

EVERGREEN WOODS

A LIFE CARE RETIREMENT COMMUNITY

**88 Notch Hill Road
North Branford, Connecticut 06471
(203) 488-8000
www.EvergreenWoods.com**

INFORMATION BOOKLET (DISCLOSURE STATEMENT)

June 2015

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

Fiscal Year Ending December 31, 2014



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INTRODUCTION

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

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

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

OUR MISSION

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

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

SHORELINE LIFE CARE LLC

The Community was developed and is owned by Shoreline Life Care LLC, a Connecticut limited liability company, 88 Notch Hill Road, North Branford, CT 06471. Shoreline Life Care, LLC's business experience has been earned through 23 years of operation of this continuing care retirement community.

The officers of Shoreline Life Care, LLC are: Arnold I. Richman, Chairman, Marilynn K. Duker, President, Jeffrey K. Hettleman, Executive Vice President, David D. Carliner, Executive Vice President, and Ed Wilson, Senior Vice President-Finance/Treasurer. Brightview Evergreen Woods, LLC, a Maryland limited liability company, is the Managing Member of Shoreline Life Care LLC, and holds a majority interest in Shoreline Life Care LLC. Shoreline Care Partners, LLC, a Delaware limited liability company and the minority member, holds a greater than five percent ownership interest in Shoreline Life Care, LLC. The above persons and entities do not have any additional occupation with Shoreline Life Care, LLC, other than as described above, although the individuals identified are also affiliated with Brightview Senior Living, LLC, the manager of the Community.

BRIGHTVIEW SENIOR LIVING LLC

The Community has retained Brightview Senior Living LLC (“BVSL”) of Baltimore, Maryland, a recognized leader in the development and management of senior living communities, to manage the Community. As of the date of this Disclosure Statement, BVSL manages thirty three communities in eight states. Three of the communities managed by BVSL are continuing care communities, including Evergreen Woods. BVSL’s executive offices are located at 218 N. Charles Street Suite 220, Baltimore MD 21201.

BVSL has been engaged to supervise and manage the operation of the Community. In general, operations management services include: recruiting and training an Executive Director, supervising the licensing, equipping, and staffing of the Community, preparing annual budgets, establishing and operating a system of financial control for The Community and supervising health care services, food service and quality accommodations throughout the Community. The services described herein are furnished pursuant to a management agreement between Shoreline Lifecare LLC and BVSL.

The Evergreen Woods mission is consistent with the overall mission of Brightview Senior Living. The associates of Brightview Senior Living are a team of people dedicated to creating vibrant senior living communities by providing excellent service to all of our customers.

**RETIREMENT COMMUNITIES MANAGED
BY BRIGHTVIEW SENIOR LIVING LLC
As Of June 2015**

Brightview Arlington, Arlington, Massachusetts
Brightview Avondell, Bel Air, Maryland
Brightview Baldwin Park, Staunton, Virginia
Brightview Bel Air, Bel Air, Maryland
Brightview Canton, Canton, Massachusetts
Brightview Catonsville, Catonsville, Maryland
Brightview Commons, Wakefield, Rhode Island
Brightview Concord River, Billerica, Massachusetts
Brightview County Club Heights, Woburn, Massachusetts
Brightview Danvers, Danvers, Massachusetts
Brightview East Norriton, East Norriton, Pennsylvania
Brightview Falls Grove, Rockville, Maryland
Brightview Great Falls, Great Falls, Virginia
Brightview Greentree, Marlton, New Jersey
Brightview Mays Chapel Ridge, Timonium, Maryland
Brightview Mount Laurel, Mount Laurel, New Jersey
Brightview North Andover, North Andover, Massachusetts
Brightview on New Canaan, Norwalk, Connecticut
Brightview Perry Hall, Baltimore, Maryland
Brightview Randolph, Randolph, New Jersey
Brightview Rolling Hills, Catonsville, Maryland
Brightview Severna Park, Severna Park, Maryland
Brightview South River, Edgewater, Maryland
Brightview Tarrytown, Tarrytown, New York
Brightview Tenafly, Tenafly, New Jersey
Brightview Towson, Towson, Maryland
Brightview Westminster Ridge, Westminster, Maryland
Brightview White Marsh, White Marsh, Maryland
Brightview Woodburn, Annandale, Virginia
Brightview Woodbury Lakes, Woodbury, New Jersey
Evergreen Woods, North Branford, Connecticut
Manor at York Town, Jamison, Pennsylvania
New Pond Village, Walpole, Massachusetts

**More information about Brightview Senior Living can be obtained at
www.BrightviewSeniorLiving.com**

ADMINISTRATION

Overall administrative responsibility for Evergreen Woods is currently charged to Marueen A. McNamara, Regional Director of Operations, Brightview Senior Living, and Interim Executive Director, Evergreen Woods. Mrs. McNamara holds a Master's Degree in Business Administration from Bryant University and has more than 30 years of experience in hospital administration, senior health care, and retirement living. Her prior experience includes serving as Senior Vice President & COO of a Brown University-affiliated medical center, President & CEO of a community hospital in New Hampshire, and Executive Director of Brightview Commons a retirement community in Rhode Island. She has served in her current position as the New England Regional Director of Operations for the past 5 years. The search for a permanent Executive Director for Evergreen Woods is ongoing. In the meantime, Mrs. McNamara will continue to serve in this capacity and will work closely with the incumbent when that individual assumes the role.

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

ACCREDITATION

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

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

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



EVERGREEN WOODS

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

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

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

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

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

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

THE LIFE-CARE CONCEPT

The life care concept as provided by Evergreen Woods offers individuals use of an apartment, support services and long-term nursing care in an on-site Health Center if they can no longer live in their apartment. This concept has grown as the result of the increasing number of men and women reaching retirement age and the concern for providing an alternative to traditional retirement living. Depending upon which of our plans a resident selects (see description of the plans that we offer in the section below), a resident will pay an Entrance Fee and may make a loan to Evergreen Woods. After assuming residence in the Community, every resident will pay a monthly Service Fee and a monthly Working Capital Fund fee. A resident will be entitled to live in a private apartment, and, if necessary, may relocate to the on-site Health Center either on a temporary or permanent basis.

THE PLANS

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

CONTRACTS AND FEES

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

THE SERVICES

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

Dining Services

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

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

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

Flat Laundry

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

Health Center

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

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

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

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

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

Maintenance of the Living Unit

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

Other Charges

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

Pets

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

Supportive Services for Apartment Residents

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

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

Telephone Service

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

Transportation

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

THE RESIDENCY AGREEMENT

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

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

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

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

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

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

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

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

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

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

Exhibit A

**RESIDENCY AGREEMENT
FOR TRADITIONAL PLAN**

GLOSSARY

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

"Agreement" means this Residency Agreement.

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

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

"Cash Requirements Allocation Formula" means the method for determining your portion of the Community's Cash Requirements as set forth in Section 12 of the Agreement.

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

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

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

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

"Monthly Charges" means all those monthly charges payable by you pursuant to the terms of the Agreement, including the Working Capital Fund Fees, the fees for optional services, the additional monthly fees for nursing care, if any, and all other

fees and charges payable monthly pursuant to the terms of the Agreement, as appropriate in the particular circumstances.

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

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

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

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

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

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

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

EVERGREEN WOODS
RESIDENCY AGREEMENT

1. ENTRANCE FEE AND LOAN.

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

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

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

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

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

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

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

Community (or pay the balance of the Entrance Fee and Second Person Entrance Fee, if applicable, extend beyond _____ (__) months from the date this Agreement is signed by both you and The Community.

1.4 Loan. The refundable portion of your Entrance Fee will be evidenced by a Loan Agreement, a copy of which is attached as **Exhibit A**. Your Loan and the loans of all other residents will be secured by a mortgage on the real estate owned by Evergreen Woods and comprising The Community, and will be subject to certain "permitted encumbrances" as defined in the Mortgage and Indenture of Trust. A copy of the Mortgage and Indenture of Trust is available for your review upon your request. Your interest in the Loan may not be mortgaged, sold, discounted, assigned, or otherwise transferred, except to certain trusts established for your benefit, subject to our prior approval and in our sole discretion.

2. REIMBURSEMENT OF ENTRANCE FEE.

2.1 Reimbursement of Entrance Fee Prior to Occupancy.

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

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

2.1.3 If you (or both of you if there are two (2) of you) die at any time prior to the date your Apartment is ready for occupancy, and after the thirty (30) day period, or because of illness, injury, or incapacity, you (or both of you if there are two (2) of you) are unable to occupy your Apartment under the terms of this Agreement,

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

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

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

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

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

4. MONTHLY CHARGES.

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

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

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

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

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

4.6 Late Payment Charge; Interest and Collection Costs. Evergreen Woods reserves the right to impose a late payment charge and to assess interest at the

rate of one and one-half percent (1 1/2%) per month for all balances that remain unpaid ten (10) days after the date on which they are due. Any account balances, including late payment charges and interest, that remain unpaid when this Agreement is terminated shall become a lien against your assets or estate after deducting any refund owed under this Agreement. Evergreen Woods also reserves the right to charge you for the costs of collection, including reasonable attorney's fees.

5. SERVICES AND FEATURES PROVIDED TO ALL APARTMENT RESIDENTS.

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

- 5.1** Your choice of one full meal per day in the dining room;
- 5.2** Water, sewer, air conditioning, heating and electricity;
- 5.3** Basic cable TV service;
- 5.4** Property taxes, insurance on building and structures;
- 5.5** Grounds keeping, landscaping and snow removal;
- 5.6** Security services;
- 5.7** Building janitorial and maintenance service;
- 5.8** Weekly housekeeping service;
- 5.9** Weekly flat laundry service;
- 5.10** Planned activities - social, cultural and recreational, for those who wish to participate;
- 5.11** One reserved space for open parking;
- 5.12** Carpeting (except in kitchen and bath where there will be alternate floor covering);

- 5.13 Complete kitchen, including refrigerator, range with oven, microwave, garbage disposal, dishwasher and ductless hood fan;
- 5.14 Coin-free washers and dryers on each floor;
- 5.15 Scheduled local transportation;
- 5.16 Emergency response system on a 24 hour basis;
- 5.17 Use of all common areas in The Community; and
- 5.18 Use of The Health Center at Evergreen Woods pursuant to the terms of this Agreement.

6. ADDITIONAL SERVICES PROVIDED FOR AN EXTRA CHARGE.

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

7. THE HEALTH CENTER AT EVERGREEN WOODS.

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

7.1 First Ninety (90) Days of Nursing Care. We will provide nursing care in The Health Center at Evergreen Woods without additional charge for ninety (90) cumulative days for you (ninety (90) days for each of you if there are two of you, but allowance cannot be combined and used by only one of you), except that you (each of you if there are two of you) will pay the cost of the extra meals not covered by the

monthly Service Fee at the then current charge for extra meals. The monthly Service Fees for your Apartment and the monthly Working Capital Fund Fees will continue as before.

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

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

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

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

7.3.1 Release Apartment. If you choose to release your Apartment for occupancy by someone else, the monthly Service Fee charges for your Apartment (first and second person) will cease. You will pay for your nursing care monthly charges in an amount equal to the then current monthly Service Fees (first and second person). You will continue to pay your Working Capital Fund Fees. In addition, you

will pay for the cost of the four meals per day not covered by the monthly Service Fees at the then current charge for extra meals. You will not be entitled to full or partial repayment of the Loan at the time you release your Apartment for relocation in the Health Center.

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

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

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

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

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

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

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

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

7.10 Managed Care. If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B, and supplemental insurance coverage, the terms governing health center care will be as follows:

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

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

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

7.10.4 If The Health Center at Evergreen Woods is not a participating provider in your managed care program and you would still like to receive health care in The Health Center at Evergreen Woods during a Medicare-qualified stay, then

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

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

8. DURATION OF YOUR RIGHT TO OCCUPY THE APARTMENT.

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

9. YOUR VOLUNTARY CANCELLATION RIGHTS AFTER OCCUPANCY.

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

Charge and will pay the refundable portion of the Entrance Fee in accordance with the Loan Agreement.

10. OUR TERMINATION RIGHTS.

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

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

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

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

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

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

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

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

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

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

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

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

11. MISCELLANEOUS PROVISIONS WITH RESPECT TO YOUR APARTMENT.

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

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

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

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

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

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

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

12. CASH REQUIREMENTS ALLOCATION FORMULA

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

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

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

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

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

Requirements shall not include income taxes, dividends, or individual capital improvements, and other replacements or additions that cost in excess of fifty thousand dollars (\$50,000).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Number of Second Persons X 45.1 percent factor

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

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

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

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

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

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

13. ARBITRATION.

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

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

14. AMENDMENTS.

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

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

15. MISCELLANEOUS LEGAL PROVISIONS.

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

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

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

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

15.5 Resident's Rights. You understand and agree that (a) this Agreement or your rights (including the use of the Apartment) under it may not be assigned and no rights or benefits under this Agreement shall inure to the benefit of your heirs, legatees, assignees, or representatives, except as to reimbursement of the amounts as described in Section 2; (b) this Agreement and your contractual right to occupy the

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

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

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

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

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

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

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

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

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

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

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

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

15.17 Estate Planning. Evergreen Woods will pay any refundable portion of the Entrance Fee to your estate upon your death, or in the case of a double-occupied apartment, upon the death of the surviving resident, in accordance with the Loan Agreement. If you do not wish to have the refundable portion of the Entrance Fee paid to your estate, you may choose to assign your right to the Loan to a trust or other person designated by you pursuant to a form of Assignment of Loan Proceeds approved by Evergreen Woods. In the absence of any agreement between the residents of a double occupied apartment which has been provided to Evergreen Woods prior to the repayment of the Loan, then Evergreen Woods will repay the Loan to the estate of the surviving resident. No other rights under this Residency Agreement are assignable.

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

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

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

15.21 Rules and Regulations. Evergreen Woods shall have the right to adopt, or amend, either by itself or with or through the residents' council, such

reasonable rules and regulations as it deems necessary or desirable for the proper management and operation of the Community and for the safety, health and comfort of the residents. The rules and regulations in effect at the time of execution of this Agreement are set forth in the Resident Handbook. You agree to abide by such rules and regulations, as they may be amended from time to time. The Resident Handbook includes procedures for you to address any concerns or complaints you may have during your residency.

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

17. RESIDENT REPRESENTATIONS/OBLIGATIONS.

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

18. ACKNOWLEDGEMENT OF RECEIPT OF DOCUMENTS.

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

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

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

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

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

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

Executed at _____, Connecticut this _____ day of _____, _____.

RESIDENT

SHORELINE LIFE CARE LLC
d/b/a Evergreen Woods

Witness

RESIDENT

By: _____
Executive Director

Witness

Date: _____

Date: _____



**EXHIBIT A
LOAN AGREEMENT**

(TO BE EXECUTED AT OCCUPANCY)

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

1. Interest

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

2. Security.

The Loan and all other loans payable to The Community residents by Evergreen Woods, shall be secured by a mortgage on the real estate known as The Community that is owned by Evergreen Woods. The mortgage will be subject to certain permitted encumbrances. A copy of the Mortgage and Indenture of Trust is available to you upon request.

3. Payment of Loan Proceeds.

Your Loan shall become due and payable upon:

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

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

4. Successors and Assigns.

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

RESIDENT

SHORELINE LIFE CARE LLC
d/b/a Evergreen Woods

Witness

By: _____
Executive Director

RESIDENT

Witness

Witness

Date: _____

Date: _____



MANAGED RESIDENTIAL COMMUNITY RESIDENTS' BILL OF RIGHTS

You have the right to:

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

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

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

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

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

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

Brenda Torres, State Long Term Care Ombudsman
Office of the Long Term Care Ombudsman
414 Chapel Street, Suite 301
New Haven, CT 06511

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

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

Date

Resident

Resident's Representative

Relationship to Resident

Exhibit B

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

GLOSSARY

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

"Agreement" means this Residency Agreement.

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

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

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

"Cash Requirements Allocation Formula" means the method for determining your portion of the Community's Cash Requirements as set forth in Section 12 of the Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

EVERGREEN WOODS
RESIDENCY AGREEMENT

1. ENTRANCE FEE AND LOAN.

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

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

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

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

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

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

1.3 Balance of Entrance Fee. You agree to pay the remaining balance or ninety percent (90%) of your Entrance Fee plus the Second Person Entrance Fee, if applicable, in the amount of \$_____, to Evergreen Woods on or before the date you move into The Community. You shall not be required to move into The Community before the expiration of thirty (30) days from your execution of this

Agreement. In no event shall the date you move into The Community (or pay the balance of the Entrance Fee and Second Person Entrance Fee, if applicable, extend beyond _____ (__) months from the date this Agreement is signed by both you and The Community.

1.4 Loan of Amortized Entrance Fee. Your Amortized Entrance Fee will be evidenced by a Loan Agreement, a copy of which is attached as **Exhibit A**. The Loan Agreement shall remain in effect until such time as the Amortized Entrance Fee is fully amortized, as described in Section 2.22 of this Agreement Your Loan and the loans of all other residents will be secured by a mortgage on the real estate owned by Evergreen Woods and comprising The Community, and will be subject to certain "permitted encumbrances" as defined in the Mortgage and Indenture of Trust. A copy of the Mortgage and Indenture of Trust is available for your review upon your request. Your interest in the Loan may not be mortgaged, sold, discounted, assigned, or otherwise transferred, except to certain trusts established for your benefit, subject to our prior approval and in our sole discretion.

3. REIMBURSEMENT OF ENTRANCE FEE.

2.1 Reimbursement of Entrance Fee Prior to Occupancy.

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

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

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

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

2.2 Reimbursement of Entrance Fee After Occupancy.

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

2.2.2 The “Amortized Entrance Fee” shall be an amount equal to ninety per cent (90%) of your Entrance Fee minus two percent (2%) of the Entrance Fee per month for each calendar month or fraction of a calendar month

from the date you pay the balance of the Entrance Fee upon moving into The Community, until the following applicable date:

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

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

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

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

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

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

4. MONTHLY CHARGES.

4.1 Working Capital Fund Fee. You shall pay a Working Capital Fund Fee of seventy-five dollars (\$75) a month for occupying your Apartment or The Health Center at Evergreen Woods. If there are two of you, a single monthly

Working Capital Fund Fee shall cover both residents. There shall be no increase in your Working Capital Fund Fee during the term of this Agreement. The Working Capital Fund Fee shall be our unrestricted property, and may be used by us for any purposes.

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

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

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

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

4.6 Late Payment Charge; Interest and Collection Costs. Evergreen Woods reserves the right to impose a late payment charge and to assess interest at the rate of one and one-half percent (1 1/2%) per month for all balances that remain unpaid ten (10) days after the date on which they are due. Any account balances, including late payment charges and interest, that remain unpaid when this Agreement

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

5. SERVICES AND FEATURES PROVIDED TO ALL APARTMENT RESIDENTS.

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

- 5.1** Your choice of one full meal per day in the dining room;
- 5.2** Water, sewer, air conditioning, heating and electricity;
- 5.3** Basic cable TV service;
- 5.4** Property taxes, insurance on building and structures;
- 5.5** Grounds keeping, landscaping and snow removal;
- 5.6** Security services;
- 5.7** Building janitorial and maintenance service;
- 5.8** Weekly housekeeping service;
- 5.9** Weekly flat laundry service;
- 5.10** Planned activities - social, cultural and recreational, for those who wish to participate;
- 5.11** One reserved space for open parking;
- 5.12** Carpeting (except in kitchen and bath where there will be alternate floor covering);
- 5.13** Complete kitchen, including refrigerator, range with oven, microwave, garbage disposal, dishwasher and ductless hood fan;

- 5.14** Coin-free washers and dryers on each floor;
- 5.15** Scheduled local transportation;
- 5.16** Emergency response system on a 24 hour basis;
- 5.17** Use of all common areas in The Community; and
- 5.18** Use of The Health Center at Evergreen Woods pursuant to the terms of this Agreement.

6. ADDITIONAL SERVICES PROVIDED FOR AN EXTRA CHARGE.

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

7. THE HEALTH CENTER AT EVERGREEN WOODS.

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

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

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

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

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

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

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

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

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

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

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

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

costs for your medical treatment or for medicine, drugs, prescribed therapy, and other similar services and supplies, you will reimburse us for such costs.

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

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

7.10 Managed Care. If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B, and supplemental insurance coverage, the terms governing health center care will be as follows:

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

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

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

7.10.4 If The Health Center at Evergreen Woods is not a participating provider in your managed care program and you would still like to receive health care in The Health Center at Evergreen Woods during a Medicare-qualified stay, then each day of your stay in The Health Center at Evergreen Woods will reduce by one day the number of cumulative days of care that you are eligible to receive without additional charge pursuant to paragraph 7.1. During any such Medicare-qualified stay in The Health Center at Evergreen Woods, you agree that you will continue to

pay the monthly Service Fee if you choose not to release your Apartment, the Working Capital Fund Fee, and the charges for any additional health service you may receive pursuant to paragraph 7.6. If at any time during any such Medicare-qualified stay in The Health Center at Evergreen Woods you are no longer eligible to receive any of the cumulative days of care provided for in paragraph 7.1, then you agree to pay the per diem rate for your care in The Health Center at Evergreen Woods, the monthly Service Fee if you choose not to release your Apartment, and the Working Capital Fund Fee, while you are assigned to The Health Center at Evergreen Woods.

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

8. DURATION OF YOUR RIGHT TO OCCUPY THE APARTMENT.

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

9. YOUR VOLUNTARY CANCELLATION RIGHTS AFTER OCCUPANCY.

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

10. OUR TERMINATION RIGHTS.

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

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

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

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

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

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

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

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

10.2.2 You shall in any case be permitted to remain at The Community for ninety (90) days after the date of failure to pay, during which time you shall

continue to pay a reduced Monthly Charge based on your current financial condition; and

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

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

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

11. MISCELLANEOUS PROVISIONS WITH RESPECT TO YOUR APARTMENT.

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

11.2 Occupancy of Apartment. Except as hereinafter provided, no person other than you (or both of you) may occupy the Apartment except with our express

written approval. In the event that a second person who is not a party to this Agreement is accepted for residency under this Agreement at a time subsequent to the date hereof (said acceptance to be in accordance with admission policies governing all other admissions), you shall pay an Entrance Fee and, if applicable, a Second Person Entrance Fee, as determined by us, and each month thereafter the then current additional monthly charges for second persons shall be paid. If such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Apartment for more than thirty (30) days (except with our express written approval) and you may cancel this Agreement as provided in Section 9.

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

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

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

11.6 Refurbishment. Customary and normal refurbishment costs of your Apartment will be borne by all residents of The Community. You agree to pay for any necessary refurbishments caused by you or your guests that are beyond those which are customary and normal, including, but not limited to, the costs of cleaning

and removal of stains, odors, and other damage caused by smoking in your apartment. Such costs may be withheld from the Amortized Entrance Fee, if any, when it is paid to you or your estate in accordance with the Loan Agreement.

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

12. CASH REQUIREMENTS ALLOCATION FORMULA

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Number of Second Persons X 45.1 percent factor

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

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

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

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

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

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

13. ARBITRATION.

Any dispute, claim or controversy of any kind between the parties arising out of, in connection with, or relating to this Agreement and any amendment hereof, or the breach hereof, shall be submitted to and determined by arbitration in North Branford, Connecticut in accordance with the commercial arbitration rules then obtaining of the American Arbitration Association. Both parties shall be bound by the arbitrator's decision and judgment upon such decision may be entered in any federal or state court having jurisdiction unless the arbitration is fraudulent or so grossly erroneous as to necessarily imply bad faith. If the parties are unable to agree in good faith and within a reasonable time on the selection of an arbitrator, either party may request appointment of an arbitrator by the American Arbitration Association. The parties shall make a reasonable attempt to select an arbitrator with experience in retirement communities, long-term care or health care operations generally. Cost of arbitration shall be shared by both parties equally. If the issue affects more than one resident, we may elect to join all affected residents into a single arbitration proceeding, and you hereby consent to such joinder.

14. AMENDMENTS.

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

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

15. MISCELLANEOUS LEGAL PROVISIONS.

15.1 Governing Law. This Agreement will be interpreted according to the laws of the State of Connecticut and will become effective upon acceptance and

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

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

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

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

15.5 Resident's Rights. You understand and agree that (a) this Agreement or your rights (including the use of the Apartment) under it may not be assigned and no rights or benefits under this Agreement shall inure to the benefit of your heirs, legatees, assignees, or representatives, except as to reimbursement of the amounts as described in Section 2; (b) this Agreement and your contractual right to occupy the Apartment shall exist and continue to exist during your lifetime unless canceled by you or terminated by us as provided herein; (c) this Agreement grants you a revocable license to occupy and use space in The Community but does not give you exclusive possession of the Apartment as against us and you shall not be entitled to any rights of specific performance but shall be limited to such remedies as set forth herein; (d) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by us; and (e) this Agreement grants to us complete decision making authority regarding the management and operation of The Community.

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

15.7 Indemnity. We shall not be liable for, and you agree to indemnify, defend and hold us harmless from claims, damages, settlements, and expenses, including attorney's fees and court costs resulting from any injury or death to persons

and any damages to property caused by, resulting from, attributable to or in any way connected with your negligent or intentional act or omission.

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

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

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

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

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

15.13 Private Employee of Resident. If you need additional services, you can obtain these needed services from a private employee (privately employed personnel). In such instances, you are encouraged to obtain these needed services from a licensed and/or certified home health agency. Further, you must comply with our policy regarding privately employed personnel and ensure that your private employee complies with our policies and rules of conduct as set forth by us. If you fail to follow the reasonable rules set forth by us, which will be provided to you prior

to the time you sign this Agreement, and thereafter in the event of revisions or additions, then we may elect at our sole option to terminate this Agreement in accordance with paragraph 10.

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

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

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

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

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

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

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

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

16. RESERVE POLICY.

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

17. RESIDENT REPRESENTATIONS/OBLIGATIONS.

By executing this Agreement you represent and warrant that you are at least sixty-two (62) years of age or older at the time of admission; that you are capable of meeting the requirements of admission as set forth in our current admission policy;

that you have assets and income which are sufficient under foreseeable circumstances and after provision for payment of your obligations under this Agreement to meet your ordinary and customary living expenses after assuming occupancy, and that all written representations made with respect to such matters by you or on your behalf to us are true. From time to time, Evergreen Woods may request that you update the financial information you submitted prior to admission. As a condition of continued residency in the Community, you agree to provide such financial information to Evergreen Woods when requested. You agree not to impair your ability, in any manner described in Section 10.2.3 of this Agreement, to meet your financial obligations under this Agreement.

18. ACKNOWLEDGEMENT OF RECEIPT OF DOCUMENTS.

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

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

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

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

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

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

Executed at _____, Connecticut this _____ day of _____, _____.

RESIDENT

Witness

RESIDENT

Witness

Date: _____

SHORELINE LIFE CARE LLC
d/b/a Evergreen Woods

By: _____
Executive Director

Date: _____



EXHIBIT A

LOAN AGREEMENT (TO BE EXECUTED AT OCCUPANCY)

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

1. Interest.

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

2. Security.

The Loan and all other loans payable to The Community residents by Evergreen Woods, shall be secured by a mortgage on the real estate known as The Community that is owned by Evergreen Woods. The mortgage will be subject to certain permitted encumbrances. A copy of the Mortgage and Indenture of Trust is available to you upon request.

3. Payment of Loan Proceeds.

In the event of your death (or the death of the survivor if there are two of you) or in the event of termination or cancellation of your Residency Agreement, your Loan shall become due and payable within thirty (30) days after the date that your Apartment is reoccupied by a new resident to The Community, unless this Loan Agreement has previously terminated pursuant to Section 5 herein.

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

4. Successors and Assigns.

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

5. Termination.

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

RESIDENT

SHORELINE LIFE CARE LLC
d/b/a Evergreen Woods

Witness

RESIDENT

By: _____
Executive Director

Witness

Witness

Date: _____

Date: _____



MANAGED RESIDENTIAL COMMUNITY RESIDENTS' BILL OF RIGHTS

You have the right to:

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

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

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

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

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

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

Brenda Torres, State Long Term Care Ombudsman
Office of the Long Term Care Ombudsman
414 Chapel Street, Suite 301
New Haven, CT 06511

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

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

Date

Resident

Resident's Representative

Relationship to Resident

EVERGREEN WOODS – MONTHLY SERVICE FEES

Traditional and Tailored Entrance Fee Plans*

UNIT TYPE	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
ONE BEDROOM A	\$2,229	\$2,341	\$2,458	\$2,593	\$2,710	\$2,818	\$2,931	\$3,048	\$3,185	\$3,281
ONE BEDROOM B	\$2,662	\$2,795	\$2,935	\$3,096	\$3,235	\$3,364	\$3,498	\$3,638	\$3,802	\$3,916
ONE BEDROOM C	\$2,725	\$2,861	\$3,004	\$3,169	\$3,312	\$3,444	\$3,582	\$3,725	\$3,893	\$4,009
ONE BEDROOM D	\$3,036	\$3,186	\$3,345	\$3,529	\$3,688	\$3,836	\$3,989	\$4,149	\$4,336	\$4,466
TWO BEDROOM E	\$3,158	\$3,316	\$3,481	\$3,672	\$3,837	\$3,990	\$4,150	\$4,316	\$4,510	\$4,646
TWO BEDROOM F	\$3,221	\$3,382	\$3,551	\$3,746	\$3,915	\$4,072	\$4,235	\$4,404	\$4,602	\$4,740
TWO BEDROOM FC	\$3,221	\$3,382	\$3,551	\$3,746	\$3,915	\$4,072	\$4,235	\$4,404	\$4,602	\$4,740
TWO BEDROOM G	\$3,404	\$3,574	\$3,753	\$3,959	\$4,137	\$4,302	\$4,474	\$4,653	\$4,862	\$5,008
TWO BEDROOM GL	\$3,404	\$3,574	\$3,753	\$3,959	\$4,137	\$4,302	\$4,474	\$4,653	\$4,862	\$5,008
SECOND PERSON	\$1,423	\$1,495	\$1,570	\$1,656	\$1,731	\$1,800	\$1,872	\$1,947	\$2,035	\$2,096

EVERGREEN WOODS – MONTHLY SERVICE FEES

Tailored Monthly Fee Plan*

UNIT TYPE	2008	2009	2010	2011	2012	2013	2014	2015
ONE BEDROOM A	\$1,713	\$1,808	\$1,889	\$1,965	\$2,044	\$2,126	\$2,222	\$2,288
ONE BEDROOM B	\$2,046	\$2,159	\$2,256	\$2,346	\$2,440	\$2,538	\$2,652	\$2,732
ONE BEDROOM C	\$2,095	\$2,210	\$2,309	\$2,401	\$2,497	\$2,597	\$2,714	\$2,795
ONE BEDROOM D	\$2,333	\$2,461	\$2,572	\$2,675	\$2,782	\$2,893	\$3,023	\$3,114
TWO BEDROOM E	\$2,427	\$2,561	\$2,676	\$2,783	\$2,894	\$3,010	\$3,145	\$3,240
TWO BEDROOM F	\$2,476	\$2,612	\$2,730	\$2,839	\$2,953	\$3,071	\$3,209	\$3,305
TWO BEDROOM FC	\$2,476	\$2,612	\$2,730	\$2,839	\$2,953	\$3,071	\$3,209	\$3,305
TWO BEDROOM G	\$2,617	\$2,760	\$2,884	\$2,999	\$3,119	\$3,244	\$3,390	\$3,492
TWO BEDROOM GL	\$2,617	\$2,760	\$2,884	\$2,999	\$3,119	\$3,244	\$3,390	\$3,492
SECOND PERSON	\$1570	\$1,656	\$1,731	\$1,800	\$1,872	\$1,947	\$2,035	\$2,096

*Tailored Entrance Fee has been offered since 2007 and the Tailored Monthly Fee Plan has been offered since 2008.

EVERGREEN WOODS – ENTRANCE FEES

Traditional Entrance Fee Plan

UNIT TYPE	2008 Inland*	2008 Shoreline*	2009 Inland	2009 Shoreline	2010 Inland	2010 Shoreline	2011 Inland	2011 Shoreline
ONE BEDROOM A	N/A	\$198,275	N/A	\$203,230	N/A	\$203,230	N/A	\$203,230
ONE BEDROOM B	\$290,700	\$276,216	\$297,965	\$283,121	\$297,965	\$283,121	\$297,965	\$283,121
ONE BEDROOM C	\$294,780	\$280,092	\$302,150	\$287,094	\$302,150	\$287,094	\$302,150	\$287,094
ONE BEDROOM D	\$326,400	\$310,080	\$334,560	\$317,832	\$334,560	\$317,832	\$334,560	\$317,832
ONE BEDROOM D PREMIUM	N/A	N/A	\$339,560	\$322,957	\$339,560	\$322,957	\$339,560	\$322,957
TWO BEDROOM E	\$355,350	\$337,634	\$364,235	\$346,075	\$322,957	\$346,075	\$364,235	\$346,075
TWO BEDROOM F	\$387,450	\$368,130	\$397,135	\$377,333	\$397,135	\$377,333	\$397,135	\$377,333
TWO BEDROOM FC	\$398,475	\$398,475	\$408,435	\$408,435	\$408,435	\$408,435	\$408,435	\$408,435
TWO BEDROOM G	\$467,250	\$467,250	\$478,930	\$478,930	\$478,930	\$478,930	\$478,930	\$478,930
TWO BEDROOM G PREMIUM	N/A	N/A	\$483,930	\$483,930	\$483,930	\$483,930	\$483,930	\$483,930
TWO BEDROOM GL	\$485,625	\$485,625	\$497,765	\$497,765	\$497,765	\$497,765	\$497,765	\$497,765
TWO BEDROOM GL PREMIUM	N/A	N/A	\$502,765	\$502,765	\$502,765	\$502,765	\$502,765	\$502,765

UNIT TYPE	2012 Inland	2012 Shoreline	2013 Inland	2013 Shoreline	July 2013**	2014	2015
ONE BEDROOM A	N/A	\$206,000	N/A	\$210,000	\$210,000	\$210,000	\$210,000
ONE BEDROOM B	\$301,000	\$286,000	\$301,000	\$286,000	\$301,000	\$301,000	\$301,000
ONE BEDROOM C	\$305,000	\$290,000	\$305,000	\$290,000	\$305,000	\$305,000	\$305,000
ONE BEDROOM D	\$338,000	\$321,000	\$338,000	\$321,000	\$338,000	\$338,000	\$338,000
ONE BEDROOM D PREMIUM	\$352,000	\$334,000	\$352,000	\$334,000	\$352,000	\$352,000	\$352,000
TWO BEDROOM E	\$364,235	\$346,075	\$364,235	\$346,075	\$364,235	\$364,235	\$364,235
TWO BEDROOM F	\$374,235	\$356,075	\$374,235	\$356,075	\$374,235	\$374,235	\$374,235
TWO BEDROOM FC	\$408,435	\$408,435	\$408,435	\$408,435	\$408,435	\$408,435	\$408,435
TWO BEDROOM G	\$478,930	\$478,930	\$478,930	\$478,930	\$478,930	\$478,930	\$478,930
TWO BEDROOM G PREMIUM	\$493,000	\$493,000	\$493,000	\$493,000	\$493,000	\$493,000	\$493,000
TWO BEDROOM GL	\$497,765	\$497,765	\$497,765	\$497,765	\$497,765	\$497,765	\$497,765
TWO BEDROOM GL PREMIUM	\$513,000	\$513,000	\$513,000	\$513,000	\$513,000	\$513,000	\$513,000

*Inland and Shoreline Pricing differentiation began in 2008. **Differentiation of Inland and Shoreline pricing stopped July 2013.

EVERGREEN WOODS – ENTRANCE FEES
Tailored Entrance Fee Plan

UNIT TYPE	2008 Inland	2008 Shoreline	2009 Inland	2009 Shoreline	2010 Inland	2010 Shoreline	2011 Inland	2011 Shoreline
ONE BEDROOM A	n/a	\$132,252	n/a	\$135,558	n/a	\$135,558	N/A	\$135,558
ONE BEDROOM B	\$218,100	\$193,902	\$223,550	\$198,750	\$223,550	\$198,750	\$223,550	\$198,750
ONE BEDROOM C	\$221,100	\$196,656	\$226,630	\$201,572	\$226,630	\$201,572	\$226,630	\$201,572
ONE BEDROOM D	\$244,700	\$217,668	\$250,820	\$223,110	\$250,820	\$223,110	\$250,820	\$223,110
ONE BEDROOM D PREMIUM	N/A	N/A	\$255,820	\$228,110	\$255,820	\$228,110	\$255,820	\$228,110
TWO BEDROOM E	\$266,500	\$237,003	\$273,160	\$242,928	\$273,160	\$242,928	\$273,160	\$242,928
TWO BEDROOM F	\$290,640	\$258,405	\$297,905	\$264,865	\$297,905	\$264,865	\$297,905	\$264,865
TWO BEDROOM FC	\$298,515	\$298,515	\$305,980	\$305,980	\$305,980	\$305,980	\$305,980	\$305,980
TWO BEDROOM G	\$350,490	\$350,490	\$359,250	\$359,250	\$359,250	\$359,250	\$359,250	\$359,250
TWO BEDROOM G PREMIUM	N/A	N/A	\$364,250	\$364,250	\$364,250	\$364,250	\$364,250	\$364,250
TWO BEDROOM GL	\$364,245	\$364,245	\$373,350	\$373,350	\$373,350	\$373,350	\$373,350	\$373,350
TWO BEDROOM GL PREMIUM	N/A	N/A	\$378,350	\$378,350	\$378,350	\$378,350	\$378,350	\$378,350

UNIT TYPE	2012 Inland	2012 Shoreline	2013 Inland	2013 Shoreline	July 2013**	2014	2015
ONE BEDROOM A	N/A	\$137,000	N/A	\$144,000	\$144,000	\$144,000	\$144,000
ONE BEDROOM B	\$226,000	\$201,000	\$226,000	\$201,000	\$226,000	\$226,000	\$226,000
ONE BEDROOM C	\$229,000	\$204,000	\$229,000	\$204,000	\$229,000	\$229,000	\$229,000
ONE BEDROOM D	\$253,000	\$225,000	\$253,000	\$225,000	\$253,000	\$253,000	\$253,000
ONE BEDROOM D PREMIUM	\$266,000	\$238,000	\$266,000	\$238,000	\$266,000	\$266,000	\$266,000
TWO BEDROOM E	\$273,160	\$242,928	\$273,160	\$242,928	\$273,160	\$273,160	\$273,160
TWO BEDROOM F	\$283,160	\$252,928	\$283,160	\$252,928	\$283,160	\$283,160	\$283,160
TWO BEDROOM FC	\$305,980	\$305,980	\$305,980	\$305,980	\$305,980	\$305,980	\$305,980
TWO BEDROOM G	\$359,250	\$359,250	\$359,250	\$359,250	\$359,250	\$359,250	\$359,250
TWO BEDROOM G PREMIUM	\$372,000	\$372,000	\$372,000	\$372,000	\$372,000	\$372,000	\$372,000
TWO BEDROOM GL	\$373,350	\$373,350	\$373,350	\$373,350	\$373,350	\$373,350	\$373,350
TWO BEDROOM GL PREMIUM	\$386,000	\$386,000	\$386,000	\$386,000	\$386,000	\$386,000	\$386,000

*Inland and Shoreline Pricing differentiation began in 2007 for Tailored Plans. **Differentiation of Inland and Shoreline pricing stopped July 2013.

EVERGREEN WOODS – ENTRANCE FEES
Tailored Monthly Fee Plan

UNIT TYPE	2008 Inland	2008 Shoreline	2009 Inland	2009 Shoreline	2010 Inland	2010 Shoreline	2011 Inland	2011 Shoreline
ONE BEDROOM A	N/A	\$184,370	N/A	\$183,475	N/A	\$183,475	N/A	\$183,475
ONE BEDROOM B	\$290,700	\$270,402	\$292,125	\$271,728	\$292,125	\$271,728	\$292,125	\$271,728
ONE BEDROOM C	\$294,780	\$274,176	\$296,225	\$275,520	\$296,225	\$275,520	\$296,225	\$275,520
ONE BEDROOM D	\$326,400	\$303,552	\$328,000	\$305,040	\$328,000	\$305,040	\$328,000	\$305,040
ONE BEDROOM D PREMIUM	N/A	N/A	\$333,000	\$310,040	\$333,000	\$310,040	\$333,000	\$310,040
TWO BEDROOM E	\$355,350	\$330,527	\$353,625	\$328,923	\$353,625	\$328,923	\$353,625	\$328,923
TWO BEDROOM F	\$387,450	\$360,360	\$378,225	\$351,780	\$378,225	\$351,780	\$378,225	\$351,780
TWO BEDROOM FC	\$398,475	\$398,475	\$388,988	\$388,988	\$388,988	\$388,988	\$388,988	\$388,988
TWO BEDROOM G	\$467,250	\$467,250	\$456,125	\$456,125	\$456,125	\$456,125	\$456,125	\$456,125
TWO BEDROOM G PREMIUM	N/A	N/A	\$461,125	\$461,125	\$461,125	\$461,125	\$461,125	\$461,125
TWO BEDROOM GL	\$485,625	\$485,625	\$474,063	\$474,063	\$474,063	\$474,063	\$474,063	\$474,063
TWO BEDROOM GL PREMIUM	N/A	N/A	\$479,063	\$479,063	\$479,063	\$479,063	\$479,063	\$479,063

UNIT TYPE	2012 Inland	2012 Shoreline	2013 Inland	2013 Shoreline	July 2013**	2014	2015
ONE BEDROOM A	N/A	\$186,000	N/A	\$195,000	\$195,000	\$195,000	\$195,000
ONE BEDROOM B	\$295,000	\$274,000	\$295,000	\$274,000	\$295,000	\$295,000	\$295,000
ONE BEDROOM C	\$299,000	\$278,000	\$299,000	\$278,000	\$299,000	\$299,000	\$299,000
ONE BEDROOM D	\$331,000	\$308,000	\$331,000	\$308,000	\$331,000	\$331,000	\$331,000
ONE BEDROOM D PREMIUM	\$345,000	\$321,000	\$345,000	\$321,000	\$345,000	\$345,000	\$345,000
TWO BEDROOM E	\$353,625	\$328,923	\$353,625	\$328,923	\$353,625	\$353,625	\$353,625
TWO BEDROOM F	\$363,625	\$338,923	\$363,625	\$338,923	\$363,625	\$363,625	\$363,625
TWO BEDROOM FC	\$388,988	\$388,988	\$388,988	\$388,988	\$388,988	\$388,988	\$388,988
TWO BEDROOM G	\$456,125	\$456,125	\$456,125	\$456,125	\$456,125	\$456,125	\$456,125
TWO BEDROOM G PREMIUM	\$470,000	\$470,000	\$470,000	\$470,000	\$470,000	\$470,000	\$470,000
TWO BEDROOM GL	\$474,063	\$474,063	\$474,063	\$474,063	\$474,063	\$474,063	\$474,063
TWO BEDROOM GL PREMIUM	\$479,063	\$479,063	\$489,000	\$489,000	\$489,000	\$489,000	\$489,000

*Inland and Shoreline Pricing differentiation began in 2007 for Tailored Plans. **Differentiation of Inland and Shoreline pricing stopped July 2013.

JUDICIAL PROCEEDINGS

There are and have been no judicial proceedings, as described in Conn. Gen. Stat. § 17b-522(b)(4) against Shoreline Life Care LLC, its officers, directors, trustees or members, or against Brightview Senior Living LLC.

TAX CONSEQUENCES

Tax Deductions. Payment of an entrance fee or other transfer of assets pursuant to a continuing care contract may have significant tax consequences. You may wish to consult a qualified adviser before signing the Residency Agreement to discuss any potential tax consequences. Residents of the Community may be allowed certain tax benefits including consideration of a portion of the monthly service fee as a medical expense. In February of each year, the Community will provide the residents with a statement indicating the percentage of the monthly service fee that has been determined to be attributable to the cost of supporting life care residents in the Health Center. All deductions are, of course, subject to limitations imposed by the Internal Revenue Code of 1986, as amended. It is advisable that the resident seek the advice of tax professionals before taking any of these deductions.

THE MORTGAGE AND INDENTURE OF TRUST

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

If you choose the Traditional Entrance Fee plan, a significant portion of the admission payments required to enter into residency at the Community constitute a loan, repayable to you or your estate upon termination of residency in the Community. If you choose a Tailored Plan, there is no loan.

As security for the obligations to repay the loans, Evergreen Woods has entered into a Mortgage and Indenture of Trust Agreement with Bank of New York, NY, as trustee, in the amount of \$70,000,000. Evergreen Woods has granted the trustee a mortgage on the Community property for the benefit of the residents of the Community.

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

The Mortgage and Indenture of Trust permits certain “permitted encumbrances”, including, but not limited to:

- (a) restrictions, exceptions, liens, reservations, easements, rights, conditions, limitations, interests and other matters of records as of the date this Mortgage is recorded;
- (b) one or more mortgages, whether now existing or later incurred, that, in the aggregate, may not exceed 80 percent of the fair market value of the Mortgaged Premises, as determined by an independent third party appraisal on or about the date of such other mortgage; and
- (c) One or more mortgages, whether now existing or later incurred, granted to secure the financing of capital improvements to the Mortgaged Premises.

These permitted encumbrances are intended to allow alternative financing which would be more difficult and more expensive if the Mortgage and Indenture of Trust had priority. Except for the permitted priority encumbrances, the loans of the residents would take priority over most other claims with the exception of certain types of liens and taxes. The loans of all residents are equally protected by the Mortgage and Indenture of Trust and there is no priority among or between the various residents.

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

THE OPERATING BUDGET

The major expenses of a lifecare community is the cost of day-to-day operations as shown below. This projection is based upon extensive previous experience and anticipated inflation. The breakdown into seven categories is designed to make the projection more meaningful. Sales General and Administrative includes managerial salaries, all employee benefits, property taxes and insurance together with miscellaneous administrative costs. Plant operations includes maintenance, repair and operation of the community excluding Housekeeping expense which is shown separately. Dining Services expense includes all expenses related to food service operations. Health and Wellness Services includes wellness support and assisted living services expense. Programming includes the expenses related to transportation and activities/programs for apartment residents. The Health Center expense category includes all expenses related to the skilled nursing center including staffing, medical supplies and all other expenses related to care in the health center.

Operating Budget For the Year Ending December 31, 2015

Sales General and Administrative	\$ 4,452,251
Plant Operations	\$ 2,639,372
Housekeeping	\$ 540,054
Dining Services	\$ 1,852,792
Programming	\$ 300,505
Health Center	\$ 3,078,573
Health & Wellness	\$ <u>693,097</u>
TOTAL OPERATING EXPENSE	<u>\$13,556,644</u>

FINANCIAL PROJECTIONS

It is important for future residents, their families and their advisors to understand the financial basis on which the Community operates. The experience of Evergreen Woods and the past experience of BVSL in developing and managing senior living communities has been the basis for financial planning for the Community. Further, Evergreen Woods contracts with the actuarial firm of CCRC Actuaries to provide an actuarial analysis and resident population projections including, Health Center utilization and apartment turnover.

The financial projections presented in this Disclosure Statement were developed at the beginning of 2015, based primarily on 2014 data, including actuarial projections prepared by CCRC Actuaries. As discussed in the Introduction to this Disclosure Statement, the achievement of a financial forecast is always dependent on future events. It is unknown whether the continued stagnation of the economy and challenging housing market will impact 2015 sales.

FINANCIAL INFORMATION

In January of 2015, the owners of the Community successfully refinanced the Community's secured debt that was maturing in March of 2015 by obtaining a \$52,000,000 term loan from Capital One Bank and First Niagara Bank. The new term loan will have a maturity date of January 26, 2020 with certain extension options. The interest rate on the loan is a floating rate, and the Community entered into an interest rate cap agreement which provides for an interest rate ceiling of 6.5% on approximately 77% of the outstanding loan balance. The owners of the Community believe that this new term loan will serve to promote the continued financial strength of the Community.

THE PRO FORMA INCOME STATEMENT AND SOURCE AND APPLICATION OF FUNDS

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

The Pro Forma Income Statement and Source and Application of Funds are simply projections of the estimated expenses and income of the Community. Assumptions and explanations are contained in the notes following the Pro Forma Income Statement and Source and Application of Funds.

Although there can be no guarantee of accuracy, the Pro Forma Income Statement and Source and Application of Funds is based upon the experience and the current estimates of BVSL as of April, 2014. Such estimates are, of course, dependent upon assumptions concerning many items, including economic conditions such as inflation and interest rates, which are subject to change. It is believed that the Pro Forma Income Statement and Source of Application of Funds reflect sound financial planning and a rational set of assumptions, based upon experience and insight, and that the Community has been structured to motivate BVSL to minimize monthly Service Fee increases in order to maintain high occupancy rates, both of which are in the best interests of the residents.

EVERGREEN WOODS
North Branford, Connecticut
ADDENDUM

PRO FORMA CASH FLOW ASSUMPTIONS

- (a) 2015 - 33 move-ins and 27 payouts and 29 each year thereafter
- (b) Assumes occupancy increases to 90% and remains stable during the projection period.
- (c) Beginning cash represents the interest-bearing operating cash, escrows, and all reserve accounts.
- | | |
|----------------------------------|--------------------|
| Operating Cash | \$9,948,157 |
| Escrows | 1,279,955 |
| Reserve Funds | 7,615,771 |
| Receivables and Prepaid Expenses | 1,205,635 |
| Outstanding Payables | <u>(3,302,498)</u> |
| | \$16,747,020 |
- (d) Apartment Service Fees represents the total of monthly service fees for all apartments based on stable occupancy
- (e) Total census in health center is assumed to be 42 of 50 beds; 7 Pvt Pays, 7 Med A, and 28 Lifecare
- (f) Additional community charges represents a one-time non-refundable fee due at closing which will be used to fund apartment refurbishment and other capital improvements as determined by Evergreen Woods.
- (g) Misc income represents projected income from meals, garage rentals, guest rooms, and beauty and barbershop.
- (h) Interest income is based on estimated projections of future interest rates.
- (i) Projecting a 4% increase in operating expenses.
- (j) Capital costs cover significant unit improvements, common area improvements or refurbishments, and building updates.
- (k) Debt service based on terms of \$52.0 Million refinance completed January 2015. Interest expense based on the latest LIBOR forward curve.
The loan requires certain additional mandatory principal payments from a percentage of any annual positive net cash flow after certain cash reserves are maintained.
- (l) Distributions to partners for (i) repayment of obligations owed to Shoreline's prior lenders and required to be repaid as part of the payoff of the existing first mortgage in January, 2015 and (ii) payment of certain costs incurred in connection with the refinancing.
- (m) Future distributions to the partners will be after all required debt payments and reserves and will be determined annually as appropriate and permitted by the Shoreline financing.

FORECASTED STATEMENT OF REVENUES AND EXPENSES						
	2015	2016	2017	2018	2019	
OPERATING REVENUES						
Entrance Fee Collections net of Refunds	3,301,419	3,300,000	3,300,000	3,300,000	3,300,000	(a)
Monthly Service Fees	12,313,973	12,806,532	13,318,793	13,851,545	14,405,607	(b)
One Time Community Charge	509,250	529,620	550,805	572,837	595,750	
Interest Income	114,672	119,259	124,029	128,990	134,150	
Other Income	1,214,852	1,263,446	1,313,984	1,366,543	1,421,205	
TOTAL	17,454,166	18,018,856	18,607,611	19,219,915	19,856,712	
HEALTH CENTER REVENUES - NET	652,237	678,327	705,460	733,678	763,026	
TOTAL OPERATING REVENUES	18,106,403	18,697,183	19,313,071	19,953,594	20,619,737	
OPERATING EXPENSES:						
G&A	7,104,091	7,388,255	7,683,785	7,991,137	8,310,782	
Plant	1,367,395	1,422,090	1,478,974	1,538,133	1,599,658	
Housekeeping	540,054	561,657	584,123	607,488	631,787	
Dietary	2,029,927	2,111,124	2,195,569	2,283,392	2,374,727	
Resident Care	693,097	720,821	749,654	779,640	810,825	
Debt Service	3,456,870	3,526,016	3,665,036	3,745,439	3,132,487	
TOTAL OPERATING EXPENSES	15,191,434	15,729,963	16,357,141	16,945,228	16,860,267	
REVENUE OVER EXPENSE (DEFICIT)	2,914,970	2,967,221	2,955,930	3,008,366	3,759,470	
CASH FLOW PROJECTION						
Beginning Cash	16,747,020	8,343,743	9,360,964	11,066,894	12,825,260	(c)
Additions:						
Entrance Fee Collections net of Refunds	3,301,419	3,300,000	3,300,000	3,300,000	3,300,000	
Monthly Service Fees	12,313,973	12,806,532	13,318,793	13,851,545	14,405,607	(d)
Net Health Center Income	652,237	678,327	705,460	733,678	763,026	(e)
One Time Community Charge	509,250	529,620	550,805	572,837	595,750	(f)
Other Income	1,214,852	1,263,446	1,313,984	1,366,543	1,421,205	(g)
Interest Income	114,672	119,259	124,029	128,990	134,150	(h)
Disbursements:						
Operating Expenses	11,734,564	12,203,947	12,692,105	13,199,789	13,727,780	(i)
Capital Expenditures	1,950,000	1,950,000	1,250,000	1,250,000	1,250,000	(j)
Debt Service	3,456,870	3,526,016	3,665,036	3,745,439	3,132,487	(k)
Loan Refinancing Fees and Costs	1,469,384					
Partner Distributions Related to Loan Refinancing	7,148,862					(l)
Partner Distributions	750,000					(m)
Net Change	(8,403,277)	1,017,221	1,705,930	1,758,366	2,509,470	
Ending Cash available for reserves and/or distribution	8,343,743	9,360,964	11,066,894	12,825,260	15,334,730	

ENTRANCE FEE ESCROW

Under the provisions of the Act, Evergreen Woods must maintain an escrow account for certain portions of the entrance fees with a bank or trust company. These are the entrance deposits that are paid to Evergreen Woods upon execution of the Residency Agreement and prior to occupancy, referred to as the "Entrance Deposit." Such accounts have been established with U.S. Bank (formerly Union Trust Company), One Federal Street, Boston, MA 02110.

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

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

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

OPERATING RESERVE ESCROW And DEBT SERVICE RESERVE ESCROW

Evergreen Woods is required to and has established and maintains in trust an escrow account with Dime Bank, 290 Salem Turnpike, Norwich, CT 06360 on a current basis, an operating and debt service reserve in an amount sufficient to cover: (a) all principal and interest, rental or lease payments due during the next 12 months on account of any first mortgage loan or other long-term financing or such lesser amount as determined by the Department of Social Services; and (b) the total cost of operation of the Community for a one-month period, excluding debt service and certain capital expenditures. Guilford Savings Bank, as Escrow Agent, may invest all amounts held by it from time to time in such obligations of any federal or state or local authority (or in shares of a registered investment company which holds a portfolio of such securities) or such certificates of deposit, savings accounts, money market accounts, deposits, or other savings or investment securities including, without limitation, those of Escrow Agent, as Provider may from time to time direct in writing, or absent such direction, in such accounts or similar investments as the Escrow Agent shall deem advisable in its sole discretion. Interest earned on the debt service and operating reserve escrow account is payable to Evergreen Woods. The balance of Evergreen Woods operating and debt service reserve escrow account as of December 31, 2014 was \$6,231,193.07.

RESERVE FOR REPLACEMENT ESCROW

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

The Reserve for Replacement is currently held in an escrow account established at a Bank of America branch, but may be relocated to any other bank in the State of Connecticut that the owner selects.

PREPAID HEALTH CARE OBLIGATION FOR FUTURE SERVICES

CCRC Actuaries has calculated the total actuarial present value of prepaid healthcare obligations assumed by Evergreen Woods under continuing-care contracts in accordance with rules defined by the AICPA Health Care Auditing Guidelines, including recent changes to those Guidelines. This methodology uses actuarial methods and reasonable assumptions of mortality and morbidity and results in an obligation as of December 31, 2014 of \$10,135,000. All such costs are funded by the monthly Service Fees paid by residents and are adjusted by the Cash Requirements Allocation Formula, if applicable.

The methodology is based solely on data related to the existing Evergreen Woods residents as of December 31, 2014 with projections of how those residents will move through the various levels of care until move-out or death. This methodology is referred to as a “closed group population projection” that reflects only the activity of the current group of Evergreen Woods residents. This closed group does not contemplate any new residents entering Evergreen Woods as the existing residents move-out or die. As such, the projected group size declines over time. The projection also assumes that operating revenues will increase by 4.0% and operating expenses, not including interest expense, depreciation and amortization, will increase by 4.0% each year throughout the projection period (the per unit expense assumptions are based on a continuing occupancy of 90.2%). We also note that because the AICPA has made significant changes to its Guidelines for calculating future service obligations for CCRC’s, it is not useful, and could prove misleading, to compare the Obligation calculation here the Obligation calculations performed in prior years.

The \$10,135,000 projected liability pertains only to the Obligation calculation, as limited by the closed group approach and assumptions discussed above. This projected liability is not indicative of, and does not demonstrate, the financial feasibility of the entire community since cash flows from future new residents and certain other revenues, debt principal repayments and certain general and administrative expenses are not included in the Obligation calculation. As noted above, the results of CCRC Actuaries’ study are based on estimates of the demographic and economic assumptions. Considerable uncertainty and variability are inherent in such estimates. Accordingly, the subsequent emergence of actual resident movements and of actual revenues and expenses may not conform to the assumptions used in their analysis. Consequently, actual results may vary considerably from the assumptions used in the Obligation calculation.

EXHIBIT C

STATEMENT OF ACTUARIAL OPINION



415 Main Street
Reisterstown, MD 21136

Phone: 410-833-4220
Fax: 410-833-4229

Email: info@ccrcactuaries.com

Evergreen Woods

Statement of Actuarial Opinion February 13, 2015

I, Dave Bond, am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, a Partner in the firm of CCRC Actuaries, LLC, and meet the qualification standards to render Statements of Actuarial Opinion for continuing care retirement communities. I have been retained by Evergreen Woods to render a Statement of Actuarial Opinion, in accordance with Section 17b-527 of the Regulations implementing the Continuing Care Statutes, regarding the following actuarial projections included in Evergreen Woods' 2014 Annual Financial Filing:

- Exhibit I Residential Turnover Rates
- Exhibit II Average Age of Residents
- Exhibit III Health Care Utilization Rates
- Exhibit IV Average Occupancy Rates
- Exhibit V Number of Health Care Admissions
- Exhibit VI Average Days of Care Per Year
- Exhibit VII Number of Permanent Transfers

I have examined the above items as shown in Evergreen Woods' Annual Financial Filing. These items are attached to this Statement of Actuarial Opinion. In the course of my review, I relied upon the accuracy and completeness of data and supporting documentation prepared by Evergreen Woods. CCRC Actuaries did not conduct a due diligence review of Evergreen Woods' historical resident data. However, in the course of my examination, nothing came to my attention that causes me to believe that the underlying data information is unreasonable or inappropriate. My examination included such review as I considered necessary of the data, methods, and underlying assumptions used by and the resulting actuarial projections reported by Evergreen Woods with respect to the above items as shown in Evergreen Woods' 2014 Annual Financial Filing.

In my opinion, the above items as shown in Evergreen Woods' 2014 Annual Financial Filing:

- are based upon methods which are consistent with sound actuarial principles and practices; and
- are based upon methods and underlying assumptions that appear reasonable and appropriate in this instance.

Should you have any questions regarding this information, please do not hesitate to contact our office.

Respectfully,

Dave Bond, F.S.A., F.C.A., M.A.A.A.
Managing Partner
dave.bond@ccrcactuaries.com

EXHIBIT D

**SHORELINE LIFE CARE LLC AUDITED FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2014, 2013 and 2012**

Shoreline Life Care, LLC

Financial Report
December 31, 2014

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Independent Auditor's Report

To the Members
Shoreline Life Care, LLC
Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of Shoreline Life Care, LLC which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of operations, members' deficit, and cash flows for the years then ended and the related notes to the 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 of 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 reasonable 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 Shoreline Life Care, LLC as of December 31, 2014 and 2013, 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.

McGladrey LLP

Baltimore, Maryland
February 18, 2015

Shoreline Life Care, LLC

Balance Sheets

December 31, 2014 and 2013

Assets	2014	2013
Property and Equipment		
Land and land improvements	\$ 5,566,018	\$ 5,566,018
Building and improvements	135,686,272	135,084,912
Furniture and equipment	4,051,532	4,021,639
Vehicles	108,918	108,918
Construction in progress – building	-	204,194
	<u>145,412,740</u>	<u>144,985,681</u>
Less accumulated depreciation	(58,572,556)	(53,430,102)
	<u>86,840,184</u>	<u>91,555,579</u>
Cash and Cash Equivalents		
Unrestricted	9,948,157	9,333,133
Escrow deposits	1,279,955	992,659
Restricted:		
Resident reservation deposits (Note 2)	154,648	163,244
Replacement reserve fund (Note 2)	1,229,930	1,088,681
Restricted Cash and Investments – Debt Service Reserve Fund (Notes 2 and 7)	6,231,193	6,201,384
Accounts Receivable, Net (Note 3)	445,301	486,827
Notes Receivable (Note 4)	1,589,384	1,658,923
Prepaid Expenses and Other	760,334	649,369
Deferred Loan Costs, Less Accumulated Amortization (2014 – \$1,615,298; 2013 – \$1,565,124)	8,657	58,831
	<u>8,657</u>	<u>58,831</u>
Total assets	<u>\$ 108,487,743</u>	<u>\$ 112,188,630</u>
Liabilities and Members' Deficit		
Liabilities		
Entrance fees payable (Note 4)	\$ 58,750,006	\$ 59,529,829
Notes payable and line of credit (Note 5)	51,687,749	52,937,249
Deferred entrance fees (Note 4)	8,696,961	9,461,358
Accounts payable and accrued expenses (Note 6)	3,302,498	3,515,715
Resident reservation deposits (Note 2)	154,648	163,244
Total liabilities	<u>122,591,862</u>	<u>125,607,395</u>
Members' Deficit	<u>(14,104,119)</u>	<u>(13,418,765)</u>
Total liabilities and members' deficit	<u>\$ 108,487,743</u>	<u>\$ 112,188,630</u>

See Notes to Financial Statements.

Shoreline Life Care, LLC

Statements of Operations
Years Ended December 31, 2014 and 2013

	2014	2013
Revenue		
Residential rental revenue, net	\$ 10,805,940	\$ 10,836,559
Health center revenue	4,608,587	4,038,854
Amortization of deferred entrance fees (Note 4)	4,018,876	4,438,963
Other service and rental revenue	1,307,565	1,393,653
Health and wellness revenue	876,668	817,014
Other income	157,915	160,704
Dining services revenue	104,110	85,996
Interest income	77,800	106,168
Total revenue	21,957,461	21,877,911
Expenses		
Salaries	5,473,157	5,417,080
Benefits and personnel expenses	2,110,118	2,005,418
Real estate taxes	1,221,275	1,264,174
Utilities	1,081,598	1,030,126
Dining services	1,048,469	1,028,746
Management fees (Note 6)	896,452	879,870
Health center	852,561	782,254
Repairs and maintenance	755,729	700,254
Insurance	576,235	508,515
Apartment turnover costs	436,065	307,485
Contract services	373,201	385,297
General and administrative	359,145	373,106
Sales and marketing	204,004	151,402
Professional fees	167,844	87,065
Financing costs	159,122	6,000
Programming services	98,689	122,258
Housekeeping services	93,107	91,365
Health and wellness	24,830	25,447
Total expenses	15,931,601	15,165,862
Income prior to depreciation, interest, and amortization	6,025,860	6,712,049
Depreciation	(5,142,454)	(4,889,257)
Interest	(1,506,124)	(1,607,968)
Amortization	(50,174)	(91,699)
Total depreciation, interest, and amortization	(6,698,752)	(6,588,924)
Net (loss) income	\$ (672,892)	\$ 123,125

See Notes to Financial Statements.

Shoreline Life Care, LLC

**Statements of Members' Deficit
Years Ended December 31, 2014 and 2013**

	Majority Member	Minority Member	Total
Members' Deficit, December 31, 2012	\$ (14,762,740)	\$ 1,220,850	\$ (13,541,890)
Net income	122,348	777	123,125
Members' Deficit, December 31, 2013	(14,640,392)	1,221,627	(13,418,765)
Member contributions	43,538	-	43,538
Member distributions	(54,519)	(1,481)	(56,000)
Net loss	(668,653)	(4,239)	(672,892)
Members' Deficit, December 31, 2014	\$ (15,320,026)	\$ 1,215,907	\$ (14,104,119)

See Notes to Financial Statements.

Shoreline Life Care, LLC

**Statements of Cash Flows
Years Ended December 31, 2014 and 2013**

	2014	2013
Cash Flows From Operating Activities		
Net (loss) income	\$ (672,892)	\$ 123,125
Adjustments to reconcile net income (loss) to net unrestricted cash and cash equivalents provided by operating activities:		
Depreciation and amortization	6,192,628	4,980,956
Amortization of deferred entrance fees	(4,018,876)	(4,438,963)
Tenant revenue recognized from refundable entrance fees	(53,064)	(92,089)
Increase (Decrease) in allowance for doubtful accounts	1,587	(1,575)
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	39,939	72,683
Prepaid expenses and other	(110,965)	76,441
(Decrease) increase in:		
Accounts payable and accrued expenses	(213,217)	104,337
Resident reservation deposits	(8,596)	18,297
Net unrestricted cash and cash equivalents provided by operating activities	156,544	843,212
Cash Flows From Investing Activities		
Increase in replacement reserves and Restricted cash and Investments - Debt Service Reserve Fund	(171,058)	(143,755)
Purchases of property and equipment	(427,059)	(2,437,285)
Change in investment in escrow and resident reservation deposits	(278,700)	(533,005)
Net unrestricted cash and cash equivalents used in investing activities	(876,817)	(3,114,045)
Cash Flows From Financing Activities		
Principal payments on notes payable	(1,249,500)	(1,164,750)
Proceeds from resident entrance fees, net of refunds	2,527,720	3,751,889
Decrease in notes receivable, net	69,539	84,742
Member contributions	43,538	-
Member distributions	(56,000)	-
Net unrestricted cash and cash equivalents provided by financing activities	1,335,297	2,671,881
Net increase in unrestricted cash and cash equivalents	615,024	401,048
Cash and Cash Equivalents		
Beginning	9,333,133	8,932,085
Ending	\$ 9,948,157	\$ 9,333,133
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 1,502,020	\$ 1,607,972
Supplemental Schedule of Noncash Investing and Financing Activities		
Property and equipment included in accounts payable	\$ -	\$ 391,225

See Notes to Financial Statements.

Shoreline Life Care, LLC

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of Business: Shoreline Life Care, LLC (the Company) was formed as a limited liability company under the laws of the state of Connecticut on January 12, 1996, for the purpose of operating a continuing care retirement community.

On January 27, 2006, Shelter Development, LLC (SDLLC) entered into a Purchase and Sale Agreement with Shoreline Care Partners, LLC (SC Partners), a Delaware limited liability company, the Company's sole member. Pursuant to the Purchase and Sale Agreement, SDLLC agreed to purchase a 93.72% interest in all the rights, title and interest in all real and personal property and assumed certain liabilities of the Senior Living Community of Evergreen Woods (the Community), a 299-unit continuing care retirement community in North Branford, Connecticut. The purchase of the Community closed on March 15, 2006.

On March 15, 2006, SDLLC entered into a First Amendment to Purchase Agreement and an Assignment of Purchase Agreement, whereby, SDLLC's interest was assumed by Brightview Evergreen Woods, LLC (BEW), a Maryland limited liability company. BEW and SC Partners own 93.72% and 6.28%, respectively, of the Company. BEW is the Managing Member of the Company. All profits and losses are allocated in accordance with the profits percentage interest (BEW 99.37% and SC Partners 0.63%), as set forth in the operating agreement.

On April 8, 2010, BEW and SC Partners entered into a First Amendment to the Amended and Restated Operating Agreement of the Company, whereby, the Company shall not make any distributions to the members until all amounts due to HSH Nordbank AG (HSH) have been paid in full, including the term loan and line of credit (see Note 5) and the interest rate swap termination liability.

Under the terms of a residence and service agreement (residency agreement) with the Company, residents are required to pay an entrance fee and make payments of ongoing monthly service fees, which entitles them to occupy a residential unit and to the use of the Community (i.e., services, food, healthcare, assisted living services, etc.), as described in the residency agreement.

A summary of the Company's significant accounting policies follows:

Member Assets and Liabilities and Members' Salaries: In accordance with the generally accepted method of presenting limited liability company financial statements, the financial statements do not include the assets and liabilities of the members, including their obligation for income taxes on their distributive shares of the net income of the limited liability company, nor any provision for income tax expense.

The expenses shown in the statements of operations do not include any salaries to the members.

Basis of Accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents: For purposes of reporting cash flows, the Company considers all money market accounts and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Financial 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 financial risk on cash.

Shoreline Life Care, LLC

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

The Company invests in a professionally managed portfolio that contains fixed income securities and U.S. Government obligations, which are publicly traded. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term would materially affect investment balances and the amounts reported in the financial statements.

Accounts Receivable: Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Company analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to residents who have third-party coverage, the Company analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Management believes that an allowance of \$1,587 and \$0 was adequate based on its evaluation of collectability of receivables at December 31, 2014 and 2013, respectively.

Notes Receivable: Notes receivable represent amounts due from residents who funded a portion of their entrance fee payable in the form of a note agreement. Notes receivable are carried at face value, which approximates fair value (see Note 4).

Investments: Investments in debt securities are classified as available for sale and reflected at fair market value.

Property and Equipment: Property and equipment is stated at cost. Depreciation is computed using the straight-line method. Provisions for depreciation are based on the estimated useful lives of the assets, which are 5 to 27.5 years for buildings and improvements, and 5 to 7 years for vehicles, furniture, and equipment.

Valuation of Long-Lived Assets: The Company accounts for the valuation of long-lived assets under the Financial Accounting Standards Board (FASB) ASC Topic 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*. The FASB ASC requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Resident Reservation Deposits: Resident reservation deposits represent deposits from prospective residents equal to 10% of their anticipated entrance fee amount. The deposits are classified in the accompanying balance sheets as a component of restricted cash with a related liability.

Deferred Loan Costs: Deferred loan costs are being amortized using the effective interest method over the term of the related debt.

Shoreline Life Care, LLC

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Entrance Fees Payable: Under terms of their residency agreements with the Company, each resident is required to pay an entrance fee. A portion of these fees is refundable when the residency agreement is terminated. The non-refundable portion of these funds has been recorded as deferred entrance fees.

Deferred Entrance Fees: As stipulated in the residency agreement, a portion of the resident's entrance fee is non-refundable and has been recorded as a deferred fee to the Company. Such fees are amortized into income over the estimated stay of a resident in the Community, and the unamortized balance of these fees is reported as a liability in the accompanying balance sheets.

Fair Value of Financial Instruments: The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other liabilities approximate fair value because of the short maturity of these instruments. The carrying amount of the mortgage payable approximates fair value, because the interest rate on this instrument fluctuates with market interest rates offered to the Company for debt with similar terms and maturities.

Future Service Obligations (FSO): Accounting principles generally accepted in the United States of America (GAAP) require that CCRCs with continuing care contracts evaluate and accrue losses contingent in their resident contracts.

At acquisition of the Company, the GAAP FSO was determined to be approximately \$37 million. The cash inflows and outflows related to resident contracts were incorporated in the assignment of fair value to assets acquired and liabilities assumed at acquisition. Since the cash inflows and outflows related to an FSO that a marketplace participant would consider have already been incorporated in the assignment of fair values at inception, only future increases in the FSO above the amount determined at acquisition will be recorded as an FSO liability.

The FSO obligation at December 31, 2014 and 2013, was approximately \$10,135,000 and \$4,993,000, respectively. As these amounts are less than the FSO obligation at acquisition, no FSO liability was recorded in the financial statements of the Company.

Revenue Recognition: Monthly rental and service fees are recognized as income over the applicable lease term.

Health center revenue is recorded based on standard charges applicable to all residents. Under Medicare, and other reimbursement programs, the Company is reimbursed for services rendered to covered program residents as determined by reimbursement predetermined rates. The difference between established billing rates and the predetermined rates reimbursable by the programs and resident payments is recorded as contractual adjustments and deducted from revenue.

Income Taxes: As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the financial statements.

Management has evaluated the Company's tax positions and concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the guidance on accounting for uncertainty in income taxes issued by the FASB.

The Company files tax returns in the U.S. federal, state and local jurisdictions. Generally, the Company is no longer subject to tax examinations by tax authorities for years before 2011.

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Shoreline Life Care, LLC

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Subsequent Events: The Company evaluated subsequent events through February 18, 2015, which is the date the financial statements were available to be issued.

Note 2. Restricted Cash and Investments – Other

In accordance with various requirements, the Company has reserve funds held and administered by various financial institutions. The following summarizes the purpose of each reserve fund and the balances at December 31, 2014 and 2013:

Resident reservation deposits: Resident reservation deposits represent deposits from prospective residents equal to 10% of their anticipated entrance fee amount. The deposits are classified in the accompanying balance sheets as a component of restricted cash with a related liability. The balance of the resident reservation deposits at December 31, 2014 and 2013, was \$154,648 and \$163,244, respectively.

Debt service reserve fund: The Connecticut Department of Social Services requires the Company to maintain a debt service reserve sufficient to cover one year's principal and interest payments for the mortgage on the building plus an amount equal to one month of operating expenses. The debt service reserve fund is held in cash and fixed income securities. The balance of the debt service reserve fund at December 31, 2014 and 2013, was \$6,231,193 and \$6,201,384, respectively. The debt service reserve fund consists of the following at December 31:

	<u>2014</u>	<u>2013</u>
Cash and Cash Equivalents	\$ 442,504	\$ 506,685
Certificates of Deposit	685,000	1,135,000
Corporate Obligations	2,677,019	1,564,420
U.S. Government Obligations:		
Federal national mortgage association	1,429,599	1,519,623
Federal farm credit bank	387,034	729,429
Federal home loan bank	258,686	542,295
Federal home loan mortgage company	252,823	103,411
Federal home loan mortgage	98,528	100,521
	<u>\$ 6,231,193</u>	<u>\$ 6,201,384</u>

Replacement reserve fund: The Company maintains a replacement reserve fund in accordance with its residency agreement, used for improving or replacing capital items. The balance of the replacement reserve fund at December 31, 2014 and 2013, was \$1,229,930 and \$1,088,681, respectively.

Shoreline Life Care, LLC

Notes to Financial Statements

Note 3. Accounts Receivable

Accounts receivable at December 31, 2014 and 2013, consist of the following:

	2014	2013
Health Care Center Receivables		
Medicare A	\$ 181,591	\$ 309,284
Medicare B	29,179	13,836
Private pay	55,883	33,867
Managed care	92,024	45,559
Tenant Receivables	88,211	84,281
	446,888	486,827
Less allowance for doubtful accounts	(1,587)	-
	\$ 445,301	\$ 486,827

Note 4. Notes Receivable and Entrance Fees

Entrance fees are charged to each resident of the Community. Residents can choose between two different entrance fee options, under which the refundable and non-refundable portions of the entrance fees can range from 70% and 30%, respectively, and up to 90% (amortized over a 96-month period) and 10%, respectively. Both the entrance fees and deferred entrance fees are due upon entrance to the Community. The refundable portion of the entrance fees represents non-interest-bearing loans to the Company and is nontransferable. The refundable portion of the entrance fees is secured by a mortgage on the property held by a trustee for the benefit of all the residents.

For resident agreements entered into prior to 1996, the refundable portion of entrance fees is payable on the earlier of: (1) the date the apartment is reoccupied, (2) one year after release of the apartment by the resident, or (3) 30 years from the date of inception of a resident's agreement (the earliest of which is dated in 1991). For resident agreements entered into in 1996 through 2010, the refundable portion of entrance fees is payable on the earlier of: (1) 30 days after the date the apartment is reoccupied, (2) 18 months after release of the apartment by the resident, or (3) 30 years from the date of inception. For resident agreements entered into 2011 or later, the refundable portion of entrance fees is payable when the apartment is reoccupied. Under certain circumstances, a resident who moves into the health center is entitled to a partial repayment of the entrance fee.

At December 31, 2014 and 2013, the total entrance fees payable were \$58,750,006 and \$59,529,829, respectively. The portion payable at December 31, 2014 and 2013, attributable to released apartments was \$3,051,559 and \$5,174,389, respectively.

A portion of entrance fees payable were funded in the form of notes receivable agreements with the residents. Interest accrues on the notes receivable, only if they become overdue, which is an agreed upon date in the agreement. At December 31, 2014 and 2013, there were no overdue notes receivable. At December 31, 2014 and 2013, notes were receivable for entrance fees was \$1,589,384 and \$1,658,923, respectively.

Per the Company's revenue recognition policy, deferred entrance fees are amortized over the expected length of stay for each resident. The balance of deferred entrance fees to be amortized at December 31, 2014 and 2013, was \$8,696,961 and \$9,461,358, respectively. Amortization of existing deferred entrance fees will be fully recognized by 2022.

Shoreline Life Care, LLC

Notes to Financial Statements

Note 5. Notes Payable and Line of Credit

On March 15, 2006, the Company obtained a term loan from HSH Nordbank AG New York Branch (HSH) in the amount of \$55,250,000, and a line of credit not to exceed \$5,000,000, with proceeds being used to finance the purchase of the Community. The term loan and line of credit were collateralized by the property and assignment of all leases and rents, and were being repaid in quarterly installments of principal and interest beginning on June 30, 2008. The term loan and line of credit bore interest at the higher of the Federal Funds Rate plus 0.5% per annum or the bank's prime rate listed daily by Bloomberg L.P. However, the Company could elect to pay interest at the London Interbank Offered Rate (LIBOR) plus 2.00%, by delivering a written notice to the Administrative Agent. The Company elected to pay interest at LIBOR, which was 0.1540% and 0.16825% at December 31, 2014 and 2013, respectively. The Company must comply with applicable covenants and prohibitions required by the lender. The term loan and line of credit cannot extend beyond 30 years from the date of initiation. At December 31, 2014 and 2013, the term loan had a balance of \$48,292,749 and \$49,542,249, respectively. At December 31, 2014 and 2013, the line of credit had a balance of \$3,395,000.

On April 8, 2010, the Company and HSH amended the various agreements evidencing the term loan and line of credit to restructure a number of provisions of these agreements. Among other things, the restructuring (a) extended the maturity date of the loans to March 15, 2013, and provided for two further one-year extension options; (b) provided forbearance from the collection of the scheduled principal payments under the term loan through December 31, 2011; (c) allowed for the termination of the interest rate swap agreement (the Swap) with HSH; (d) released the Company from liability for the termination of the Swap (except for interest accruing on the termination amount) and permitted the assignment of the Swap to BEW; (e) added additional interest to the term loan for the interest that would otherwise be due on the swap termination liability in the amount of \$29,620 per month, payable at the fixed amount of \$11,848 per month, and the remainder payable if certain financial covenants are met; (f) reduced the maximum amount available to be drawn under the line of credit to \$3,395,000; and (g) modified certain covenants. In consideration for the restructuring of the loans, BEW contributed an additional \$2,500,000 in equity to the Company in 2010. Additionally, Shelter Development, LLC (SDLLC) provided an operating deficit guarantee up to a maximum amount of \$500,000. In January 2013 and 2014, the Company exercised its option with HSH to extend the maturity date to March 15, 2014, and March 15, 2015, respectively. The Company refinanced this note in January 2015, see Note 8.

Aggregate principal payments (after the refinancing – see Note 8), are due in future years as follows:

Years Ending December 31,

2015	\$ 960,609
2016	1,212,244
2017	1,280,625
2018	1,352,862
2019	1,429,174
Thereafter	45,764,486
	<u>\$ 52,000,000</u>

Note 6. Related Party Transactions

The Company incurred management fees of \$896,181 and \$879,870 to Brightview Senior Living, LLC (Brightview), an affiliate of BEW, for the years ended December 31, 2014 and 2013, respectively. Brightview, as compensation for services rendered, is to receive a sum equal to 5% of gross revenue, as defined in the management agreement (the agreement). The initial term of the agreement, which commenced in March 2006, expires on December 31, 2016, and provides for renewals of successive three-year periods at the option of either entity.

Shoreline Life Care, LLC

Notes to Financial Statements

Note 6. Related Party Transactions (Continued)

A portion of the management fee is deferred in accordance with the agreement and will not be paid until the members of the Company have received payments of available cash flow as described in the agreement. At December 31, 2014 and 2013, the deferred management fees were \$2,315,941 and \$2,011,240, respectively, which are reflected as a component of accounts payable and accrued expenses in the balance sheets.

Note 7. Fair Value Measurements

The Company established a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America (GAAP) and expanded disclosure about fair value measurements. This enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The Company requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1 Quoted market prices in active markets for identical assets or liabilities
- Level 2 Observable market-based inputs or unobservable inputs corroborated by market data
- Level 3 Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, the Company performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 1 or Level 3 inputs for any assets or liabilities held by the Company at December 31, 2014 and 2013, respectively.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2014 and 2013:

	2014			
	Total	Level 1	Level 2	Level 3
Financial Assets				
Corporate Obligations	\$ 2,677,019	\$ -	\$ 2,677,019	\$ -
U.S. Government Obligations:				
Federal national mortgage association	1,429,599	-	1,429,599	-
Federal farm credit bank	387,034	-	387,034	-
Federal home loan bank	258,686	-	258,686	-
Federal home loan mortgage company	252,823	-	252,823	-
Federal home loan mortgage	98,528	-	98,528	-
Total	\$ 5,103,689	\$ -	\$ 5,103,689	\$ -
	2013			
	Total	Level 1	Level 2	Level 3
Financial Assets				
Corporate Obligations	\$ 1,564,420	\$ -	\$ 1,564,420	\$ -
U.S. Government Obligations:				
Federal national mortgage association	1,519,623	-	1,519,623	-
Federal farm credit bank	729,429	-	729,429	-
Federal home loan bank	542,295	-	542,295	-
Federal home loan mortgage company	103,411	-	103,411	-
Federal home loan mortgage	100,521	-	100,521	-
Total	\$ 4,559,699	\$ -	\$ 4,559,699	\$ -

Shoreline Life Care, LLC

Notes to Financial Statements

Note 7. Fair Value Measurements (Continued)

The Company's investments in fixed income securities and U.S. Government obligations are observable at commonly quoted intervals for the full term of the fixed income investment and, therefore, are considered Level 2 items. Cash and cash equivalents classified as investments in the amount of \$442,504 and \$506,685 have been excluded from the table above because they are carried at cost as of December 31, 2014 and 2013, respectively. Certificates of deposit classified as investments in the amount of \$685,000 and \$1,135,000 have been excluded from the table above because they are held to maturity investments and carried at cost as of December 31, 2014 and 2013, respectively.

For the years ended December 31, 2014 and 2013, the application of the valuation techniques applied to similar assets and liabilities has been consistent.

Note 8. Subsequent Events

On January 26, 2015, the Company refinanced the term loan and the line of credit for \$52,000,000. The loan bears interest at the floating rate of LIBOR plus 3.50%. Payments of principal and interest are due monthly commencing February 1, 2015, through the maturity date at which time all remaining unpaid principal and interest is due. The loan matures on January 26, 2020. Under the terms of the agreement, the Company also entered into an interest rate cap agreement on the loan in the notional amount of \$40,000,000 and provides an interest rate ceiling of 6.50%. The interest rate cap agreement expires at the end of the term loan. On the date of the refinancing, the term loan, revolving loan, and unwinding swap facilities were paid off in full. The Company is subject to financial covenants under the terms of the loan.

Shoreline Life Care, LLC

Financial Report
December 31, 2013

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Independent Auditor's Report

To the Members
Shoreline Life Care, LLC
Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of Shoreline Life Care, LLC which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations, members' deficit, and cash flows for the years then ended and the related notes to the 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 of 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 reasonable 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 Shoreline Life Care, LLC as of December 31, 2013 and 2012, 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.

McGladrey LLP

Baltimore, Maryland
March 10, 2014

Shoreline Life Care, LLC

Balance Sheets

December 31, 2013 And 2012

Assets	2013	2012
Property And Equipment		
Land and land improvements	\$ 5,566,018	\$ 5,496,059
Building and improvements	135,084,912	132,610,596
Furniture and equipment	4,021,639	3,983,787
Vehicles	108,918	66,729
Construction in progress – building	204,194	-
	<u>144,985,681</u>	<u>142,157,171</u>
Less accumulated depreciation	<u>(53,430,102)</u>	<u>(48,540,845)</u>
	91,555,579	93,616,326
Cash And Cash Equivalents		
Unrestricted	9,333,133	8,932,085
Escrow deposits	992,659	477,951
Restricted		
Resident reservation deposits (Note 2)	163,244	144,947
Replacement reserve fund (Note 2)	1,088,681	952,431
Restricted Cash And Investments – Debt Service Reserve Fund (Notes 2 and 7)	6,201,384	6,193,879
Accounts Receivable, Net (Note 3)	486,827	557,935
Notes Receivable (Note 4)	1,658,923	1,743,665
Prepaid Expenses And Other	649,369	725,810
Deferred Loan Costs, less accumulated amortization (2013 – \$1,565,124; 2012 – \$1,473,425)	<u>58,831</u>	<u>150,530</u>
Total assets	<u>\$ 112,188,630</u>	<u>\$ 113,495,559</u>
Liabilities And Members' Deficit		
Liabilities		
Entrance fees payable (Note 4)	\$ 59,529,829	\$ 58,850,362
Notes payable and line of credit (Note 5)	52,937,249	54,101,999
Deferred entrance fees (Note 4)	9,461,358	10,919,988
Accounts payable and accrued expenses (Note 6)	3,515,715	3,020,153
Resident reservation deposits (Note 2)	163,244	144,947
Total liabilities	<u>125,607,395</u>	<u>127,037,449</u>
Members' Deficit	<u>(13,418,765)</u>	<u>(13,541,890)</u>
Total liabilities and members' deficit	<u>\$ 112,188,630</u>	<u>\$ 113,495,559</u>

See Notes To Financial Statements.

Shoreline Life Care, LLC

Statements Of Operations

Years Ended December 31, 2013 And 2012

	2013	2012
Revenue:		
Residential rental revenue, net	\$ 10,836,559	\$ 10,505,775
Amortization of deferred entrance fees (Note 4)	4,438,963	4,302,511
Health center revenue	4,038,854	4,125,023
Other service and rental revenue	1,393,653	1,395,732
Health and wellness revenue	817,014	676,523
Other income	160,704	130,927
Interest income	106,168	93,292
Dining services revenue	85,996	74,722
Total revenue	21,877,911	21,304,505
Expenses:		
Salaries	5,417,080	5,309,944
Benefits and personnel expenses	2,005,418	2,064,839
Real estate taxes	1,264,174	1,343,462
Utilities	1,030,126	933,827
Dining services	1,028,746	964,382
Management fees (Note 6)	879,870	845,916
Health center	782,254	850,321
Repairs and maintenance	700,254	519,148
Insurance	508,515	391,200
Contract services	385,297	336,174
General and administrative	373,106	320,142
Apartment turnover costs	307,485	284,070
Sales and marketing	151,402	168,307
Programming services	122,258	101,258
Housekeeping services	91,365	90,671
Professional fees	87,065	113,645
Health and wellness	25,447	26,448
Financing costs	6,000	6,000
Total expenses	15,165,862	14,669,754
Income prior to depreciation, interest, and amortization	6,712,049	6,634,751
Depreciation	(4,889,257)	(4,910,587)
Interest	(1,607,968)	(1,620,480)
Amortization	(91,699)	(133,223)
Total depreciation, interest, and amortization	(6,588,924)	(6,664,290)
Net Income (loss)	\$ 123,125	\$ (29,539)

See Notes To Financial Statements.

Shoreline Life Care, LLC

**Statements Of Members' Deficit
Years Ended December 31, 2013 And 2012**

	Majority Member	Minority Member	Total
Members' deficit, December 31, 2011	\$ (14,733,496)	\$ 1,221,145	\$ (13,512,351)
Net loss	(29,244)	(295)	(29,539)
Members' deficit, December 31, 2012	(14,762,740)	1,220,850	(13,541,890)
Net Income	122,348	777	123,125
Members' deficit, December 31, 2013	<u>\$ (14,640,392)</u>	<u>\$ 1,221,627</u>	<u>\$ (13,418,765)</u>

See Notes To Financial Statements.

Shoreline Life Care, LLC

**Statements Of Cash Flows
Years Ended December 31, 2013 And 2012**

	2013	2012
Cash Flows From Operating Activities		
Net income (loss)	\$ 123,125	\$ (29,539)
Adjustments to reconcile net income (loss) to net unrestricted cash and cash equivalents provided by operating activities:		
Depreciation and amortization	4,980,956	5,043,810
Amortization of deferred entrance fees	(4,438,963)	(4,302,511)
Tenant revenue recognized from refundable entrance fees	(92,089)	-
(Decrease) increase in allowance for doubtful accounts	(1,575)	1,575
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	72,683	25,708
Prepaid expenses and other	76,441	(18,378)
Increase (decrease) in:		
Accounts payable and accrued expenses	104,337	555,683
Resident reservation deposits	18,297	75,376
Net unrestricted cash and cash equivalents provided by operating activities	843,212	1,351,724
Cash Flows From Investing Activities		
Increase in replacement reserves and other restricted cash and investments	(143,755)	(163,520)
Purchases of property and equipment	(2,437,285)	(1,957,368)
Increase in escrow and resident reservation deposits	(533,005)	(270,069)
Net unrestricted cash and cash equivalents used in investing activities	(3,114,045)	(2,390,957)
Cash Flows From Financing Activities		
Principal payments on notes payable	(1,164,750)	(1,085,250)
Proceeds from resident entrance fees, net of refunds	3,751,889	3,421,031
Decrease in notes receivable, net	84,742	625,179
Net unrestricted cash and cash equivalents provided by financing activities	2,671,881	2,960,960
Net increase in unrestricted cash and cash equivalents	401,048	1,921,727
Cash And Cash Equivalents:		
Beginning	8,932,085	7,010,358
Ending	\$ 9,333,133	\$ 8,932,085
Supplemental Disclosure Of Cash Flow Information		
Cash paid for interest	\$ 1,607,972	\$ 1,620,482
Supplemental Schedule Of Noncash Investing Activities		
Property and equipment included in accounts payable	\$ 391,225	\$ -
Entrance fees received in the form of notes receivable	\$ 1,658,923	\$ 1,743,665

See Notes To Financial Statements.

Shoreline Life Care, LLC

Notes To Financial Statements

Note 1. Nature Of Business And Significant Accounting Policies

Nature of business: Shoreline Life Care, LLC (the Company) was formed as a limited liability company under the laws of the state of Connecticut on January 12, 1996, for the purpose of operating a continuing care retirement community.

On January 27, 2006, Shelter Development, LLC (SDLLC) entered into a Purchase and Sale Agreement with Shoreline Care Partners, LLC (SC Partners), a Delaware limited liability company, the Company's sole member. Pursuant to the Purchase and Sale Agreement, SDLLC agreed to purchase a 93.72% interest in all the rights, title and interest in all real and personal property and assumed certain liabilities of the Senior Living Community of Evergreen Woods (the Community), a 299-unit continuing care retirement community in North Branford, Connecticut. The purchase of the Community closed on March 15, 2006.

On March 15, 2006, SDLLC entered into a First Amendment to Purchase Agreement and an Assignment of Purchase Agreement, whereby, SDLLC's interest was assumed by Brightview Evergreen Woods, LLC (BEW), a Maryland limited liability company. BEW and SC Partners own 93.72% and 6.28%, respectively, of the Company. BEW is the Managing Member of the Company. All profits and losses are allocated in accordance with the profits percentage interest (BEW 99.37% and SC Partners 0.63%), as set forth in the operating agreement.

On April 8, 2010, BEW and SC Partners entered into a First Amendment to the Amended and Restated Operating Agreement of the Company, whereby, the Company shall not make any distributions to the members until all amounts due to HSH Nordbank AG (HSH) have been paid in full, including the term loan and line of credit (see Note 5) and the interest rate swap termination liability.

Under the terms of a residence and service agreement (residency agreement) with the Company, residents are required to pay an entrance fee and make payments of ongoing monthly service fees, which entitles them to occupy a residential unit and to the use of the Community (i.e., services, food, healthcare, assisted living services, etc.), as described in the residency agreement.

A summary of the Company's significant accounting policies follows:

Member assets and liabilities and members' salaries: In accordance with the generally accepted method of presenting limited liability company financial statements, the financial statements do not include the assets and liabilities of the members, including their obligation for income taxes on their distributive shares of the net income of the limited liability company, nor any provision for income tax expense.

The expenses shown in the statements of operations do not include any salaries to the members.

Basis of accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Cash and cash equivalents: For purposes of reporting cash flows, the Company considers all money market accounts and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Financial 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 financial risk on cash.

Shoreline Life Care, LLC

Notes To Financial Statements

Note 1. Nature Of Business And Significant Accounting Policies (Continued)

The Company invests in a professionally managed portfolio that contains fixed income securities and U.S. Government obligations, which are publicly traded securities. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term would materially affect investment balances and the amounts reported in the financial statements.

Accounts receivable: Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Company analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to residents who have third-party coverage, the Company analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Management believes that an allowance of \$0 and \$1,575 was adequate based on its evaluation of collectability of receivables at December 31, 2013 and 2012, respectively.

Notes receivable: Notes receivable represent amounts due from residents who funded a portion of their entrance fee payable in the form of a note agreement. Notes receivable are carried at face value, which approximates fair value (see Note 4).

Investments: Investments in debt securities are classified as available for sale and reflected at fair market value.

Property and equipment: Property and equipment is stated at cost. Depreciation is computed using the straight-line method. Provisions for depreciation are based on the estimated useful lives of the assets, which are 5 to 27.5 years for buildings and improvements and 5 to 7 years for furniture and equipment.

Valuation of long-lived assets: The Company accounts for the valuation of long-lived assets under the Financial Accounting Standards Board (FASB) ASC Topic 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*. The FASB ASC requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Resident reservation deposits: Resident reservation deposits represent deposits from prospective residents equal to 10% of their anticipated entrance fee amount. If an individual decides not to move into the Community, the deposit is refunded in whole. The deposits are classified in the accompanying balance sheets as a component of restricted cash with a related liability.

Deferred loan costs: Deferred loan costs are being amortized on the effective interest method over the term of the related debt.

Shoreline Life Care, LLC

Notes To Financial Statements

Note 1. Nature Of Business And Significant Accounting Policies (Continued)

Entrance fees payable: Under terms of their residency agreements with the Company, each resident is required to pay an entrance fee. A portion of these fees is refundable when the residency agreement is terminated. The non-refundable portion of these funds has been recorded as deferred entrance fees.

Deferred entrance fees: As stipulated in the residency agreement, a portion of the resident's entrance fee is non-refundable and has been recorded as a deferred fee to the Company. Such fees are amortized into income over the estimated stay of a resident in the Community, and the unamortized balance of these fees is reported as a liability in the accompanying balance sheets.

Fair value of financial instruments: The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other liabilities approximate fair value because of the short maturity of these instruments. The carrying amount of the mortgage payable approximates fair value, because the interest rate on this instrument fluctuates with market interest rates offered to the Company for debt with similar terms and maturities.

Future service obligations: Accounting principles generally accepted in the United States of America require that CCRCs with continuing care contracts evaluate and accrue losses contingent in their resident contracts. The Company has made the required calculations and concluded that as of December 31, 2013 and 2012, the present value of future cash flows exceeded the present value of the projected costs related to continuing care contracts. Accordingly, no accrual is required as of December 31, 2013 and 2012.

Revenue recognition: Monthly rental and service fees are recognized as income over the applicable lease term.

Health center revenue is recorded based on standard charges applicable to all residents. Under Medicare, and other reimbursement programs, the Company is reimbursed for services rendered to covered program residents as determined by reimbursement predetermined rates. The difference between established billing rates and the predetermined rates reimbursable by the programs and resident payments is recorded as contractual adjustments and deducted from revenue.

Income taxes: As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the financial statements.

Management has evaluated the Company's tax positions and concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the guidance on accounting for uncertainty in income taxes issued by the FASB.

The Company files tax returns in the U.S. federal, state and local jurisdictions. Generally, the Company is no longer subject to tax examinations by tax authorities for years before 2010.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events: The Company evaluated subsequent events through March 10, 2014, which is the date the financial statements were available to be issued.

Shoreline Life Care, LLC

Notes To Financial Statements

Note 2. Restricted Cash And Investments – Other

In accordance with various requirements, the Company has reserve funds held and administered by various financial institutions. The following summarizes the purpose of each reserve fund and the balances at December 31, 2013 and 2012:

Resident reservation deposits: Resident reservation deposits represent deposits from prospective residents equal to 10% of their anticipated entrance fee amount. If an individual decides not to move into the Community, the deposit is refunded in whole. The deposits are classified in the accompanying balance sheets as a component of restricted cash with a related liability. The balance of the resident reservation deposits at December 31, 2013 and 2012, was \$163,244 and \$144,947, respectively.

Debt service reserve fund: The Connecticut Department of Social Services requires the Company to maintain a debt service reserve sufficient to cover one year's principal and interest payments for the mortgage on the building plus an amount equal to one month of operating expenses. The debt service reserve fund is held in cash and fixed income securities. The balance of the debt service reserve fund at December 31, 2013 and 2012, was \$6,201,384 and \$6,193,879, respectively. The debt service reserve fund consists of the following at December 31:

	2013	2012
Cash and cash equivalents	\$ 506,685	\$ 412,700
Certificates of deposit	1,135,000	2,520,000
Corporate obligations	1,564,420	259,541
U.S. Government obligations:		
Federal national mortgage association	1,519,623	1,647,963
Federal farm credit bank	729,429	638,743
Federal home loan bank	542,295	613,765
Federal home loan mortgage company	103,411	101,167
Federal home loan mortgage	100,521	-
	<u>\$ 6,201,384</u>	<u>\$ 6,193,879</u>

Replacement reserve fund: The Company maintains a replacement reserve fund in accordance with its residency agreement, used for improving or replacing capital items. The balance of the replacement reserve fund at December 31, 2013 and 2012, was \$1,088,681 and \$952,431, respectively.

Note 3. Accounts Receivable

Accounts receivable at December 31, 2013 and 2012, consist of the following:

	2013	2012
Health care center receivables:		
Medicare A	\$ 309,284	\$ 241,781
Medicare B	13,836	17,688
Private Pay	33,867	74,948
Managed Care	45,559	113,656
Tenant receivables	84,281	111,437
	<u>486,827</u>	<u>559,510</u>
Less allowance for doubtful accounts	-	(1,575)
	<u>\$ 486,827</u>	<u>\$ 557,935</u>

Shoreline Life Care, LLC

Notes To Financial Statements

Note 4. Notes Receivable And Entrance Fees

Entrance fees are charged to each resident of the Community. Residents can choose from three different entrance fee options, under which the refundable and non-refundable portions of the entrance fees can range from 70% and 30%, respectively, to 90% and 10%, respectively. Both the entrance fees and deferred entrance fees are due upon entrance to the Community. The refundable portion of the entrance fees represents non-interest-bearing loans to the Company and is nontransferable. The refundable portion of the entrance fees is secured by a mortgage on the property held by a trustee for the benefit of all the residents.

For resident agreements entered into prior to 1996, the refundable portion of entrance fees is payable on the earlier of: (1) the date the apartment is reoccupied, (2) one year after release of the apartment by the resident, or (3) 30 years from the date of inception of a resident's agreement (the earliest of which is dated in 1991). For resident agreements entered into in 1996 through 2010, the refundable portion of entrance fees is payable on the earlier of: (1) 30 days after the date the apartment is reoccupied, (2) 18 months after release of the apartment by the resident, or (3) 30 years from the date of inception. For resident agreements entered into 2011 or later, the refundable portion of entrance fees is payable when the apartment is reoccupied. Under certain circumstances, a resident who moves into the health center is entitled to a partial repayment of the entrance fee.

At December 31, 2013 and 2012, the total entrance fees payable was \$59,529,829 and \$58,850,362, respectively. The portion payable in 2013 attributable to released apartments is \$5,174,389.

A portion of entrance fees payable were funded in the form of notes receivable agreements with the residents. Interest accrues on the notes receivable, only if they become overdue, which is an agreed upon date in the agreement. At December 31, 2013, there were no overdue notes receivable. At December 31, 2013 and 2012, notes receivable for entrance fees was \$1,658,923 and \$1,743,665, respectively.

Per the Company's revenue recognition policy, deferred entrance fees are amortized over the expected length of stay for each resident. The balance of deferred entrance fees to be amortized at December 31, 2013 and 2012, was \$9,461,358 and \$10,919,988, respectively. Amortization of existing deferred entrance fees will be fully recognized by 2021.

Note 5. Notes Payable And Line of Credit

On March 15, 2006, the Company obtained a term loan from HSH Nordbank AG New York Branch (HSH) in the amount of \$55,250,000, and a line of credit not to exceed \$5,000,000, with proceeds being used to finance the purchase of the Community. The term loan and line of credit were collateralized by the property and assignment of all leases and rents, and were being repaid in quarterly installments of principal and interest beginning on June 30, 2008. The term loan and line of credit bore interest at the higher of the Federal Funds Rate plus 0.5% per annum or the bank's prime rate listed daily by Bloomberg L.P. However, the Company could elect to pay interest at the London Interbank Offered Rate (LIBOR) plus 2.00%, by delivering a written notice to the Administrative Agent. The Company elected to pay interest at LIBOR, which was .16825% and 0.21450% at December 31, 2013 and 2012, respectively. The Company must comply with applicable covenants and prohibitions required by the lender. The term loan and line of credit cannot extend beyond 30 years from the date of initiation. At December 31, 2013 and 2012, the term loan had a balance of \$49,542,249 and \$50,706,999, respectively. At December 31, 2013 and 2012, the line of credit had a balance of \$3,395,000.

Shoreline Life Care, LLC

Notes To Financial Statements

Note 5. Notes Payable And Line of Credit (Continued)

On April 8, 2010, the Company and HSH amended the various agreements evidencing the term loan and line of credit to restructure a number of provisions of these agreements. Among other things, the restructuring (a) extended the maturity date of the loans to March 15, 2013, and provided for two further one-year extension options; (b) provided forbearance from the collection of the scheduled principal payments under the term loan through December 31, 2011; (c) allowed for the termination of the interest rate swap agreement (the Swap) with HSH; (d) released the Company from liability for the termination of the Swap (except for interest accruing on the termination amount) and permitted the assignment of the Swap to BEW; (e) added additional interest to the term loan for the interest that would otherwise be due on the swap termination liability in the amount of \$29,620 per month, payable at the fixed amount of \$11,848 per month, and the remainder payable if certain financial covenants are met; (f) reduced the maximum amount available to be drawn under the line of credit to \$3,395,000; and (g) modified certain covenants. In consideration for the restructuring of the loans, BEW contributed an additional \$2,500,000 in equity to the Company in 2010. Additionally, Shelter Development, LLC (SDLLC) provided an operating deficit guarantee up to a maximum amount of \$500,000. In January 2013 and 2014, the Company exercised its option with HSH to extend the maturity date to March 15, 2014, and March 15, 2015, respectively.

Note 6. Related Party Transactions

The Company incurred management fees of \$879,870 and \$845,916 to Brightview Senior Living, LLC (Brightview), an affiliate of BEW, for the years ended December 31, 2013 and 2012, respectively. Brightview, as compensation for services rendered, is to receive a sum equal to 5% of gross revenue, as defined in the management agreement (the agreement). The initial term of the agreement, which commenced in March 2006, expires on December 31, 2016, and provides for renewals of successive three-year periods at the option of either entity.

A portion of the management fee is deferred in accordance with the agreement and will not be paid until the members of the Company have received payments of available cash flow as described in the agreement. At December 31, 2013 and 2012, the deferred management fees were \$2,011,240 and \$1,733,415, respectively, which are reflected as a component of accounts payable and accrued expenses in the balance sheets.

Note 7. Fair Value Measurements

The Company established a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America (GAAP) and expanded disclosure about fair value measurements. This enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The Company requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities
- Level 2 – Observable market-based inputs or unobservable inputs corroborated by market data
- Level 3 – Unobservable inputs that are not corroborated by market data

Shoreline Life Care, LLC

Notes To Financial Statements

Note 7. Fair Value Measurements (Continued)

In determining the appropriate levels, the Company performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 1 or Level 3 inputs for any assets or liabilities held by the Company at December 31, 2013 and 2012.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2013 and 2012:

	2013			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Corporate obligations	\$ 1,564,420	\$ -	\$ 1,564,420	\$ -
U.S. Government obligations:				
Federal national mortgage association	1,519,623	-	1,519,623	-
Federal farm credit bank	729,429	-	729,429	-
Federal home loan bank	542,295	-	542,295	-
Federal home loan mortgage company	103,411	-	103,411	-
Federal home loan mortgage	100,521	-	100,521	-
Total	\$ 4,559,699	\$ -	\$ 4,559,699	\$ -
	2012			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Corporate obligations	\$ 259,541	\$ -	\$ 259,541	\$ -
U.S. Government obligations:				
Federal national mortgage association	1,647,963	-	1,647,963	-
Federal farm credit bank	638,743	-	638,743	-
Federal home loan bank	613,765	-	613,765	-
Federal home loan mortgage company	101,167	-	101,167	-
Total	\$ 3,261,179	\$ -	\$ 3,261,179	\$ -

The Company's investments in fixed income securities and U.S. Government obligations are observable at commonly quoted intervals for the full term of the fixed income investment and, therefore, are considered Level 2 items. Cash and cash equivalents classified as investments in the amount of \$506,685 and \$412,700 have been excluded from the table above because they are carried at cost as of December 31, 2013 and 2012, respectively. Certificates of deposit classified as investments in the amount of \$1,135,000 and \$2,520,000 have been excluded from the table above because they are held to maturity investments and carried at cost as of December 31, 2013 and 2012, respectively.

For the years ended December 31, 2013 and 2012, the application of the valuation techniques applied to similar assets and liabilities has been consistent.

Shoreline Life Care, LLC

Financial Report
December 31, 2012

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Independent Auditor's Report

To the Members
Shoreline Life Care, LLC
Baltimore, Maryland

Report On The Financial Statements

We have audited the accompanying financial statements of Shoreline Life Care, LLC which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of operations, members' deficit, and cash flows for the years then ended and the related notes to the 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 of 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 reasonable 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 Shoreline Life Care, LLC as of December 31, 2012 and 2011, 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.

McGladrey LLP

Baltimore, Maryland
February 19, 2013

Shoreline Life Care, LLC

Balance Sheets

December 31, 2012 And 2011

Assets	2012	2011
Property And Equipment		
Land and land improvements	\$ 5,496,059	\$ 5,323,114
Building and improvements	132,610,596	131,101,574
Furniture and equipment	3,983,787	3,761,072
Vehicles	66,729	66,729
	<u>142,157,171</u>	<u>140,252,489</u>
Less accumulated depreciation	(48,540,845)	(43,630,260)
	<u>93,616,326</u>	<u>96,622,229</u>
Cash And Cash Equivalents		
Unrestricted	8,932,085	7,010,358
Escrow deposits	477,951	283,258
Restricted		
Resident reservation deposits (Note 2)	144,947	69,571
Replacement reserve fund (Note 2)	952,431	816,681
Restricted Cash And Investments – Debt Service Reserve Fund (Notes 2 and 7)	6,193,879	6,166,109
Accounts Receivable, Net (Note 3)	557,935	585,218
Notes Receivable (Note 4)	1,743,665	1,884,328
Prepaid Expenses And Other	725,810	707,432
Deferred Loan Costs, less accumulated amortization (2012 – \$1,473,425; 2011 – \$1,340,200)	150,530	283,755
	<u>150,530</u>	<u>283,755</u>
Total assets	<u>\$ 113,495,559</u>	<u>\$ 114,428,939</u>
Liabilities And Members' Deficit		
Liabilities		
Entrance fees payable (Note 4)	\$ 58,850,362	\$ 58,553,813
Notes payable and line of credit (Note 5)	54,101,999	55,187,249
Deferred entrance fees (Note 4)	10,919,988	11,613,501
Accounts payable and accrued expenses (Note 6)	3,020,153	2,517,156
Resident reservation deposits (Note 2)	144,947	69,571
Total liabilities	<u>127,037,449</u>	<u>127,941,290</u>
Members' Deficit	<u>(13,541,890)</u>	<u>(13,512,351)</u>
Total liabilities and members' deficit	<u>\$ 113,495,559</u>	<u>\$ 114,428,939</u>

See Notes To Financial Statements.

Shoreline Life Care, LLC

Statements Of Operations
Years Ended December 31, 2012 And 2011

	2012	2011
Revenue:		
Residential rental revenue, net	\$ 10,505,775	\$ 9,928,988
Amortization of deferred entrance fees (Note 4)	4,302,511	3,749,614
Health center revenue	4,125,023	4,060,366
Other service and rental revenue	1,395,732	1,325,580
Health and wellness revenue	676,523	400,750
Other income	130,927	182,366
Interest income	93,292	145,551
Dining services revenue	74,722	80,523
Total revenue	21,304,505	19,873,738
Expenses:		
Salaries	5,309,944	5,131,013
Benefits and personnel expenses	2,064,839	1,992,157
Real estate taxes	1,343,462	1,067,108
Dining services	964,382	925,529
Utilities	933,827	947,909
Health center	850,321	752,841
Management fees (Note 6)	845,916	793,262
Insurance	391,200	332,508
Contract services	336,174	315,254
General and administrative	320,142	351,257
Turnover costs	284,070	247,838
Purchases, replacements and improvements	278,285	290,961
Repairs and maintenance	238,623	201,638
Sales and marketing	168,307	232,790
Professional fees	113,645	164,764
Programming services	101,258	106,251
Housekeeping services	90,671	78,904
Health and wellness	26,448	16,266
Financing costs	6,000	7,665
Major improvements	2,240	-
Total expenses	14,669,754	13,955,915
Income prior to depreciation, interest, and amortization	6,634,751	5,917,823
Depreciation	(4,910,587)	(5,393,619)
Interest	(1,620,480)	(1,620,231)
Amortization	(133,223)	(249,204)
Total depreciation, interest, and amortization	(6,664,290)	(7,263,054)
Net loss	\$ (29,539)	\$ (1,345,231)

See Notes To Financial Statements.

Shoreline Life Care, LLC

Statements Of Members' Deficit
Years Ended December 31, 2012 And 2011

	Majority Member	Minority Member	Total
Members' deficit, December 31, 2010	\$ (13,396,708)	\$ 1,229,588	\$ (12,167,120)
Net loss	<u>(1,336,788)</u>	<u>(8,443)</u>	<u>(1,345,231)</u>
Members' deficit, December 31, 2011	(14,733,496)	1,221,145	(13,512,351)
Net loss	<u>(29,244)</u>	<u>(295)</u>	<u>(29,539)</u>
Members' deficit, December 31, 2012	<u>\$ (14,762,740)</u>	<u>\$ 1,220,850</u>	<u>\$ (13,541,890)</u>

See Notes To Financial Statements.

Shoreline Life Care, LLC

Statements Of Cash Flows
Years Ended December 31, 2012 And 2011

	2012	2011
Cash Flows From Operating Activities		
Net loss	\$ (29,539)	\$ (1,345,231)
Adjustments to reconcile net loss to net unrestricted cash and cash equivalents provided by operating activities:		
Depreciation and amortization	5,043,810	5,642,823
Amortization of deferred entrance fees	(4,302,511)	(3,749,614)
Increase in allowance for doubtful accounts	1,575	-
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	25,708	(167,469)
Prepaid expenses and other	(18,378)	(289,726)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	555,683	(69,943)
Resident reservation deposits	75,376	22,008
Net unrestricted cash and cash equivalents provided by operating activities	1,351,724	42,848
Cash Flows From Investing Activities		
Increase in replacement reserves and other restricted cash and investments	(163,520)	(259,559)
Purchases of property and equipment	(1,957,368)	(787,653)
(Increase) decrease in escrow and resident reservation deposits	(270,069)	143,501
Net unrestricted cash and cash equivalents used in investing activities	(2,390,957)	(903,711)
Cash Flows From Financing Activities		
Principal payments on notes payable	(1,085,250)	(1,954,251)
Proceeds from resident entrance fees, net of refunds	3,421,031	4,609,604
Decrease (increase) in notes receivable, net	625,179	(758,958)
Net unrestricted cash and cash equivalents provided by financing activities	2,960,960	1,896,395
Net increase in unrestricted cash and cash equivalents	1,921,727	1,035,532
Cash And Cash Equivalents:		
Beginning	7,010,358	5,974,826
Ending	\$ 8,932,085	\$ 7,010,358
Supplemental Disclosure Of Cash Flow Information		
Cash paid for interest	\$ 1,620,482	\$ 1,726,861
Supplemental Schedule Of Noncash Investing Activities		
Property and equipment included in accounts payable	\$ -	\$ 52,686
Entrance fees received in the form of notes receivable	\$ 1,743,665	\$ 1,259,187

See Notes To Financial Statements.

Shoreline Life Care, LLC

Notes To Financial Statements

Note 1. Nature Of Business And Significant Accounting Policies

Nature of business: Shoreline Life Care, LLC (the Company) was formed as a limited liability company under the laws of the state of Connecticut on January 12, 1996, for the purpose of operating a continuing care retirement community.

On January 27, 2006, Shelter Development, LLC (SDLLC) entered into a Purchase and Sale Agreement with Shoreline Care Partners, LLC (SC Partners), a Delaware limited liability company, the Company's sole member. Pursuant to the Purchase and Sale Agreement, SDLLC agreed to purchase a 93.72% interest in all the rights, title and interest in all real and personal property and assumed certain liabilities of the Senior Living Community of Evergreen Woods (the Community), a 299-unit continuing care retirement community in North Branford, Connecticut. The purchase of the Community closed on March 15, 2006.

On March 15, 2006, SDLLC entered into a First Amendment to Purchase Agreement and an Assignment of Purchase Agreement, whereby, SDLLC's interest was assumed by Brightview Evergreen Woods, LLC (BEW), a Maryland limited liability company. BEW and SC Partners own 93.72% and 6.28%, respectively, of the Company. BEW is the Managing Member of the Company. All profits and losses are allocated in accordance with the profits percentage interest (BEW 99.37% and SC Partners 0.63%), as set forth in the operating agreement.

On April 8, 2010, BEW and SC Partners entered into a First Amendment to the Amended and Restated Operating Agreement of the Company, whereby, the Company shall not make any distributions to the members until all amounts due to HSH Nordbank AG (HSH) have been paid in full, including the term loan and line of credit (see Note 5) and the interest rate swap termination liability.

Under the terms of a residence and service agreement (residency agreement) with the Company, residents are required to pay an entrance fee and make payments of ongoing monthly service fees, which entitles them to occupy a residential unit and to the use of the Community (i.e., services, food, healthcare, assisted living services, etc.), as described in the agreement.

A summary of the Company's significant accounting policies follows:

Member assets and liabilities and members' salaries: In accordance with the generally accepted method of presenting limited liability company financial statements, the financial statements do not include the assets and liabilities of the members, including their obligation for income taxes on their distributive shares of the net income of the limited liability company, nor any provision for income tax expense.

The expenses shown in the statements of operations do not include any salaries to the members.

Basis of accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Cash and cash equivalents: For purposes of reporting cash flows, the Company considers all money market accounts and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Financial 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 financial risk on cash.

Shoreline Life Care, LLC

Notes To Financial Statements

Note 1. Nature Of Business And Significant Accounting Policies (Continued)

The Company invests in a professionally managed portfolio that contains fixed income securities and U.S. Government obligations, which are publicly traded securities. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term would materially affect investment balances and the amounts reported in the financial statements.

Accounts receivable: Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, The Company analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to residents who have third-party coverage, the Company analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Management believes that an allowance of \$1,575 and \$0 was adequate based on its evaluation of collectability of receivables at December 31, 2012 and 2011, respectively.

Notes receivable: Notes receivable represent amounts due from residents who funded a portion of their entrance fee payable in the form of a note agreement. Notes receivable are carried at face value, which approximates fair value (see Note 4).

Investments: Investments in debt securities are classified as available for sale and reflected at fair market value.

Property and equipment: Property and equipment is stated at cost. Depreciation is computed using the straight-line method. Provisions for depreciation are based on the estimated useful lives of the assets, which are 5 to 27.5 years for buildings and improvements and 5 to 7 years for furniture and equipment.

Valuation of long-lived assets: The Company accounts for the valuation of long-lived assets under the Financial Accounting Standards Board (FASB) ASC Topic 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*. The FASB ASC requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Resident reservation deposits: Resident reservation deposits represent deposits from prospective residents equal to 10% of their anticipated entrance fee amount. If an individual decides not to move into the Community, the deposit is refunded in whole. The deposits are classified in the accompanying balance sheets as a component of restricted cash with a related liability.

Deferred loan costs: Deferred loan costs are being amortized on the effective interest method over the term of the related debt.

Shoreline Life Care, LLC

Notes To Financial Statements

Note 1. Nature Of Business And Significant Accounting Policies (Continued)

Entrance fees payable: Under terms of their residency agreements with the Company, each resident is required to pay an entrance fee. A portion of these fees is refundable when the residency agreement is terminated. The non-refundable portion of these funds has been recorded as deferred entrance fees.

Deferred entrance fees: As stipulated in the residency agreement, a portion of the resident's entrance fee is non-refundable and has been recorded as a deferred fee to the Company. Such fees are amortized into income over the estimated stay of a resident in the Community, and the unamortized balance of these fees is reported as a liability in the accompanying balance sheets.

Fair value of financial instruments: The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other liabilities approximate fair value because of the short maturity of these instruments. The carrying amount of the mortgage payable approximates fair value, because the interest rate on this instrument fluctuates with market interest rates offered to the Company for debt with similar terms and maturities.

Future service obligations: Accounting principles generally accepted in the United States of America require that CCRCs with continuing care contracts evaluate and accrue losses contingent in their resident contracts. The Company has made the required calculations and concluded that as of December 31, 2012 and 2011, the present value of future cash flows exceeded the present value of the projected costs related to continuing care contracts. Accordingly, no accrual is required as of December 31, 2012 and 2011.

Revenue recognition: Monthly rental and service fees are recognized as income over the applicable lease term.

Health center revenue is recorded based on standard charges applicable to all residents. Under Medicare, and other reimbursement programs, the Company is reimbursed for services rendered to covered program residents as determined by reimbursement predetermined rates. The difference between established billing rates and the predetermined rates reimbursable by the programs and resident payments is recorded as contractual adjustments and deducted from revenue.

Income taxes: As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the financial statements.

Management has evaluated the Company's tax positions and concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the guidance on accounting for uncertainty in income taxes issued by the Financial Accounting Standards Board.

The Company files tax returns in the U.S. federal, state and local jurisdictions. Generally, the Company is no longer subject to tax examinations by tax authorities for years before 2009.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events: The Company evaluated subsequent events through February 19, 2013, which is the date the financial statements were available to be issued.

Shoreline Life Care, LLC

Notes To Financial Statements

Note 2. Restricted Cash And Investments – Other

In accordance with various requirements, the Company has reserve funds held and administered by various financial institutions. The following summarizes the purpose of each reserve fund and the balances at December 31, 2012 and 2011:

Resident reservation deposits: Resident reservation deposits represent deposits from prospective residents equal to 10% of their anticipated entrance fee amount. If an individual decides not to move into the Community, the deposit is refunded in whole. The deposits are classified in the accompanying balance sheets as a component of restricted cash with a related liability. The balance of the resident reservation deposits at December 31, 2012 and 2011, was \$144,947 and \$69,571, respectively.

Debt service reserve fund: The Connecticut Department of Social Services requires the Company to maintain a debt service reserve sufficient to cover one year's principal and interest payments for the mortgage on the building plus an amount equal to one month of operating expenses. The debt service reserve fund is held in cash and fixed income securities. The balance of the debt service reserve fund at December 31, 2012 and 2011, was \$6,193,879 and \$6,166,109, respectively. The debt service reserve fund consists of the following at December 31:

	2012	2011
Cash and cash equivalents	\$ 412,700	\$ 1,124,388
Certificates of deposit	2,520,000	2,015,000
Corporate obligations	259,541	-
U.S. Government obligations:		
Federal farm credit bank	1,567,645	422,434
Federal national mortgage association	820,832	1,840,073
Federal home loan bank	511,994	238,595
Federal home loan mortgage company	101,167	525,619
	<u>\$ 6,193,879</u>	<u>\$ 6,166,109</u>

Replacement reserve fund: The Company maintains a replacement reserve fund in accordance with its residency agreement, used for improving or replacing capital items. The balance of the replacement reserve fund at December 31, 2012 and 2011, was \$952,431 and \$816,681, respectively.

Note 3. Accounts Receivable

Accounts receivable at December 31, 2012 and 2011, consist of the following:

	2012	2011
Health care center receivables:		
Medicare A	\$ 241,781	\$ 189,362
Medicare B	17,688	28,469
Private Pay	74,948	133,925
Managed Care	113,656	141,875
Tenant receivables	111,437	91,587
	<u>559,510</u>	<u>585,218</u>
Less allowance for doubtful accounts	(1,575)	-
	<u>\$ 557,935</u>	<u>\$ 585,218</u>

Shoreline Life Care, LLC

Notes To Financial Statements

Note 4. Entrance Fees Payable

Entrance fees are charged to each resident of the Community. Residents can chose from three different entrance fee options, under which the refundable and non-refundable portions of the entrance fees can range from 70% and 30%, respectively, to 90% and 10%, respectively. Both the entrance fees and deferred entrance fees are due upon entrance to the Community. The refundable portion of the entrance fees represents non-interest-bearing loans to the Company and is nontransferable. The refundable portion of the entrance fees is secured by a mortgage on the property held by a trustee for the benefit of all the residents.

For resident agreements entered into prior to 1996, the refundable portion of entrance fees is payable on the earlier of: (1) the date the apartment is reoccupied, (2) one year after release of the apartment by the resident, or (3) 30 years from the date of inception of a resident's agreement (the earliest of which is dated in 1991). For resident agreements entered into in 1996 through 2010, the refundable portion of entrance fees is payable on the earlier of: (1) 30 days after the date the apartment is reoccupied, (2) 18 months after release of the apartment by the resident, or (3) 30 years from the date of inception. For resident agreements entered into 2011 or later, the refundable portion of entrance fees is payable when the apartment is reoccupied. Under certain circumstances, a resident who moves into the health center is entitled to a partial repayment of the entrance fee.

At December 31, 2012 and 2011, the total entrance fees payable was \$58,850,362 and \$58,553,813, respectively. The portion payable in 2013 attributable to released apartments is \$3,848,993.

A portion of entrance fees payable were funded in the form of notes receivable agreements with the residents. Interest accrues on the notes receivable, only if they become overdue, which is an agreed upon date in the agreement. At December 31, 2012, there were no overdue notes receivable. At December 31, 2012 and 2011, notes receivable for entrance fees was \$1,743,665 and \$1,884,328, respectively.

Per the Company's revenue recognition policy, deferred entrance fees are amortized over the expected length of stay for each resident. The balance of deferred entrance fees to be amortized at December 31, 2012 and 2011, was \$10,919,988 and \$11,613,501, respectively. Amortization of existing deferred entrance fees will be fully recognized by 2020.

Note 5. Notes Payable

On March 15, 2006, the Company obtained a term loan from HSH in the amount of \$55,250,000, and a line of credit not to exceed \$5,000,000, with proceeds being used to finance the purchase of the Community. The term loan and line of credit were collateralized by the property and assignment of all leases and rents, and were being repaid in quarterly installments of principal and interest beginning on June 30, 2008. The term loan and line of credit bore interest at the higher of the Federal Funds Rate plus 0.5% per annum or the bank's prime rate listed daily by Bloomberg L.P. However, the Company could elect to pay interest at the London Interbank Offered Rate (LIBOR) plus 2.00%, by delivering a written notice to the Administrative Agent. The Company elected to pay interest at LIBOR, which was 0.21450% at December 31, 2012. The Company must comply with applicable covenants and prohibitions required by the lender. The term loan and line of credit cannot extend beyond 30 years from the date of initiation. At December 31, 2012 and 2011, the term loan had a balance of \$50,706,999 and \$51,792,249, respectively. At December 31, 2012 and 2011, the line of credit had a balance of \$3,395,000.

Shoreline Life Care, LLC

Notes To Financial Statements

Note 5. Notes Payable (Continued)

On April 8, 2010, the Company and HSH amended the various agreements evidencing the term loan and line of credit to restructure a number of provisions of these agreements. Among other things, the restructuring (a) extended the maturity date of the loans to March 15, 2013, and provided for two further one-year extension options; (b) provided forbearance from the collection of the scheduled principal payments under the term loan through December 31, 2011; (c) allowed for the termination of the Swap; (d) released the Company from liability for the termination of the Swap (except for interest accruing on the termination amount) and permitted the assignment of the Swap to BEW; (e) added additional interest to the term loan for the interest that would otherwise be due on the swap termination liability in the amount of \$29,620 per month, payable at the fixed amount of \$11,848 per month, and the remainder payable if certain financial covenants are met; (f) reduced the maximum amount available to be drawn under the line of credit to \$3,395,000; and (g) modified certain covenants. In consideration for the restructuring of the loans, BEW contributed an additional \$2,500,000 in equity to the Company in 2010. Additionally, SDLLC provided an operating deficit guarantee up to a maximum amount of \$500,000. In January 2013, the Company exercised its option with HSH to extend the maturity date to March 15, 2014.

Aggregate future minimum principal payments on the notes payable are as follows:

Years Ending December 31,

2013	\$ 1,085,250
2014	53,016,749
	<u>\$ 54,101,999</u>

Note 6. Related Party Transactions

The Company incurred management fees of \$845,916 and \$793,262 to Brightview Senior Living, LLC (Brightview), an affiliate of BEW, for the years ended December 31, 2012 and 2011, respectively. Brightview, as compensation for services rendered, is to receive a sum equal to 5% of gross revenue, as defined in the management agreement (the agreement). The initial term of the agreement, which commenced in March 2006, expires on December 31, 2016, and provides for renewals of successive three-year periods at the option of either entity.

A portion of the management fee is deferred in accordance with the agreement and will not be paid until the members of the Company have received payments of available cash flow as described in the agreement. At December 31, 2012 and 2011, the deferred management fees were \$1,733,415 and \$1,445,804, respectively, which are reflected as a component of accounts payable and accrued expenses in the balance sheets.

Note 7. Fair Value Measurements

The Company established a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America (GAAP) and expanded disclosure about fair value measurements. This enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The Company requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities
- Level 2 – Observable market-based inputs or unobservable inputs corroborated by market data
- Level 3 – Unobservable inputs that are not corroborated by market data

Shoreline Life Care, LLC

Notes To Financial Statements

Note 7. Fair Value Measurements (Continued)

In determining the appropriate levels, the Company performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 1 or Level 3 inputs for any assets or liabilities held by the Company at December 31, 2012 and 2011.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2012 and 2011:

	2012			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Corporate obligations	\$ 259,541	\$ -	\$ 259,541	\$ -
U.S. Government obligations:				
Federal farm credit bank	1,567,645	-	1,567,645	-
Federal national mortgage association	820,832	-	820,832	-
Federal home loan bank	511,994	-	511,994	-
Federal home loan mortgage company	101,167	-	101,167	-
Total	\$ 3,261,179	\$ -	\$ 3,261,179	\$ -
	2011			
	Total	Level 1	Level 2	Level 3
Financial assets:				
U.S. Government obligations:				
Federal national mortgage association	\$ 1,840,073	\$ -	\$ 1,840,073	\$ -
Federal home loan mortgage company	525,619	-	525,619	-
Federal farm credit bank	422,434	-	422,434	-
Federal home loan bank	238,595	-	238,595	-
Total	\$ 3,026,721	\$ -	\$ 3,026,721	\$ -

The Company's investments in fixed income securities and U.S. Government obligations are observable at commonly quoted intervals for the full term of the fixed income investment and, therefore, are considered Level 2 items. Cash and cash equivalents classified as investments in the amount of \$412,700 and \$1,124,388 have been excluded from the table above because they are carried at cost as of December 31, 2012 and 2011, respectively. Certificates of deposit classified as investments in the amount of \$2,520,000 and \$2,015,000 have been excluded from the table above because they are held to maturity investments and carried at cost as of December 31, 2012 and 2011, respectively.

For the years ended December 31, 2012 and 2011, the application of the valuation techniques applied to similar assets and liabilities has been consistent.

**THE FOLLOWING CONSTITUTE EVERGREEN WOODS' ANNUAL FILING
WITH THE DEPARTMENT OF SOCIAL SERVICES
PURSUANT TO SECTION 17b-527 OF THE CONNECTICUT GENERAL STATUTES**

1. Financial Statements including certified current balance sheets and certified income statements (see pages 97-143)
2. Five-year Pro Forma Income Statements (see pages 90-92).
3. The Project's current rate schedule (see pages 84-86).
4. Statement of Source and Application of Funds for the five-year period beginning with this filing (see pages 90-92).
5. The independent living unit residential turnover rates for the most recent completed fiscal year, and anticipated for the next five years, are as follows:

Number of Residents Beginning of Year

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
252	239	240	240	240	240

Residential Turnover

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
9.5%	12.0%	12.0%	12.0%	12.0%	12.0%

Number Units Beginning of Year

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
202	200	204	204	204	204

Occupied Unit Turnover

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
11.9%	11.5%	11.5%	11.5%	11.5%	11.5%

6. The projected average age for the next five years for independent resident is as follows:

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
88.2	88.2	88.2	88.2	88.2

7. 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 five years, are as follows:

Assisted Living Units

<u>Year</u>	<u>Utilization Rate</u> <u>Patients/Percent</u>		<u>Admission Rate</u> <u>Patent/Percent</u>		<u>Days per 100</u> <u>Residents*</u>
2014	20.0	6.8%	8.0	3.3%	2,496
2015	19.8	6.8%	8.6	3.6%	2,484
2016	19.3	6.6%	8.5	3.6%	2,406
2017	18.8	6.4%	8.4	3.5%	2,338
2018	18.4	6.2%	8.4	3.5%	2,279
2019	18.0	6.1%	8.3	3.5%	2,233

Skilled Nursing Facility

<u>Year</u>	<u>Utilization Rate</u> <u>Patients/Percent</u>		<u>Admission Rate</u> <u>Patent/Percent</u>		<u>Days per 100</u> <u>Residents*</u>
2014	30.9	10.6%	99.6	40.6%	3,864
2015	35.9	12.3%	105.4	44.0%	4,503
2016	38.5	13.1%	102.9	42.9%	4,795
2017	40.1	13.6%	100.8	42.1%	4,974
2018	40.8	13.9%	98.5	41.2%	5,064
2019	41.0	14.0%	96.6	40.5%	5,097

*Only one level of care – skilled nursing.

**Utilization rates include only Life Care Residents

8. The average occupancy rates for independent living units for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
89%	90%	90%	90%	90%	90%

9. The average number of days of care by level of care for the most recently completed fiscal year, and anticipated for the next five years, is as follows:

<u>Year</u>	<u>Assisted Living</u>	<u>Skilled Nursing</u>
2014	7,300	11,302
2015	7,228	13,104
2016	7,063	14,074
2017	6,877	14,630
2018	6,704	14,897
2019	6,563	14,982

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

10. The number of health care admissions by level of care for the most recently completed fiscal year, and anticipated for the next five years, is as follows:

<u>Year</u>	<u>Assisted Living</u>	<u>Skilled Nursing</u>
2014	8.0	99.6
2015	8.6	105.4
2016	8.5	102.9
2017	8.4	100.8
2018	8.4	98.5
2019	8.3	96.6

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

Transferring From:

Facility Transferred to:	Independent Living	Assisted Living	Total
Assisted Living	8		8
Skilled Nursing	8	4	12

12. The statement of actuarial opinion is on page 95.

13. No amortization of capital costs were assumed in the forecasted Pro Forma Income Statement and Source and Application of Funds. See the Pro Forma Income Statement and Source and Application of Funds, beginning on page 90.

REGISTRATION

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

All documents filed will be a matter of public record and may be reviewed at the office of the Department of Social Services, located at 25 Sigourney Street in Hartford, Connecticut 06106.

NOTICE TO PROSPECTIVE RESIDENTS

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

A continuing care contract is a financial investment and your investment may be at risk.

Our ability to meet our contractual obligations under such contract depends upon our financial performance.

You are advised to consult an attorney or other professional experienced in matters relating to investments in continuing care facilities before you sign a contract for continuing care.

The Connecticut Department of Social Services does not guarantee the security of your investment.

RECEIPT OF DISCLOSURE STATEMENT

Effective July 1, 1998 Sections 17b-522(b) and (c) of the Connecticut General Statutes, requires Evergreen Woods to deliver to a prospective resident or his or her legal representative a current Disclosure Statement not more than 60 days nor less than 10 days before the execution of a continuing care contract or the transfer of any money or other property to Evergreen Woods by or on behalf of the prospective resident. A copy of the signed receipt for residents executing contracts after July 1, 1998 is filed in their Permanent resident file.

**ACKNOWLEDGEMENT OF RECEIPT
OF DISCLOSURE STATEMENT**

In accordance with Sections 17b-522(b) and (c) of the Connecticut General Statutes, Evergreen Woods is required to deliver to a prospective resident or his or her legal representative a current Disclosure Statement not more than 60 days or less than 10 days before the execution of a continuing-care contract or the transfer of any money or other property to Evergreen Woods by or on behalf of the prospective resident.

Acknowledgement:

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

_____	_____
Signature of Prospective Resident	Date
_____	_____
Signature of Prospective Resident, if two	Date

