woods LLC which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of operations, member's equity (deficit) and cash flows for the years then ended and the related notes to the financial statements, (collectively, financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chester Woods LLC as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Des Moines, Iowa
February 29, 2016

Chester Woods LLC

Balance Sheets

December 31, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,036,962	\$ 742,413
Accounts receivable	231,716	42,879
Prepaid expenses and other	160,702	147,182
Advances to affiliate, current portion	-	1,000,000
Assets whose use is limited or restricted, entrance fee escrow	35,600	-
Total current assets	1,464,980	1,932,474
Advances to affiliate, less current portion	-	7,408,515
Assets whose use is limited or restricted	505,458	833,531
Operating property, at cost, net of accumulated depreciation	8,221,596	7,778,107
	\$ 10,192,034	\$ 17,952,627
Liabilities and Member's (Deficit)		
Current liabilities:		
Long-term debt, current portion	\$ 25,475	\$ 24,235
Accounts payable, trade	97,570	127,579
Accounts payable, affiliates	65,160	36,754
Accrued expenses	198,316	200,539
Refundable deposits	35,600	-
Loans from residents, current portion	1,363,870	659,030
Total current liabilities	1,785,991	1,048,137
Long-term debt, less current portion	224,998	250,473
Note payable, affiliate	-	1,590,000
Deferred revenue	1,855,649	1,400,376
Capital expenditure reserve	-	343,626
Loans from residents, less current portion	14,356,957	14,060,619
Total liabilities	18,223,595	18,693,231
Member's (deficit)	(8,031,561)	(740,604)
	\$ 10,192,034	\$ 17,952,627

See notes to financial statements.

Chester Woods LLC

Statements of Operations

Years Ended December 31, 2015 and 2014

	2015	2014
Revenues:		
Apartment revenues	\$ 4,567,379	\$ 4,121,226
Amortization of nonrefundable entrance payments	192,320	213,241
Working capital fee	113,540	100,420
Total revenues	4,873,239	4,434,887
Operating expenses:		
General and administrative	1,853,813	1,792,369
Plant	1,224,645	1,286,403
Housekeeping	300,773	284,137
Dietary	949,885	946,657
Resident care	463,251	470,533
Depreciation	521,358	520,017
Total operating expenses	5,313,725	5,300,116
(Loss) from operations	(440,486)	(865,229)
Other income (expense):		
Interest income	107,666	98,357
Interest (expense)	(32,106)	(33,785)
Total other income (expense)	75,560	64,572
Net (loss)	\$ (364,926)	\$ (800,657)

See notes to financial statements.

Chester Woods LLC

**Statements of Member's Equity (Deficit)
Years Ended December 31, 2015 and 2014**

	2015	2014
Balance, beginning	\$ (740,604)	\$ 60,053
Distributions	(6,926,031)	-
Net (loss)	(364,926)	(800,657)
Balance, ending	<u>\$ (8,031,561)</u>	<u>\$ (740,604)</u>

See notes to financial statements.

Chester Woods LLC

**Statements of Cash Flows
Years Ended December 31, 2015 and 2014**

	2015	2014
Cash flows from operating activities:		
Net (loss)	\$ (364,926)	\$ (800,657)
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Depreciation	521,358	520,017
Amortization of nonrefundable entrance payments	(192,320)	(213,241)
Amounts released from capital expenditure reserve	(343,626)	-
Changes in operating assets and liabilities:		
Accounts receivable	(188,837)	50,810
Prepaid expenses and other	(13,520)	(9,409)
Accounts payable, trade and affiliates	(1,603)	(134,650)
Accrued expenses	(2,223)	(15,223)
Deferred revenue	647,593	695,886
Refundable deposits, net	35,600	(14,150)
Net cash provided by operating activities	97,496	79,383
Cash flows from investing activities:		
Additions to operating property	(964,847)	(334,889)
Decrease in assets whose use is limited or restricted	292,473	18,701
Advances (to) affiliate, net	(107,516)	(598,191)
Net cash (used in) investing activities	(779,890)	(914,379)
Cash flows from financing activities:		
Principal payments on long-term debt	(24,235)	(19,292)
Proceeds from resident loans	2,264,198	2,087,658
Repayment of resident loans	(1,263,020)	(1,985,670)
Net cash provided by financing activities	976,943	82,696
Net increase (decrease) in cash and cash equivalents	294,549	(752,300)
Cash and cash equivalents:		
Beginning	742,413	1,494,713
Ending	\$ 1,036,962	\$ 742,413
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 13,185	\$ 33,785
Supplemental disclosure of noncash investing and financing activities:		
Principal payments note payable, affiliate paid through reduction of advances to affiliate	\$ 1,590,000	\$ -
Distribution to member through reduction of advances to affiliate	\$ 6,926,031	\$ -

See notes to financial statements.

Chester Woods LLC

Notes to Financial Statements

Note 1. Organization and Significant Accounting Policies

Organization: Chester Woods LLC (the Company) is a single member limited liability company which was organized to exist in perpetuity. The Company owns and operates a retirement community called Chester Village West (the Community) in Chester, Connecticut. The Company is wholly owned by Life Care Services Communities LLC (LCSC). LCSC is a wholly owned subsidiary of Life Care Companies LLC (LCC).

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

Cash and cash equivalents: The Company considers investments with maturities of three months or less when purchased to be cash equivalents.

Concentrations of credit risk: The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable: Accounts receivable are stated net of doubtful accounts. Management determines the allowance for doubtful accounts by reviewing each account for its potential for collection. Accounts are routinely reviewed and are written off when deemed uncollectible. At both December 31, 2015 and 2014 management determined that no allowance was required.

Assets whose use is limited or restricted: Included in assets whose use is limited or restricted are the following reserves and escrows:

- Operating reserve escrow account, required by the state of Connecticut, equal to one month's cash operating costs of the Community, plus one year's debt service.
- Escrow accounts for Entrance Payments under Residency Agreements.
- Capital expenditure escrow for extraordinary capital repairs to the operating property, funded at management's discretion from a portion of resident fees (0% during both the years ended December 31, 2015 and 2014), as defined in the Residency Agreement. During the years ended December 31, 2015 and 2014, the Community withdrew \$343,626 and none, respectively, from the reserve to fund capital expenditures. The amounts withdrawn were recognized as income and included in apartment revenue on the statement of operations.
- Town of Chester Water Pollution Control Authority cash reserve of \$5,000.

Operating property: Operating property is carried at cost. Depreciation is being computed by the straight-line method over the estimated useful lives of the respective assets. The Community contains a total of 105 residential units.

Revenue recognition: Residents pay an Entrance Payment upon execution of a Residency Agreement, net of funds previously deposited, consisting of a First Person Fee (and Second Person Fee, if applicable) and a Loan. The First Person Fee is recorded as deferred revenue and is amortized to revenue over the estimated life expectancy of the residents, adjusted annually based on the actuarially determined life expectancy of the individuals occupying the unit. When the resident moves out of the community the unamortized portion of the First Person Fee is earned.

Chester Woods LLC

Notes to Financial Statements

Note 1. Organization and Significant Accounting Policies (Continued)

The resident pays a working capital fee equal to two times the then-current monthly fee. When the right to access a residential unit is established, this one-time fee is recognized as income. Its use is restricted for purposes specified in the Residency Agreements.

In addition, residents pay a monthly fee, determined annually, in accordance with the Residency Agreements (Agreements). The Agreements provide that residents pay their fair share, as defined in the Agreements, of the funds required to operate the Community, which includes all operating expenses, debt service for nonresident debt, repairs and replacements, capital improvements and working capital. The monthly fee may only be used for purposes specified in the Agreements. To the extent revenues are more or less than the funds necessary to pay all such costs and expenses, the Agreements provide for adjustments to monthly fees in the subsequent periods.

Resident fees collected specifically to fund the capital expenditure escrow funds are deferred during the year collected. Revenue is recognized in the year such funds are utilized for their intended purposes.

Income taxes: The Company is a single member disregarded entity for income tax purposes, therefore, the income or loss of the Company is included in the income tax return of LCC. Accordingly, the financial statements make no provisions for income taxes. However, the Company may make distributions to LCC which are similar in amount to income taxes due for the Company's taxable earnings.

Note 2. Related Party Transactions

The Company has a management agreement with Life Care Services LLC (LCS), an affiliate through common ownership, for management of the Community. Under the terms of the agreement, LCS supervises the operations of the Community which also includes planning, developing, financing, marketing and accounting for the Community. Management fees of \$205,717 and \$199,148 were incurred for the years ended December 31, 2015 and 2014, respectively. Additionally, LCS has funded Community costs incurred and is subsequently reimbursed by the Company.

Home Health Care Services LLC (HHCS), an affiliated entity, has been retained to provide in-home health care services to the residents of the Community. Fees earned by HHCS under these agreements totaled \$287,456 and \$293,191 for the years ended December 31, 2015 and 2014, respectively.

Amounts due from LCSC at December 31, 2015 and 2014 bearing interest at 1.5% totaled none and \$8,408,515, respectively. The Company's advances to LCSC are held in investments by LCSC, along with the advances of other affiliates. On December 31, 2015, the advances were paid in full through reduction of the note payable, affiliate and distributions to LCSC. Interest income on the advances of \$107,517 and \$98,190 was recognized for the years ended December 31, 2015 and 2014, respectively.

On October 21, 2011, LCSC paid the bank, on behalf of the Company, the outstanding balance of \$1,590,000, and entered into a promissory note (Note) with LCSC. Under the terms of the Note, the Company will make interest payments at an annual rate of 1.19%. The Note was paid in full on December 31, 2015. Interest expense on the Note of \$18,921 was incurred for both the years ended December 31, 2015 and 2014. Included in accrued expenses at December 31, 2015 and 2014 is accrued interest of \$18,921 and none, respectively.

In the normal course of operations, the Company purchases from affiliates of the Company services for group purchasing, insurance, computing technology and related ancillary matters.

Chester Woods LLC

Notes to Financial Statements

Note 3. Residency Agreements

The Company has several different Agreements that provide for both refundable and nonrefundable Entrance Payments. The refundable portion of the Entrance Payment, up to 75% for selected plans, is a loan repayable upon attainment of certain events, as defined in the Agreements. Loans from residents under all Agreements totaled \$15,720,827 and \$14,719,649 at December 31, 2015 and 2014, respectively.

Note 4. Operating Property

Operating property consists of the following at December 31:

	2015	2014
Land	\$ 810,638	\$ 810,638
Land improvements	827,144	827,144
Buildings and fixed equipment	12,456,391	11,592,344
Equipment	1,428,998	1,383,806
Vehicles	209,098	168,863
	<u>15,732,269</u>	<u>14,782,795</u>
Less accumulated depreciation	<u>(7,526,046)</u>	<u>(7,004,688)</u>
	8,206,223	7,778,107
Projects under development	15,373	-
Total operating property	<u><u>\$ 8,221,596</u></u>	<u><u>\$ 7,778,107</u></u>

Note 5. Long-Term Debt and Commitments

On February 1, 2007, the Company entered into a land purchase agreement. The balance outstanding was \$250,473 and \$274,708 at December 31, 2015 and 2014, respectively. The contract requires monthly payments of \$3,118 at an annual rate of 5%, with all unpaid interest and principal due February 1, 2024.

Aggregate maturities of long-term debt under the new contract subsequent to December 31, 2015 are as follows:

December 31:	
2016	\$ 25,475
2017	26,778
2018	28,148
2019	29,588
2020	31,102
Thereafter	109,382
	<u><u>\$ 250,473</u></u>

To meet requirements set by the Town of Chester Water Pollution Control Authority, the Company has an agreement with a bank for a letter of credit, expiring November 2016, totaling \$145,000 with no outstanding borrowings at both December 31, 2015 and 2014. The letter of credit is reviewed annually unless otherwise agreed upon. The agreement also required the Company to fund a bank account for \$5,000.

Chester Woods LLC

Notes to Financial Statements

Note 6. Employee Benefit Plans

Available to all eligible employees of the Company is a defined contribution employee retirement benefit plan (the Plan). The Company accrued matching contributions of \$41,153 and \$36,894 in 2015 and 2014, respectively, to be remitted to the Plan in 2016 and 2015, respectively. The Plan matches 100% of the first 3% of the participant's eligible contributions plus 50% of the next 2% of eligible contributions. The Company accrued profit sharing contributions of \$20,464 and \$22,436 in 2015 and 2014, respectively, to be remitted to the Plan in 2016 and 2015, respectively, at the discretion of the Board of Directors of LCS Holdings, Inc., the parent of LCC.

Note 7. Subsequent Events

The Company has evaluated subsequent events through February 29, 2016, the date the financial statements were available to be issued. Through that date, there were no subsequent events requiring accrual or disclosure.

**STATEMENT OF ESCROW AGENT
FOR
CHESTER WOODS LLC**

The undersigned hereby represents that Chester Woods LLC has established and does maintain the following escrow accounts with US Bank, National Association.

- Admission Payments Escrow Account
- Operating Reserve Escrow Account

Escrow Agent: US Bank, National Association

Kathy L. Mitchell
Signature
Vice President
Title
5/20/16
Date

NOTARY:

State of *Connecticut*)
County of *Hartford*) SS:

On this *20th* day of *May*, 20 *16* personally appeared *Kathy L. Mitchell*, as an officer of US 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.

Susan P. McNally
Signature of Notary Public
Date Commission Expires: _____

Printed Name of Notary Public

(Notary Seal or Stamp)

SUSAN P. McNALLY
Notary Public, State of Connecticut
My Commission Expires March 31, 2020

EXHIBIT F
ENTRANCE PAYMENTS

Entrance Payments represent the total of the First Person Fee and the Loan. Chester Woods LLC may, from time to time at its discretion, offer discounts against the Entrance Fee.

<u>Residence Type</u>	January 2011	January 2012	June 2012	January 2013	January 2014	July 2014	January 2015	January 2016
One Bedroom	\$131,000	\$134,000	\$136,000	\$141,500	\$164,000	\$175,500	\$177,300*	\$191,000
One Bedroom w/Den	\$180,000	\$184,000	\$186,000	\$193,500	\$199,500	\$209,900	\$212,000	\$217,000
Two Bedroom	\$224,500	\$229,000	\$234,000	\$243,500	\$249,900	\$258,500	\$261,000	\$268,000
Two Bedroom Deluxe	\$240,000	\$245,000	\$251,000	\$261,000	\$269,900	\$279,900	\$282,700	\$290,000
Two Bedroom Custom	\$260,000	\$265,000	\$272,000	\$282,900	\$289,900	\$299,900	\$302,900	\$310,000
Two Bedroom w/Den	\$306,000	\$312,000	\$320,000	\$332,800	\$342,500	\$352,500	\$356,000	\$365,000
One Bedroom w/Den	\$314,000	\$320,000	\$328,000	\$341,000	\$341,000	\$341,000	\$344,400	\$353,000
2 Bedroom	382,000	390,000	399,000	\$415,000	\$415,000	\$415,000	\$419,200	\$430,000
2 Bedroom w/Den	406,000	414,000	424,000	\$441,000	\$441,000	\$441,000	\$445,400	\$456,000
2 Bedroom w/Den and 2 Car Garage	408,000	416,000	426,000	\$443,000	\$443,000	\$443,000	\$447,400	\$459,000
Second Person Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

*Effective July 1, 2015, Entrance Payment for One Bedroom Residence became \$186,165. All other fees remain unchanged

TRADITIONAL PLAN ENTRANCE PAYMENTS

Chester Woods LLC may, from time to time at its discretion, offer discounts against the Entrance Fee.

<u>Residence Type</u>	October 2014	January 2015	January 2016
One Bedroom	\$105,300	\$106,380*	\$114,600
One Bedroom w/Den	\$125,900	\$127,200	\$130,200
Two Bedroom	\$155,100	\$156,600	\$160,800
Two Bedroom Deluxe	\$167,900	\$169,620	\$174,000
Two Bedroom Custom	\$179,900	\$181,740	\$186,000
Two Bedroom w/Den	\$211,500	\$213,600	\$219,000
Second Person Fee	\$0	\$0	\$0

*Effective July 1, 2015, Entrance Payment for One Bedroom Residence became \$111,699. All other fees remain unchanged

Maplewood Homes shall only be offered under the Return-of-Capital Plan.

MONTHLY FEE SCHEDULE

<u>Residence Type</u>	January 2011	January 2012	January 2013	January 2014	January 2015	January 2016
One Bedroom	\$2,929	\$3,046	\$3,168	\$3,295	\$3,427	\$3,470
One Bedroom w/Den	\$3,357	\$3,491	\$3,631	\$3,776	\$3,927	\$3,976
Two Bedroom	\$3,797	\$3,949	\$4,107	\$4,271	\$4,442	\$4,498
Two Bedroom Deluxe	\$3,907	\$4,063	\$4,226	\$4,395	\$4,571	\$4,628
Two Bedroom Custom	\$4,029	\$4,190	\$4,358	\$4,532	\$4,713	\$4,772
Two Bedroom w/Den	\$4,073	\$4,236	\$4,405	\$4,581	\$4,764	\$4,824
One Bedroom w/Den	\$3,502	\$3,642	\$3,788	\$3,940	\$4,097	\$4,148
2 Bedroom	\$4,029	\$4,190	\$4,358	\$4,532	\$4,713	\$4,772
2 Bedroom w/Den	\$4,204	\$4,372	\$4,547	\$4,729	\$4,918	\$4,979
2 Bedroom w/Den and 2 Car Garage	\$4,378	\$4,553	\$4,735	\$4,924	\$5,121	\$5,185
Second Person Monthly Fee	\$869	\$904	\$940	\$978	\$1,017	\$1,030

Fees are subject to change without notice. The Monthly Fees do not include the per person Monthly Owner's Supervision Fee (\$0 as of this print date).

Exhibit G



Chester Village West

Traditional™ Plan Entrance Payment and Monthly Fee Schedule Effective 1/1/2017

One Level Apartments

<u>Resident Apartment</u>	<u>Size Sq. Feet</u>	<u>Entrance Payment</u>	<u>Monthly Fee</u>
A = 1 Bedroom	850	\$144,640	\$3,513
B = 1 Bedroom with Den	1,005	\$159,360	\$4,026
C = 2 Bedroom	1,190	\$191,360	\$4,554
D = 2 Bedroom Deluxe	1,209	\$207,360	\$4,686
D1 = 2 Bedroom Custom	1,337	\$220,800	\$4,832
E = 2 Bedroom with Den	1,468	\$255,360	\$4,884
		Second Person:	\$1,043

Prices are subject to change without notice.

01/17



A Life Care Services Community™

Chester Village West

65% Return of Capital™ Plan Entrance and Monthly Fee Schedule Effective 1/1/2017

One Level Apartments

<u>Resident Apartment</u>	<u>Size Sq. Feet</u>	<u>Entrance Payment</u>	<u>65% Entrance Payment Refund</u>	<u>Monthly Fee</u>
A = 1 Bedroom	850	\$226,000	\$146,900	\$3,513
B = 1 Bedroom with Den	1,005	\$249,000	\$161,850	\$4,026
C = 2 Bedroom	1,190	\$299,000	\$194,350	\$4,554
D = 2 Bedroom Deluxe	1,209	\$324,000	\$210,600	\$4,686
D1 = 2 Bedroom Custom	1,337	\$345,000	\$224,250	\$4,832
E = 2 Bedroom with Den	1,468	\$399,000	\$166,075	\$4,884
			Second Person:	\$1,043

Prices subject to change without notice.



A Life Care Services Community™

Chester Village West

65% Return of Capital™ Plan Entrance and Monthly Fee Schedule Effective 1/1/2017

Single Story Homes with Attached Garage

<u>Resident Apartment</u>	<u>Size Sq. Feet</u>	<u>Entrance Payment</u>	<u>65% Entrance Payment Refund</u>	<u>Monthly Fee</u>
F - 1 Bedroom with Den	1,253	\$387,000	\$251,550	\$4,200
G - 2 Bedroom	1,403	\$463,000	\$300,950	\$4,832
H - 2 Bedroom with Den	1,529	\$489,000	\$317,850	\$5,041
I - 2 Bedroom with Den with 2 car garage	1,529	\$499,000	\$324,350	\$5,250
			Second Person:	\$1,043

Prices subject to change without notice.

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