

MASONICARE AT CHESTER VILLAGE  
DISCLOSURE STATEMENT

FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018

REGISTRATION UNDER CHAPTER 319hh  
CONNECTICUT GENERAL STATUTES, AS AMENDED,  
DOES NOT CONSTITUTE  
APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY  
THE STATE OF CONNECTICUT  
OR THE STATE OF CONNECTICUT DEPARTMENT OF SOCIAL SERVICES,  
NOR DOES SUCH REGISTRATION EVIDENCE THE ACCURACY OR  
COMPLETENESS OF THE INFORMATION SET OUT IN THIS  
DISCLOSURE STATEMENT

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Attachments to the Disclosure Statement for Chester Village, Inc.  
Dated: February 28, 2017

Attachment A – Residency Agreement

Attachment B – Current Listing of Entry and Monthly Fees –2017

Attachment C – Projected Financial Statements and Source and Use – 2018-2023

NAME AND ADDRESS OF PROVIDER

MASONICARE AT CHESTER VILLAGE, INC.  
317 WEST MAIN STREET  
CHESTER, CT 06412  
(860) 526-6800

Masonicare at Chester Village, Inc. (“Masonicare at Chester Village”) was incorporated in the state of Connecticut on September 13, 2017 and has applied for 501(c)(3) recognition.

MASONICARE AT CHESTER VILLAGE BOARD OF DIRECTORS

David Gessert, Chairman  
Chester Miller, Vice Chairman  
Eloise Hazelwood, Secretary  
Carol Isaacs, Treasurer

Mark Ciociola  
Gustaf R. Bodin  
Timothy Ryan  
Robert Erskine  
David Stern  
Hilde Sager  
Jon-Paul Venoit, Masonicare President and CEO & Assistant Secretary  
James Rude, CFO & Assistant Treasurer

Members of the board of directors of Masonicare at Chester Village are appointed for a one-year term or until their respective successors are appointed and have qualified. One Masonicare board member serves on the Masonicare at Chester Village’s board of directors. The remainder of the board is comprised of four Masonicare residents, two Masonicare staff and five community members.

BUSINESS EXPERIENCE

Masonicare at Chester Village is a wholly owned affiliate of Masonicare Corporation (“Masonicare”). In 2016, Masonicare observed its 110<sup>th</sup> anniversary of providing health and health related services to elderly Masons, their wives and widows, female members of the Connecticut Order of the Eastern Star, Prince Hall Masons, and the community at large.

The daily operation of Masonicare at Chester Village is the responsibility of the Executive Director, who is supervised by and reports to Masonicare's Vice President of Residential Services.

In addition to Masonicare at Chester Village, Masonicare operates campuses in the towns of Wallingford, Mystic, and Newtown, Connecticut.

The Wallingford campus includes Masonicare Health Center ("MHC"), with 366 skilled nursing beds, 59 chronic disease geriatric hospital beds, 86 residential care home beds and 93 independent living units and Masonicare at Ashlar Village, Inc., a continuing care retirement community with 360 independent living units and 134 licensed assisted living units.

The Newtown campus offers skilled nursing care (156 licensed beds, with 137 currently available) and a 56 unit assisted living residence. This campus is under contract to be sold early in 2018.

The Mystic campus offers licensed assisted living (50 general and 48 memory care units) and 81 independent living units on a rental basis.

Masonicare also provides home health and hospice services throughout Connecticut by Masonicare Home Health and Hospice, and provides live-in, personal care attendant and homemaker services by Masonicare at Home.

The acquisition of Masonicare at Chester Village late in calendar 2017 adds another continuing care retirement community (with 105 units, 90 apartments and 15 cottages) to the continuum. All Masonicare at Chester Village residents receive priority access to the healthcare services provided at MHC as well as the other services provided throughout the continuum.

#### JUDICIAL PROCEEDINGS

Neither Masonicare, Chester Village nor any of the officers or directors of Chester Village has been a party to any criminal, civil, or licensure action described in Section 17b-522(b) (4) of the Connecticut General Statutes.

### AFFILIATION

Masonicare is a non-profit Connecticut corporation and is tax-exempt under the provisions of Section 501 (c)(3) of the Internal Revenue Code. Masonicare is a membership corporation, whose "Voting Members" include specified current and former officers and designated persons of the Connecticut Grand Lodge of Ancient Free and Accepted Masons, and certain officers of the various Masonic Lodges throughout Connecticut. Reserved powers of the Voting Members include, among other things, appointment of certain members of the Masonicare Board of Trustees of 12 to 15 members (all of whom must be Masons or members of affiliated Masonic organizations), including three Grand Lodge officers, three ex-officio members selected from the affiliated Masonic organizations, and the remaining chosen by vote of the Voting Members.

Masonicare at Chester Village is governed by a Board of Directors, appointed by Masonicare as the sole member of the affiliate. Masonicare has certain reserved rights, including prior approval of all amendments to the certificate of incorporation and mission statement, appointment of the chair of the Board of Directors and all corporate directors, prior approval of the annual operating budget, prior approval of the written investment policy and investment manager(s), and other powers set forth in the bylaws.

Masonicare will be responsible for the financial and contractual obligations of the Residency Agreements executed by Masonicare at Chester Village, its wholly owned affiliate.

### DESCRIPTION OF PROPERTY

Masonicare at Chester Village site consists of roughly 55 wooded acres, nestled among the rolling hills of the lower Connecticut River Valley and adjacent to the Cockaponsett State Forest. There are 105 total units at Masonicare at Chester Village, consisting of 90 apartments (one-bedroom, one-bedroom plus den, two-bedroom, two-bedroom plus den) and 15 single story cottage homes.

### BENEFITS INCLUDED IN THE CHESTER VILLAGE MONTHLY FEE

A list of the services and amenities to be provided are described in the Masonicare at Chester Village Residency Agreement, a copy of which is attached at Attachment A.

#### INTEREST ON DEPOSITS HELD IN ESCROW

Interest on deposits required to be held under escrow according to Chapter 316, Connecticut General Statutes, as amended, will be payable to the provider, Masonicare at Chester Village.

#### TERMINATION OF THE CHESTER VILLAGE RESIDENCY AGREEMENT

The Masonicare at Chester Village Residency Agreement requires the payment of an entrance fee. The entrance fee is payable on the date the selected unit is occupied. The conditions under which the Residency Agreement may be terminated are described in Article VII of the Residency Agreement.

#### RIGHTS OF SURVIVING SPOUSE

A surviving spouse, who is a resident of Masonicare at Chester Village and a signatory to the Residency Agreement with his/her deceased spouse, is entitled to all the rights described in the Masonicare at Chester Village Residency Agreement.

A surviving spouse who is not a resident of Masonicare at Chester Village would require a new Residency Agreement or amendment to the resident's original contract, to receive care and services.

#### MARRIAGE OF A RESIDENT

The effect of a resident's marriage or remarriage while at Masonicare at Chester Village on the terms of the Residency Agreement is described in Article VI.C. of the Masonicare at Chester Village Residency Agreement.

### DISPOSITION OF PERSONAL PROPERTY

In the event of a resident's death, disposition of the resident's personal property is the responsibility of the executor or representative of the resident's estate.

In the event of the resident's permanent transfer to a nursing facility, disposition of a resident's personal property is the responsibility of the resident, his/her conservator, or next of kin.

In the event the resident's Residency Agreement is terminated by Masonicare at Chester Village, disposition of the resident's personal property is the responsibility of the resident.

The Monthly Fee will continue to be due until the resident's personal property is removed from the unit and the keys are returned to Administration. If personal property is not removed within thirty (30) days, Masonicare at Chester Village shall have the right to remove it from the unit and store it at the expense of the resident or the resident's estate. Any personal property that is unclaimed after six months will be disposed of at the expense of the resident or resident's estate.

### TAX CONSEQUENCES

Payment of the entrance fee required under the Masonicare at Chester Village Residency Agreement may have significant tax consequences and any person considering such a payment may wish to consult a qualified advisor.

### RESERVE FUNDING-ESCROW ACCOUNTS

As required under Section 17b-525 of Chapter 319hh, Connecticut General Statutes, as amended, Chester Village, Inc. has placed on deposit with Peoples Bank, New Haven, Connecticut, monies to be held in a Reserve Fund Escrow Account. These funds are invested in an interest-bearing instrument. Investment decisions regarding this account will be the responsibility of the People's Bank, New Haven, Connecticut, as escrow agent.

### FINANCIAL STATEMENTS

No audited and certified financial statements are available for Masonicare at Chester Village at this time as it has not been operational in the two most recent fiscal years.

### PROFORMA FINANCIAL STATEMENTS

The income projected for Masonicare at Chester Village for the next five fiscal years is set forth in Attachment C.

### ENTRANCE FEES AND PERIODIC CHARGES

All Masonicare at Chester Village residents pay an entrance fee and a monthly fee, based on the type of unit and whether the resident(s) is/are a single person or a couple. As Masonicare at Chester Village began operations late in 2017, there are no records of past increases in fees and charges. Entrance and monthly fees to be paid as of the acquisition date are included in Attachment B.

Entrance fees paid by Masonicare at Chester Village residents are refundable to the resident or the residents' estate according to the prorated refund schedule described in the resident's Residency Agreement. The entrance fee is refundable over a 5-year period.

Financial assistance is available for residents unable to pay any monthly fee or other indebtedness owed to Masonicare at Chester Village under conditions described in Article V, page 15 section F of the Masonicare at Chester Village Residency Agreement.

Regarding adjustments to the monthly fee, Article V, page 14 section 4 states that increases of the monthly fees may be made at the discretion of the Masonicare at Chester Village Board of Directors.

### ACTUARIAL PRESENT VALUE OF PREPAID HEALTHCARE OBLIGATIONS

The cost of certain healthcare services is included in the monthly fee, and there is no prepaid healthcare allotment.



NOTICE TO PROSPECTIVE RESIDENTS

Connecticut law requires Masonicare at Chester Village to provide notice to prospective residents; see pages 8-9.

DEPARTMENT OF SOCIAL SERVICES FILINGS

All materials regarding Masonicare at Chester Village, are required to be on file with the State of Connecticut, Department of Social Services, under Section 17b-524 Chapter 316hh, Connecticut General Statutes, as amended. These documents are on file at the following address:

Department of Social Services  
55 Farmington Avenue  
Hartford, CT 06106-5033



## NOTICE TO PROSPECTIVE RESIDENTS

Connecticut law requires ChesterVillage to provide, not more than sixty nor less than ten days before a person occupies a continuing care facility, a revised and up-to-date disclosure statement to the prospective resident or to that person's legal representative.

If there have been no revisions to the disclosure statement since the prospect received one at a time of reserving a unit with a 5% deposit, the prospect will be so advised.

### ACKNOWLEDGEMENT

I have been informed that there have been no revisions to the original disclosure statement that I received at the time I placed a deposit on a unit at Chester Village.

\_\_\_\_\_  
Resident's Name

\_\_\_\_\_  
Resident's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident's Name

\_\_\_\_\_  
Resident's Signature

\_\_\_\_\_  
Date

December, 2017



## NOTICE TO PROSPECTIVE RESIDENTS

Connecticut law requires Chester Village to provide prospective residents of our community (or legal representative) with the following statement.

1. A continuing-care contract is a financial investment and your investment may be at risk;
2. Chester Village’s ability to meet our contractual obligations under such contract depends on our financial performance;
3. You are advised to consult an attorney or other professional experienced in matters relating to investments in continuing care; and
4. The Connecticut Department of Social Services does not guarantee the security of your investment.

## ACKNOWLEDGEMENT

I acknowledge that I have reviewed and understand the above statement as well as Chesterr Village’s Residency Agreement.

\_\_\_\_\_  
Resident’s Name

\_\_\_\_\_  
Resident’s Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident’s Name

\_\_\_\_\_  
Resident’s Signature

\_\_\_\_\_  
Date

ATTACHMENT A

RESIDENCY AGREEMENT



# **RESIDENCY AGREEMENT**

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## GLOSSARY

<b>Apartment</b>	Apartment residences at Chester Village.
<b>Application Fee</b>	A non-refundable fee that must accompany any application to reside at Chester Village.
<b>Chester Village Association</b>	Chester Village's residents' council.
<b>Chester Village Safety Standards</b>	Procedures to promote safety of the Chester Village community published by Chester Village .
<b>Community Rules</b>	The Resident Handbook and policies and procedures published by Chester Village governing the Chester Village community, as may be amended from time to time.
<b>Cottage</b>	Free-standing residences at Chester Village.
<b>Cottage Resident</b>	A Resident who resides in a Cottage.
<b>Dining Room</b>	A dining facility operated by Chester Village serving breakfast, lunch and dinner.
<b>Downgrade</b>	Transferring from a more expensive residence to a less expensive residence, but excluding a transfer from a smaller residence to a larger residence.
<b>Entry Fee</b>	A fee paid in exchange for the rights and services provided under the Residency Agreement.
<b>Entry Fee Refund</b>	A refund of a portion of the Entry Fee to which a Resident may be entitled.

<b>Executive Director</b>	The executive leader of Masonicare at Chester Village.
<b>Financial Disclosure Statement</b>	A statement of a Resident's finances submitted with the application to Chester Village.
<b>Flexible Dining Plan</b>	A plan whereby Residents pay a set fee for a certain number of meals in the Dining Room.
<b>Guest Suite</b>	A suite maintained at Chester Village for use by Residents' guests.
<b>Initial Fee</b>	A fee applied to the Entry Fee, which is due when a Resident submits his or her application.
<b>Masonicare</b>	A nonprofit Connecticut corporation that provides senior living and healthcare services.
<b>Masonicare Health Center</b>	A skilled nursing facility operated by Masonicare and located at 22 Masonic Avenue, Wallingford, Connecticut.
<b>Masonicare Medical Director</b>	The Medical Director of Masonicare Health Center.
<b>Monthly Fee</b>	A monthly maintenance fee for occupying a Residence.
<b>Monthly Statement</b>	The monthly bill each Resident receives for his or her Monthly Fee plus any additional charges.
<b>Refurbishment Fee</b>	A fee charged to Residents transferring residences to cover the cost of refurbishing the residence left by the Resident, which may be adjusted by Chester Village from time to time in its sole discretion.
<b>Rescission Period</b>	The thirty day period after a Resident executes a



Residency Agreement during which he or she may rescind this Residency Agreement.

**Residence**

Your Apartment or Cottage at Chester Village.

**Resident**

A resident of Chester Village.

**Standard Administrative Fee**

A fee deducted from the Entry Fee Refund when a Resident terminates residency within 30 days of signing the Residency Agreement.

**Upgrade**

Transferring from a less expensive residence to a more expensive residence or from a smaller residence to a larger residence.

THIS MASONICARE AT CHESTER VILLAGE RESIDENCY AGREEMENT (the "Residency Agreement") is made as of this     <sup>th</sup> day of     , 2017 by and between Masonicare At Chester Village, Inc., a life plan community a.k.a. a continuing care retirement community located at 317 West Main Street, Chester, Connecticut ("Chester Village") and Resident's Name. If more than one person is signing this Residency Agreement, "you" refers to each of you individually and both of you together and your obligations under this Residency Agreement are joint and several. If this Residency Agreement is signed on your behalf by your legal representative, the term "you" includes your legal representative.

## ARTICLE I

### DURATION OF RESIDENCY AGREEMENT

Chester Village agrees to furnish you lodging and services as set forth in this Residency Agreement for so long as you carry out your obligations under this Residency Agreement. This Residency Agreement shall commence as of     , 2017, your agreed-upon move-in date.

## ARTICLE II

### ACCOMMODATIONS AND FACILITIES

#### A. Your Residence

You have selected Apartment/Cottage number,     a      (style of residence)      to be your residence ("Residence"). You shall have a personal and non-assignable right to reside in the Residence, subject to the terms of this Residency Agreement and Chester Village Policies and Procedures. Your written address is: Chester Village, 317 West Main Street, Chester, Connecticut.

#### B. Furnishings Provided

Chester Village furnishes each residence with some basic appliances (i.e., stove, refrigerator, garbage disposal), air-conditioning, carpeting, an emergency call system and smoke alarms. You must provide all other furniture and appliances. You may furnish and decorate your Residence in accordance with your own individual preferences, provided your furniture and decorations do not violate

Chester Village's Safety Standards, or applicable local, state and federal laws and codes.

### **C. Emergency Services**

Your Residence will include a 24-hour emergency call response system that includes smoke detectors and a sprinkler system (as described in Exhibit E). It will also be equipped with an emergency pull cord in the bedrooms and bathrooms to alert staff to any emergencies that may occur. Chester Village employs security personnel for the Chester Village community as it deems necessary in its sole discretion.

### **D. Utilities**

Electricity, air conditioning and heating are included in the Monthly Fee as are water, sewage and garbage collection. . Telephone, cable television and internet service (including their associated installation and service costs) are available at your option and expense. You are responsible for any other services not included in this Residency Agreement. Chester Village is not liable for any interruption of or failure in the supply of any utilities to your Residence, provided the interruption or failure is not directly caused by Chester Village.

### **E. Alterations to Your Residence**

If you wish physically to alter your Residence or upgrade the standard fixtures in your Residence, you must first obtain the written approval of the Executive Director of Chester Village or his/her designee in advance for the alterations and for any outside contractors who will complete the alterations. You agree that all alterations shall be performed in a good and workmanlike manner, and shall comply with all applicable laws and regulations. Alterations to your residence shall be completed in such a manner so as not to disturb other Residents of Chester Village. You are responsible for the cost of alterations and upgrades to your Residence and the restoration of your Residence to its original condition when you vacate it. All modifications, alterations or additions to your Residence become the property of Chester Village, unless the Executive Director of Chester Village grants a special exception in writing.

You shall not allow any mechanic's lien to be created or to remain, and shall discharge any mechanic's lien which might be or become a lien, encumbrance or charge upon the real property of Chester Village or any part thereof. If any

mechanic's lien shall at any time be filed against real property of Chester Village, or any part thereof, due to work you ordered, you, within thirty (30) days after notice of the filing thereof, will cause the lien to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If you fail to cause the lien to be so discharged within the thirty (30) day period, ten (10) days after giving written notice to you, Chester Village may, but shall not be obligated to, discharge the lien. Any amount paid by Chester Village in connection with discharging the lien (including attorneys' fees) with doing so, together with interest thereon at the rate of 1.5% per month from the date of Chester Village making the payment or incurring other costs and expenses will constitute an additional charge on your Monthly Statement.

#### **F. Access to Residences**

You hereby irrevocably give your consent and authorize Chester Village to access your Residence at any time when Chester Village in its sole discretion determines that entry is necessary to protect your health, safety or comfort or that of any other Resident of Chester Village, or the physical conditions of your Residence or other Chester Village facilities. Except in cases of emergency (as determined in Chester Village's sole discretion), Chester Village personnel will make a reasonable attempt to obtain your permission before entering. You may not change or add additional locks to your door, but you may request that your lock be changed if circumstances make it desirable and the Executive Director of Chester Village gives his or her approval.

#### **G. Parking**

Free open-air parking is available to Residents and guests. Apartment Residents may reserve a parking space in a covered carport (subject to availability) for an additional charge. The Cottages have additional parking accommodations, the cost of which is included in the Monthly Fee.

#### **H. Community Facilities**

You are entitled to share with all Residents the use of the common areas, grounds and facilities at Chester Village. You may also reserve certain facilities for special occasions in accordance with policies and procedures established by Chester Village in its sole discretion.

## **I. Property Protection and Insurance**

You agree to keep your Residence clean and orderly. You further agree not to permit misuse of or damage to your Residence. You are responsible for providing personal property and liability insurance for yourself, your property, and your guests. **You will carry ample personal liability insurance that you obtain prior to move in per the Chester Village Resident Liability Insurance Policy.** You agree that Chester Village is not responsible for securing and safeguarding your personal property and possessions. You are responsible for keeping your Residence locked and secured and for taking other reasonable precautions. Neither Chester Village nor its insurer will be liable for any claims, , damage or expenses, including reasonable attorneys' fees, resulting from any injury or death to persons and any theft or damage to property caused by, resulting from, attributable to or in any way connected with the negligent or willful act or omission of any Resident unless caused by the gross negligence or willful misconduct of Chester Village or any of its officers, employees, contractors, or agents or by a material default on the part of Chester Village under this Residency Agreement.

## **J. Indemnification**

You agree to indemnify and defend Chester Village, at your sole cost and expense, against all claims, expenses, damages and liabilities (including without limitation reasonable attorneys' fees) arising out of any occurrence in your Residence, any breach by you of this Residency Agreement or of any representation or warranty made by you to Chester Village, or negligence by you or that of any of your guests, employees, contractors, or agents. Such indemnification shall not apply to any claim arising out of the negligence or willful misconduct of Chester Village, or any of its officers, employees, contractors, or agents, or by default on the part of Chester Village under this Residency Agreement.

## **K. No Real Property Interest**

You understand and agree that this Residency Agreement is primarily for the provision of services. This Residency Agreement does not confer upon you any right, title or interest in any part of the personal property, real property, buildings and improvements (including your Residence) owned by Chester Village, Inc.,

Masonicare, or its affiliates. This Residency Agreement is a continuing care contract governed by Sections 17b-520 through 17b-535 of the Connecticut General Statutes and accompanying regulations.

### **ARTICLE III**

#### **SERVICES**

##### **A. Dining Plan**

Residents are required to participate in Chester Village’s Flexible Dining Plan (as described in Exhibit C). Included in your Monthly Fee are the same number of meals in the dining room as there are days in the month.

Take-out meals are available for all Residents if a Resident is unwell or unable to eat in the Dining Room. Residents may pick up take-out meals themselves, or the meals will be delivered for a service charge.

Guests are always welcome to dine with you. Please make reservations in advance for your guests. Guest meals will be billed to you as an additional charge.

##### **B. Housekeeping and Maintenance**

Chester Village provides light cleaning services every other week. You may order extra housekeeping or maintenance services for an additional charge. Chester Village provides necessary repairs, maintenance, and replacement of its property and equipment located in your Residence. We will charge you for any repairs or replacement required as a result of the negligent acts of you or your guests. Except in an emergency, such services are provided during normal working hours, Monday through Friday. You are responsible for maintaining, repairing, and replacing your personal property.

Chester Village maintains all Common Areas, Grounds and Facilities, including lawns, walkways, and driveways. Landscaping and decorative plantings are provided and maintained by Chester Village as it deems appropriate. Additional landscaping and gardening may be permitted with prior authorization. Additional landscaping must be maintained by you. If the additional landscaping can no longer be maintained by you as determined by Chester Village in its sole discretion, it will be removed at your expense.

### **C. Transportation**

Chester Village provides transportation to medical appointments within a fifteen (15) mile radius of Chester Village.

Chester Village provides for regularly scheduled transportation to grocery stores, shopping centers and other social and recreational activities. This transportation occurs on a published transportation schedule which is subject to change with prior notice.

## **ARTICLE IV**

### **HEALTH CARE SERVICES**

#### **A. Masonicare Health Center Access and Prepaid Days**

##### **1. Admission to Masonicare Health Center**

Your residency at Chester Village guarantees you access to Masonicare Health Center (the "Health Center") when needed. You agree that if you are admitted to the Health Center you will sign a separate admissions and residency agreement, describing the services to be provided and your rights and obligations at the Health Center. You agree that in the event the Health Center does not have a bed available when you are ready for admission, you will be temporarily placed in another facility by Chester Village until such time as a bed is available.

## 2. Ten Prepaid Inpatient Days

During the term of this Residency Agreement, you receive an Annual Allotment of ten prepaid days per calendar year of inpatient services at Masonicare Health Center covering basic services such as, room, board and nursing care (excluding any ancillary services), subject to the restrictions set forth herein. The Annual Allotment is non-cumulative and expires on December 31 of each year. The Annual Allotment is non-refundable and is not transferable to any other facility. You may use your Annual Allotment if such services are not otherwise covered by Medicare, supplemental insurance, or other third party payments. You remain responsible for the payment of any insurance deductibles or co-payments you incur associated with Medicare or your own insurance, as well as ancillary and medical charges, and any days of care in excess of the Annual Allotment.

### B. Assisted Living

Chester Village offers assisted living services in Residences through the Assisted Living Services Agency (ALSA). Arrangements may be made through the Wellness Nurse if applicable. If you wish to transfer to a different Masonicare assisted living facility and it is determined, after consultation with you, your family and/or your physician, that you meet the admissions criteria for assisted living, then your residency at Chester Village will be terminated, and you will enter into a new Residency Agreement describing the services, fees and your rights and obligations as a resident of the Masonicare assisted living facility you select. If you become a resident of another Masonicare assisted living facility, you will have access to Masonicare Health Center on the same terms and conditions as a Chester Village Resident.

### C. Personal, Nursing and Medical Services

#### 1. Wellness

Chester Village operates a Wellness Office staffed by a nurse. The Wellness Nurse's primary responsibility is to respond to well elders to ensure they obtain services for routine, non-emergent medical issues.



## 2. Emergency Assistance

All independent living residences at Chester Village have emergency pull cords in the bathrooms and bedrooms to connect to Chester Village staff. In addition, you may purchase a remotely activated pendant or bracelet connected to the Chester Village security system.

## 3. Personal Assistance

Personal care is the sole responsibility of you and your family. If you hire private companions or aides, you are responsible for coordinating and paying for the services of such companions. Private companions or aides must register with Chester Village Wellness or Administration, wear an identification badge provided by Chester Village Administration, and abide by all policies and procedures as defined by the Chester Village Policy governing private aide services. Upon registration with Chester Village Administration, private companions and aides are provided with the Chester Village Policy Governing Private Companion Services and a private aide manual. Chester Village assumes no responsibility whatsoever for the qualifications of third parties such as private duty companions or aides, or for the timeliness or quality of care or any other aspect of services provided by them. If your private companion or aide is disruptive or unruly or presents any other reason which would justify Chester Village requesting, in its sole discretion, the discontinuance of his or her services at Chester Village, you agree to discontinue the services of your private companion or aide and to seek an alternate private companion or aide.

### **D. Health Care Services Not Included in this Residency Agreement**

Except as specifically provided in this Residency Agreement, Chester Village shall not provide, pay for, or indemnify you for any medical services, including, but not limited to, medical, surgical, home care or hospital services, physical examinations, medical consultations, drugs, medications, disposable and non-disposable supplies, X-rays, medical tests, eyeglasses or refractions, hearing aids, dentistry, dentures, inlays, prescriptions, orthopedic appliances, private duty nursing care, podiatric services, physical therapy, treatment for psychiatric disorders, alcoholism, or similar items or services.

## **E. Illness or Accident While Away from Chester Village**

If you suffer an accident or illness while away from Chester Village, you will notify Chester Village as soon as possible. You will be solely responsible for the costs of all medical care you incur while away from Chester Village, and Chester Village will not have any responsibility for the payment of such costs.

## **ARTICLE V**

### **FINANCIAL ARRANGEMENTS**

#### **A. Fees**

The basic fees associated with your residency at Chester Village include an Application Fee, an Initial Fee, an Entry Fee, and a Monthly Fee. These fees are subject to change, from time to time, in the sole discretion of Chester Village upon thirty (30) day's written notice. The fees in effect at the time of this Residency Agreement are shown on Exhibit A attached to this Residency Agreement.

##### **1. Application Fee**

You must submit an Application Fee to Chester Village with your application to cover the cost of review. The Application Fee is nonrefundable and is not credited toward the Entry Fee.

##### **2. Initial Fee**

At the time you submit your application to Chester Village, you must also submit an Initial Fee, which is credited toward the Entry Fee. The Initial Fee is subject to change from time to time in the sole discretion of Chester Village.

##### **3. Entry Fee**

For the right to use your Residence and to receive the services described in this Residency Agreement, you pay a one-time Entry Fee to Chester Village. A deposit equal to five (5%) percent of the Entry Fee is due when you select your Residence. Your deposit will be placed into an escrow account with our current banking institution, in accordance with Connecticut General Statutes Section 17b-524. The balance of the Entry Fee is due to Chester Village upon move-in. Details regarding the Entry Fee chosen by you are detailed in Exhibit B.

#### 4. Monthly Fee

You agree to pay Chester Village a Monthly Fee for occupancy of your Residence.

Chester Village may adjust the Monthly Fee and ancillary charges from time to time in its sole discretion upon thirty (30) days' advance written notice to you. Chester Village will base such adjustments on projected costs, prior year per capita costs, and economic indicators as determined by Chester Village in its sole discretion. You agree that in the event of such an adjustment by Chester Village, you will pay the adjusted fee.

Each month you will receive a Monthly Statement itemizing the Monthly Fee plus any additional charges, including hair salon, guest meal, etc. All charges on the Monthly Statement are payable within thirty (30) days of receipt. If you do not make your payment on time (within 30 days of receiving the Monthly Statement), Chester Village reserves the right to assess a late penalty of 1.5% per month until you pay the amount owed. Persistently delinquent fees may trigger the Termination Provisions of this Residency Agreement at the sole discretion of the Executive Director of Chester Village. Any account balances, including interest due to late payment that remain unpaid when this Residency Agreement is terminated shall become a lien against your assets or estate after deducting any refund owed under this Residency Agreement. You agree to pay the Monthly Fee whether you are residing in your Residence, temporarily in Masonicare Health Center as an acute or sub-acute inpatient, or otherwise absent from Chester Village. If you fail or refuse to pay the amounts charged under the terms of this Residency Agreement and Chester Village must later refer the account to an attorney or collection agency, you agree to pay all resulting charges, expenses, court costs and attorneys' fees incurred by Chester Village.

#### **B. Additional Services**

You will be billed for any additional services either at the time the service is rendered or on your Monthly Statement. Payment for additional services shall be the same as for monthly fees, including the imposition of interest charges on delinquent amounts.

### **C. First Year Refund Policy**

If you are unhappy at Chester Village, and decide to move out within your first year of residency for any reason other than ill health, we will refund your entire Entry Fee to you, minus a standard service charge as set forth on Exhibit A. This supersedes the Entry Fee Refund Options. If you leave due to ill health within the first year, the Entry Fee Refund Schedule shall apply.

### **D. Fees Not Held in Trust**

All fees paid to Chester Village, including entry fees, shall become the sole property of Chester Village as payment for residence and services, except to the extent that the Entry Fee is refundable under Exhibit B of this Residency Agreement.

### **E. Personal Obligations of Residents**

Chester Village shall not be liable or responsible for any expenses, debts, or obligations incurred by you on your own account, nor shall it be obligated to furnish, supply, or give you any support, maintenance, board, or lodging while you are absent from Chester Village.

### **F. Financial Assistance to Residents**

#### **1. Inability to Pay Monthly Fees**

Chester Village is a charitable, nonprofit organization and has a policy of assisting Residents who are unable to pay the Monthly Fee, but who otherwise comply with the terms of this Residency Agreement. If you encounter financial difficulty and are unable to pay your Monthly Fee in whole or in part, Chester Village will not terminate your residency solely for that reason. If these circumstances occur, you must bring them to the attention of the Executive Director of Chester Village immediately. If your financial difficulty is unanticipated or not due to your own intentional acts, the Executive Director of Chester Village will work to develop an alternative payment plan with you. Your shortfall will first be deducted from any Entry Fee refund for which you may become eligible. If you are not eligible for a refund, you may then qualify to receive assistance from a designated Masonicare fund established for the purpose of providing financial assistance to Residents who are having difficulty paying the Monthly Fee.

## **F. Financial Requirements for Residency**

As part of your application to Chester Village, you completed a Financial Disclosure Statement listing your total assets and income. Your Financial Disclosure Statement is retained in your personal file which is secured with Administration. Chester Village reserves the right to request annually an updated schedule of financial information, which you agree to provide as a condition of your continued residency. You also agree to notify the Executive Director of Chester Village when your assets reach a total of \$50,000 or your funds are otherwise insufficient to meet current obligations for a period of three years.

You agree to enroll in and be covered by Medicare and to have supplemental coverage appropriate to the type of Medicare coverage you carry. If you are not eligible for Medicare coverage, you agree to obtain equivalent insurance coverage acceptable to Chester Village. You further agree to make all reasonable efforts to conserve your financial resources in order to enable you to meet your financial obligations under this Residency Agreement. You further agree not to impair your ability to meet these obligations or injure your eligibility for benefits under Title XIX of the Social Security Act (Medicaid) by transferring assets or income, other than for ordinary living expenses. If you are unsure whether a contemplated transaction would place you in jeopardy of violating this Residency Agreement, please contact the Executive Director of Chester Village first for guidance.

## **ARTICLE VI**

### **TRANSFERS/MARRIAGE**

#### **A. Intra-Village Transfer Policy**

If you elect to transfer to another residence within Chester Village, you will be charged a Refurbishment Fee at the time of the move to cover the cost of preparing the vacated residence for new occupancy.

If you Downgrade to a residence constructed as of the date of this Residency Agreement, the new Entry Fee will be based on the difference between (i) the available Entry Fee refund amount for your current Residence and (ii) the Entry Fee for the new residence as of the date of this Residency Agreement prorated by the same percentage as that of the Entry Fee Refund to which you are entitled for your current residence.

Downgrade Example A. If a widowed Resident on a five-year refund schedule, who moved in with his or her spouse two years ago, decides to move from a two-bedroom Cottage to a one-bedroom Apartment:

<u>Original Entry Fee of Cottage</u>	<u>Entry Fee of Apartment (As of this</u>
\$294,000	<u>Residency Agreement date)</u>
	\$135,000
 <u>Entry Fee Refund</u>	 <u>Entry Fee Adjustment</u>
\$97,020	\$44,550
Difference = +\$52,470	

Therefore, a credit will be issued to the resident’s monthly fee in the sum of \$52,470 minus a Refurbishment Fee.

If you Upgrade residences, the new Entry Fee will be based on the difference between the Entry Fee paid for your current residence upon move in and the current Entry Fee for the new residence at the time of your transfer. The Entry Fee for your current residence will be adjusted to account for any available refund in accordance with the refund method you select under Exhibit B of this Residency Agreement. If the current Entry Fee for the new residence is greater than the Entry Fee Refund for your current residence, you will be required to pay the difference in Entry Fees. In order to upgrade residences, you must satisfy the financial criteria to qualify for the new residence in the sole discretion of Chester Village.

Upgrade Example. If, after two years, a Resident on a five-year refund schedule transfers from a one-bedroom Apartment to a two-bedroom Cottage:

<u>Original Entry Fee of Apartment</u>	<u>Current Entry Fee of Cottage</u>
\$135,000	\$248,000
 <u>Entry Fee Refund</u>	
\$44,500	
Difference = -\$203,500	

Therefore, the Resident will be charged an Entry Fee of \$203,500 plus a Refurbishment Fee.

If you transfer residences, you agree to enter into an addendum to this Residency Agreement including, among other things, the address of the new residence and the Entry Fee for the new residence. The original date of residency at Chester Village and original Entry Fee refund schedule will not change.

## **B. Transfer for Health Reasons**

### 1. Change in Health

You acknowledge and agree that Chester Village is appropriate for occupancy by persons who can live independently, with assistance from a home health aide or other qualified provider, if necessary, but that Chester Village is not appropriate for persons who need 24-hour skilled nursing care or whose physical, mental or psychological condition otherwise results in their inability to live independently in this setting. You agree that if your health deteriorates such that you can no longer live in an independent setting, you will make appropriate arrangements (a) to transfer out of your current Residence to a Masonicare assisted living or skilled nursing facility, or another appropriate facility; or (b) if your personal physician and the Executive Director of Chester Village agree it is appropriate, to obtain necessary health care services in your current Residence.

You agree that in an emergency, if your mental or physical condition presents a danger to you or others, as determined by us in our sole discretion, we will arrange for private duty care in your Residence at your expense until other appropriate arrangements can be made.

### 2. Consultation

Except in cases of emergency, Chester Village will not transfer you from your Residence for health-related or other reasons until Chester Village has consulted with you, your personal physician, a member of your family, or your designated representative. In cases of an emergency transfer, Chester Village will make reasonable efforts to hold such consultations within ten (10) days of transfer.

### 3. Transfer Decisions

You agree that Chester Village shall have full authority and right to transfer you from your Residence to any Masonicare facility or elsewhere for hospitalization or other health related services without having to obtain your further consent if you do not make appropriate arrangements for obtaining the care and services you

need, and the Masonicare Medical Director or Executive Director of Chester Village determines, in his or her sole discretion, after the consultation described above that:

a. Chester Village does not have adequate facilities or staff to provide the nursing services or medical care that you need; or

b. Your continued occupancy of your Residence constitutes a danger or health hazard to you or other Residents, or is detrimental to the peace, safety or security of other Residents.

4. Transfer to an Outside Health Care Facility

If it is necessary to transfer you to an outside health facility, Chester Village will try to arrange for transfer to the facility of your choice. If you, your family or designated representative fail to choose a facility, the Executive Director of Chester Village or his/her designee may choose the facility in his or her sole discretion. You are responsible for all charges for outside facility transfers or services.

5. Charges During Stays at Any Healthcare Facility

If you are a short-term, temporary patient at Masonicare Health Center or at any other skilled nursing facility, you will continue to pay your Monthly Fee at Chester Village. If you become a permanent resident at another Masonicare facility or outside health care facility, this Residency Agreement will terminate with respect to you. If your spouse or roommate remains at Chester Village, his or her Monthly Fee will be adjusted to reflect single occupancy of the Residence. If you lived alone prior to your permanent transfer to a Masonicare facility or another health care facility, your residency and future financial obligations at Chester Village will terminate as of the date your Residence is vacated.

**C. Marriage and Cohabiting**

1. Between Chester Village Residents

If you marry or choose to live with another Chester Village Resident, either Resident may terminate his or her Residency Agreement and release his or her residence. Chester Village will determine the appropriate refund in accordance with the terms of the applicable Residency Agreement. The terminating Resident



may then become a party to the other existing Residency Agreement and become a second occupant in that residence. Chester Village will increase the Monthly Fee for the shared residence to the double occupancy rate.

2. Between A Chester Village Resident and Non-Resident

If you marry or choose to live with a non-resident, and you and that individual wish to live at Chester Village, the potential new resident must apply and meet the financial eligibility and other criteria to move to Chester Village. If the potential new resident qualifies for admission, he or she must become a party to this Residency Agreement and pay the then applicable Entry Fee. Chester Village will increase the Monthly Fee to the double occupancy rate.

3. Divorce or Separation

In the event married Residents divorce or separate, or persons sharing a residence separate, and each party desires a separate residence and one party remains in the residence which is the subject of this Residency Agreement, Chester Village will not refund any of the Entry Fee for the current residence. If the second Resident chooses to remain at Chester Village, that Resident must enter into a new Residency Agreement for such residence and pay the then applicable Entry Fee. Each party will pay the applicable Monthly Fee for his or her residence.

If one party desires to terminate his or her residency at Chester Village and move elsewhere, the remaining party shall retain full and exclusive rights to the residence. Neither party shall be entitled to any refund of the Entry Fee.

If both such Residents desire to cancel this Residency Agreement, Chester Village will follow the normal refund provisions of this Residency Agreement.

**ARTICLE VII**

**TERMINATION PROVISIONS**

**A. Termination Prior to Occupancy**

1. Rescission Rights

You (or your legal representative in the event of your death) may rescind this Residency Agreement by notifying the Chester Village Executive Director in writing by registered or certified mail within thirty (30) days of your execution of this Residency Agreement (the "Rescission Period"). If you choose to rescind the Residency Agreement, Chester Village will refund the appropriate portion of the Entry Fee paid, minus: 1) the Application Fee; 2) any costs incurred by Chester Village at your request as set forth in this Agreement or in an addendum signed by you; and 3) the Standard Administrative Fee. You are not required to move in to your residence during the Rescission Period.

## 2. Automatic Cancellation

If after the Rescission Period, you pass away before taking occupancy of your Residence, or you cannot occupy your Residence due to illness, injury or incapacity, this Residency Agreement shall be automatically cancelled upon Chester Village receiving written notice by registered or certified mail of your inability to take occupancy of the Residence. Chester Village will refund the appropriate portion of the Entry Fee paid, minus (i) the Application Fee, (ii) the Standard Administrative Fee; and (iii) the applicable Monthly Fee, prorated on a per diem basis for the period beginning on the later of seven (7) days after the execution of this Residency Agreement or the date on which your Residence was ready for occupancy and ending on the last day of the month in which Chester Village receives notice that you will not occupy the Residence. In all other circumstances, the provisions of Article VIII Section B govern cancellation of this Residency Agreement due to the death of a Resident.

## 3. Other Cancellation by Resident Prior to Occupancy

If this Residency Agreement is not terminated pursuant to Subsections A1 and A2 above, you may cancel this Residency Agreement at any time prior to taking occupancy upon written notice to the Executive Director of Chester Village sent by registered or certified mail. In the event of such a termination, Chester Village will refund the appropriate portion of the Entry Fee paid, minus (i) the Application Fee, (ii) the Standard Administrative Fee; and (iii) the applicable Monthly Fee, prorated on a per diem basis for the period beginning on the later of seven (7) days after the execution of this Residency Agreement or the date on which your Residence was ready for occupancy and ending on the last day of the month in which Chester Village receives notice that you will not occupy the Residence.

## 4. Termination by Chester Village Prior to Occupancy

If your Residence is constructed as of the date of this Residency Agreement, Chester Village reserves the right to cancel this Residency Agreement in its sole discretion if you do not take occupancy of your Residence within sixty (60) days of your Residence being ready for occupancy. In the event of such a termination, Chester Village will refund the appropriate portion of the Entry Fee paid, minus (i) the Application Fee; (ii) the Standard Administrative Fee; and (iii) the applicable Monthly Fee, prorated on a per diem basis for the period beginning on the later of seven (7) days after the execution of this Residency Agreement or the date on which your Residence was ready for occupancy and ending on the last day of the month in which Chester Village terminates the Agreement .

## **B. Termination After Occupancy**

### 1. Termination by Resident

You may cancel this Residency Agreement at any time and for any reason upon thirty (30) days' advance written notice to the Executive Director of Chester Village. You will be responsible for Monthly Fees during the notice period and until the Residence is vacated. If you are eligible for an Entry Fee refund, it will be calculated from the date the Residence is vacated and the keys are returned to Chester Village.

### 2. Termination by Chester Village

Chester Village may cancel this Residency Agreement at any time for good and sufficient cause upon sixty (60) days' advance written notice to you. If you have not corrected the problem identified within thirty (30) days of receiving written notice thereof, you agree to leave Chester Village upon the termination of the Residency Agreement at the end of the 60 day notice period. If the Medical Director or the Executive Director of Chester Village determines that either the giving of notice or the lapse of time might be detrimental to you, other Residents, or Chester Village staff, or if the Executive Director of Chester Village determines in his or her sole discretion that the problem constituting cause for termination cannot be cured, then any notice or waiting period prior to termination shall not be required. Good and sufficient cause shall include, but is not limited to:

a. Failure to perform your obligations under this Residency Agreement, including your obligation to pay the Monthly Fee and other charges on

a timely basis, and failure to appropriately conserve your financial resources as required under this Residency Agreement;

b. Failure to abide by the Chester Village Policy and Procedures, including conduct by you that, in the sole discretion of the Executive Director of Chester Village, is detrimental to the health, safety, comfort, security or peaceful living of you or any of the other Residents or Chester Village staff;

c. Your refusal of treatment or care, or refusal to be transferred to an appropriate facility to receive treatment or care that, in the opinion of your personal physician, is medically required for your physical or mental health or the health and safety of other Residents or Chester Village staff;

d. Material misstatements or failure to state a material fact in your Application, Financial Disclosure Statement, or Health History Statement filed with Chester Village; or

e. Permanent transfer to another public or private institution for medical reasons.

If upon termination you are eligible for an Entry Fee refund, it will be calculated pursuant to Exhibit B of this Residency Agreement.

### 3. Termination for Medical Reasons

If the Masonicare Medical Director or the Chester Village Executive Director determines in his or her sole discretion that (a) Chester Village does not have adequate facilities or staff to provide the medical services you need; or (b) that your continued occupancy of your Residence constitutes a danger to other Residents or to yourself, or is detrimental to the peace or health of other Residents, then your residency at Chester Village will be terminated. If termination is necessary for medical reasons, you may transfer to a Masonicare facility or other facility under the direction of the Medical Director.

4. Termination by Reason of Death

a. Sole Occupant

In the event of your death, if you are the sole occupant of your Residence, this Residency Agreement will terminate on the date when the personal property in your Residence has been removed and the Residence is vacated. Your Monthly Fee for that month will be prorated, and, if you were eligible for an Entry Fee Refund, it will be calculated as of that date and paid over to your estate.

b. Surviving Spouse or Roommate

In the event of a Resident's death, and there is a surviving spouse or roommate, the Monthly Fee will be adjusted appropriately to reflect a single occupant. No Entry Fee Refund will be calculated or remitted at this time. The interest in the Entry Fee refund will only be calculated on the termination of residency of the surviving spouse or roommate.

c. Payment of Entry Fee Refund

In the event of a termination due to a Resident's death, a refund of a Resident's Entry Fee will be calculated as of the date when the personal property in your Residence has been removed and the Residence is vacated. If you would like the Entry Fee refund to be paid to a specific person or entity, indicate here to whom it should be paid:

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If you do not designate a specific person or entity, the refund will be paid over to your estate.

5. Vacating Residence/Removal of Property

You must vacate your Residence and remove all personal property from your Residence within thirty (30) days after termination of the Residency Agreement. You will be obligated to continue paying the Monthly Fee plus any additional charges on a pro-rated basis until your personal property is removed from the Residence and the keys returned to Administration. If your personal property is not removed within the thirty (30) day period, Chester Village shall have the right to remove it from the Residence. Chester Village will store the property for a fee for up to six (6) months and then dispose of it at your expense.

## ARTICLE VIII

### OTHER RESIDENCY PROVISIONS

#### **A. Facility Financial Condition**

The financial condition of Chester Village is set forth in Masonicare's Annual Report. The Annual Report includes financial statements audited by an independent firm of certified public accountants, and is available for your review in the library reading areas.

#### **B. Admission and Discharge of Other Residents**

You agree that you have no right to determine or appeal the admission, terms of admission, placement, discharge of, or any other issues regarding, any other Resident.

#### **C. Chester Village Association**

Residents participate in and operate a residents' council, the Chester Village Association. Chester Village Administration meets with the Chester Village Association monthly. The Chester Village Association has no legal or contractual right to direct or operate Chester Village or any portion thereof.

#### **D. Community Rules**

For the proper management and operation of the community and the safety, health, and comfort of the Residents, Chester Village reserves the right to adopt or amend such policies and procedures as it deems necessary or desirable in its sole discretion. You agree to abide by Chester Village policies and procedures, as amended from time to time, which are incorporated by reference into this Residency Agreement. The Chester Village policies and procedures are available for your review at the Chester Village Administration Office.

#### **E. Guest Policy**

You are welcome to invite guests to your Residence. Guest accommodations are also available in the Guest Suite, on a first-come, first-serve basis. Chester Village will charge a reasonable daily guest rate for use of the Guest Suite. If your guest

stays in your Residence and his or her stay exceeds 30 nights, you will be billed the guest rate then in effect for the visit. Chester Village defines a "guest" as anyone staying overnight in a residence who has not signed this Residency Agreement. All guests are subject to the Chester Village policy and procedures and have no rights under this Residency Agreement.

**F. Pet Policy**

Pets are permitted in certain residences, under certain conditions, as set forth in Chester Village's Pet Policy. If you keep a pet in your Residence while you are a Resident of Chester Village, you agree to abide by the Pet Policy, and any amendments thereto. The Pet Policy is incorporated by reference into this Residency Agreement.

**G. Smoking Policy**

Smoking is prohibited. You agree to abide by the smoking policy and any amendments thereto. The smoking policy is incorporated by reference into this Residency Agreement.

**ARTICLE IX**

**MISCELLANEOUS PROVISIONS**

**A. Variance Among Residency Agreements**

You understand that Chester Village may enter into agreements with other Residents that may contain terms different from those contained in this Residency Agreement. These differences may be a result of different economic conditions at different times or other factors. Despite any different terms in other agreements, you agree that this Residency Agreement alone sets forth your rights and obligations with respect to Chester Village, and that you are not a third party beneficiary of any other Residency Agreement.

**B. Accuracy of Information**

You represent and warrant that all information you have submitted or will submit to Chester Village as required in completing your application to Chester Village is true and complete. You understand and acknowledge that Chester Village is relying on such information. You agree at any time to update the information

contained in your application upon the request of Chester Village. You must update your application if it is more than six (6) months old and you have not yet taken occupancy of your Residence for any reason, including construction of your Residence. If, before you take occupancy of your Residence, Chester Village determines in its sole discretion that you no longer meet the criteria for residency at Chester Village due to a change in your health or financial circumstances, Chester Village will so notify you in writing and this Residency Agreement shall automatically cancel in accordance with Article VII A.2. If Chester Village determines your application contains a material misstatement of fact or fails to state a material fact, Chester Village may cancel this Residency Agreement in accordance with Article VII A.4 or Article VII.B.2, as applicable.

**C. Waiver**

Chester Village's failure in any one or more instances to insist upon strict compliance by you with any of the terms of this Residency Agreement shall not waive Chester Village's right to insist upon your strict compliance with any of the terms of this Residency Agreement on other occasions.

**D. Attorneys' Fees**

In the event that Chester Village takes action to enforce the terms of this Residency Agreement, Chester Village is entitled to recover attorneys' fees and all costs of any such action.

**E. Assignment**

Your rights under this Residency Agreement are personal and cannot be assigned, transferred, inherited or devised. The Residency Agreement shall bind and inure to the benefit of Chester Village's successors and assigns and shall bind and inure to the benefit of your heirs, executors and administrators in accordance with its terms.

**F. Entire Residency Agreement**

This Residency Agreement, including all exhibits, constitutes the entire Residency Agreement between you and Chester Village. Chester Village is neither liable for, nor bound in any manner by, any statements, representations or promises made by any person representing or proposing to represent Chester Village unless such statements, representations, or promises are set forth in the Residency Agreement. Any modification of the Residency Agreement must be in writing and signed by



you and by Chester Village.

**G. Partial Illegality**

If any portion of this Residency Agreement shall be determined to be illegal or not in conformity with applicable laws, such portion shall be deleted and the validity of the balance of this Residency Agreement shall not be affected.

**H. Governing Law**

This Residency Agreement shall be construed in accordance with the laws of the State of Connecticut.

Remainder of page intentionally left blank.

**I. No Third-Party Beneficiary**

This Residency Agreement is between only you and Chester Village. Nothing in this Residency Agreement shall be interpreted to confer any rights or benefits to a third party.

**IN WITNESS WHEREOF**, the parties have signed this Residency Agreement this       <sup>th</sup> day of Month, 2017.

By signing this Residency Agreement, you also acknowledge receipt of the Disclosure Statement.

Resident(s)	or	Resident's Legal Representative
_____		_____
_____		_____

**MASONICARE AT CHESTER VILLAGE, INC.**

By: \_\_\_\_\_

Executive Director

**EXHIBIT A**

**CURRENT FEES**

<b>Resident Name(s)</b>	<u>Resident's Name</u>
<b>Residence #</b>	<u>Chester Village</u>
<b>Move-in Date</b>	<u>, 2016</u>

Application Fee (non-refundable):                   \$ 350.00

Initial Fee: //16   \$ 1,000.00

Deposit:     //16   \$ .00

Deposit:     //16   \$ .00

\*Entry Fee:  
                  (BH - 1 Bedroom)                     \$ .00

Balance Due Prior to Move In:                     \$ \_\_\_\_\_

\*\*Monthly Fee:  
                  (BH - 1 Bedroom)                     \$ .00

Standard Administrative Fee: \$1500

\*Please note: Entry Fee does not include any Options Extra that may be added before move-in.

\*\*Fees are subject to change. You will be given at least thirty (30) days' written notice of any changes in fees.

**EXHIBIT B**

**ENTRY FEE REFUND**

<b>Resident Name</b>	<u>Resident's Name</u>
<b>Residence #</b>	<u>Chester Village</u>
<b>Entry Fee Amount</b>	<u>\$.000.00</u>
<b>Move-In Date</b>	<u>, 2016</u>

**Eight Year Declining Entry Fee Refund Schedule**

Should you terminate your residency at Chester Village within 5 years (60 months) of taking occupancy, Chester Village will refund your Entry Fee according to the following schedule:

<u>Month</u>	<u>Amount of Entry Fee Refund</u>
1 (First 30 Days)	100% minus a Standard Administrative Fee*
2-12	83.25%
13-24	66.50%
25-36	49.75%
37-48	33.00%
49-60	16.25%
60+	0%

\*The current Standard Administrative Fee is \$1500

**EXHIBIT C**

**FLEXIBLE DINING PLANS**

<b>Resident Name</b>	<b><u>Resident's Name</u></b>
<b>Residence #</b>	<b><u>Chester Village</u></b>
<b>Move-in Date</b>	<b><u>, 2017</u></b>

Residents are required to participate in Chester Village's Flexible Dining Plan as described below.

1) **Standard Meal Plan**- Residents may choose the Standard Meal Plan. Residents choosing the Standard Meal Plan will receive an allocated amount of Dining Dollars per month equivalent to 1 meal per day for the entire month. This plan is included in the Monthly Fee.

2) **20 Meal Plan**- Residents may choose the 20 Meal per month plan. Residents choosing the 20 Meal Plan will receive a credit to their Monthly Fee in an amount equal to the cost of the additional ten meals included as part of the Standard Meal Plan.

**\*All Dining Plans are subject to change with 30 Days written notice.**

**EXHIBIT D**

**FIRE SPRINKLER SYSTEM NOTICE**

<b>Resident Name</b>	<b><u>Resident's Name</u></b>
<b>Residence #</b>	<b><u>Chester Village</u></b>
<b>Move-in Date</b>	<b><u>, 2017</u></b>

**In accordance with P.A. 15-005, Section 57, of the Connecticut General Statutes, you are being notified that all apartment units at Chester Village are equipped with working fire sprinkler systems.**

**Our systems are maintained and inspected by a sprinkler contractor licensed by the State of Connecticut. The date of the most recent inspection was December 12, 2016.**

**Please note that our cottages and villas are not equipped with fire sprinkler systems.**

ATTACHMENT B

CURRENT LISTING OF ENTRY AND  
MONTHLY FEES

2018

ATTACHMENT C

PROJECTED FINANCIAL STATEMENTS



ATTACHMENT B

CURRENT LISTING OF ENTRY AND  
MONTHLY FEES

2018



ATTACHMENT C

PROJECTED FINANCIAL STATEMENTS



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*Trusted Guidance to the Senior Living Industry*

**PROJECTED FINANCIAL STATEMENTS and  
SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS**

**for**

**Masonicare at Chester Village  
Chester, Connecticut**

**August 30, 2017 - DRAFT**

**Masonicare at Chester Village  
Financial Feasibility Analysis  
Six Years Ending September 30, 2023**



**Projected Statements of Activities and Changes in Net Assets (Deficit)**  
(in thousands of dollars)

	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>						
Independent living - existing residents	\$ 3,362	\$ 2,787	\$ 2,057	\$ 1,240	\$ 409	\$ -
Independent living - new residents	707	2,221	3,373	4,303	5,237	5,789
Other revenue	244	300	327	333	339	348
Amortization of nonrefundable entrance payments	529	896	1,180	1,400	1,612	1,829
<b>Total revenues</b>	<b>4,842</b>	<b>6,204</b>	<b>6,936</b>	<b>7,277</b>	<b>7,598</b>	<b>7,965</b>
<b>Expenses:</b>						
General and administrative	1,657	1,286	1,321	1,353	1,387	1,422
Plant	1,256	1,289	1,326	1,361	1,399	1,437
Housekeeping	307	326	340	347	354	362
Dietary	984	1,142	1,206	1,233	1,262	1,293
Resident care	563	667	728	747	768	789
Management Fee	287	287	284	297	304	312
Nursing	21	26	28	29	30	6
Depreciation	732	839	850	865	881	897
Interest and other fees	360	525	542	534	519	502
<b>Total expenses</b>	<b>6,168</b>	<b>6,387</b>	<b>6,625</b>	<b>6,765</b>	<b>6,903</b>	<b>7,020</b>
<b>Operating income (loss)</b>	<b>(1,326)</b>	<b>(184)</b>	<b>311</b>	<b>511</b>	<b>694</b>	<b>945</b>
<b>Non-operating income:</b>						
Interest and dividend income	1	52	115	143	147	165
<b>Total non-operating income</b>	<b>1</b>	<b>52</b>	<b>115</b>	<b>143</b>	<b>147</b>	<b>165</b>
<b>Net income (loss)</b>	<b>(1,325)</b>	<b>(131)</b>	<b>426</b>	<b>654</b>	<b>841</b>	<b>1,110</b>
<b>Net Assets (Deficit), Beginning</b>	<b>-</b>	<b>(1,325)</b>	<b>(1,456)</b>	<b>(1,030)</b>	<b>(376)</b>	<b>466</b>
<b>Net Assets (Deficit), Ending</b>	<b>\$ (1,325)</b>	<b>\$ (1,456)</b>	<b>\$ (1,030)</b>	<b>\$ (376)</b>	<b>\$ 466</b>	<b>\$ 1,575</b>

**Masonicare at Chester Village  
Financial Feasibility Analysis  
Six Years Ending September 30, 2023**



**Projected Statements of Cash Flows  
(in thousands of dollars)**

	2018	2019	2020	2021	2022	2023
<b>Cash flows from operating activities:</b>						
Net Income (loss)	\$ (1,325)	\$ (131)	\$ 426	\$ 654	\$ 841	\$ 1,110
Adjustments to reconcile change in net assets (deficit) to net cash provided by operating activities:						
Depreciation	737	839	850	865	881	897
Amortization of deferred financing costs	34	34	34	34	34	34
Proceeds from nonrefundable entrance fees	5,009	4,334	3,081	2,831	2,887	2,945
Amortization of earned entrance fees	(529)	(896)	(1,180)	(1,400)	(1,612)	(1,829)
Changes in assets and liabilities:						
Accounts receivable	(135)	(31)	(14)	(4)	(3)	(5)
Prepaid expenses and other current assets	(171)	2	(7)	(4)	(5)	(4)
Accounts payable	179	(2)	7	5	5	4
Accrued expenses and other liabilities	244	43	9	4	5	4
<b>Net cash provided by operating activities</b>	<b>4,039</b>	<b>4,192</b>	<b>3,207</b>	<b>2,984</b>	<b>3,033</b>	<b>3,155</b>
<b>Cash flows from investing activities:</b>						
Net purchases of property and equipment	(3,105)	(1,608)	(223)	(229)	(236)	(243)
Change in assets limited as to use	(2,109)	1,205	(41)	(276)	(35)	(10)
(Increase) decrease in investments	(5,176)	(2,081)	(907)	(138)	(584)	(2,601)
<b>Net cash (used in) investing activities</b>	<b>(10,390)</b>	<b>(2,484)</b>	<b>(1,171)</b>	<b>(644)</b>	<b>(855)</b>	<b>(2,854)</b>
<b>Cash flows from financing activities:</b>						
Issuance of long term debt	10,000	-	-	-	-	-
Deferred financing costs	(500)	-	-	-	-	-
Principal payments	-	-	-	(272)	(311)	(327)
Proceeds from refundable entrance fees	659	567	399	365	373	380
Refunds of entrance fees - prior residents	(1,500)	-	-	-	-	-
Refunds of entrance fees - existing residents	(1,891)	(2,279)	(2,418)	(2,423)	(2,197)	-
Refunds of entrance fees - new residents	-	-	-	-	(31)	(344)
<b>Net cash provided by (used in) financing activities</b>	<b>6,768</b>	<b>(1,712)</b>	<b>(2,019)</b>	<b>(2,330)</b>	<b>(2,167)</b>	<b>(291)</b>
<b>Change in cash and cash equivalents</b>	<b>417</b>	<b>(4)</b>	<b>17</b>	<b>11</b>	<b>11</b>	<b>10</b>
<b>Cash and cash equivalents, beginning</b>	<b>-</b>	<b>417</b>	<b>413</b>	<b>430</b>	<b>441</b>	<b>452</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 417</b>	<b>\$ 413</b>	<b>\$ 430</b>	<b>\$ 441</b>	<b>\$ 452</b>	<b>\$ 462</b>

**Projected Statements of Financial Position  
(in thousands of dollars)**

	2018	2019	2020	2021	2022	2023
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 417	\$ 413	\$ 430	\$ 441	\$ 452	\$ 462
Accounts receivable	135	166	180	184	187	192
Prepaid expenses and other current assets	171	169	176	180	185	189
Assets limited as to use, entrance fee escrow	11	11	11	11	11	11
<b>Total current assets</b>	<b>734</b>	<b>759</b>	<b>797</b>	<b>816</b>	<b>835</b>	<b>854</b>
Investments	1,676	3,757	4,664	4,803	5,387	7,987
Assets whose use is limited						
Project Fund	1,395	-	-	-	-	-
Statutory Operating Reserve Fund	714	903	944	1,220	1,255	1,265
<b>Total assets limited as to use</b>	<b>2,109</b>	<b>903</b>	<b>944</b>	<b>1,220</b>	<b>1,255</b>	<b>1,265</b>
Property and equipment	18,809	20,417	20,640	20,870	21,106	21,349
less accumulated depreciation	(8,399)	(9,238)	(10,088)	(10,953)	(11,834)	(12,731)
Property and equipment, net	10,411	11,180	10,552	9,917	9,272	8,619
Other assets						
Goodwill	13,276	13,276	13,276	13,276	13,276	13,276
<b>Total assets</b>	<b>\$ 28,206</b>	<b>\$ 29,876</b>	<b>\$ 30,235</b>	<b>\$ 30,032</b>	<b>\$ 30,026</b>	<b>\$ 32,002</b>
<b>Liabilities and Net Assets (Deficit)</b>						
Current liabilities:						
Current maturities of long-term debt - 2017 Note Payable	\$ -	\$ -	\$ 272	\$ 311	\$ 327	\$ 343
Accounts payable	179	177	184	189	194	198
Accrued expenses	209	207	216	221	227	232
Accrued interest	35	81	81	79	78	77
Refundable deposits	11	11	11	11	11	11
<b>Total current liabilities</b>	<b>435</b>	<b>476</b>	<b>764</b>	<b>812</b>	<b>837</b>	<b>861</b>
Long-term debt, less current maturities - 2017 Note Payable	9,534	9,568	9,330	9,054	8,761	8,452
Refundable entrance fees	12,720	11,008	8,989	6,931	5,075	5,111
Deferred revenue - entrance fees	6,842	10,280	12,181	13,612	14,887	16,003
<b>Total liabilities</b>	<b>29,531</b>	<b>31,332</b>	<b>31,265</b>	<b>30,408</b>	<b>29,560</b>	<b>30,427</b>
Net assets (deficit):						
Unrestricted	(1,325)	(1,456)	(1,030)	(376)	465	1,575
<b>Net assets (deficit)</b>	<b>(1,325)</b>	<b>(1,456)</b>	<b>(1,030)</b>	<b>(376)</b>	<b>465</b>	<b>1,575</b>
<b>Total liabilities and net assets (deficit)</b>	<b>\$ 28,206</b>	<b>\$ 29,876</b>	<b>\$ 30,235</b>	<b>\$ 30,032</b>	<b>\$ 30,026</b>	<b>\$ 32,002</b>

**Masonicare at Chester Village  
Financial Feasibility Analysis  
Six Years Ending September 30, 2023**



**Projected Schedule of Financial Ratios**

(in thousands of dollars)

<b>Debt Service Coverage Ratio</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Net income (loss)	\$ (1,325)	\$ (131)	\$ 426	\$ 654	\$ 841	\$ 1,110
Deduct:						
Amortization of earned entrance fees	(529)	(896)	(1,180)	(1,400)	(1,612)	(1,829)
Add:						
Depreciation	732	839	850	865	881	897
Interest expense	360	525	542	534	519	502
Proceeds from entrance fees	5,668	4,900	3,480	3,196	3,260	3,325
Refunds of entrance fees - prior residents	(1,500)	-	-	-	-	-
Refunds of entrance fees - existing residents	(1,891)	(2,279)	(2,418)	(2,423)	(2,197)	-
Refunds of entrance fees - new residents	-	-	-	-	(31)	(344)
<b>Income Available for Debt Service</b>	<b>\$ 1,516</b>	<b>\$ 2,959</b>	<b>\$ 1,701</b>	<b>\$ 1,426</b>	<b>\$ 1,660</b>	<b>\$ 3,661</b>
<b>Annual Debt Service</b>	<b>\$ 291</b>	<b>\$ 485</b>	<b>\$ 508</b>	<b>\$ 773</b>	<b>\$ 797</b>	<b>\$ 797</b>
<b>Annual Debt Service Coverage Ratio</b>	<b>5.21x</b>	<b>6.10x</b>	<b>3.35x</b>	<b>1.84x</b>	<b>2.08x</b>	<b>4.59x</b>
<b>Maximum Annual Debt Service</b>	<b>\$ 797</b>	<b>\$ 797</b>	<b>\$ 797</b>	<b>\$ 797</b>	<b>\$ 797</b>	<b>\$ 797</b>
<b>Maximum Annual Debt Service Coverage Ratio</b>	<b>1.90x</b>	<b>3.71x</b>	<b>2.14x</b>	<b>1.79x</b>	<b>2.08x</b>	<b>4.59x</b>

<b>Days Cash on Hand</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Cash and cash equivalents	\$ 417	\$ 413	\$ 430	\$ 441	\$ 452	\$ 462
Investments	1,676	3,757	4,664	4,803	5,387	7,987
Statutory Operating Reserve Fund	714	903	944	1,220	1,255	1,265
<b>Cash on hand</b>	<b>\$ 2,807</b>	<b>\$ 5,074</b>	<b>\$ 6,039</b>	<b>\$ 6,464</b>	<b>\$ 7,094</b>	<b>\$ 9,714</b>
<b>Total expenses</b>	<b>\$ 6,168</b>	<b>\$ 6,387</b>	<b>\$ 6,625</b>	<b>\$ 6,765</b>	<b>\$ 6,903</b>	<b>\$ 7,020</b>
Less:						
Depreciation	(732)	(839)	(850)	(865)	(881)	(897)
Amortization of deferred financing costs	(34)	(34)	(34)	(34)	(34)	(34)
<b>Total expenses less depreciation and amortization</b>	<b>\$ 5,402</b>	<b>\$ 5,514</b>	<b>\$ 5,741</b>	<b>\$ 5,866</b>	<b>\$ 5,989</b>	<b>\$ 6,090</b>
<b>Daily operating expenses (a)</b>	<b>\$ 15</b>	<b>\$ 15</b>	<b>\$ 16</b>	<b>\$ 16</b>	<b>\$ 16</b>	<b>\$ 17</b>
<b>Days cash on hand</b>	<b>190</b>	<b>336</b>	<b>384</b>	<b>402</b>	<b>432</b>	<b>582</b>

(a) Daily operating expenses are equal to total operating expenses less depreciation and amortization divided by 365 days.





**Summary of Significant Projection Assumptions**

The assumptions utilized in the financial projections for Masonicare at Chester Village (“MCV” or the “Community”) dated 08/28/2017 are summarized below and are based on:

- Acquisition date of October 1, 2017
- Implementation of a new pricing model to include 90% utilization of a declining balance entrance fee contract and 10% utilization of a 75% refundable entrance fee contract
- Assumed fill up from 64.8% occupancy to 93.3% stabilized occupancy
- FY2017 budgeted operating expenses, adjusted to capture assumed savings post acquisition
- Debt assumptions provided by Ziegler

**Unit Mix**

The following table details MCV’s unit mix:

Table 1 Unit Mix and Square Footage		
Unit Type	# of units	Square Footage
<b>Apartment Residences</b>		
One-Bedroom	19	850
One-Bedroom w/ Den	36	1,005
Two-Bedroom	17	1,190
Two-Bedroom Deluxe	4	1,209
Two-Bedroom Custom	4	1,337
Two-Bedroom w/ Den	10	1,467
<b>Apartment Total/Average</b>	<b>90</b>	<b>1,082</b>
<b>Cottage Residences</b>		
One-Bedroom w/ Den	1	1,253
Two-Bedroom	7	1,403
Two-Bedroom w/ Den	6	1,529
Two-Bedroom w/ Den (2-Car)	1	1,529
<b>Apartment Total/Average</b>	<b>15</b>	<b>1,452</b>
<b>GRAND TOTAL/AVERAGE</b>	<b>105</b>	<b>1,135</b>

**Fill-up and Stabilized Occupancy**

- At the time of acquisition (i.e., October 1, 2017), 58 apartments and 10 cottages are assumed to be occupied for a total of 68 units (64.8% occupancy).
- Occupancy is assumed to increase to 98 units (93.3% occupancy) over a 24-month fill-up period beginning January 1, 2018 at an average of 1.25 net move-ins per month (see move-in table provided on page 3).
- The first fully stabilized year of occupancy is FY2021.
- Occupancy of the independent living units is assumed to turn over at a rate of 15% per year. By FY2023, all of the existing units occupied at the time of acquisition are assumed to have turned over and be occupied by residents on the new contacts offered post acquisition.

<b>Table 2 Utilization of Independent Living Units</b>					
Year Ending September 30,	Average Units Occupied			Units Available	Avg. Occupancy Percentage
	Existing Residents	New Residents	Total		
2018	62.6	13.6	76.2	105	72.6%
2019	49.8	42.3	92.1	105	87.7%
2020	35.4	62.4	97.8	105	93.1%
2021	20.7	77.3	98.0	105	93.3%
2022	6.7	91.3	98.0	105	93.3%
2023	0.0	98.0	98.0	105	93.3%

**Table 3**  
**Assumed Monthly Fill-up of the Independent Living Units (Net of Turnover)**

Fiscal Year/Month	Total Monthly Move-Ins <sup>(1)</sup>	Less Turnover <sup>(1)</sup>	Net Monthly Move-Ins	Cumulative Total	Cumulative Percentage
Starting occupancy				68	64.8%
<b>2018</b>					
October	1	(1)	-	68	64.8%
November	1	(1)	-	68	64.8%
December	1	(1)	-	68	64.8%
January	4	(1)	3	71	67.6%
February	4	(1)	3	74	70.5%
March	4	(1)	3	77	73.3%
April	3	(1)	2	79	75.2%
May	3	(1)	2	81	77.1%
June	3	(1)	2	83	79.0%
July	2	(1)	1	84	80.0%
August	2	(1)	1	85	81.0%
September	2	(1)	1	86	81.9%
<b>2019</b>					
October	2	(1)	1	87	82.9%
November	2	(1)	1	88	83.8%
December	2	(1)	1	89	84.8%
January	2	(1)	1	90	85.7%
February	2	(1)	1	91	86.7%
March	2	(1)	1	92	87.6%
April	2	(1)	1	93	88.6%
May	2	(1)	1	94	89.5%
June	2	(1)	1	95	90.5%
July	2	(2)	-	95	90.5%
August	2	(1)	1	96	91.4%
September	2	(2)	-	96	91.4%
<b>2020</b>					
October	2	(1)	1	97	92.4%
November	1	(1)	-	97	92.4%
December	2	(1)	1	98	93.3%
<b>Total</b>	<b>59</b>	<b>(29)</b>	<b>30</b>	<b>98</b>	<b>93.3%</b>

(1) The number of assumed total monthly move-ins and turnovers is rounded for disclosure purposes.

**Summary of Revenue and Entrance Fee Assumptions**

All new residents execute a residency agreement prior to assuming occupancy of their selected unit. The residency agreement details an entrance fee and monthly service fee that will be paid by the resident and the services and benefits to be provided by the Community.

Chester Village West currently offers two types of contracts: a 65% return-of-capital contract and a traditional (0% refundable) contract. Both existing contracts are fee-for-service (“Type C”) contracts, offering access to healthcare services but not including any discount for such services. Post-acquisition, MCV will cease to offer the 65% ROC and Traditional contracts and instead offer two types of entrance fee contracts with different refund provisions: (1) a declining balance contract with a 60-month amortization, and (2) a 75% return-of-capital contract. Both proposed contracts will be Modified Life Care (“Type B”) contracts that will provide residents 10 days of skilled care at Masonicare Health Center in Wallingford, Connecticut. The contracts will be consistent in terms of services with the existing contract provided by Masonicare’s Ashlar Village campus, also in Wallingford, Connecticut.

Existing residents at MCV at the time of acquisition are assumed to continue to pay their current monthly fee and their refund obligation remains the same. Existing entrance fees (included for comparison purposes) and monthly fees at the Community are detailed below.

Table 4 Pricing for Existing Residents						
Unit Type	#	Sq Ft	Entrance Fee Plans (Type C Contract)			
			Entrance Fee		Monthly Fee	
			65% Refund	Traditional	65% Refund	Traditional
<b>Apartment Residences</b>						
One-Bedroom	19	850	\$226,000	\$144,640	\$3,513	\$3,513
One-Bedroom w/ Den	36	1005	\$249,000	\$159,360	\$4,026	\$4,026
Two-Bedroom	17	1190	\$299,000	\$191,360	\$4,554	\$4,554
Two-Bedroom Deluxe	4	1209	\$324,000	\$207,360	\$4,686	\$4,686
Two-Bedroom Custom	4	1337	\$345,000	\$220,800	\$4,832	\$4,832
Two-Bedroom w/ Den	10	1467	\$399,000	\$255,360	\$4,884	\$4,884
<b>Apartment Total/Average</b>	<b>90</b>	<b>1082</b>	<b>\$277,856</b>	<b>\$177,828</b>	<b>\$4,178</b>	<b>\$4,178</b>
<b>Cottage Residences</b>						
One-Bedroom w/ Den	1	1253	\$387,000	n/a	\$4,200	n/a
Two-Bedroom	7	1403	\$463,000	n/a	\$4,832	n/a
Two-Bedroom w/ Den	6	1529	\$489,000	n/a	\$5,041	n/a
Two-Bedroom w/ Den (2-Car)	1	1529	\$499,000	n/a	\$5,250	n/a
<b>Apartment Total/Average</b>	<b>15</b>	<b>1452</b>	<b>\$470,733</b>	<b>n/a</b>	<b>\$4,901</b>	<b>n/a</b>
<b>GRAND TOTAL/AVERAGE</b>	<b>105</b>	<b>1135</b>	<b>\$305,410</b>	<b>\$177,828</b>	<b>\$4,281</b>	<b>\$4,178</b>
<b>Second person fees</b>						
Apartment Residences			\$0	\$0	\$1,043	\$1,043
Cottage Residences			\$0	\$0	\$1,043	\$1,043

\*Pricing effective 1/1/2017

The monthly fees for existing residents (detailed in Table 4) are assumed to increase 2.25% on January 1, 2018 and then 3% on October 1, 2018 and annually thereafter for the remainder of the projection period.

Any resident that moves in post-acquisition is assumed to be on one of the two new Type B entrance fee contracts (i.e., the Declining Balance or 75% Refund plan). The proposed pricing for new residents is detailed below.

Table 5 Pricing for New Move-Ins						
Unit Type	#	Sq Ft	Entrance Fee Plans (Type B Contract)			
			Entrance Fee		Monthly Fee	
			Declining	75% Refund	Declining	75% Refund
<b>Apartment Residences</b>						
One-Bedroom	19	850	\$134,900	\$219,900	\$3,350	\$3,350
One-Bedroom w/ Den	36	1005	\$157,900	\$257,400	\$3,840	\$3,840
Two-Bedroom	17	1190	\$186,900	\$304,600	\$4,260	\$4,260
Two-Bedroom Deluxe	4	1209	\$189,900	\$309,500	\$4,310	\$4,310
Two-Bedroom Custom	4	1337	\$208,900	\$340,500	\$4,580	\$4,580
Two-Bedroom w/ Den	10	1467	\$238,900	\$389,400	\$4,640	\$4,640
<b>Apartment Total/Average</b>	<b>90</b>	<b>1082</b>	<b>\$171,211</b>	<b>\$279,074</b>	<b>\$3,959</b>	<b>\$3,959</b>
<b>Cottage Residences</b>						
One-Bedroom w/ Den	1	1253	\$248,200	\$404,500	\$4,100	\$4,100
Two-Bedroom	7	1403	\$294,200	\$479,500	\$4,550	\$4,550
Two-Bedroom w/ Den	6	1529	\$306,400	\$499,500	\$4,990	\$4,990
Two-Bedroom w/ Den (2-Car)	1	1529	\$312,600	\$509,500	\$4,990	\$4,990
<b>Apartment Total/Average</b>	<b>15</b>	<b>1452</b>	<b>\$297,240</b>	<b>\$484,500</b>	<b>\$4,725</b>	<b>\$4,725</b>
<b>GRAND TOTAL/AVERAGE</b>	<b>105</b>	<b>1135</b>	<b>\$189,215</b>	<b>\$308,421</b>	<b>\$4,068</b>	<b>\$4,068</b>
<b>Second person fees</b>						
Apartment Residences			\$20,000	\$20,000	\$850	\$850
Cottage Residences			\$20,000	\$20,000	\$550	\$550

\*Pricing effective for new residents as of 10/1/2017

For new residents, monthly fees are assumed to inflate 3.0% annually, beginning October 1, 2018, throughout the projection period. Entrance fees are assumed to inflate 2.0% annually, beginning October 1, 2018, throughout the projection period.

*Contract Mix*

The assumed utilization of the two contract types offered during the projection period is as follows:

Type B Declining Balance	90%
Type B 75% Refund	10%

Second person utilization is based on the historical experience of both Chester Village and Ashlar Village and assumed as follows:

18.65%	FY2018
20.00%	FY2019
22.00%	FY2020 and thereafter

*Other Revenue & Investment Income*

Other revenue includes fees for additional services such as garages, additional meal income from residents/employees/guests, catering income, home health services revenue, additional housekeeping and maintenance services, guest room rentals, beauty and barber shop, gift store, etc. Based on the historical experience at Chester Village West, other revenue is assumed to be 6% of total independent living monthly fee revenue each year.

Investment income is assumed to be earned at a rate of 3% on the investment balance and 0.25% on the Statutory Operating Reserve Funds balance.

*Entrance Fee Cash Flow*

Entrance receipts are based on fill-up of vacant units at the time of acquisition as well as turnover (attrition) of occupied units. The turnover rate is assumed to be 15%. There has been no actuarial report completed for the acquisition; therefore, the assumed turnover rate is based on historical experience at Chester Village, as well as industry norms. Each entrance fee turnover is assumed to generate an entrance fee refund, which is expected to be repaid in a timely fashion. For projection purposes, the 64 units assumed occupied at the time of acquisition are assumed to be the first 64 units assumed to turn over and generate a refund.

In addition, the projections incorporate an assumed \$500,000 entrance fee incentive pool to be made available to marketing to facilitate move-ins during the fill-up period. For the 30 net-move-ins needed to reach stabilized occupancy, this represents an average entrance fee discount of \$16,667 per unit.

Table 6 on the following page summarizes the assumed entrance fee cash flow from FY2018 – FY2023.

*Entrance Fee Revenue Recognition*

Entrance fee refunds at MCV are not assumed to be limited by proceeds from re-occupancy of the unit. Therefore, the refundable portion of entrance fees received is classified as a refund liability on the balance sheet and is not amortized. The non-refundable portion of entrance fee receipts, however, is amortized into income over the estimated remaining life expectancy of the resident in the independent living units.



<b>Table 6</b>						
<b>Initial and Turnover Entrance Fees Receipts and Entrance Fee Refunds</b>						
<b>(In Thousands)</b>						
<b>For the Year Ending September 30,</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Initial</b>						
Number of Entrance Fees Received	18	10	2	-	-	-
Entrance Fees Received	\$3,311	\$2,001	\$353	-	-	-
<b>Turnovers</b>						
Number of Entrance Fees Received <sup>(1)</sup>	12	14	15	15	15	15
Entrance Fees Received	\$2,357	\$2,899	\$3,127	\$3,196	\$3,260	\$3,325
<b>Total Entrance Fee Receipts</b>	<b>\$5,668</b>	<b>\$4,900</b>	<b>\$3,480</b>	<b>\$3,196</b>	<b>\$3,260</b>	<b>\$3,325</b>
<b>Refunds – Prior Residents <sup>(2)</sup></b>						
Number of Entrance Fees Refunded <sup>(1)</sup> :	12	-	-	-	-	-
Entrance Fees Refunded:	(\$1,500)	-	-	-	-	-
<b>Refunds – Existing Residents at Acquisition</b>						
Number of Entrance Fees Refunded <sup>(1)</sup> :	12	14	15	15	14	-
Entrance Fees Refunded:	(\$1,891)	(\$2,279)	(\$2,418)	(\$2,423)	(\$2,197)	-
<b>Refunds – New Residents Post-Acquisition <sup>(3)</sup></b>						
Number of Entrance Fees Refunded <sup>(1)</sup> :	-	-	-	-	1	15
Entrance Fees Refunded:	-	-	-	-	(\$31)	(\$344)
<b>Total Entrance Fee Refunds</b>	<b>(\$3,391)</b>	<b>(\$2,279)</b>	<b>(\$2,418)</b>	<b>(\$2,423)</b>	<b>(\$2,229)</b>	<b>(\$344)</b>
<b>Entrance Fees Received, Net of Refunds</b>	<b>\$2,277</b>	<b>\$2,621</b>	<b>\$1,063</b>	<b>\$773</b>	<b>\$1,031</b>	<b>\$2,981</b>

- (1) The number of turnover entrance fees received and refunded are rounded for disclosure purposes.
- (2) At the time of acquisition, there are assumed to be \$1.5m in pending refunds due to resident units that have already been vacated at CVW. These refunds are assumed to be funded by the 2017 Note Payable and paid out in FY2018.
- (3) Ninety percent of “new” residents (i.e., move-ins post acquisition) are assumed to be on the declining balance plan. For projection purposes, these contracts are assumed to fully decline and result in a \$0 refund at the time of turnover.



**Summary of Operating Expense Assumptions**

MCV’s operating expenses are based on the FY2017 operating budget, as prepared by LCS, inflated 2.0% and then adjusted by Masonicare for assumed changes in operations post acquisition. The following provides highlights of the major adjustments made by Masonicare with regard to operating expenses:

- Reduction of 1.0 FTE in maintenance and 0.9 FTE in accounting
- Reduction of benefits expense as a percent of wages from 32% in the FY17 operating budget to 30% in the projections
- Increase of \$38,500 in employee onboarding and training expenses in the first year of operations post acquisition (FY2019); reduction of onboarding expenses by \$33,000 starting in FY2019
- Decrease of \$7,500 in general and administrative travel expenses
- Decrease of \$105,000 in insurance expenses
- Decrease of \$48,000 in accounting/payroll expenses
- Replaced ~\$530,000 of marketing expenses in the FY2017 budget with \$500,000 assumed marketing expenses in FY2018 and \$200,000 in FY2019, inflated annually thereafter
- Decrease in real estate tax expense starting in FY2019 associated with receipt of an assumed 75% PILOT rate
- Addition of ~\$5,000 of nursing expense associated with the 10 free nursing days benefit offered under the Type B entrance fee contract

*Staffing*

Staffing is the largest expense item for MCV. Staffing is projected to increase by two FTEs in dining in FY2019 as the vacant units are sold and occupied. The following table illustrates the staffing assumptions for MCV at the close of the acquisition and upon stabilized occupancy:

Table 7 Total FTEs by Department		
Department	FY2018	FY2021
General and administrative	7.12	7.12
Plant	7.38	7.38
Housekeeping	6.44	6.44
Dietary	15.09	17.09
Resident care	3.85	3.85
<b>Total FTE's</b>	<b>39.88</b>	<b>41.88</b>

Wage rates are based off those included in the FY2017 operating budget and are assumed to hold flat until December 1, 2018, at which point they are assumed to begin increasing 2.0% annually. The cost of employee fringe benefits is assumed to be 30% of salaries and wages, based on the historical experience of Masonicare.



*Other Operating Expense Assumptions*

The following highlights other major operating expense assumptions post-acquisition:

- Variable costs, such as utilities and food costs, are assumed to fluctuate with occupancy.
- Management fee expense is assumed to equal 6% of operating expenses from the prior year (excluding interest, depreciation and amortization expense).
- Marketing expenses are assumed to approximate \$500,000 in FY2018, \$200,000 in FY2019 and inflated annually thereafter.
- Real estate tax expenses are assumed to approximate \$253,000 in FY2018, \$195,000 in FY2019 (with receipt of a 75% assumed PILOT rate) and inflate annually thereafter.
- Insurance expense is assumed to approximate \$100,000 in FY2018 and inflate annually thereafter.

Non-staffing operating expenses are assumed to increase 3.0% on October 1, 2018 and annually thereafter throughout the remainder of the projection period.

**Capital Expenditures**

Capital expenditures consist of (1) upgrades to the existing physical plant upon acquisition, and (2) routine upgrades.

*Project Improvements*

MCV has identified certain improvements it would make to the physical plant upon closing of the acquisition. These improvements mainly consist of upgrades to the vacant independent living units, certain enhancements to the common areas (particularly the front entrance and lobby), and landscaping. The preliminary budget for these project improvements is \$4 million and is included in the financing of the acquisition (see the "Summary of Financing Assumptions" section below). It is important to note, however, that this budget reflects a conservative estimate and it is possible that the final budget will come in at a lower amount.

*Routine Capital Expenditures*

Routine capital expenditures are assumed to approximate \$105,000 (i.e., \$1,000/unit) in FY2018, inflated 3% annually and then increased to approximately \$223,000 in FY2020 (i.e., \$2,000/unit in FY2018 year dollars) inflated annually throughout the remainder of the projection period. This level of investment in the physical plant is based on the past experience at the Community, as well as Masonicare's inspection of the facility.

**Summary of Financing Assumptions**

Masonicare is assumed to finance the acquisition of Chester Village with 100% conventional financing through a bank loan (the “2017 Note Payable”). The 2017 Note Payable is assumed to be structured as a revolving line of credit, which would be drawn down at closing to fund the acquisition, and then with periodic draws to fund other identified needs. There would be a three-year interest only period, followed by a 20-year amortization of the outstanding balance.

The 2017 Note Payable is assumed to total \$10.0 million, with allowances for (i) the acquisition price, (ii) capital expenditures to improve the property, (iii) a working capital reserve, (iv) availability for refunds that come due, and (v) closing costs. The interest rate on the bank loan is assumed to be 5.0%.

Sources and Uses for the financing are detailed below:

Table 8 Sources and Uses of Funds			
Uses	\$000s	Sources	\$000s
Acquisition	3,500	Bank Loan - Revolving Line of Credit	10,000
Capital Expenditures	4,000		
Working Capital Reserve	500		
Refunds Reserve	1,500		
Closing Costs	500		
<b>Total Uses</b>	<b>\$10,000</b>	<b>Total Sources</b>	<b>\$10,000</b>

For initial projection purposes, Masonicare has conservatively assumed the financing need will be a maximum of \$10.0 million and that the full amount will be drawn at closing. It is possible that the financing need may be less; it is expected that Masonicare will draw on the line of credit as needed over a two-year period, rather than assume the full borrowing amount at closing as reflected in the initial projections.

**Other Financial Assumptions**

*Project Fund*

At closing of the 2017 Notes Payable, \$4.5 million is assumed to be placed into a Project Fund to be used to fund \$4.0 million in capital expenditures to improve the property during fiscal years 2018 and 2019 as well as a \$500,000 working capital reserve.

*Statutory Operating Reserve Fund*

As required by the State of Connecticut, the projections include an operating reserve escrow account equal to approximately one month of cash operating costs at the Community plus one year of debt service.

*Current Assets and Current Liabilities*

Working capital components have been estimated as follows based the historical experience at MCV and industry standards:

<b>Table 9 Working Capital – Days on Hand</b>		
Cash and cash equivalents	30	days operating expenses
Accounts receivable	11	days operating revenues
Prepaid expenses and other current assets	12	days operating expenses
Accounts payable	13	days operating expenses
Accrued expenses	15	days operating expenses