The filing of the Disclosure Statement with the State Corporation Commission does not constitute approval, recommendation or endorsement of the facility by the State Corporation Commission.
CHANCELLOR’S VILLAGE

ANNUAL DISCLOSURE STATEMENT

Effective September 29, 2012, Chancellor’s Village began offering contracts that do not meet the definition of “continuing care” as defined in Chapter 49 of Title 38.2 of the Code of Virginia. The State Corporation Commission Bureau of Insurance does not review or approve these contracts, and the provider is not required to include them in the disclosure statement. This Annual Disclosure Statement will be distributed only to the Chancellor’s Village residents who entered the community prior to September 29, 2012, as they are still viewed as continuing care residents.

I. Continuing Care Provider

A. Name and Address of the Provider

The Continuing Care Provider (the “Provider”) is SL Chancellor’s Village, LLC (“SL”) and BRE Rook SH Chancellor’s Village LLC (“BRE Rook”). The address of SL is 303 East Wacker Drive, Suite 2400, Chicago, IL 60601. The address of BRE Rook is 222 South Riverside, Suite 2000, Chicago, IL 60606.

The facility (“Chancellor’s Village”) is located at 12100 Chancellor’s Village Lane, Fredericksburg, Virginia 22407.

B. State of Incorporation

SL is organized under the laws of the State of Illinois. BRE Rook is organized under the laws of Delaware.

C. Ownership of the Premises

The fee simple interest in Chancellor’s Village is 100% owned by BRE Rook, which purchased the real property from Welltower, Inc. (previously known as Health Care REIT, Inc.), effective March 8, 2017. BRE Rook has engaged SL to serve as the Provider and has granted SL the right to occupy the CCRC under the terms of a management agreement.

D. Other Parties

SL is a wholly-owned subsidiary of SL Master Lessee II, LLC. SL Master Lessee II, LLC is a wholly-owned subsidiary of Senior Lifestyle Management, L.L.C., a Delaware limited liability company with an address at 303 East Wacker Drive, Suite 2400, Chicago, IL 60601. The managers of SL Master Lessee II, LLC are William B. Kaplan, Jon A. DeLuca, Jerrold H. Frumm and Stephen J. Levy.

Senior Lifestyle Management, L.L.C. is wholly owned by Senior Lifestyle Holding Company, LLC. Senior Lifestyle Holding Company, LLC is owned by K&K Lifestyle Associates, L.L.C. (65%), Declaration of Trust of William B.
Kaplan (7%), Jon A. DeLuca (15%), Jerrold H. Frumm (5%), and Stephen J. Levy (5%), and Justin Robins (3%). Beneficial owners of K&K Lifestyle Associates, L.L.C. are William B. Kaplan, James B. Klutznick and related family entities.

II. Officers, Directors, Trustees, Managing and General Partners and Certain Persons who hold Equity or Beneficial Interest

A. SL has no officers or directors. SL is managed by the following managers who are responsible for SL’s operation, fulfilling essentially the same function as officers and directors:

William B. Kaplan
303 East Wacker Drive, Suite 2400
Chicago, IL 60601

Jon A. DeLuca
303 East Wacker Drive, Suite 2400
Chicago, IL 60601

Jerrold H. Frumm
303 East Wacker Drive, Suite 2400
Chicago, IL 60601

Stephen J. Levy
303 East Wacker Drive, Suite 2400
Chicago, IL 60601

B. Trustees

SL has no trustees.

C. Managing and General Partners

SL has no managing members or general partners.

D. Persons Who Hold Equity or Beneficial Interest

As noted above, SL is a wholly-owned subsidiary of SL Master Lessee II, LLC.

SL Master Lessee II, LLC is a wholly-owned subsidiary of Senior Lifestyle Management, L.L.C., a Delaware limited liability company with an address at 303 East Wacker Drive, Suite 2400, Chicago, IL 60601. The managers of SL Master Lessee II, LLC are William B. Kaplan, Jon A. DeLuca, Jerrold H. Frumm and Stephen J. Levy. Senior Lifestyle Management, L.L.C. is wholly owned by Senior Lifestyle Holding Company, LLC. Senior Lifestyle Holding Company, LLC is owned by K&K Lifestyle Associates, L.L.C. (65%), Declaration of Trust of William B. Kaplan (7%), Jon A. DeLuca (15%), Jerrold H. Frumm (5%), and Stephen J. Levy (5%), and Justin Robins (3%). Beneficial owners of K&K
Lifestyle Associates, L.L.C. are William B. Kaplan, James B. Klutznick and related family entities.

Under the terms of the management agreement mentioned above, payments from BRE Rook SH Chancellor’s Village LLC to SL are tied to the CCRC’s gross revenues.

III. Business Experience of; Acquisition of Goods and Services from; and Criminal, Civil and Regulatory Proceedings Against the Provider; its Officers, Directors, Trustees, Managing and General Partners; Certain Persons who hold Equity or Beneficial Interest; and the Management

A. Description of Specific Business Experience in the Operation or Management of Similar Facilities.

1. The Provider

   The sole member/owner of SL is SL Master Lessee II, LLC. SL’s focus is exclusively the facility, its residents and their needs. The experienced staff of Chancellor’s Village includes Kristen Ellen Hansen, who has been Director/Administrator of the facility since July 9, 2007. A copy of her resume is included at Appendix A.

   SL Master Lessee II, LLC’s sole member, Senior Lifestyle Management, L.L.C., and its affiliates are responsible for the management of more than 181 190 licensed assisted living, nursing and life care operations in 28 states. Senior Lifestyle Management, L.L.C. also operates numerous unlicensed seniors housing communities.

   BRE Rook owns the Chancellor’s Village real property. BRE Rook is a subsidiary of a joint venture between affiliates of Blackstone Real Estate Partners VIII and Senior Lifestyle Corporation. As BRE Rook is ultimately responsible for refunding remaining continuing care entrance fees under the terms of its management agreement with SL and all income and expenses related to Chancellor’s Village are reflected on BRE Rook’s financial statements, BRE Rook is considered a “Provider” under Insurance Bureau guidelines.

2. Any Person Named in the Previous Section

   The managers of SL have extensive experience in the provision of services to the elderly. Copies of the biographical summaries of the managers are attached at Appendix B.

B. Name and address of any professional service firm, association, foundation, trust, partnership or corporation or any other business or legal entity in which such person has, or which has in such person, a ten percent or greater direct or indirect
interest and which it is presently intended will or may provide goods, leases or services to the Provider of a value of $500 or more, within any year.

There are no professional services firms, associations, foundations, trusts, partnerships, corporations or any other business or legal entities in which SL has, or which has in SL, a ten percent (10%) or greater direct or indirect interest which is presently intended to provide goods, leases or services to the Provider of a value of $500 or more in any one year.

C. Description of a matter in which persons listed above have been involved in specific legal proceedings, judgments, or licensure denials.

There is no matter in which any of the above mentioned individuals or entities (i) have been convicted of a felony or pleaded nolo contendere to a criminal charge, or been held liable or enjoined in a civil action by final judgment where the crime or civil action involved fraud, embezzlement, fraudulent conversion, misappropriation of property or moral turpitude; or (ii) are subject to an injunctive or restrictive order of a court of record, or within the past five years had any state or federal license or permit suspended or revoked as a result of such an action brought by a governmental agency or department, arising out of or relating to business activity or health care, including without limitation actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under Chapter 49 of the laws of the Commonwealth of Virginia or similar laws in another state; or (iii) are currently the subject of any state or federal prosecution or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion or misappropriation of property.

IV. Ownership of Real Property

The real property of Chancellor’s Village is owned by BRE Rook, a subsidiary of a joint venture between affiliates of Blackstone Real Estate Partners VIII and Senior Lifestyle Corporation.

V. Location and Description of Real Property

A. Location. Chancellor’s Village is located on an approximately 11-acre site located on State Route 3, two miles west of I-95 at Kilarney Drive, in the geographic boundaries of Fredericksburg, Virginia.

B. Description. Chancellor’s Village consists of buildings which are wood frame construction with brick veneer and wood siding, composition shingle roofs and a combination of asphalt and concrete paving. Interior finishes are consistent with the quality seniors have known in their own single-family homes. The overall design of the project is “Neo Colonial,” characterizing the dominant residential design theme in the area. The scale and detail of the buildings, as well as the choice of materials, replicates items commonly found in single-family homes in the Fredericksburg area. In addition, there are a number of ergonomically designed architectural features and design details which add to creating a pleasing
environment for the senior market, such as lever hardware, emergency response system, minimal walking distances and non-glare lighting. Chancellor’s Village offers 147 independent living units and 40 assisted living units.

VI. Affiliation with Religious, Charitable or Other Non-Profit Organizations and Tax Status of Provider.

A. Affiliations with Religious Organizations

SL is not affiliated with any religious organization. Persons of any faith, as well as those with no particular religious faith, are eligible to be considered for residency.

B. Tax Exempt Status

Neither SL nor BRE Rook is a tax-exempt organization.

VII. Services Provided Under the Continuing Care Contract

A. Services to be Provided Under the Residency Agreement at No Extra Charge

1. Occupancy

Occupancy is provided in a specified Independent Living Apartment. Each Independent Living Apartment is equipped with a fire sprinkler and audio/visual fire alarm system and is furnished with floor coverings, window coverings, self-defrosting refrigerator and freezer with ice maker, range and oven, microwave, dishwasher, garbage disposal, washer, dryer, and emergency call system. Surface parking is provided for use by Residents. Residents have use of the common areas of Chancellor’s Village, including a dining room, multi-purpose activity room, private dining room, lounges, library, crafts room, beauty parlor/barber shop, fitness center, computer room and chapel.

2. Services

Chancellor’s Village provides Residents of Independent Living Apartments with the following services, the cost of which is included in the Monthly Service Fee:

a. Food Service. Breakfast, lunch and dinner is served on a daily basis in the dining room. Residents receive one meal credit for each day of the month (for example, 30 meal credits for June and 31 meal credits for July). Meal credits may be used at any time during the month for Resident meals or for the meals of a guest. Any unused meal credits for a particular month can be used through the 19th of the following month. For Residents who entered Chancellor’s Village prior to September 2009, if a
Resident is absent from Chancellor’s Village for health related reasons, he/she will receive a meal credit allowance in conformance with the Chancellors Village meal credit policy. Additional meals are available at the request of a Resident for an additional fee.

b. **Housekeeping.** Housekeeping of the Independent Living Apartment, including vacuuming, dusting, bathroom and kitchen cleaning and laundering of Resident’s sheets, towels and pillowcases, occurs on a weekly basis.

c. **Utilities.** The costs of sewer, water, heat and air conditioning are included in the Monthly Service Fee. The Independent Living Apartment is centrally wired for cable television and telephone service. Basic cable is included, but broken out on the monthly invoice. Residents are responsible for payment of any installation and monthly service charges for cable television, internet, or telephone service.

d. **Emergency System.** Chancellor’s Village monitors all of the emergency call systems and coordinates emergency responses as appropriate.

e. **Laundry.** Chancellor’s Village provides weekly laundry service of Resident sheets, towels, wash cloths, and pillowcases.

f. **Maintenance.** Chancellor’s Village maintains all common areas and the exterior of the Independent Living Apartment. Chancellor’s Village performs at its expense structural repairs, repairs to the heating and air conditioning systems, electrical and plumbing repairs and repairs to the Independent Living Apartment, provided that such repairs are not required as a result of Resident’s negligence. Residents are responsible for maintenance of their personal property and are encouraged to purchase a renter’s insurance policy.

g. **Transportation.** Chancellor’s Village provides scheduled transportation to designated local shopping centers, social events, medical facilities, places of worship and other destinations.

h. **Social and Recreational Programs.** Chancellor’s Village coordinates a variety of social, recreational, educational and cultural programs on site for Residents who wish to participate.

i. **Wellness Programs.** Educational and screening programs promoting wellness and preventative health maintenance are conducted, including regularly scheduled exercise programs. Involvement in these programs is optional for each Resident.
B. Optional Services Available for an Additional Charge

The following optional services are available on a fee-for-service basis to Residents. A price list of other services, if provided, is available to Residents at the reception desk.

<table>
<thead>
<tr>
<th>Service</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beverage Service</td>
<td>Price quoted on request</td>
</tr>
<tr>
<td>Catering</td>
<td>Price quoted on request</td>
</tr>
<tr>
<td>Meal pick-up Fee</td>
<td>$1.00 per meal</td>
</tr>
<tr>
<td>Tray Service</td>
<td>$10.00 per meal delivery</td>
</tr>
<tr>
<td>Resident and Guest Meals</td>
<td></td>
</tr>
<tr>
<td>(tax included)</td>
<td>Breakfast - $5.50</td>
</tr>
<tr>
<td></td>
<td>Lunch - $7.50</td>
</tr>
<tr>
<td>Children under 8/half price</td>
<td>Dinner - $12.50</td>
</tr>
<tr>
<td></td>
<td>Picnics - $12.50</td>
</tr>
<tr>
<td></td>
<td>Guest Holiday or Brunch - $20.00</td>
</tr>
<tr>
<td></td>
<td>Guest Surf and Turf-$20.00</td>
</tr>
<tr>
<td></td>
<td>Wine by the glass - $4.50</td>
</tr>
<tr>
<td></td>
<td>Beer (bottle/can) - $3.50</td>
</tr>
<tr>
<td>Custom Maintenance</td>
<td>Price to be determined by the Plant Operations Director</td>
</tr>
<tr>
<td>Facsimile Transmissions</td>
<td>$1.00 per page</td>
</tr>
<tr>
<td>Notary Public</td>
<td>Complimentary</td>
</tr>
<tr>
<td>Photocopying</td>
<td>$0.15 per page</td>
</tr>
<tr>
<td>Personal Laundry Service</td>
<td>$12.50/hour plus supplies</td>
</tr>
<tr>
<td>Additional Housekeeping</td>
<td>$15.00/hour plus supplies</td>
</tr>
<tr>
<td>Replacement Apartment Key</td>
<td>$2.50 each</td>
</tr>
<tr>
<td>Replacement Grey Key Fob</td>
<td>$75.00 (non-refundable)</td>
</tr>
<tr>
<td>Replacement ALERT pendant</td>
<td>$100.00 (non-refundable)</td>
</tr>
<tr>
<td>Gate Access Card, 1 per apartment</td>
<td>$25.00 (non-refundable)</td>
</tr>
<tr>
<td>Guest Suite, subject to availability</td>
<td>$100.00 per night</td>
</tr>
<tr>
<td>Cable</td>
<td>$38.00 per month</td>
</tr>
<tr>
<td>Relocation &amp; Refurbishment Fee</td>
<td>$5,000.00</td>
</tr>
</tbody>
</table>

Charges for optional services will be billed to Residents on a monthly basis as provided in the Residency Agreement. The Community reserves the right to change a fee associated with these services upon thirty (30) days’ written notice.

C. Assisted Living

Chancellor’s Village includes an Assisted Living Center, known as Camellia Colony, for persons requiring assistance with activities of daily living, but not nursing care. Admission is dependent upon certain requirements established by the Commonwealth of Virginia. Residents of the Assisted Living Center receive the following services:
1. **Food Service.** Breakfast, lunch and dinner on a daily basis.

2. **Personal Care.** Certified Nursing Assistants and Medication Technicians are available to provide assistance to Residents with medication administration and the activities of daily living specifically limited to and including bathing, dressing, toileting, and transferring as allowed within the rules and regulations of the Commonwealth of Virginia.

3. **Housekeeping and Laundry.** Housekeeping and personal laundry services are provided on a weekly basis. Laundry facilities are also available for Residents to launder their clothing and personal items.

4. **Utilities.** The costs of sewer, water, heat and air conditioning are included in the Monthly Service Fee. Basic cable is included, but broken out on the monthly invoice. Residents are responsible for payment of any installation and monthly service charges for cable television, internet, or telephone service.

5. **Emergency System.** A 24-hour emergency call service is provided and monitored by Chancellor’s Village.

6. **Maintenance.** Chancellor’s Village maintains all common areas and the exterior of the Assisted Living Apartment, provided that such repairs are not required as a result of Resident’s negligence. Residents are responsible for maintenance of their personal property and are encouraged to purchase a renter’s policy.

7. **Transportation.** Chancellor’s Village provides scheduled transportation to designated local shopping centers, social events, medical facilities, places of worship and other destinations.

8. **Social and Recreational Programs.** Chancellor’s Village coordinates a variety of social, recreational, educational and cultural programs for Residents for those who wish to participate.

Chancellor’s Village will provide suites in the Assisted Living Center to persons who are not Residents of Chancellor’s Village but, to the extent permitted by law, Residents of the independent living apartments have priority over nonresidents for admission.

D. Chancellor’s Village has an agreement with Carriage Hill Rehabilitation and Nursing Center for priority admission of Chancellor’s Village residents to the Carriage Hill facility. (See Agreement at Appendix C.)

**VIII. Fees Required of Residents**

There are four types of fees at Chancellor’s Village: (a) a one-time Resident Deposit per apartment, refundable according to a tiered schedule, applicable prior to September 28,
2012 only; (b) a one-time non-refundable Membership Fee; (c) a first and second person Monthly Service Fee; and (d) fees for optional services.

A. **Resident Deposit** *(Applies to residents who entered Chancellor’s Village prior to September 29, 2012)*

Prior to September 29, 2012, new residents paid a Resident Deposit to WSL Chancellor’s Village Investors IV, L.L.C. (“WSL”), the prior owner of the real property of Chancellor’s Village, to help pay for capital costs and other expenses of operating Chancellor’s Village. As of September 29, 2012, the day after Health Care REIT, Inc. assumed ownership of the Chancellor’s Village real property, Resident Deposits are not taken from new residents. SL will honor all terms of the residency agreements, including provisions that relate to the Resident Deposit, with individuals who have paid such deposits. The information below applies to the Resident Deposits taken prior to September 29, 2012. The pre-September 29, 2012 Residency Agreement is attached as Appendix D.

1. **Amount and Refund.** The amount of the one-time Resident Deposit depended on the type of apartment and whether the apartment has a screened-in porch (which required an additional deposit of $800 to $3,750). Resident Deposits generally ranged from $99,500 to $165,500. Ten percent of the Resident Deposit was paid when the Residency Agreement at Appendix D was executed and the balance was paid upon occupancy.

The Resident Deposit is refundable according to a tiered schedule based on the length of the term of the Resident’s residency, upon termination of the Residency Agreement. See the Joinder to Residency Agreement, Appendix I to the Residency Agreement at Appendix D, for a more complete description of the terms of the refund.

In some individual cases, SL may make a proposal to a Resident for return of a Resident Deposit that varies somewhat from the terms set forth in the Residency Agreement, subject to the Resident’s acceptance. Further, the prior policy of refunding 100% of the Resident Deposit will be honored for Residents of Chancellor’s Village who entered prior to SL becoming the Provider.

Information concerning refund of Resident Deposits is summarized as follows:

a. Residents who moved into the community prior to SL’s involvement paid Resident Deposits that are 100% refundable upon the resale of their unit.

b. Residents who moved into the community after February 2006 will be refunded their Resident Deposit upon resale of their unit based on the following schedule:
95% refundable prior to the 1st year anniversary of the lease date
90% refundable after 1st year anniversary
85% refundable after 2nd year anniversary
80% refundable after 3rd year anniversary

c. Residents who moved into the community after July 2006 will be refunded their Resident Deposit based on the following schedule:

90% refundable prior to the 1st year anniversary of the lease date
85% refundable after 1st year anniversary
80% refundable after 2nd year anniversary
75% refundable after 3rd year anniversary

2. Use of Refundable Resident Deposit. The primary purpose of the Resident Deposit was to generate investment income to contribute to the income of WSL, the prior owner of the real property of Chancellor’s Village, to help pay for capital costs and other expenses of operating Chancellor’s Village. As such, any interest income generated from the Resident Deposit was paid to WSL and, as of September 29, 2012 it will be paid to SL. In addition, at the discretion of WSL, Resident Deposits could also have been used to pay for project costs, start-up deficits, debt service, early retirement of debt, construction costs of future expansions, and other purposes deemed appropriate by WSL. SL may use the Resident Deposit interest income for the same purposes. In order to obtain future financing, SL may give the lender a pledge of SL’s gross receipts and revenues, which will include the Resident Deposits.

3. Escrow of Resident Deposit.
   a. All Resident Deposits received from a Resident were maintained in escrow with a bank or trust company, or other escrow agent approved by the State Corporation Commission until the date the Resident was permitted to occupy an apartment. Funds or assets deposited therein were maintained in an account separate and apart from SL’s business accounts.
   
   b. All funds or assets deposited in the escrow account remained the property of the prospective Resident until released in accordance with an escrow agreement. The funds or assets are not subject to any liens, judgments, garnishments or creditor’s claims against the facility or related parties. The escrow agreement may provide that charges by the escrow agent may be deducted from the funds or assets.
c. Notwithstanding any other provision of the Residency Agreement, to the extent new construction is involved at Chancellor’s Village, all funds or assets deposited in escrow shall be released, according to the terms of the escrow agreement, to the prospective Resident from whom it was received (i) if such funds or assets have not been released within three years after placement in escrow or within three years after construction has started, whichever is later (but in any event within six years after placement in escrow unless specifically approved by the state Corporation Commission), or within such longer period as determined appropriate by the State Corporation Commission in writing, (ii) if the prospective Resident dies before occupying a unit, (iii) if the construction of a facility, not yet operating is stopped indefinitely before the facility is completed or (iv) upon rescission of the contract pursuant to provisions in the Residency Agreement or the Virginia Code. If construction of the unit to be reserved has not started within three years after the deposit of funds or assets into an escrow account, the prospective Resident may require the return of such funds or assets unless the Commission determines that construction will begin in a reasonable period of time and the extension of such three year period is appropriate. However, funds or assets subject to release may be held in escrow for an additional period at the mutual consent of SL and the prospective Resident; however, the prospective Resident may consent to such additional period only after his/her deposit has been held in escrow for at least two years.

d. Unless otherwise specified in the escrow agreement, funds or assets in an escrow account may be held in the form received or if invested must be invested in instruments authorized for the investment of public funds.

B. Monthly Service Fee

1. Independent Living Apartments. The amount of the Monthly Service Fee depends upon the independent living apartment type selected. The Monthly Service Fee for single occupancy ranges from $3,700 to $5,905. For double occupancy, an additional $990 is charged. The following table summarizes the fees for independent living apartments as of January 1, 2019.
### Independent Living Apartment Fee Schedule (as of 1/1/2019)

<table>
<thead>
<tr>
<th>Apartment Type</th>
<th>Monthly Service Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madison (One Bedroom Traditional)</td>
<td>$3,700</td>
</tr>
<tr>
<td>Winchester (One Bedroom Deluxe)</td>
<td>$4,105</td>
</tr>
<tr>
<td>Stratford I&amp;II (Two Bedroom Special)</td>
<td>$4,650</td>
</tr>
<tr>
<td>Kenmore I (Two Bedroom Select I)</td>
<td>$4,745</td>
</tr>
<tr>
<td>Kenmore II (Two Bedroom Select II)</td>
<td>$4,870</td>
</tr>
<tr>
<td>Belvedere (Two Bedroom Traditional)</td>
<td>$4,940</td>
</tr>
<tr>
<td>Monroe (Two Bedroom Custom)</td>
<td>$5,290</td>
</tr>
<tr>
<td>Grand Deluxe</td>
<td>$5,585</td>
</tr>
<tr>
<td>Washington</td>
<td>$5,905</td>
</tr>
</tbody>
</table>

| 2nd Person Fee                          | $990                |

2. Assisted Living. The amount of the assisted living Monthly Service Fee depends on the apartment type selected. As of January 1, 2019, the monthly Service Fee for single occupancy in an Ashton (Alcove) Apartment is $5,510. The monthly rate for single occupancy in a Belmont (One Bedroom) Apartment is $5,710. Double occupancy is an additional $1,540 per month. A monthly fee of between $420 and $1,320 for additional personal care services, if needed, will apply.

3. Monthly Service Fee Increases.

   a. Provisions for Rate Increases

      Chancellor’s Village may increase the Monthly Service Fee upon thirty (30) days’ prior written notice to Residents if Chancellor’s Village, in its sole discretion, determines to adjust such fees.

   b. Historical Monthly Service Fee Increases

      (i) Independent Living – There was a 3.5% increase (average $152.50 per one-bedroom apartment and $143.00 per two-bedroom apartment) effective January 1, 2019. There was a 4% increase (average $143.50 per one-bedroom apartment and $224.75 per two-bedroom apartment) effective January 1, 2018. There was a 5% increase (average $141.81 per one-bedroom apartment and $225.65 per two-bedroom apartment) effective January 1, 2017. There was a 5.53% increase (average $97 per one-bedroom apartment and $162 per two-bedroom apartment) effective January 1, 2016. There was a 4.79% increase (average $145 per apartment) effective January 1, 2015.
(ii) Assisted Living – There was a 3.5% increase (average $206.30 per apartment) effective January 1, 2019. There was a 4% increase (average $206.30 per apartment) effective January 1, 2018. There was a 5% increase (average $234.65 per apartment) effective January 1, 2017. There was a 5.26% increase (average $172 per apartment) effective January 1, 2016. There was a 4.83% increase (average $210 per apartment) effective January 1, 2015.

C. Health Insurance Required By Resident

During the term of the Residency Agreement, the Residents are required to enroll in Medicare Parts A, B and D, and any future program that may be offered by Medicare, and to maintain in effect supplemental Medicare insurance coverage. If the Resident does not qualify for Medicare coverage because of age, the Resident will maintain comprehensive health coverage satisfactory to Provider. The Resident agrees to provide evidence of such insurance to the Provider upon request.

D. Changes in Fees Resulting from Changes in Occupancy

1. Double to Single Occupancy. If an Apartment is occupied by two persons and one surrenders possession of the Apartment to the other, the obligations under the Residency Agreement will continue in full legal force and effect as to both persons designated as Resident, except that the Monthly Service Fee will be adjusted to reflect the single occupancy rate then in effect for the Apartment. If a Resident and a nonresident (including any individual a Resident marries while at Chancellor’s Village) desire to share the Apartment, the nonresident may become a Resident and live in the Apartment only if he/she meets the qualifications set for entrance and both persons execute a new Residency Agreement. In such event, charges associated with occupancy will be adjusted to reflect the Monthly Service Fee rates for double occupancy then in effect for the Apartment.

2. Move to Another Living Apartment. If a Resident moves to another Independent Living Apartment he/she will pay a Relocation Fee of $5,000.

3. Moving to a Higher Level of Care.
   a. Temporary Transfer

   If an Independent Living Apartment Resident moves to a higher level of care on a temporary basis and plans to return to his/her apartment, the Resident will be responsible for paying fees then currently in effect for both levels of care.
b. **Permanent Transfer**

If an independent living Resident permanently transfers to a higher level of care and vacates his/her Apartment, the monthly fee will be adjusted to the cost of the higher level of care.

IX. **Reserve Funding**

There will be no reserve funding.

X. **Certified Financial Statements**

BRE Rook’s audited financial statements for the year ended December 31, 2018 and the period from March 8, 2017 through December 31, 2017 are attached as Appendix E. SL’s certified financial statement for the year ended December 31, 2018 is attached as Appendix F.

XI. **Additional Financial Information**

Attached as Appendix G are pro forma income statements for Chancellor’s Village for the 12-month period ending December 31, 2019. Material differences between the Chancellor’s Village pro forma income statement and actual expenses/revenues for the 12-month period ending December 31, 2018 are set forth at Appendix H. At Appendix I is a summary of certain Chancellor’s Village financial information.

XII. **Admission of New Residents**

Chancellor’s Village has established the following admissions policy:

A. **General Requirements**

Each prospective Resident of Chancellor’s Village must submit an application for admission and be able to care for himself or herself and engage independently in the activities of daily living. Prospective Residents must be at least 62 years of age at the time of filing the application. No dependent children may reside in the Community unless otherwise agreed upon by Chancellor’s Village management. A physical examination is not required for admission to Chancellor’s Village.

B. **Financial Requirements**

Chancellor’s Village does not use financial qualification criteria.

XIII. **Access to Facility by Nonresidents**

Chancellor’s Village common areas and amenities are available for use by its Residents and Residents’ invited guests. Residents may reserve dining areas or specified rooms for private parties depending on availability.
XIV. **Anticipated Source and Application of Purchase or Construction Funds**

SL is responsible for the existing operation of Chancellor’s Village. Chancellor’s Village has been an ongoing operation since October 1991. No new construction is involved.

XV. **Procedure for Resident to File a Complaint or Disclose Concern**

Residents shall have the right to file a written complaint or verbally disclose any concern. Complaints and concerns shall be submitted to the Executive Director of Chancellor’s Village. The Executive Director, along with SL’s Board of Managers, will have ultimate authority within the law as well as interpretation of policy and administrative discretion regarding the Resident’s concern, complaint or request. Residents shall receive a response within ten (10) business days. No retaliatory conduct shall be permitted against any Resident for filing a complaint.

XVI. **Other Items**

A. **Potential Imputed Interest Income to Residents**

Under the terms of the form of Residency Agreement used by Chancellor’s Village prior to September 29, 2012, Residents paid a Resident Deposit. Resident Deposits paid to continuing care facilities (which may include Chancellor’s Village) that are refundable may be subject to the Internal Revenue Code provisions governing “below market interest loans.” If so, the Resident will be deemed to have received interest payments as income even though he/she did not in fact receive any money from the continuing care facility. There is some risk that Resident Deposits paid by Residents to WSL could be subject to these provisions.

B. **Right of Organization**

Residents shall have the right of self-organization. No retaliatory conduct shall be permitted against any Resident for membership or participation in a Residents’ organization or for filing any complaint. Chancellor’s Village shall be required to provide to the Resident’s organization a copy of all submissions to the Commission.

The SL Board of Managers, its designated representative or other such governing body of Chancellor’s Village shall hold meetings at least quarterly with the Residents or representatives elected by the Residents of Chancellor’s Village for the purpose of free discussion of issues relating to Chancellor’s Village. These issues may include matters as they apply to Chancellor’s Village and proposed changes in policies, programs, facilities and services. Residents shall be entitled to seven days’ notice of each meeting.
EDUCATION: Bachelor of Science (Cum Laude) in therapeutic recreation, Longwood College, Farmville, Va.

WORK EXPERIENCE:

July 2007 to Present: **Executive Director**, Chancellor’s Village, Fredericksburg, Va.:
- Oversee the day-to-day operations of the 147 independent living apartment and the 40 assisted living suite retirement community
- Supervise staff of 90 and manage a $8,000,000.00 budget
- Maintain all local, state and federal licenses
- Cultivate working relationships with residents and families of residents for purposes of retention and improvement of quality of life at the community
- Serve as the public face of the company and interact with local organizations
- Successfully developed and implemented a business plan for a new pricing structure and marketing campaign
- Selected for and attended the prestigious 2\(^{nd}\) annual Senior Lifestyle Corporation School of Executive Development (October 2012). Only six applicants selected from the organization.
- Recruited to be an Executive Director Mentor in 2012 with the ongoing responsibility of training new Executive Directors on all standards and systems; providing comprehensive orientation and ongoing support.
- Selected by the Executive, Senior and Regional, leadership of Senior Lifestyle Corporation to participate in a 1 year position on an elite Executive Director Roundtable Committee to share ideas, exchange best practices, and review new initiatives and their impact on our communities (April 2015).

March 2007 to June 2007: **Executive Director**, HeartFields Assisted Living at Fredericksburg, Fredericksburg, Va.:
- Was responsible for the overall management, leadership, growth, and profitability of the 85 resident facility
- Supervised 135 employees and managed an annual budget of $2,750,000.00
- Planned, developed, directed, monitored, and supported all of the facility’s programs and services to ensure quality and consistency with company standards and state and federal regulations

June 2005 to March 2007: **Marketing Director**, HeartFields Assisted Living at Fredericksburg:
- Increased the overall awareness of the retirement community among target audiences in the Fredericksburg area through internal and external marketing and special events
- Built and maintained the overall census of the community - for the entire period, I maintained an average daily census in excess of the budgeted occupancy rate.

March 1999 to May 2005: **Marketing Director**, Woodmont Center, Genesis Eldercare, Fredericksburg, Va.:
- Responsible for all external marketing, daily census reports and monthly admission reports submitted to corporate office at a 120 resident facility
- Reviewed referrals and coordinated admissions with patients and families
- Negotiated managed-care contracts and credentialing with insurance companies
- Acted as liaison between the center and area hospitals
- Administered petty cash and checking accounts and submitted accounts payable
Resume’ – Hansen, Kristen Ellen

- Advertised, interviewed and hired new employees for various positions and developed employee orientation program
- Acted as consultant to the activities department and served as special events coordinator
- Acting Administrator for the State Survey in 2002
- Conducted all customer satisfaction, room rate and salary surveys
- Supervised, coordinated and organized renovation/redecorating of facility in 1999

**July 1990 to month September 1993: Consultant, Casual/Part-time Employee,** Beverly Enterprises’ Fredericksburg Nursing Home, Fredericksburg, Va.:

- Served as consultant for the activities department: responsible for interviewing, hiring and training staff; formally evaluated the activities department; provided in-service presentations and updated departmental policies and procedures
- Assisted the administrator with facility-wide survey of 172 residents
- Performed audits for various departments and provided written results for use in improving systems

**April 1989 to June 1990: Executive Director,** Beverly Enterprises’ Fredericksburg Chateau, Fredericksburg, Va.:

- Promoted to position after working at company’s Fredericksburg Nursing Home
- Responsible for all aspects of day-to-day operations of a32 bed licensed facility, including accounts receivable and payable; marketing; developing and managing the operational budget; maintaining a full census; maintaining all client medical and financial records; and ordering all supplies
- Assured that the physical plant was kept in good condition and that a high standard of cleanliness and an elegant appearance were maintained
- Hired, scheduled, supervised, and provided training for all 12 staff members
- Ensured adherence to all corporate and governmental regulations

**March 1988 to March 1989: Activities Director,** Beverly Enterprises’ Fredericksburg Nursing Home:

- Supervised 2 staff members
- Organized a volunteer program that included recruiting, screening, orienting and supervising volunteers
- Utilized community resources in the activity programs and encouraged local organizations to include residents in their events
- Planned the recreation program, including developing a formal philosophy and policies
- Coordinated and posted the monthly activities calendar that included creative, intellectual, physical, service, social, and spiritual programs
- Provided resources for special interests of residents as well as materials for independent activities
- Developed individualized recreation plans based on each resident’s needs, interests and abilities
- Developed, documented and evaluated all residents’ goals, approaches and progress
- Conducted and maintained records on all group, individual and volunteer activities
- Assured compliance with all company and governmental standards

**July 1987 to March 1988: Assistant Director/Activities Director,** Potomac Point Healthcare Center, Fredericksburg, Va.:

- Helped to develop programs, schedules and the application for licensure as a new Assisted Living Facility for 41 residents
- Scheduled interviews and hired staff members
- Located vendors and set up accounts for needed supplies
- Marketed the center to potential residents
- Assured compliance with all licensure regulations

**PROFESSIONAL AFFILIATIONS:**
Resume’ – Hansen, Kristen Ellen

- Advisory Board Council member for the Alzheimer’s Association office in Fredericksburg
BIOGRAPHIES

**William B. Kaplan - Chairman of the Board**

Bill Kaplan is Chairman and Co-founder of Senior Lifestyle and its affiliated companies. Prior to founding Senior Lifestyle in 1985, Bill served as a Managing Partner of Romanek-Golub and Company where he was involved in all real estate transactions and was responsible for the Residential Marketing and Management Divisions. Before joining Romanek-Golub in 1971, Bill was Vice President/General Manager of Greyhound Food Management, Inc., responsible for its Midwest Hospitality and Food Service Program. Bill has served on numerous boards and committees and has received numerous awards, including: President of Meal on Wheels Chicago; Chairman Emeritus 2001-2003 and member of the Executive Committee for the American Seniors Housing Association; Member of the Institute of Real Estate Management, holding their Certified Property Manager Designation; Former Member of the Board of Directors of Shelby Williams Industries, a New York Stock Exchange Company; President Emeritus and Former Member of the Executive Board of The Chicago Fund on Aging and Disability; Former Vice Chairman of the Board of the YMCA Lawson House, Chicago’s largest single-room occupancy hotel; Recipient of the 1997 National Council on Aging’s Distinguished Achievement Award; Recipient of the city of Chicago’s 2001 Luminary Senior Award; Recipient of the Chicago Association of Realtors 2007 Hall of Fame Award. In 2017, Bill was awarded the Lifetime Achievement Award from the American Seniors Housing Association. Bill holds a Bachelor of Science Degree in Food Service and Management from Pratt Institute and an Associate in Applied Science Degree in Hotel Administration from New York City Technical College.

**Jon DeLuca - President & Chief Executive Officer**

Jon DeLuca is the President and Chief Executive Officer of Senior Lifestyle and its affiliated companies. Jon oversees every aspect of Senior Lifestyle’s organization and mission for its portfolio of nearly 190 seniors housing communities. Working closely with his senior management team, he leads the development and execution of company’s long term strategy and growth through acquisitions and new development. Jon has over 19 years in the senior housing industry with keen insight of the competitive landscape, opportunities for expansion, customers, markets, and new industry developments and standards. This expertise establishes and guides the operations of our first-class senior living communities. He previously served as Chief Financial Officer of Senior Lifestyle from July 1998 to June 2001. Prior to rejoining Senior Lifestyle in 2011, Jon spent nine years as the Co-President and Chief Financial Officer of Horizon Bay Retirement Living. Previously, he served as Chief Financial Officer of Allied Capital Corporation, a provider of senior debt and mezzanine finance to small and medium size companies. Jon is a former member of the Owner/Operator Advisory Board to the National Investment Center for Seniors Housing & Care Board of Directors. Jon also was a member of Argentum’s Board of Directors for the past 6 years and is currently a Board of Director with the Senior Living Certification Commission. He is also a frequent speaker at seniors housing industry conferences. Jon graduated from The University of Texas at Arlington with a Bachelor of Business Administration in Accounting. He is a certified public accountant in the Commonwealth of Virginia.
Jerrold Frumm - Vice Chairman & Chief Investment Officer

Jerry Frumm is the Vice Chairman and Chief Investment Officer of Senior Lifestyle. In this role Jerry serves as the Chairman of the Senior Lifestyle Investment Committee which reviews all investment activities for the company. Jerry has been associated with Senior Lifestyle since its inception in 1985. During his tenure, Jerry has been involved in all phases of the development and acquisition of Senior Lifestyle communities and has closed on innumerable debt and equity transactions. Jerry is responsible for key relationships with Senior Lifestyle’s diversified base of capital partners. Jerry is an attorney who has practiced with both the state and federal governments. He is a member of the Chicago Bar Association and he also currently serves as a member of the Public Policy Committee on The American Seniors Housing Association. Jerry holds a Bachelor of Arts Degree from The Ohio State University and a Law Degree from Washington University School of Law. He is also a licensed real estate broker.

Stephen Levy - Executive Vice President & General Counsel

As Executive Vice President and General Counsel, Steve Levy oversees all legal issues regarding Senior Lifestyle and its affiliates including matters related to corporate structure, contracts, licensing, operations, human resources, acquisition and development. Steve also supervises and coordinates the involvement of outside legal counsel in corporate, acquisition, litigation, finance and related issues and has closed on numerous financing, refinancing, and joint venture transactions. Prior to joining Senior Lifestyle, Steve served as a real estate associate at the law firm of Katten Muchin Rosenman LLP in Chicago where he negotiated, drafted and closed real estate purchase and sale agreements, leases, loan agreements and related documents while representing banks, private equity lenders and public and private companies in real estate related transactions and financing. Prior to joining KMZ, he served as a litigation and environmental associate at the law firm Montgomery, McCracken, Walker & Rhoads in Philadelphia, Pennsylvania. Steve holds a Bachelor of Arts Degree (with High Distinction) from The University of Michigan and a Law Degree from The Law School at the University of Pennsylvania. Steve is a member of the Illinois State Bar Association and a member of the Argentum Governmental Affairs and Legal Executive Roundtable. Steve also served on the Executive Board of Meals on Wheels Chicago for over 7 years and has been affiliated with Meals on Wheels Chicago for over 15 years.
PRIORITY ADMISSION
AND CARE AGREEMENT

This Priority Admission and Care Agreement (this "Agreement") is made as of the
day of September, 2009 by and between Chancellor's Village ("Facility") and Carriage
Health and Rehab.

RECITALS

A. Facility operates a retirement community for senior citizens. The tenants of
Facility shall be referred to collectively in this Agreement as the "Tenants" or individually as
a "Tenant."

B. Nursing Home operates a nursing facility located at

C. The parties hereto desire to provide for priority admission of the Tenants into
Nursing Home if and when said Tenants require the level of nursing care provided by Nursing

AGREEMENTS

In consideration of the foregoing, as well as the mutual promises set forth below, the
parties agree as follows:

1. Preamble/Recitals. The Preamble and Recitals set forth above are by this
reference incorporated in and made a part of this Agreement.

2. Priority Admission Status. Nursing Home shall grant priority admission status to
the Tenants in the event any such Tenant requires the level of nursing care provided by Nursing
Home. “Priority Admission Status” entitles Facility’s Tenants to priority status for the first bed available in a semi-private room at Nursing Home.

3. **Tenant Care and Rights.** Upon admission of any Tenant to Nursing Home, Tenant shall make such disclosures, enter into such contracts and obtain such consents as are required by Nursing Home. Nursing Home shall provide any Tenant under Nursing Home’s care with the same care and services provided to other residents of Nursing Home. In the event a Tenant’s condition changes so as to require hospital treatment or more specialized care than that provided by Nursing Home, Nursing Home shall assist the Tenant in obtaining placement in an appropriate hospital or specialized care facility.

4. **Length of Tenant Care.** Provided Nursing Home continues to receive payment for the provision of such care as provided in Section 5 hereof, Nursing Home shall provide any Tenant admitted to its facility with the nursing care required by said Tenant for as long as such care is required, regardless of whether this Agreement terminates.

5. **Payment.** Facility shall have no financial obligation for Tenant’s stay at Nursing Home.

6. **Term of Agreement.** This Agreement shall commence on the date written above and continue until terminated in accordance with the terms herein. Either party may terminate this Agreement upon ninety (90) days' written notice to the other party. This Agreement shall terminate automatically should either party have its license or permit to operate, as applicable, revoked or suspended or is unable to renew such license or permit. In the event that Nursing Home’s license to operate is revoked, suspended or not renewed, Nursing Home shall notify
Facility of said revocation, suspension or non-renewal, and shall assist any Tenant then in its care in obtaining placement in a duly licensed nursing facility approved by Facility.

7. **Warranties.** Nursing Home warrants that it has obtained the licenses, permits and other government approvals necessary for the operation of a nursing facility, that its staff members have obtained all necessary licenses, permits, certifications and approvals required to perform their duties and that it carries insurance of such types and in such amounts as is customary and prudent in the nursing home industry.

8. **Integration.** This Agreement constitutes the complete understanding between the parties. No modification of this Agreement's provisions shall be valid unless signed by both parties.

9. **Severability.** If a court of competent jurisdiction adjudicates any one or more of this Agreement's provisions as invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any of this Agreement's other provisions, and this Agreement shall be construed as if it had never contained such invalid, illegal or unenforceable provision.

11. **Non-Assignability.** Nursing Home hereby agrees that the obligation to provide services under this Agreement cannot be assigned by Nursing Home.

12. **Waiver.** No waiver of any provision of this Agreement shall be valid unless in writing and signed by the person or party against whom the waiver operates.

13. **Successor Parties.** This Agreement shall be binding on and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns and may be exercised by their attorney or agent.
14. **Headings.** The section headings in this Agreement are for convenience only and shall not be used to construct or interpret this Agreement.

15. **Non-Discrimination.** Nursing Home shall not discriminate against Tenant or any tenant in the provision of services hereunder or in any other manner, on the grounds of race, color, creed, religion, sex, age, national origin, handicap or because of membership in a class, or against any qualified individual with a disability because of the disability of such individual in regard to job application procedures, the hiring, advancement, or discharge of employees, employee compensation, job training, or other terms, conditions or privileges of employment.

16. **Applicable Law.** This Agreement shall be governed by and construed in accordance with laws of the State of Virginia.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**CHANCELLOR’S VILLAGE**

By: [Signature]

Its: Executive Director

**CARRIAGE HILL**

By: [Signature]

Its: Administrator
RESIDENCY AGREEMENT

BY AND BETWEEN SL CHANCELLOR'S VILLAGE, LLC

(DOING BUSINESS AS CHANCELLOR'S VILLAGE) AND

______________________________

DATED ________________________, 2012
NOTICE OF RIGHT TO RESCIND

DATE RESCISSION PERIOD BEGINS

YOU MAY RESCIND AND TERMINATE YOUR RESIDENCY AGREEMENT, WITHOUT PENALTY OR FORFEITURE, WITHIN SEVEN (7) DAYS OF THE ABOVE DATE. YOU ARE NOT REQUIRED TO MOVE INTO THE FACILITY BEFORE THE EXPIRATION OF THIS SEVEN (7) DAY PERIOD. NO OTHER AGREEMENT OR STATEMENT YOU SIGN SHALL CONSTITUTE A WAIVER OF YOUR RIGHT TO RESCIND YOUR AGREEMENT WITHIN THE SEVEN (7) DAY PERIOD.

TO RESCIND YOUR RESIDENCY AGREEMENT, MAIL OR DELIVER A SIGNED AND DATED COPY OF THIS NOTICE, OR ANY OTHER DATED WRITTEN NOTICE, LETTER OR TELEGRAM, STATING YOUR DESIRE TO RESCIND TO CHANCELLOR'S VILLAGE, NOT LATER THAN 5:00 P.M. OF:

DATE RESCISSION PERIOD ENDS

PURSUANT TO THIS NOTICE, I HEREBY CANCEL MY RESIDENCY AGREEMENT.

DATE

PROSPECTIVE RESIDENT'S SIGNATURE
RESIDENCY AGREEMENT

This Residency Agreement (this "Agreement") is made by and between SL Chancellor's Village, LLC, doing business as Chancellor’s Village (hereinafter, the “Community”) and ______________________ (referred to singly or together, if applicable, as “You”) and is effective as of ______________________, 20__.

RECITALS

A. The Community is located at 12100 Chancellor’s Village Lane, Fredericksburg, VA 22407. You have applied for accommodations in the Apartment at the Community, and the Community has accepted your application.

B. The portion of the Community in which You will reside is an unlicensed senior community.

C. The Community is operated on a non-discriminatory basis and affords equal treatment and access to services to all eligible persons.

D. The purpose of this Agreement is to provide a statement of the services that will be furnished to You at the Community, and the other legal obligations that the Community will assume. This Agreement also sets forth your legal obligations to the Community, both financial and non-financial.

FOR CONSIDERATION RECEIVED, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGreements

1. ACCOMMODATIONS AND SERVICES.

Beginning on the date that You move in to the Community (your “Move-In Date”), the Community shall provide the following accommodations and services to You, subject to the terms and conditions contained within this Agreement.

A. Accommodations.

1. Your Apartment. You will reside in Apartment Number __________ at the Community (the “Apartment”). You may occupy and use the Apartment on a year-to-year basis, subject to the terms of this Agreement, the Community’s most current rules and regulations, and the most current version of the Resident Handbook, a copy of which is attached hereto as Exhibit C. You will furnish the Apartment with your own furniture. You or your estate will be responsible for removing all of your furnishings when the Apartment is vacated.
2. **Decoration and Alterations.** You are free to decorate the Apartment as You wish provided that You comply with the safety rules of the Community. You may not make any structural or physical changes to the Apartment, including changing paint colors, unless expressly approved in writing by the Community. Upon installation, any such alterations or improvements shall become the property of the Community. You may not change any lock or add any lock or locking device to the Apartment without the prior written consent of the Community. Any changes or modifications to the Apartment that require the assistance of electricians, contractors or similar professionals must be approved in advance by the Community. If You obtain such approval, You will be responsible for restoring the original décor when the Apartment is vacated, unless the Community specifically exempts You from this requirement in writing.

**B. Basic Services.**

The services set forth in Exhibit A, which is attached to this Agreement and made a part of it, are included in the Monthly Services Fee. There will be an extra charge for the services set forth in attached Exhibit B, which is incorporated herein by this reference. The Community reserves the right to change the fees associated with the services set forth on Exhibit B upon thirty days advance written notice.

1. **Meals.** Your Monthly Services Fee includes one meal credit (for each of You, if there are two residents set forth in this Agreement) for each day of the month (for example, 30 meal credits for June and 31 meal credits for July). Breakfast, lunch and evening dinner will be served daily at the Community and You may purchase additional meals for an extra charge. You may also purchase guest meals or use accumulated meal credits at any time during the current month for your meals or for guest dining. Any unused meal credits can be used through the 15th of the following month. The Community will provide tray service to your Apartment for an extra charge as set forth in Exhibit B. You may invite guests to any meal - please see the Resident Handbook, attached to this Agreement as Exhibit C, for further details. There will be an extra fee for guest meals as set forth in Exhibit B.

2. **Activities.** As part of your Monthly Services Fee, the Community will coordinate social, recreational, educational, and cultural programs for residents at the Community. You are welcome to participate in such activities as desired so long as You execute a liability waiver. An additional charge may apply to activities outside of the Community.

3. **Common Areas.** As part of your Monthly Services Fee, You can use the general purpose rooms of the Community, such as lounges, craft rooms, library, and meeting rooms, as applicable.

4. **Transportation.** As part of your Monthly Services Fee, the Community will make available scheduled transportation to designated shopping, social events, medical facilities, places of worship and other local destinations. The Community’s staff can provide You with schedules and destinations for the regular transportation service. Transportation is available on a first come-first served basis to doctor’s appointments on scheduled days at a charge as set forth in Exhibit B. All other transportation is your responsibility.
5. **Maintenance.** The Community shall maintain in good order and repair all plumbing, toilet facilities and other fixtures installed for the general supply of hot and cold water, heat and electricity.

6. **Housekeeping Services.** As part of your Monthly Services Fee, You will receive the housekeeping services set forth in Exhibit A. All other housekeeping services will be provided for an extra charge as set forth in Exhibit B.

7. **Personal Supplies.** You shall provide your own supplies for personal care and hygiene.

8. **Emergency Response and Fire Protection.** Your Apartment will be equipped with an emergency call system and smoke detector. The call system is monitored twenty-four (24) hours per day to alert staff to emergencies and illnesses. In the event of an emergency, You may also call the police, paramedics or fire department, as appropriate, by dialing 911.

9. **Parking.** If You own a car and maintain a current valid drivers license, registration and insurance, the Community will provide You with the use of a parking space, provided that such space is available. This parking space will accommodate only standard size automobiles and may not be used for parking campers, trucks (other than standard sport utility vehicles) or other vehicles.

**C. Advance Notice for Changes in Scope of Services.**

The Community will provide at least thirty days advance notice, before any change in the scope of care or services may be effective, except for changes required by state or federal assistance programs.

2. **Resident's Capacity for Residential Apartment Living**

The portion of the Community in which You reside ("Residential Housing") consists of residential apartments with convenience services designed for persons who are capable of providing for their own health care and personal care needs. The portion of the Community in which You reside is not licensed to offer and does not offer assistance with medications, bathing, dressing, mobility needs, or other personal care activities. You represent to the Community that You are capable of providing for your own health care and personal care needs and will provide for all such needs so long as You reside in Residential Housing.

Initial
A. Transfer Due to Care Needs.

If at any time You become incapable of providing or fail to provide for your health care or personal care needs, or if You develop a physical or mental condition that creates a danger to others, You agree to move promptly out of your residential Apartment and into either a licensed portion of the Community or an appropriate outside accommodation of your choice. Any determination that You are required to move for the reasons set forth in this paragraph shall be made in the sole judgment of the Community, in consultation with You and a physician or family member of your choice.

B. Private Duty Personnel.

All outside caregivers, companions, private duty aides and other personnel employed or retained by You to render services at the Community shall be subject to the Community’s Rules and Regulations, Resident Handbook, general policies and the Requirements for Private Duty Attendant Providing Services at Chancellor’s Village which is attached hereto as Exhibit D.

________________________________________
Initial

C. Release from Responsibility for Your Care.

It is your responsibility to provide for your own health care and personal care needs so long as You reside in Residential Housing. The Community is not a locked or gated community and the Community assumes no liability or responsibility for your actions on or off Community property. You hereby indemnify, hold harmless and release the Community and its members, officers, directors, agents, and employees, from any and all liability, cost, and responsibility for injury and damage, including attorneys’ fees, arising from your failure to obtain, or from the failure of others to furnish, appropriate health care or personal care services, and from all injury and damage which could have been avoided or reduced if such services had been obtained or furnished.

________________________________________
Initial

3. TERM.

This Agreement has a term of ________________ months from the effective date set forth above (the “Initial Term”), unless earlier terminated as provided in Paragraph 11 below. Following the end of the Initial Term, and provided that You are not in default under this Agreement, this Agreement shall automatically renew for additional one (1)-year terms, unless either party sends a written notice of termination to the other party in accordance with Paragraph 11.
4. RESIDENCY DEPOSIT.

You shall make a one-time, nontransferable, non-interest bearing deposit (the "Residency Deposit") to WSL Chancellor's Village IV, L.L.C, the owner of the Chancellor's Village real estate, in accordance with the terms and conditions set forth in the Joinder to Residency Agreement attached hereto as Appendix 1.

5. COMMUNITY FEE.

You shall pay, as additional rent, a one-time Community Fee of Six Thousand and No/100 Dollars ($6,000.00) (the "Community Fee") to the Community concurrently with the execution of this Agreement, which covers the costs of reviewing your application and costs associated with planned activities. If You terminate this Agreement at any time or for any reason after the execution of this Agreement, or if the Community terminates this Agreement at any time or for any reason after the execution of this Agreement (in accordance with the terms of this Agreement), the Community shall retain the entire amount of the Community Fee.

6. MONTHLY SERVICES FEE.

You agree to pay to the Community a Monthly Services Fee during the term of your residency in the amount of ________________ Dollars ($_______) (the "Monthly Services Fee"). This amount is due and payable monthly in advance by the first (1st) day of each calendar month and the obligation to pay the Monthly Services Fee shall begin on the date hereof. Your right to occupy and use the Apartment and to receive other services as set forth under this Agreement is contingent upon your timely payment of the Monthly Services Fee. If someone other than You will be paying for your stay at the Community, such obligations will be paid by ________________ (insert the name of the resident's family member, or resident's responsible party) who agrees to and acknowledges their financial responsibility related to this agreement by their signature hereon. You acknowledge that ________________'s non-payment of any fees due pursuant to this Agreement shall not relieve You of any obligation to pay such fees and that You shall remain liable for all such charges. In the event that the Monthly Services Fee or other fees that You owe are not paid to the Community by the sixth (6th) day of the month, the Community reserves the right to begin collection and/or eviction proceedings, as well as to pursue any other remedies that the Community may have either at law or in equity. Payment of the Monthly Services Fee will entitle You to the use of the Apartment during the term of this Agreement and to the services and accommodations described in Exhibit A. The Community may adjust the Monthly Services Fee, for any renewal period hereof, upon thirty (30) days prior written notice to You.

7. LATE CHARGE.

You will be required to make all payments due to the Community in a timely manner and otherwise fulfill your financial obligations to the Community. If You fail to make your payments in a timely manner, the Community may terminate this Agreement pursuant to Paragraph 11(B). Additionally, the Community may charge a late payment fee of Seventy Five and No/100 Dollars
($75.00), plus interest at the maximum legal rate allowed by law, if the Monthly Services Fee or any other fee due under this Agreement is not paid by the sixth (6th) day of the month.

8. CHANGE OF ACCOMMODATIONS.

The Community reserves the right and authority to determine and make all arrangements regarding residency relating to You and other residents, including admission, termination of this Agreement, and adjustments in rates and accommodations consistent with state law and the Community’s policies.

A. Dual Occupancy.

If You and a nonresident (including any individual You marry while at Chancellor’s Village) desire to share the Apartment, the nonresident may become a Resident and live in the Apartment only if he/she meets the qualifications for entrance set forth in Section 2 and both persons execute a new Residency Agreement. In such event, charges associated with occupancy will be adjusted to reflect the new Community Fee, if applicable, and Monthly Service Fee rates for double occupancy then in effect for the Apartment. If the non-resident does not meet the qualifications for entrance, he/she may not reside at Chancellor’s Village.

If two of You reside in the Apartment and one of You dies or vacates the Apartment (whether voluntary or involuntary) during the term of this Agreement, this Agreement shall continue in full force and effect with respect to the remaining resident. The remaining resident may stay in the Apartment upon payment of the then-current Monthly Services Fee for the Apartment and other applicable fees (which shall, from that time, not include a second occupant fee if such fee was included in the Monthly Services Fee hereunder). If the remaining resident wishes to move to an apartment designed for single occupancy and a single apartment is available, he or she may do so upon paying the then-current Monthly Services Fee for single occupancy of that apartment together with a Five Thousand and No/100 Dollar ($5,000.00) non-refundable moving fee.

B. Move to New Apartment.

If You wish to change apartments within the Community, You shall be responsible for payment of a Five Thousand and No/100 Dollar ($5,000.00) non-refundable moving fee together with all costs and fees associated with the physical move of your belongings to your new apartment as well as any costs and expenses associated with the repair or cleaning of the Apartment from which You are moving (reasonable wear and tear excepted). If You move to a larger apartment, You will pay the difference between the Residency Deposit You paid pursuant to Section 4 and the Residency Deposit required for the larger apartment as of the date of your occupancy of the Apartment. If You move to a smaller apartment, You will receive a refund of the difference between the Residency Deposit You paid pursuant to Section 4 and the Residency Deposit required for the smaller apartment as of the date of your occupancy of the Apartment.
Move to a Higher Level of Care

1. **Temporary Transfer.** If You move to a higher level of care on a temporary basis and plan to return to your Apartment, You will be responsible for paying fees then currently in effect for both levels of care.

2. **Permanent Transfer.** If You permanently transfer to a higher level of care and vacate your Apartment, the monthly fee will be adjusted to the cost of the higher level of care. You will not receive a refund of the Resident Deposit until such time as the previous Apartment is reoccupied and any rescission period in the new residency agreement has passed.

C. **Absences from the Community.**

If You are temporarily absent from the Community, You will continue to be responsible for the Monthly Services Fee and other charges due under this Agreement with the exception of the second person fee, if applicable.

9. **ACCESS TO YOUR APARTMENT.**

The Community’s staff may enter your Apartment for any reasonable purpose, including, but not limited to, performing maintenance-related tasks and other services described in this Agreement. Every effort will be made to notify You that a Community employee will enter or has entered the Apartment for non-routine events.

10. **YOUR RIGHTS AND RESPONSIBILITIES**

A. **Rules and Regulations and Resident Handbook.**

You agree to abide by and conform to the rules, regulations, policies and principles as they now exist for the operation and management of the Community and such amendments to the above as the Community may subsequently adopt in its sole discretion. A copy of the Community’s Rules and Regulations, which are part of the Resident Handbook, is attached to this Agreement as **Exhibit C** and made a part of it. By your execution of this Agreement, You acknowledge receipt of such Rules and Regulations which are included in the Resident Handbook and You agree to abide by the most current version of the Rules and Regulations and the Resident Handbook.

B. **Loss/Theft and Insurance.**

The Community shall not be responsible for the loss of any property belonging to You or to your estate due to theft or any other cause for any reason. You are responsible for providing any insurance to protect against such losses at your own expense. You are strongly urged to procure insurance including health, life, disability, property, renter’s and, if applicable, motor vehicle insurance for your own protection.
C. Absences.

You are free to leave the Community at any time that You wish, but the Community cannot be responsible for any obligations or expenses incurred by You at such time. As stated above, You will continue to be responsible for the Monthly Services Fee and other charges due under this Agreement with the exception of the second person fee, if applicable.

D. Motorized Cart Policy.

You may operate a motorized cart at the Community, subject to the conditions and restrictions set forth in the Rules and Regulations, the Resident Handbook, the Community’s Motorized Cart Policy and with the Executive Director’s prior written approval. You hereby agree to operate your motorized cart in a safe manner and to pay for any damage to Community property or the property of others caused as a result of the use or operation of your motorized cart. The Community’s Motorized Cart Policy is attached to and made a part of this Agreement as Exhibit E.

E. Pets.

Your pet may be allowed at the Community subject to the rules and regulations of the Community and the terms and conditions set forth in the Resident Handbook. You are responsible for caring for your pet’s needs and for ensuring that your pets do not disturb other residents or employees at the Community or cause any damage to your apartment. You must comply with Chancellor’s Village’ requirements as outlined in the Resident Handbook regarding your options if you need assistance in caring for your pet.

11. TERMINATION OF AGREEMENT

A. Termination By You.

1. Prior To Occupancy. You will be entitled to full reimbursement of all amounts paid to the Community and will be released from liability to pay the Community any other amount under this Agreement under any one of the following conditions:

   (i) If You terminate this Agreement within seven days from the later of the date on which You signed the Agreement or paid the initial Community Fee or Monthly Service Fee, or

   (ii) If prior to occupying the Apartment, You either die or become incapable (because of illness, injury, or other physical or mental incapacity) of occupying the Apartment consistent with the representations made by You in this Agreement; or

If You terminate this Agreement prior to the date You occupy your Apartment and for reasons or conditions other than those described above, You will be entitled to a reimbursement of all amounts paid to the Community, less a $500 administrative fee, and shall be relieved of further liability to pay a Community Fee or Monthly Service Fees under this Agreement. The Community will pay the refund due to You under this Paragraph 11 within thirty (30) days of the effective date of termination of this Agreement.
2. **After Occupancy.** You may terminate this Agreement at the end of the __________ (____th) month from the commencement date of this Agreement or at the end of any subsequent twelve (12) month period by giving sixty (60) days advance written notice to the Community. You will continue to be responsible for your Monthly Services Fee and any other fees payable under this Agreement until the sixty (60) day period has expired or until You have vacated your Apartment as described in Paragraph 11(D) below, whichever is later. Notwithstanding the foregoing, if at any time You become incapable of providing or fail to provide for your health care or personal care needs due to a change in health condition as verified by your physician in writing, or if you develop a physical or mental condition that creates a danger to yourself or others as verified by your physician in writing, and You desire to terminate this Agreement for such reason and move out of your Apartment, this Agreement will terminate on the day that (a) You move into a licensed portion of the Community, or (b) is the 30th day following the date that You provide notice of your intent to move together with a physician’s verification.


Initial

---

**B. Termination By the Community.**

The Community may terminate this Agreement for good cause, in its discretion and in accordance with Virginia law, if any of the following events occur:

1. You fail to pay the Monthly Services Fee or any additional charges for services that You have requested within ten (10) days after the due date, including non-payment for reasons related to your financial difficulties;
2. Proof that You are a danger to yourself or others;
3. Repeated conduct by You that interferes with other resident’s quiet enjoyment of the Community;
4. Persistent refusal to comply with the most current version of the Community’s Rules and Regulations as contained in the Resident Handbook, as required under Paragraph 10(A);
5. A material misrepresentation made intentionally or recklessly by You in your application for residency, or related materials, regarding information which, if accurately provided, would have resulted in either a failure of You to qualify for residency or a material increase in the cost of providing to You the care and services provided under the contract; or
6. Breach by You of the terms and conditions of this Agreement.

If the Community elects to cancel this Agreement and terminate your occupancy when any of the events listed above occur, the Community shall give You sixty (60) days prior written notice of cancellation which shall reasonably describe the conduct alleged to warrant the cancellation of the Agreement and shall set the time, place and date for a meeting between You and the Community’s representatives, which shall not be earlier than thirty (30) days nor later than forty five (45) days after the notice of termination. At this meeting You may avoid cancellation and termination upon your showing to the Community’s reasonable satisfaction that You have cured the conduct alleged to warrant the cancellation and termination. The Community will not cancel this agreement without good cause, as set forth above.
Notwithstanding anything to the contrary contained herein, if this Agreement is breached by You, the Community may act to enforce all equitable and legal remedies available to it in accordance with the terms hereof and You shall remain responsible for all fees and charges set forth herein until You have vacated your Apartment as described in Paragraph 11(D) below.

C. Death.

Following your death, this Agreement shall terminate upon the date which is thirty (30) days following the date upon which the Community receives written notification of your death provided that your Apartment is vacated and all of your personal belongings are removed from it by the date which is thirty (30) days following the date upon which the Community receives written notification of your death. In the event that your Apartment is not vacated and all of your personal belongings are not removed from it by the date which is thirty (30) days following the date upon which the Community receives written notification of your death, then this Agreement shall terminate upon the date which is fifteen (15) days following the date that your Apartment is vacated and all of your personal belongings are removed from it. Notwithstanding any other term or condition set forth herein, in the event of your death, any outside caregivers, companions, private duty aides or other personnel who were employed or retained by You to render services at the Community shall no longer be allowed to inhabit the Apartment and shall leave the Community. In no event shall such outside caregivers, companions, private duty aides or other personnel who were employed or retained by You to render services at the Community be allowed to solicit other residents for employment or be allowed to remain at the Community.

D. Vacating Apartment.

Following either party’s written notification of termination, this Agreement shall terminate upon the later to occur of the following: (1) the effective termination date in accordance with the terms hereof; or (2) the date that You or your estate vacates the Apartment and removes all of your personal belongings from it. Until the Apartment is vacated, all of your property is removed from the Apartment, and the keys thereto are returned to Community management notwithstanding any other terms or conditions set forth in this Paragraph 11, You or your estate shall remain liable for the Monthly Services Fee. In addition, if You or your estate fails to remove your property from the Apartment, the Community may, upon fourteen (14) days advance written notice to You or your estate, remove your property from your Apartment and charge You or your estate for its actual costs of moving and storage. If You or your estate abandons your personal property following termination of this Agreement, the Community shall have the right to dispose of your property in accordance with Virginia law.

E. Amount of Refund; Timing of Refund.

Following this Agreement’s termination, the Community shall pay You or your estate, if applicable, a refund equal to any unused pro rata portion of your Monthly Services Fee, minus the following: (i) the amount of any unpaid Monthly Services Fees, fees for optional services, or other charges that You owe to the Community under this Agreement; (ii) the costs of repairing any of the Community’s property that was damaged by You or your visitors, excluding normal wear and tear; and (iii) any expense incurred by the Community to remove and/or store any of your property that
was not removed when You vacated your Apartment. The Community will provide You, your responsible party or your estate, with at least fourteen (14) calendar days' notice of any amounts to be deducted pursuant to this paragraph prior to the date that any amount is due to You, your responsible party or your Estate hereunder. You or your estate will receive any refund that is due within forty-five (45) days following the date of your discharge, transfer, or death. If the amount You owe to the Community exceeds the sum of the combined total of your final Monthly Services Fee the Community will bill You, or your estate, if applicable, for the difference. If the Community ceases to operate as a continuing care facility, any refund owed to You shall be paid within ten (10) days of the date that the Community terminates such operations.

F. Payment of Refund Upon Your Death.

In the event of your death, the Community shall pay all refunds to your personal representative if one has been appointed at the time the funds are disbursed. If no personal representative has been appointed, refunds shall be paid to your spouse or to your adult next-of-kin if You do not have a spouse at the time of your death. If such individuals cannot be located, the refund shall be placed in an interest-bearing account until such time as the funds can be disbursed pursuant to the Virginia Probate Code. These funds shall be kept separate from any funds or property owned by the Community or by other residents.

G. Release From Obligations.

Any termination of this Agreement under this Paragraph 11 shall terminate the Community’s obligation to furnish accommodations and services to You.


This Paragraph 11 shall survive the termination of this Agreement.

12. PROPERTY OF COMMUNITY.

A. No Property or Management Rights.

The Community reserves the exclusive right to manage and operate the Community and make all decisions concerning the admission, terms of admission, or dismissal of residents consistent with state laws, rules and regulations. This Agreement shall give You no property right or management interest in the Community. In addition, You shall have no right to any of the Community’s personal property, including furnishings and fixtures in the Apartment or in the Community’s common areas.

B. Liability for Damage.

You agree to maintain the Apartment in a clean, sanitary and orderly condition. Upon termination of this Agreement, You shall leave the Apartment in good physical condition, reasonable wear and tear excepted. You shall be responsible for repairs to the Apartment which are required due to your negligence or willful misconduct or due to the negligence or willful misconduct of your family, friends or visitors. You further agree to reimburse the Community for any loss of or damage
to the Community’s real or personal property, inside or outside of the Apartment, caused by You or persons on the premises with your permission, excluding normal wear and tear.

13. YOUR LIABILITY TO OTHERS.

You accept full responsibility for any injury or damage caused to others, or suffered by You, as a result of your own acts or omissions, and those of your guests or invitees, and You indemnify and hold harmless the Community and its directors, agents and employees from any and all liability for such injury or damage, including attorneys’ fees.

Initial

14. ADMISSIONS.

You understand and agree that the information set forth on your application forms, and other records, as applicable, are a part of this Agreement, and that any misrepresentation made by You as to your age, finances, resources and health history may render this Agreement voidable at the option of the Community. You agree to submit updated copies of the above forms upon request from the Community, when required by state regulations, or when You become aware of a change in your medical history or records or your medical condition.

15. ADVANCE DIRECTIVES.

It is the policy of this Community not to maintain any medical information or advance directives on file for residents living in an unlicensed portion of the Community. The term “advance directives” includes health care powers of attorney, living wills, or other documents that describe the amount, level or type of health care that you would want to receive at a time when you can no longer communicate those decisions directly to a physician or other health care professional. It also includes documents in which you legally appoint another person to make health care decisions for you. If you have executed such documents, or if you execute such documents after you move into the Community, the Community recommends that you maintain a “File of Life” in an envelope or sleeve attached to the back of the bedroom or front door in the Apartment. The Community will endeavor to direct emergency medical technicians to the File of Life in the event of an emergency. The Community does not guarantee that your File of Life will be reviewed by emergency medical technicians or that it will be given to other health care professionals who supply health care to you, nor does it guarantee that health care professionals who receive your advance directive will abide by its terms.

16. ARBITRATION AND LIMITATION OF LIABILITY PROVISION

Should any of sub-sections A, B or C provided below, or any part thereof, be deemed invalid, the validity of the remaining sub-sections, or parts thereof, will not be affected.
A. ARBITRATION PROVISION

1. Any and all claims or controversies arising out of or in any way relating to this Agreement or the Resident’s stay at the Community, excluding any action for eviction, and including disputes regarding interpretation of this Agreement, whether arising out of State or Federal law, whether existing or arising in the future, whether for statutory, compensatory or punitive damages and whether sounding in breach of contract, tort or breach of statutory duties, irrespective of the basis for the duty or the legal theories upon which the claim is asserted, shall be submitted to binding arbitration, as provided below, and shall not be filed in a court of law. Notwithstanding any other term or condition contained herein, any claim, controversy or action for eviction or for collection of amounts due pursuant to this Agreement shall not be subject to any of the requirements or limitations of this Arbitration and Limitation of Liability Provision and may be instituted and maintained in any court or other tribunal with competent jurisdiction. The parties to this Agreement further understand that a jury will not decide their case.

2. The Federal Arbitration Act shall govern the procedure, except if inconsistent with this Arbitration Provision or expressly stated otherwise in this Agreement. Further, nothing in this Agreement is to be construed to contradict any applicable Virginia statutory grievance or mediation procedure. Any party who demands arbitration must do so for all claims or controversies that are known, or reasonably should have been known, by the date of the demand for arbitration, and if learned of during the course of the arbitration proceeding shall amend the claims or controversies to reflect the same. All current damages are reasonably foreseeable damages arising out of such claims or controversies shall also be incorporated into the initial demand or amendment thereto.

3. Demand for Arbitration by Resident, his or her guardian, a person or organization acting on behalf of a Resident with the consent of the Resident or his or her guardian, or personal representative of the estate of a deceased Resident (collectively “Resident Party”) shall be made in writing and submitted via certified mail, return receipt requested to:

Senior Lifestyle Management, L.L.C.
Attention: Stephen J. Levy, Esq.
111 East Wacker Drive, Suite 2200
Chicago, Illinois 60601

Demand for Arbitration by the Community shall be made in writing and submitted to the Resident or his or her agent, representative, successor or assign and/or Resident’s Attorney-in-Fact, if any, and/or Responsible Party via certified mail, return receipt requested to the address set forth in this Agreement.

4. The arbitration proceedings shall take place in the county in which the Community is located, unless agreed to otherwise by mutual consent of the parties and shall be submitted to the American Arbitration Association, provided that it shall be conducted by one (1) arbitrator who is a retired circuit or federal court judge or a member of the Bar in the state where the Community is located with at least ten (10) years of experience practicing as an attorney. Each party shall have the right to request, in writing, one (1) substitution within ten (10) days of receiving notice of the identity of the arbitrator who shall be independent of all parties, witnesses, and legal counsel.
5. The Federal Rules of Civil Procedure shall govern discovery in the arbitration proceeding. However, discovery shall be modified insofar as the only depositions allowed shall be of experts. No other individuals may be deposed.

6. The arbitrator’s decision shall be final and binding without the right to appeal. The arbitrator’s fees and costs associated with the arbitration shall be divided equally, unless the Resident is proven indigent. The parties shall bear their own attorneys’ fees and hereby waive any right to recover same, actual or statutory. The arbitration proceeding shall remain confidential in all respects, including the demand therefore, all arbitration filings, deposition transcripts, documents produced, obtained in discovery, or other material provided by or exchanged between the parties and the arbitrator’s findings of fact and conclusions of law. Following receipt of the arbitrator’s decision, each party agrees to return to the producing party within thirty (30) days the original and all copies of documents exchanged in discovery and at the arbitration hearing, except those required to be retained by counsel pursuant to law. The parties also agree not to discuss the amount of any award or settlement, the names of the parties, or the name/location of the Community except as required by law.

7. The Limitation of Liability Provision below is incorporated by reference into this Arbitration Provision. This Arbitration Provision and the Limitation of Liability Provision below shall survive the death of the Resident.

I have read and understand the provisions of this arbitration section

Initial

B. LIMITATION OF LIABILITY PROVISION: Read Carefully Before Signing

1. The parties to this Agreement understand that the purpose of this “Limitation of Liability Provision” is to limit, in advance, each party’s liability in relation to this Agreement.

2. Liability of any claim brought by a party to this Agreement against the other party, including but not limited to a claim by the Community for unpaid charges, or a claim by, or on behalf of Resident, or by resident’s estate, agent or legal representative, arising out of the care or treatment received by resident or resident’s occupancy or presence at the Community, including, without limitations, claims for medical negligence, shall be limited as follows:

   a. Net economic damages shall be awardable, including but not limited to, past and future medical expenses, offset by any collateral source payments such as payments made by medical insurance.

   b. Non-economic damages, such as pain and suffering shall be limited to a maximum of $250,000.00.

   c. Interest and/or late fees on unpaid charges shall not be awarded.

   d. Punitive damages shall not be awarded.
3. Should sub-sections a, b, c and/or d, provided above, be deemed invalid, the validity of the remaining sub-sections will not be affected.

4. Redress for any claims against the Community under this Agreement shall only be made against the Community to the extent of the Community owner’s interest in the Community. The obligations of the Community under this Agreement shall not be personally binding on, nor shall any resort be had to the private properties of, any of its partners, members, managers, board of directors, officers, partners thereof or any beneficiaries, stockholders, employees or agents of the Community or Senior Lifestyle Management, L.L.C. or any of their respective members, managers, boards of directors, officers, partners thereof or any beneficiaries, stockholders, employees or agents.

I have read and understand the provisions of this limitation of liability section:

Initial

C. BENEFITS OF ARBITRATION AND LIMITATION OF LIABILITY PROVISION

The parties’ decision to select arbitration is supported by the potential cost-effectiveness and time savings offered by selecting arbitration, which may avoid the expense and delay of judicial resolution in court. The parties’ decision to select arbitration and to agree to limitation of liability also are supported by the potential benefit of preserving the availability, viability and insurability of a seniors housing company for the elderly and disabled in Virginia by limiting such seniors housing company’s exposure to liability. With this Agreement, the Community is better able to offer its services and accommodations at a rate that is more affordable to the Resident. In terms of the time-savings offered by selecting arbitration, the parties recognize that often the Resident is elderly and may have a limited life-expectancy, and therefore selecting a quick method of resolution is potentially to a Resident’s advantage. The Resident, responsible party, or his or her legal guardian, or authorized power of attorney understands that other seniors housing companies’ residency agreements may not contain an arbitration provision, or limitations of liability provision. The parties agree that the reasons stated above are proper consideration for the acceptance of the Arbitration and Limitation of Liability Provisions. The undersigned acknowledges that he or she has been encouraged to discuss this Agreement, and specifically these provisions, with an attorney. The parties to this Agreement further understand that a jury will not decide their case.

I have read and understand the provisions of this benefit of arbitration and limitation of liability section

Initial

If it is determined by a court of law that the Arbitration Provision provided in this Agreement is invalid, the parties hereto make clear their express desire to waive a jury trial and resolve their claims against each other in the appropriate court solely before a judge.

17. INCOMPETENCY.

If You become legally incompetent or are unable to properly care for yourself or your property and You have made no other designation of a person or legal entity to serve as your
guardian or conservator, You hereby grant authority to the Community to apply to a court of competent jurisdiction for the appointment of a conservator or guardian.

18. WAIVER OF ONE BREACH NOT A WAIVER OF ANY OTHER.

The failure of the Community in one or more instances to insist upon the strict performance, observance or compliance by You with any of the terms and provisions of this Agreement, shall not be construed to be a waiver or relinquishment by the Community of its right to insist upon strict compliance by You with all of the terms and provisions of this Agreement.

19. ENTIRE AGREEMENT.

This Agreement, along with the other documents and appendices referenced in this Agreement, constitutes the entire agreement between You and the Community and may be amended only by a written instrument signed by You and your legal representative and by an authorized representative of the Community.

20. SUBLEASE; ASSIGNMENT.

You may not sublease your Apartment to any other individual or entity. This Agreement may not be assigned by You, but may be freely assigned by the Community to any of its affiliates, parents, subsidiaries, successors or assigns.

21. GUEST VISITS.

The Community encourages family and friends to visit You if You so desire, subject to the Community’s Rules and Regulations contained within the Resident Handbook. All guests must register at the front desk and comply with visitor policies.

22. ATTORNEYS’ FEES.

In the event any action is brought by either party regarding the terms of this Agreement, the prevailing party in such action shall be entitled to its costs and reasonable attorneys’ fees incurred from the non-prevailing party, in addition to such other relief as the court may deem appropriate.

23. NOTICE.

Notices required by this Agreement shall be in writing and delivered either by personal delivery or mail. If delivered by mail, notices shall be sent by Express Mail, or by certified or registered mail, return-receipt-requested, with all postage and charges prepaid. All notices and other written communications required under this Agreement shall be addressed as indicated below, or as specified by subsequent written notice by the party whose address has changed.

IF TO COMMUNITY: Chancellor’s Village
12100 Chancellor’s Village Lane
Fredericksburg, VA 22407
ATTN: EXECUTIVE DIRECTOR

-16-
24. SEVERABILITY.

If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable, this Agreement shall be read as if such unenforceable provision was not included and all other provisions of this Agreement shall continue in full force and effect.

25. GOVERNING LAW.

This Agreement shall be governed by and construed under the laws of the State of Virginia except as to conflicts of laws issues.

26. SUBORDINATION.

This Agreement is subordinate to any mortgage and / or land use restriction agreement affecting the Community.

REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

SIGNATURES FOLLOW ON NEXT PAGE
IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate as of the date set forth on the cover page of this Agreement.

RESIDENT(S):

Name:  
Address:  

(Signature)  
(Date)  

Name:  
Address:  

(Signature)  
(Date)  

If someone other than Resident will be paying for Resident’s stay at the Community, as set forth in Paragraph 5, such obligations are acknowledged by that person’s signature hereon who acknowledges having read the terms of this Agreement and their financial responsibility hereunder.

Name:  
Address:  

(Signature)  
(Date)  

THE COMMUNITY:  

CHANCELLOR’S VILLAGE  

By:  
Its:  

(Signature)  
(Date)  

-18-
APPENDIX 1

JOINDER TO RESIDENCY AGREEMENT

The undersigned are executing this joinder to the Residency Agreement (the "Joinder") to which it is attached in order to set forth the obligations with respect to the Residency Deposit (as described in the Residency Agreement).

1. Residency Deposit. The undersigned agree that the Residency Deposit, which in the amount of $________, shall be paid to WSL Chancellor's Village Investors IV, L.L.C., a Delaware limited liability company ("Owner"), contemporaneously with the execution of the Residency Agreement by the undersigned resident ("Resident").

2. Refund of Residency Deposit. After termination of the Residency Agreement, in accordance with Section 6 hereof, or in the event of the death of the Resident, or in the case of double occupancy, both occupants' deaths, Owner will refund the Residency Deposit to Resident or the legal representative or executor of Resident, as applicable, on the date that a new Residency Deposit has been received from a new resident and the new resident has taken occupancy of the Apartment.

3. Use of Residency Deposit. The primary purpose of the Residency Deposit is to generate investment income to contribute to the income of Owner to help pay for capital costs and other expenses of operating Chancellor's Village. As such, interest income generated from the Residency Deposit will be paid to Owner. In addition, at the discretion of Owner, Residency Deposits may also be used to pay for project costs, start up deficits, debt service, early retirement of debt, construction costs of future expansions, and other purposes deemed appropriate by Owner. In order to obtain permanent financing, Owner may give a lender a pledge of Owner's gross receipts and revenues which will include the Residency Deposits.

4. Right of Setoff; Other Rights. Owner will have the right to deliver the Residency Deposit to the Community or its successor in interest, which shall have the right to set off against the repayment of the Residency Deposit any fees or amounts payable to the Community under the Residency Agreement. Termination of the Residency Agreement for whatever reason will not affect or impair the exercise of any right or remedy to Sponsor or Resident under the Residency Agreement for any claim or cause of action occurring prior to the date of such termination.

5. Escrow of Residency Deposit. Owner will maintain in escrow with a bank or trust company, or other escrow agent approved by the State Corporation Commission, all Residency Deposits received by Owner prior to the Move-In Date. Funds or assets deposited therein will be kept and maintained in an account separate and apart from Owner's business accounts.

   1. All funds or assets deposited in the escrow account shall remain the property of the prospective Resident until released to Owner in accordance with this section. The funds or assets shall not be subject to liens, judgments, garnishments or creditor's claims against Owner in accordance with this section. The funds or assets shall not be subject to any liens, judgments garnishments or creditor's claims against Owner or facility. The escrow agreement may provide that charges by the
escrow agent may be deducted from the funds or assets if such provisions is disclosed in the disclosure statement.

2. All funds or assets deposited in escrow pursuant to this section shall be released to Owner when Owner presents the escrow agent evidence that a unit has been occupied by the Resident or a unit of the type reserved is available for immediate occupancy by the Resident or prospective Resident on whose behalf the fee was received.

3. Notwithstanding any other provision of this section, all funds or assets deposited in escrow pursuant to this section shall be released according to the terms of the escrow agreement the prospective Resident from whom it was received (i) if such funds or assets have not been released within three years after placement in escrow or within three years after construction has started, whichever is later (but in any event within six years after placement in escrow unless specifically approved by the State Corporation Commission), or within such longer periods determined appropriate by the State Corporation Commission in writing, (ii) if the prospective Resident dies before occupying a unit, (iii) if the construction of a facility, not yet operating is stopped indefinitely before the facility is completed or (iv) upon rescission of the contract pursuant to provisions in the Residency Agreement, this Joinder or the Virginia Code. If construction of the unit to be reserved has not started within three years after the deposit of funds or assets into an escrow account the prospective Resident may require the return of such funds or assets unless the Commission determines that construction will begin in a reasonable period of time and the extension such three year period is appropriate. However, funds or assets subject to release under item (i) of this subsection or under subsection (c) above maybe held in escrow for an additional period at the mutual consent of Owner and the prospective Resident; however, the prospective Resident may consent to such additional period only after his/her deposit has been held in escrow for at least two years.

4. Unless otherwise specified in the escrow agreement, funds or assets in an escrow account pursuant to this section may be held in the form received or if invested shall be invested in instruments authorized for the investment of public funds as set forth in the Virginia Code.

6. **Refund of Residency Deposit.** After termination of the Residency Agreement, in accordance with Paragraph 11, or in the event of your death or in the case of double occupancy, both occupants' deaths, Owner will refund your Residency Deposit on your Apartment to You or your legal representative or executor on the date that a new Residency Deposit has been received from a new resident and the new resident has taken occupancy of the Apartment, after any applicable rescission period, in accordance with the following schedule:

- 90% refund prior to first anniversary of residency
- 85% refund if first anniversary of residency has been reached
- 80% refund if second anniversary of residency has been reached
- 75% refund if third anniversary of residency has been reached

7. **Definitions.** All capitalized terms used but not defined in this Joinder shall have the meaning ascribed to them in the attached Residency Agreement.
Executed as of the ___ day of ____________, 20__.

<table>
<thead>
<tr>
<th>RESIDENT:</th>
<th>OWNER:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name:</td>
<td>WSL CHANCELLOR'S VILLAGE</td>
</tr>
<tr>
<td></td>
<td>INVESTORS IV, L.L.C</td>
</tr>
<tr>
<td></td>
<td>A Delaware limited liability company</td>
</tr>
<tr>
<td></td>
<td>By:</td>
</tr>
<tr>
<td></td>
<td>Name:</td>
</tr>
<tr>
<td></td>
<td>Its:</td>
</tr>
</tbody>
</table>

-3-

DM2691567.5
EXHIBIT A

SUPPLIES AND SERVICES INCLUDED IN THE MONTHLY SERVICES FEE
SUPPLIES AND SERVICES INCLUDED IN THE MONTHLY SERVICES FEE

Meal Selections
Activities
Use of Common Area
Transportation
Maintenance
Laundry and Housekeeping Services
Emergency Response and Fire Protection
Parking
EXHIBIT B

SCHEDULE OF FEES FOR ADDITIONAL AMENITIES AND SERVICES*

* The Community reserves the right to change the fees associated with the services set forth on this Exhibit B upon thirty days advance written notice to you.
CHANCELLOR’S VILLAGE
MISCELLANEOUS ADDITIONAL RESIDENT SERVICE CHARGES

* Beverage Service I Catering
  Price quoted upon request

* Meal Pick-up Fee
  $1.00 per meal

* Tray Service
  $10.00 per meal delivery

* Resident and Guest Meals, including tax
  Breakfast  $4.50
  Lunch      6.50
  Dinner     10.00
  Guest Buffet 18.00
  Guest Surf & Turf 18.00

* Custom Maintenance
  Price to be determined by the Plant Operations Director

* Facsimile Transmissions
  $1.00 per page

* Notary Public
  Free

* Photocopying
  Free

* Personal Laundry Service
  $12.50 per hour, plus supplies

* Additional Housekeeping
  $15.00 per hour, plus supplies

* Replacement Apartment Key
  $2.50 each

* Replacement Gray Key Fob
  $75.00 (Non-Refundable)

* Replacement Emergency ALERT Pendant
  $100.00 (Non-Refundable)

* Gate Access Card (1 per Apartment)
  $25.00 (Non-Refundable)

* Guest Suite
  $70.00 per night

* Cable
  $30.00 per month

* Relocation & Refurbishment Fee
  $5,000.00

Charges for optional services will be billed to Residents on a monthly basis as provided in the Residency Agreement. The Community reserves the right to change a fee associated with these services upon thirty (30) days written notice.
EXHIBIT C

RULES AND REGULATIONS AND RESIDENT HANDBOOK

GIVEN TO RESIDENTS UPON CONTRACT SIGNING

SIGNATURE OF RECEIPT: ___________________________ DATE: __________
SL CHANCELLOR’S VILLAGE, L.L.C. and our staff extend to you the warmest of welcomes as a Resident of this Community. Chancellor’s Village exists to provide a comfortable lifestyle to retired persons whose desire for independent living and personal dignity are most precious, and we are committed to offering secure and well designed surroundings with personal services.

Chancellor’s Village is now your home, and your happiness and satisfaction are our primary concern. You have many new experiences awaiting you as a Resident of Chancellor’s Village -- new friends, new interests, and yet, you are encouraged to enjoy your long-term hobbies and activities. We offer a varied program of activities and events from which to choose. Arts and crafts, cultural, spiritual, educational, social, fitness, wellness and recreational programs are selected based upon the desires and interests of our Residents.

This Resident Handbook is designed to serve as a reference guide of all the numerous services and facilities which are available to you. Please take time to review it so that you may become familiar with your new home. You will be provided updates to this reference guide from time to time as activities, events or policies change.

Again, welcome!!! And, please, don’t hesitate to call on the staff with any questions and concerns you might have.

Kristen Hansen
Executive Director
SL CHANCELLOR'S VILLAGE L.L.C. ORGANIZATION

So that you may know how the various departments at Chancellor’s Village fit together, following is a brief explanation of our organization. Chancellor’s Village is divided into several departments and functions. The following are the main departments:

ADMINISTRATION SERVICES
The Administrative Services Department is headed by the Executive Director who has full responsibility and authority over all departments at Chancellor’s Village. The Administrative Services office is staffed by the Executive Director, the Administrative Assistant, and the Business Office Manager. These individuals direct the day-to-day operations of the Community. They deal with problems relating to Residents and departments and, in general, manage the business of the Community. The Administrative Services Department is divided into areas or functions, including: reception, which coordinates communications, transportation, service requests, operations, which keeps accounting records for the entire complex; including payroll, personnel, accounts payable/receivable and management.

ACTIVITIES SERVICES
Residents are encouraged to participate in any number of events and programs designed and supervised by our Activities Services staff. These events include many social, cultural, religious and physically challenging activities such as trips to the theater or musical productions, craft classes, exercise programs, and presentations by various speakers and entertainers. The Activities Director evaluates the interests and desires of the Residents and customizes the Activities Program to create entertaining, interesting and stimulating activities for our Residents.

CAMILLIA COLONY ASSISTED LIVING
Assisted Living offers the benefits of independent living to Residents requiring some personal assistance with activities of daily living. Under the direction of the Clinical Director, employees of Camillia Colony provide round-the-clock assistance and support to Residents who require just a little help to maintain their independence. Three meals a day are provided to Residents of Camillia Colony in the Assisted Living dining room.

ENVIRONMENTAL SERVICES
Residents of Chancellor’s Village receive housekeeping services for their apartment on a weekly basis as part of their Monthly Service Fee. A team of housekeepers under the careful direction of the Support Services Director ensures that all apartments and common areas are clean and free of clutter. The Residents provide their own personal items such as soap and toilet paper.

Flat laundry service is provided to all Residents of Chancellor’s Village during the weekly cleaning of the apartment by the housekeeping staff. Also, personal laundry can be done for Residents on a request basis for a fee. The Residents provide linens and personal clothing for their utilization as well as laundry detergent and a laundry basket.

ENGINEERING SERVICES
The Engineering Services Department, under the direction of the Support Services Director, is responsible for the repair and maintenance of the exterior and interior of the Community, as well as supervision of care and upkeep of the Community grounds and landscaping. Non-emergency
service requests submitted by our Residents are responded to within a 72-hour period, and emergency situations receive prompt attention.

**FOOD SERVICES**
Three meals are prepared daily and are serviced in Chancellor’s Village dining rooms, with one meal per day being included in the Monthly Service Fee for Independent Living. The Food Services Director and dining room personnel also make every effort to accommodate those Residents who desire meals prepared for special events.

**MARKETING**
The Marketing Department is responsible for developing and promoting the Chancellor’s Village occupancy program. Any inquiries you may receive concerning Chancellor’s Village should be referred to Marketing, where questions will be fully and courteously answered.

**SECURITY**
Security is on site from 4:00 p.m. to 8:00 a.m. seven days a week. Exterior and interior patrols are conducted throughout the evening/night time hours, and security personnel respond to all emergency situations.

**TRANSPORTATION SERVICES**
Transportation is provided upon request to the Residents of Chancellor’s Village by the Transportation Services Department via the Community’s vehicles. Residents may request transportation service within a ten-mile service area to destinations of their choice, such as medical, shopping or other appointments, by notifying the receptionist.

**ABSENCES FROM COMMUNITY**
Residents are required to notify the receptionist when planning an overnight absence from Chancellor’s Village, as well as upon your return. This ensures that all Residents can be accounted for in case of emergencies.

**ACCESS TO YOUR APARTMENT**
You control access to your apartment. In your absence, however, the Community may be required to act on its own authority to admit service personnel into your apartment without your prior approval. Such cases might include emergency service for a plumbing problem or to satisfy the requirements of a governmental agency.

We will always have an appropriate staff person accompany any non-staff person who must enter your apartment while you are away. All such entries are approved only by Administrative Services.

In the event of a suspected medical emergency, Chancellor’s Village reserves the right to enter the Resident’s apartment at any time. For the Residents’ safety in case of emergency, the Resident will not use any private locks or locking devices other than those provided by Chancellor’s Village with the apartment.

To assist in maintaining the highest level of access control, please provide a list of those people authorized to enter your apartment while you are absent, in the event of illness and/or transfer to a health care center or hospital, or in the event of death. Without this prior permission, no one, including family, will be allowed access to your apartment unless they have your legal power of attorney, are a court-appointed executor/executrix or possess some other legal privilege.
ACTIVITIES
Recreational and social activities have a special place in our Community. These events are planned for your enjoyment by the Activities Director. Events may include tours, lectures, films, theater presentations, symphony performances, as well as other less formal group activities, such as holiday and birthday celebrations.

If there is a group excursion outside the Community or a particular event you would like to have scheduled here, simply contact the Activities Director or Assistant Activities Director to see if it can be arranged.

To keep you informed of upcoming Community activities, a monthly activities calendar is distributed to each resident. Daily activities are also listed on a message board outside the mail room, and in the weekly Friday Flash newsletter.

ALTERATIONS
We want you to feel at home in your new apartment and will permit you to make minor alterations. We encourage personalization of apartments; however, shelving or any items permanently installed by a Resident cannot be removed, and become the property of the Community.

In order to maintain a consistent exterior appearance, horizontal blinds are provided for all windows. You may provide your own drapes if you so desire, but it is requested that all drapes be lined white to the outside. Only window treatments approved by management may be used, including screens and shades.

Residents who wish to alter, in any way, the interior or exterior of the building or grounds are asked to obtain prior written approval from the Executive Director.

AMBULATORY AIDES
Ambulatory aides (defined as canes, quad canes, or walkers) are acceptable for use by our Residents; however, the use of these aides should not be indicative of a greater need for assistance than is provided by Chancellor’s Village.

AUTOMOBILES -- REGISTRATION/PARKING
If a Resident owns a car and maintains a current valid driver's license, registration and insurance, the Community will provide the Resident with the use of an outdoor parking space. The parking space will accommodate only standard-sized automobiles and pickup trucks. Our campus cannot accommodate parking for campers, large trucks (other than standard sport utility vehicles) or other vehicles.

If friends or family members come to visit in large vehicles, we suggest they park their vehicles in the parking lot at the nearby bowling alley.

Part of the peace of mind we offer Residents extends to your automobile. In order to enhance our effectiveness, we ask that you provide Administrative Services with the following information: your automobiles year, make, color, and license plate number.

BEAUTY AND BARBER SALON
The services of a licensed beautician are offered to Residents of our Community. The charges for these services are each person's own responsibility. Appointments may be made by calling 786-0363. A list of charges is available from the salon.
COMMON AREAS
Residents have free access to all areas dedicated to Independent Living. This is your home and we would like you to enjoy these rooms and areas for your daily exercise and relaxation. We offer lovely places for visiting with family and friends such as lounges, a craft room, a library, a chapel, a private dining room, the Chancellor Activity Room, and meeting rooms.

ARTS AND CRAFTS ROOM
The Arts and Crafts Room next to the mailroom serves as a center for all craft work. The room is available to you for your use. Since there may be work in progress or scheduled activities, please reserve this room through the Activities Director.

THE CHANCELLOR
The Chancellor, located in Wing 4, is our multipurpose room. Concerts, lectures, monthly birthday parties, movies, and seasonal parties are held in this room. We also conduct non-denominational worship services each Sunday.

A music area is also located in the Chancellor where you can listen to your favorite selections.

CHAPEL
Our chapel is located at the entrance to Wing 4, and is open 24 hours a day. Protestant and Catholic Communion is conducted in the chapel, and is noted in the weekly Friday Flash.

FITNESS CENTER
The Fitness Center is located on the first floor, Wing 4. Exercise equipment is available for your use. We ask that you receive training from the Activities Director before using the equipment. Exercise classes are offered, and noted in your weekly Friday Flash.

LIBRARY
The Community has a library available for your use, located near the dining room. We ask that you take only two books at a time and return them to the library in a reasonable amount of time. Volunteer librarians are welcome to help coordinate library operations. Any books you wish to donate are appreciated. Arrangements have been made with the mobile library unit for regular visits. See your monthly calendar for dates and times.

POOL TABLE
The pool table is located on the third floor, Wing 4 lobby. Tournaments are held and lessons are available upon request. The table is there for everyone to enjoy, whether it be a casual game or serious competition.

COMMUNICATION
Our Community is based on open communication. Residents are encouraged to bring concerns, suggestions and compliments to any staff member. The Executive Director is available to discuss any issues with you at the location of your choice. A monthly calendar is published to keep you informed of activities.

COMpanions
Should you wish to engage a personal companion for your individual purposes, Chancellor’s Village permits companion attendants to provide services to Residents in their apartments.
The use of a companion should not be indicative of a need for more care with activities of daily living. For your security and the security of others, companions must provide references to Administrative Services prior to beginning service. Chancellor’s Village cannot be responsible for payment of fees or performance of services.

**DINING SERVICES**

Residents are not allowed in the food preparation area. All requests for ice, beverages, etc. must be made to a Food Service employee.

Residents’ meals are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td>8:00 a.m. to 9:30 a.m.</td>
</tr>
<tr>
<td>Lunch</td>
<td>12:00 p.m. to 2:00 p.m.</td>
</tr>
<tr>
<td>Dinner</td>
<td>4:30 p.m. to 6:00 p.m.</td>
</tr>
<tr>
<td>Sunday’s main meal</td>
<td>12:00 p.m. to 2:00 p.m.</td>
</tr>
<tr>
<td>Sunday’s light dinner</td>
<td>4:30 p.m. to 6:00 p.m.</td>
</tr>
</tbody>
</table>

It is the practice of our Community to respect any dietary, vegetarian or religious food preferences of our Residents, within reason.

In order to assure convenience, comfort and enjoyment of our fine dining services to all Residents, we must limit the number of guest seating’s. Family and friends are always welcome to visit the Community’s dining room. It is asked, however, that reservations be made 24 hours in advance, and for large groups of 8 or more, 48 hours in advance is required. This policy must be followed at all times. Guest meals may be charged to your monthly account, or paid in advance at the Reception Desk.

The private dining room is available for entertaining friends and family by scheduling in advance of the occasion. Contact the Food Service Director to discuss specific requirements.

Catering services are available through the Food Service Department at an additional fee and as time allows.

**DRESS CODE**

Residents are expected to dress appropriately and in a tasteful manner when frequenting public areas of the Community.

The dress code for the dining room is dress casual attire for the dinner hour. Hats will not be worn in the dining room at any time.

- Denim jeans (regardless of the style) are permitted only at breakfast and lunch - Never for dinner hours.
- Walking shorts are permitted only at breakfast and lunch - Never for dinner hours.
- Short shorts are not permissible at any time.
- Shoes are required at all times.
- Proper attire applies to Residents and guests alike, including children six and above.

**ELEVATORS**

The elevators have been installed with many safety devices to ensure their dependability. However, in the unlikely event of an elevator malfunction, a telephone located within the control panel will
connect you with Administrative Services. Please adhere to all restrictions regarding elevator use during fire drills, emergency training sessions, etc.

EMERGENCY ALERT SYSTEM AND PROCEDURES
Concern for your safety is a priority. Your apartment is equipped with a smoke detector, a fire alert system, and an emergency call system (including an emergency alert pendant for you to wear at all times and an emergency button wall unit mounted in the bathroom.) Always remember that your emergency pendant does not work outside the building.
The call system is monitored twenty-four (24) hours per day to alert staff to emergencies and illnesses. In the event of an emergency, you may also call the police, paramedics or the fire department by dialing 911.

Procedures for use:

1. Pull down on the toggle switch on your emergency call system in the bathroom, or push the button on your pendant. Personnel will respond immediately.
2. Personnel will assess your situation and summon aid as needed.
3. If the person on duty feels that an ambulance is needed, they will summon one. In case of a fall, the emergency squad will be called.
4. In emergency situations, we will communicate with your family or emergency contact.

EMPLOYEE RELATIONS
We expect employees to be courteous and helpful at all times. If this is not the case, please direct any complaints about employee conduct to the Executive Director or the appropriate department director/supervisor.

Chancellor’s Village will not accept nor allow its staff or agents to accept any tip or gratuity in any form. We have adopted a no-tipping policy. Residents are not expected to tip, pay or give employees gifts to perform routine or special services. This includes both monetary and non-monetary gifts.

Because there are many employees you don’t see, to give tips to a few visible employees would be inequitable and detrimental to the morale of both residents and staff.

Therefore, the Community has established an “Employee Appreciation Fund” to which Residents may contribute throughout the year. Special provisions will be made during the holidays and all employees, including those you rarely see, will share in this special gift. All monies are collected and distributed by a special committee of the Resident Council.

EXPLOSIVES AND HIGHLY FLAMMABLE MATERIALS
No explosives or highly flammable materials such as kerosene or paint stripper may be brought into any area of the Community.

Hazardous materials (such as a large quantity of newspapers) and flammable objects cannot be stored in apartments.

For fire safety purposes, toaster ovens are not allowed in the apartment and candles must never be lit at any time.

FACILITY GROUNDS
Maintenance of the grounds is the responsibility of the Community staff. However, identified spaces are available for Residents who enjoy gardening. Residents who choose to do so must both plant and maintain their assigned garden plot. Contact the Activity Director for specifics regarding gardening.

All walkways and benches are provided for Resident enjoyment and convenience.

**FIRE DRILLS**

The Community is managed with fire safety in mind. Therefore, we will routinely hold practice fire drills for the safety of Residents and staff. All Residents are expected to participate in these drills. You will be given a copy of our fire safety handbook. Elevators are not operational during emergency situations or disasters.

**FIREARMS AND WEAPONS**

Residents are prohibited from keeping any weapons designed to do bodily harm, *i.e.*, guns, knives, and sticks, (other than a cane, scissors or utility knives) in/on their possession. Failure to comply with this regulation will be cause for termination of this agreement.

**GUEST SUITE**

Our Guest Suite is available by reservation only and is located on the first floor near the Chancellor Room. The fee is $70.00 per night. Please contact the Reception Desk for reservation information.

**GUESTS**

We welcome your guests into the Community as you do in your home. The receptionist will call to notify you of your guest’s arrival. your visitors will wait at the Reception Desk to be escorted by you to your apartment.

Residents must take responsibility for their guests and accompany them into the common areas such as the dining room, lounge, etc.

Overnight guests are welcome to visit and may stay in your apartment at no charge. Residents must notify the Reception Desk when guests are staying overnight, and guests must sign in upon arrival. Residents must also be present when guests are staying overnight. Two weeks is the maximum continuous stay for guests without prior approval from the Executive Director. If such approval is received, an additional charge may be assessed for services provided.

**HEALTH SERVICES/MEDICAL CARE**

Each Resident is responsible for retaining his/her own physician for all physician charges, hospitalization, medications, special nurses, ambulatory aides, and other ancillary items, as may be required by the Resident. The Community is not financially responsible for personal medical services or outside hospitalization.

**HOUSEKEEPING**

Cleaning of your apartment and flat laundry service will be scheduled once a week. While times can be generally assigned, specific times cannot be permanently set.

The cooperation of each Resident is essential in running a smooth housekeeping schedule. Residents with particular problems should contact the Support Services Director.
Housekeeping services offered by the Community include changing linens, vacuuming carpets, mopping bathroom and kitchen floors, wiping exposed kitchen surfaces - such as refrigerator, range, cabinets and sinks - dusting flat, cleared surfaces and light fixtures, and general cleaning of the bathroom areas including the sinks, tubs, showers, toilets, and mirrors. Window washing will be done inside and out on an annual basis. Periodically, heavy furniture will be moved for vacuuming, and mattresses will be turned. When a scheduled cleaning day falls on a holiday, you will be notified of an alternate day for cleaning.

Personal laundry can be done for Residents on a request basis for a fee.

**INTRA-COMMUNITY MOVES**
If you wish to move from one apartment to another, such a move must be approved by the Executive Director and moving arrangements will be the Resident’s responsibility. There is a $5,000.00 non-refundable Relocation and Refurbishment fee for such a move.

**KEYS/ACCESS CARDS**
Each Resident will be issued a key for their individual apartment, outside entrances and mailbox. Keys cannot be duplicated, but a replacement key may be obtained by contacting the Reception Desk. It is recommended that keys be kept on an unmarked ring or case. Keys should not be given to friends, relatives or outside service personnel.

A gate access card will be issued to each apartment for safety and convenience when entering/leaving Chancellor’s Village campus.

**LOSS/DAMAGE TO PROPERTY**
The Resident will be responsible for any loss or damage suffered as a result of negligent or willful acts of the Resident or the Resident’s guests or invitees. The Community will not be responsible for the loss of or damage to the Resident’s property due to theft, fire, water, vandalism, or any other cause.

**LOSS/THEFT AND INSURANCE**
The Community shall not be responsible for the loss of any property belonging to the Resident or the Resident’s estate due to theft or any other cause for any reason. The Resident is responsible for providing any insurance to protect against such losses at the Resident’s own expense. The Resident is strongly encouraged to procure insurance including property, renter’s and, if applicable, motor vehicle insurance for protection.

**LOST AND FOUND**
The Reception Desk serves as the lost and found clearinghouse.

**MAIL**
The daily delivery of mail is distributed by the U.S. Postal Service to Chancellor’s Village and placed in the assigned mailbox located in the mail room. For internal mail distribution, place mail in Residents’ in-house mail box. Outgoing mail can be placed in the letter drop box.
An in-house mail system has been set up for communications within the Community that does not go through the U.S. Mail. Please check daily for special announcements or notes from friends and neighbors.

MAINTENANCE SERVICES
The Community shall maintain in good order and repair all plumbing and toilet facilities and other fixtures installed for the general supply of hot and cold water, air conditioning, heat, and electricity, unless repairs are necessary as a result of misuse of fixtures in the apartment.

Please do not leave your patio or balcony door open (especially during extremely hot weather). This causes a heavier workload on our air conditioning system and also brings in unwelcome insects.

The care and management of the grounds is the responsibility of management. Residents who wish to plant, build, or alter the building in any way - interior, exterior, or grounds - are asked to obtain prior written approval from the Executive Director.

The Community reserves the privilege of accessing each apartment during reasonable hours for repair and maintenance. Any time maintenance personnel enter your apartment to perform these duties; a written notice will be left advising the Resident of same.

The maintenance staff is available five days a week. If a problem arises, stop by or call the Reception Desk to fill out a Service Request. Work will be completed on a routine schedule, depending on urgency and staff availability, with a response time of no more than 72 hours. Every effort will be made to respond to problem situations as soon as possible. In emergencies, staff will be called in to handle situations as they occur.

We encourage you to personalize your apartment. However, shelving or any items you permanently install cannot be removed, and become the property of the Community. Personal services (picture hanging, furniture arrangement, etc.) will be provided free for two weeks following move-in, but you will be charged for any materials used. Following the two-week period, a charge will be made to cover labor and material.

MEAL CARRY-OVERS
Residents are provided one meal per day as part of their Monthly Service Fee. Missed Meal Carry-overs will be given in the following manner. When a Resident misses a meal, a Missed Meal Carry-over will be given and may be redeemed for another meal for the Resident or their guest. Missed Meal Carry-overs must be utilized by the 15th of the following month in which they were incurred, or they will be forfeited. Meal Carry-overs cannot be applied for guests when we are serving a buffet or brunch but may be used for picnics.

MONTHLY BILLING
Resident will be billed on the first (1st) day of each month for the current Monthly Service Fee and for any miscellaneous additional charges accrued the previous month.

The Community may charge a late payment fee of Seventy-five Dollars ($75.00), plus interest at the maximum legal rate allowed by law, if the Monthly Service Fee or any other fee due under this Agreement is not paid by the sixth (6th) day of the month. Any change(s) affecting the Residents'
Monthly Service Fee and service billing will be provided to the Resident or representative, in writing, at least thirty (30) days prior to such change taking effect.

If questions arise concerning these charges, please contact Administrative Services.

**MOVE-IN PROCEDURES AND ORIENTATION**
For your convenience, your move-in will be scheduled to ensure that the appropriate staff will be available to assist you in arranging your furniture, hanging pictures, etc.

Within a few days of your arrival, department managers will visit you to answer questions and provide information about living in our Community.

**NEWSPAPERS**
Daily newspapers can be delivered by contacting the company of your choice. Monthly charges are the sole responsibility of the Resident.

**NOISE**
We have given considerable attention to sound conditioning your apartment. Even so, consideration for your neighbors is an important aspect of living in a retirement Community. With that in mind, televisions, radios, and other devices subject to volume control should not be played above moderate levels.

**NOTARY PUBLIC**
For your convenience, a notary public is on staff. This service is provided to you at no cost Monday through Friday, 8:30 a.m. to 5:00 p.m. to assist with your needs other than wills or powers of attorney. Please call the Reception Desk for an appointment.

**PATIOS, BALCONIES AND COMMUNITY EXTERIOR**
Our patios and balconies are highly visible areas to guests, as well as present and prospective Residents of the Community. In order to maintain the outside appearance of your Community, the following rules apply to all patios and balconies:

1. Only appropriate furniture and small plants should be placed on these areas. Any unsightly items such as signs, rugs, laundry, antennas, fans, air conditioners or wires are prohibited.
2. Towels, bathing apparel and clothing should not be placed on patios, balconies or in passages or windows in view from the outside of the building or from any other apartment.
3. In order to comply with local fire safety requirements, all outdoor grills and/or barbecues are prohibited on patios or balconies of the building.

**PETS**
Pets are allowed in Independent Living apartments only and are defined as dogs and cats (limited to two per apartment and under twenty-five (25) pounds at maturity), birds (kept in a cage) and fish (maximum aquarium size: 20 gallons.) The Resident is responsible for registering their pet with Administrative Services and obtaining approval for the pet.

Information is obtained, as well as a photograph, regarding the pet’s veterinarian and physical description so that the pet may be identified should it be harmed or lost. Residents are also
responsible for providing Administrative Services with the name of an alternate responsible party who will care for the pet if the owner is unable to do so.

If the Resident or alternate party is unable to care for the pet, Chancellor’s Village may board the pet and the cost of such services will be the responsibility of the Resident.

Pets must be properly vaccinated and licensed, and must wear license and identification tags with the name and phone number of the Resident. The Resident will be responsible for the treatment of fleas, ticks, etc., and is responsible for all damage incurred.

Animals must be leashed at all times they are not inside the Resident’s apartment home, and the Resident must pick up and dispose of all waste.

PRESCRIPTIONS
As a Chancellor’s Village Resident, you may select any pharmacy you desire. For added convenience, the pharmacy you select should have a delivery service. Arrangements for receipt and payment of drugs are the responsibility of the Resident.

RECEPTION DESK
The main Reception Desk is staffed seven days per week and serves as a hub of communication and Resident business. Located at the main entrance of Chancellor’s Village, the following services are available for Residents:

1. Receipt of incoming calls for departments and staff.
2. Scheduling of reservations for the private dining room, meeting rooms, guest suite, transportation, etc.
3. Provision of/providing additional Resident or guest meal tickets for a fee
4. Receipt of requests for maintenance and housekeeping services.
5. Receipt of payments for monthly services Monday through Friday, 8:30 a.m. to 5:00 p.m.
6. Recording information regarding overnight or extended absences.
7. Notary Public service Monday through Friday, 8:30 a.m. to 5:00 p.m.

If your questions or concerns cannot be adequately addressed by the person at the Reception Desk, you will be directed to the staff person best able to assist you.

RESIDENT COUNCIL
The Resident Council is an advisory group of elected representatives from Chancellor’s Village who meet on a regular basis to discuss various aspects and interests of the Community. This council offers Residents the opportunity to discuss areas of Community importance.

The purpose of the Council is as follows:

1. To communicate the interest of the Residents.
2. To promote an understanding of administrative policies and procedures among the Residents.
3. To encourage Resident interaction and participation.
4. The Resident Council operates under its own separate by-laws.
The Resident Council elects a chairperson who acts as the spokesperson for the group, as well as a secretary who keeps Council records, and a treasurer who documents all money transactions. The Council establishes its own meeting schedules and prepares its own agenda. The Executive Director serves as administrative advisor to the Council. Active participation by all Residents is encouraged.

**RESIDENT PHONE LIST**
Upon move-in, you will receive a current list of Residents’ names, apartment numbers and phone numbers.

**RESIDENT RELATIONS/COURTESY AND CONDUCT**
Residents are encouraged to interact with other Residents and employees in a courteous and respectful manner. Incidents of improper or offensive behavior should be brought to the immediate attention of the Executive Director so that appropriate action can be taken.

Residents are expected to be considerate of other Residents, personnel and visitors. Verbal or physical abuse will not be tolerated and will be just cause for permanent transfer.

Residents are expected to observe the rights of others. Residents or visitors should not talk loudly or disturb other Residents.

**SECURITY**
A member of our security team is on site from 7:00 p.m. to 7:00 a.m. seven day a week. Exterior and interior patrols are conducted throughout the evening/night time hours, and security personnel respond to all emergency situations.

Do not open any apartment or entrance door to strangers. Keep apartment doors locked at all times. Purchase a small safe for valuables, cash, etc.

NEVER BURN CANDLES in your apartment at any time!!!

**SMOKING**
In order to promote a healthy environment at Chancellor’s Village, we have established a No Smoking policy throughout our Community.

**SPECIALIZED MEDICAL EQUIPMENT**
You must notify the Executive Director if you are using specialized medical equipment in your apartment. Specialized medical equipment includes, but is not limited to, oxygen supplies and other respiratory equipment. Only portable oxygen containers are to be used throughout Chancellor’s Village common areas.

**STORAGE**
Extra storage space is available for each apartment and will be assigned by the Executive Director.

**TELEPHONE SERVICE**
Each apartment is pre-wired for a private telephone line. Installation and expenses incurred for the use of a private telephone must be paid by the Resident or Resident’s representative.

A courtesy telephone for local calls is available at the Reception Desk for Residents’ use.
TELEVISION SERVICE
Basic cable television service is provided in all apartments for an additional charge. The Community’s maintenance personnel will connect your television to the system upon move-in. Expanded cable services are also available for additional fees. Each Resident is responsible for contacting the cable company to arrange for installation and payment of expanded services.

TRANSPORTATION
Scheduled transportation, subject to availability, is available for shopping, medical/dental appointments, and banks within ten (10) miles of the Community, and for planned social events. To arrange transportation, contact the Reception Desk.

When discharged from the hospital, Residents must make their own arrangements to return to Chancellor’s Village. Community vehicles will not be provided.

TRASH DISPOSAL
Trash rooms are located on all floors. Please use sealed plastic bags to deposit trash in containers. For disposal of large items, you may use the Community dumpster or call the Reception Desk to arrange a pick up by our housekeeping staff. Do not place any sharp items in trash receptacles. Special containers are available at the Assisted Living desk for proper disposal of these unsafe items.

TRAY SERVICE FOR APARTMENTS
This service is provided on a temporary basis for up to 5 days to those Residents who are too ill to dine in Chancellor’s Village dining room. When tray service is needed, please advise staff members. Tray service is available between the hours of 8:00 a.m. and 6:30 p.m. For all other times deliveries will incur a $10.00 fee per meal.

USE AND OCCUPANCY OF APARTMENT
The apartment will be used and occupied by the Resident as a private residence only and will not be used for business, profession or trade of any kind.

UTILITIES
All of your utilities (excluding telephone and cable television) are covered by your monthly service fee. Any utility problems should be reported immediately to the Reception Desk. Your apartment contains a thermostat for heating and cooling, allowing you to regulate the temperature to suit your personal desires. During orientation you will be instructed in the use of these controls. Avoid frequent setting changes - just set it at a comfortable level and let the equipment stabilize the air temperature.

VALUABLES
Upon discovery of a potential theft, please call the Spotsylvania County Police Department to report the loss. With many visitors and guests accessing our Community, management cannot be responsible for the loss or theft of valuables from your apartment. Also, please make us aware of any disappearance so we can assist in investigation and recovery of the items. We recommend that you insure your personal property and utilize safe deposit box services offered by neighborhood banks, or purchase your own safe.
EXHIBIT D

I. REQUIREMENTS FOR PRIVATE DUTY ATTENDANT PROVIDING SERVICES AT CHANCELLOR’S VILLAGE

Every private duty attendant providing services to residents in their apartments at Chancellor’s Village must comply with all of the following requirements as a condition of obtaining access to Chancellor’s Village. Additionally, Chancellor’s Village must be involved in the approval of such private duty attendant and may set forth certain training standards that will be required of such private duty attendants to the extent that such attendants are providing direct resident care or are being retained to act in lieu of care giving staff at Chancellor’s Village.

1. **Registration Form.** Each private duty attendant must complete and submit to the Administrative Office a Private Duty Attendant Registration and Information Form (Attached). This form must be updated every time the private duty attendant proposes to provide services to another resident at Chancellor’s Village.

2. **Name Badge.** Private Duty attendants must wear name badges at all times while on the premises of Chancellor’s Village. Name badges will be provided by Chancellor’s Village and collected when the private duty attendant’s employment by a resident of Chancellor’s Village ceases.

3. **Acknowledgement and Indemnification.** Each private duty attendant must receive and comply with Requirements for Private Duty Attendant (Attached); Rules of Conduct for Private Duty Attendant (Attached); and any other policies and procedures that Chancellor’s Village develops governing private duty attendants’ provision of services in residents’ apartments. Each private duty attendant must also sign a copy of Acknowledgment and Indemnification (Attached) in which he or she acknowledges receipt of such documents and agrees to hold Chancellor’s Village harmless for any claims or actions arising from his or her services.

4. **Tuberculosis Test.** Each private duty attendant must provide a copy of a negative current TB or chest x-ray test, or registry notification of TB clearance. Such tests must be updated annually.

5. **No Solicitation or Loitering.** Chancellor’s Village strictly prohibits solicitation of business and loitering on its premises. Each private duty attendant shall report as required by Chancellor’s Village immediately before his or her appointment with the resident and shall leave the premises immediately after the provision of services. In addition, each private duty attendant shall have access only to areas of Chancellor’s Village necessary to obtain access to the resident’s apartment, to meet the resident’s needs, or to use the public telephone or restrooms.

6. **Requirements.** Meals, breaks, entrance, name badges, parking, solicitation, telephone and any other policies and procedures that govern private attendants specific to Chancellor’s Village will be addressed with the private duty attendant by the Executive Director or designated individual.
II. RULES OF CONDUCT FOR PRIVATE DUTY ATTENDANT

Chancellor's Village permits private duty attendants to provide services to residents in their apartments, provided that such personnel comply with the various policies and procedures developed by Chancellor's Village for the employment of private duty attendants, including Requirements for Private Duty Attendant; Acknowledgement and Indemnification; and these Rules of Conduct for Private Duty Attendant. Any of the following activities or conduct will result in a private duty attendant's immediate loss of privileges to enter Chancellor's Village to provide services to any resident.

1. Verbal or physical abuse;
2. Theft;
3. Use of any illegal drug on premises;
4. Alcohol use on premises;
5. Possession of dangerous weapons on premises;
6. Sleeping on duty, when inappropriate;
7. Failure to sign in or out at the required location;
8. Indecent or immoral conduct on the premises;
9. Willful damage of property;
10. Soliciting contributions, donations, tips, gifts, or employment;
11. Failure to follow rules, regulations, policies, or procedures governing private duty attendants;
12. Failure to honor Resident Rights (attached);
13. Failure to abide by parking restrictions;
14. Charging more than one resident for services during the time allotted for any resident's appointment;
15. Failure to follow smoking restrictions;
16. Failure to report any resident injury or change of condition immediately to the Executive Director during regular hours, after hours and on weekends and holidays;
17. Disruptive conduct;
18. Unauthorized distribution of literature;
19. Malicious gossip, spreading of rumors, harassment, or discriminatory remarks or accusations;
20. Use of building telephones other than the public pay telephones;
21. Failure to maintain basic personal hygiene, cleanliness and appropriate attire;
22. Unauthorized use of dining or break rooms;
23. Unauthorized entry into any room not necessary for provision of services to resident;
24. Unsanitary work practices or contribution to unsanitary work conditions; and
25. Other conduct deemed to constitute good cause for loss of privileges as determined by the Executive Director.
III. PRIVATE DUTY ATTENDANT REGISTRATION AND INFORMATION FORM

To be completed by individuals working as private duty attendant.

ATTENDANT INFORMATION:

• Name: ________________________________

• Address: ________________________________

• Telephone: ________________________________

• Automobile Make & Model: __________________ License No.: __________________

• Person to Contact in Event of Emergency: __________________
  Address and Telephone No.: __________________

• Identify All Residents Who Will Receive your Services:

  1. Name: ___________________________
     Unit No.: ___________________________ Telephone No.: ___________________________

  2. Name: ___________________________
     Unit No.: ___________________________ Telephone No.: ___________________________

  3. Name: ___________________________
     Unit No.: ___________________________ Telephone No.: ___________________________

To be completed by Executive Director or Designee

I have reviewed this Registration and Information form and approve of having this person work on the premises of Chancellor's Village, subject to all rules, regulations, policies, and procedures governing private duty attendants.

________________________________________
Signature

________________________________________
Title

________________________________________
Date
IV. ACKNOWLEDGMENT AND INDEMNIFICATION

Private Duty Attendant

I, __________________________ (name of private duty attendant), wish to provide private duty services to one or more residents of Chancellor's Village. I understand and agree that my access to Chancellor's Village to provide such services is conditioned upon my compliance with all of the following terms:

1. I understand and agree that I am not an employee of Chancellor's Village, which exercises no control over my compensation or the agreement that I have entered into for providing private duty attendant services and that I am responsible for my own actions for the care I provide the resident.

2. I agree not to represent to any person at any time that I am an employee of Chancellor's Village. I further agree not to seek any employee benefits offered to Chancellor's Village employees, including, but not limited to, workers' compensation insurance, unemployment insurance, disability insurance, vacation pay, and sick pay.

3. I understand and agree that my employer is/are the resident(s), who shall be responsible for paying for my services, providing workers' compensation and other employee benefits to me, and making appropriate payroll deductions on my behalf.

4. I agree to release, indemnify, and hold Chancellor's Village harmless from and against any and all claims, demands, liabilities, losses, and damages, in any way arising out of or related to my services as a private duty attendant, or my presence at Chancellor's Village, unless such damage results directly from the gross negligence of at Chancellor's Village.

5. I understand and agree that my access to Chancellor's Village is limited to that access which is necessary to provide services to the resident, to meet the resident's needs, or to use the public telephone or restrooms. I understand that I shall have access to no other area without the prior express written consent of Chancellor's Village.

6. I agree to abide by Requirements for Private Duty Attendant, Rules of Conduct for Private Duty Attendant, and any other rules, regulations, policies, or procedures that Chancellor's Village develops, now or in the future, regarding the conduct of private duty attendants.
7. By signing below, I agree to the terms of this Acknowledgement and Indemnification and I acknowledge receipt of the Requirements for Private Duty Attendant, Rules of Conduct for Private Duty Attendant, and Private Duty Attendant Registration Form.

<table>
<thead>
<tr>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Address</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
V. GUIDELINES FOR RESIDENTS FOR THE EMPLOYMENT OF PRIVATE DUTY ATTENDANTS PROVIDING SERVICES IN RESIDENTS’ APARTMENTS

The following guidelines are intended to assist You in your employment of private duty attendants in your apartment. The purpose of these guidelines is to protect You and Chancellor’s Village.

1. Your private duty attendant is your employee. Accordingly, You are responsible for all wages, employee benefits, payroll withholdings, workers’ compensation insurance, and other responsibilities of employers to employees.

2. As You would do when employing any person, You should provide for workers’ compensation insurance coverage.

3. You should keep adequate records of your employment of your employee, including hours worked, wages paid, absences, and other pertinent facts. Business details such as the rate of pay, payment schedule, work schedule, payment of Social Security benefits, and provision of workers’ compensation and liability insurance, must be arranged between You and your employee.

4. Confirm that your employee is a citizen of the United States of America, or that he or she has a valid work permit. You are advised to complete Form 1-9, a copy of which can be obtained from Chancellor’s Village.

5. Confirm that your employee is 18 years of age or older. (State laws may require that direct caregivers be at least 18 years of age.)

6. If your employee will have occasion to drive your car, confirm that he/she has a valid driver’s license and that your automobile insurance policy covers additional drivers.

7. For your own protection, we suggest that You check your employee’s references.

8. Confirm that your employee is working only for You and not billing his or her time to another resident during your scheduled appointment.

9. Your employee must receive, become familiar with, and comply with Requirements for Private Duty Attendant, Rules of Conduct for Private Duty Attendant, and any other policies and procedures developed by Chancellor’s Village regarding employment of private duty attendants. In addition, your employee must sign Acknowledgment and Indemnification in which he or she acknowledges receipt of these documents, agrees that he or she is not an employee of Chancellor’s Village, and releases Chancellor’s Village from liability for claims or losses in any way related to his or her services.

10. Any injuries to your employee which occur at Chancellor’s Village must be reported immediately to Administration at Chancellor’s Village. Injury Report form’s are available at the reception desk.

11. If any problems or conflicts involving your employee arise, we urge you to bring them to the attention of the Administration.
12. Whenever you employ or engage the services of a new or substitute private duty attendant, you must notify the Administration and furnish the documents described in Paragraph 9 above to the private duty attendant. You shall also follow the procedures described in Paragraphs 1 through 11 above with respect to every attendant you employ.

13. When private duty attendant services are the basis of the authorization for a resident to remain in his/her apartment, the resident is obligated to report immediately any absence of any private duty attendant services.

14. Many residents prefer to contact a home health agency to receive the services of private duty attendants. Such agency shall be deemed the employer of the private duty attendant and will address many of the concerns described above.

15.

VI. **OUTSIDE SERVICES WAIVER AND RELEASE FORM**

The Resident specified below has elected to retain private duty attendants unaffiliated with Chancellor's Village. This decision has been made despite the resident being made aware of the potential problems and risks that can occur upon the hiring of such private duty attendants. The resident hereby waives, and releases Chancellor's Village from any and all claims, causes of action, demands, obligations, damages or liability asserted or arising out of or incidental to any dealings between the resident and the private duty attendants retained. The resident shall further indemnify at Chancellor's Village for any costs incurred by Chancellor's Village relating to the misconduct of such private duty attendants.

______________________________  ________________
Signature of Resident/Authorized Representative                   Date

______________________________
Printed Name of Resident/Authorized Representative
EXHIBIT E

MOTORIZED CART POLICY

Motorized carts, including motorized wheelchairs and similar motor vehicles, may be operated on the premises of the Community. The following rules with respect to such use are designed to protect the health and safety of team members and residents at the Community.

A. Resident hereby agrees to pay for any and all damages to persons or property as a result of operating said cart.

B. Motorized carts must be maintained in proper operating condition.

C. For the safety of all residents and team members, motorized vehicles shall be of a size that can be accommodated at the Community.

D. So that users may alert others to their approach and remain aware of their surroundings, all motorized carts shall be equipped with a suitable horn or bell and rear view mirror all of which are in good working condition.

E. Residents shall operate carts in a conservative and safe manner, taking special precautions near doorways, at corners, when approaching pedestrians, when backing up, and in other situations that present an additional risk of injury or alarm to others in the vicinity, and shall not operate their vehicles in any way that creates a disturbance or threat of harm to the driver or others, or damage to Community property.

F. When used in any indoor common area of the Community, motorized carts shall not be driven faster than the natural walking speed of any pedestrian in the vicinity.

G. Pedestrians shall always have the right of way over carts, whether indoors or outdoors.

H. If you utilize a motorized cart to enter or exit an assembly area, we request that those using carts wait until all pedestrians have entered or exited before the cart user enters or exits.

I. Motorized carts shall be parked only in designated areas and shall neither block the ingress or egress of any person, nor be operated or stopped in any place or position that creates a trip hazard to any person.
BRE Rook SH Chancellor’s Village LLC

Financial Report
December 31, 2018
<table>
<thead>
<tr>
<th>Contents</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent auditor's report</td>
<td>1</td>
</tr>
<tr>
<td><strong>Financial statements</strong></td>
<td></td>
</tr>
<tr>
<td>Balance sheets</td>
<td>2</td>
</tr>
<tr>
<td>Statements of operations</td>
<td>3</td>
</tr>
<tr>
<td>Statements of changes in member's equity</td>
<td>4</td>
</tr>
<tr>
<td>Statements of cash flows</td>
<td>5-6</td>
</tr>
<tr>
<td>Notes to financial statements</td>
<td>7-12</td>
</tr>
</tbody>
</table>
Independent Auditor's Report

To the Member
BRE Rook SH Chancellor's Village LLC

Report on the Financial Statements
We have audited the accompanying financial statements of BRE Rook SH Chancellor's Village LLC (the Company), which comprise the balance sheets as of December 31, 2018 and 2017, the related statements of operations, changes in member's equity and cash flows for the year ended December 31, 2018 and the period from March 8, 2017 (Inception) through December 31, 2017, and the related notes to the financial statements.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRE Rook SH Chancellor's Village LLC as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the year ended December 31, 2018 and the period from March 8, 2017 (Inception) through December 31, 2017, in accordance with accounting principles generally accepted in the United States of America.

Chicago, Illinois
April 18, 2019

RSM US LLP

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING
BRE Rook SH Chancellor’s Village LLC

Balance Sheets
December 31, 2018 and 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Escrow deposits and reserve funds</td>
<td>$97,124</td>
<td>$86,897</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>7,232</td>
<td>8,267</td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>128,538</td>
<td>138,422</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>232,894</td>
<td>233,586</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$57,215,396</td>
<td>57,152,346</td>
</tr>
<tr>
<td><strong>Liabilities and Member’s Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding checks in excess of bank balance</td>
<td>$17,603</td>
<td>$33,912</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>89,884</td>
<td>15,318</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>490,902</td>
<td>341,841</td>
</tr>
<tr>
<td>Prepaid rent</td>
<td>12,846</td>
<td>72,417</td>
</tr>
<tr>
<td>Deferred membership fees</td>
<td>169,004</td>
<td>219,773</td>
</tr>
<tr>
<td>Refundable entrance fees</td>
<td>734,108</td>
<td>1,701,207</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>1,514,147</td>
<td>2,384,468</td>
</tr>
<tr>
<td>Other liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage payable, net</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$47,791,510</td>
<td>48,623,765</td>
</tr>
<tr>
<td>Member’s equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and member’s equity</strong></td>
<td>$58,208,278</td>
<td>$59,624,864</td>
</tr>
</tbody>
</table>

See notes to financial statements.
BRE Rook SH Chancellor's Village LLC

Statements of Operations
For the Year Ended December 31, 2018 and for the
Period from March 8, 2017 (Inception) through December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental revenue</td>
<td>$8,378,802</td>
<td>$6,438,617</td>
</tr>
<tr>
<td>Net resident service revenue</td>
<td>306,649</td>
<td>268,990</td>
</tr>
<tr>
<td>Membership fees</td>
<td>406,277</td>
<td>111,454</td>
</tr>
<tr>
<td>Other</td>
<td>86,843</td>
<td>37,248</td>
</tr>
<tr>
<td></td>
<td>9,178,571</td>
<td>6,856,309</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and employee benefits</td>
<td>2,481,728</td>
<td>1,851,076</td>
</tr>
<tr>
<td>Administrative and office</td>
<td>185,672</td>
<td>126,905</td>
</tr>
<tr>
<td>Management and contract services</td>
<td>637,244</td>
<td>481,886</td>
</tr>
<tr>
<td>Insurance</td>
<td>105,193</td>
<td>70,926</td>
</tr>
<tr>
<td>Utilities</td>
<td>408,893</td>
<td>344,256</td>
</tr>
<tr>
<td>Real estate taxes</td>
<td>173,051</td>
<td>109,091</td>
</tr>
<tr>
<td>Professional fees</td>
<td>67,193</td>
<td>65,423</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>379,092</td>
<td>283,007</td>
</tr>
<tr>
<td>Marketing</td>
<td>212,870</td>
<td>163,479</td>
</tr>
<tr>
<td>Management fees</td>
<td>365,010</td>
<td>283,005</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>2,687,767</td>
<td>4,337,742</td>
</tr>
<tr>
<td>Interest</td>
<td>2,058,189</td>
<td>1,363,425</td>
</tr>
<tr>
<td></td>
<td>9,762,902</td>
<td>9,480,221</td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (584,331)</td>
<td>$ (2,623,912)</td>
</tr>
</tbody>
</table>
BRE Rook SH Chancellor's Village LLC

Statements of Changes in Member's Equity
For the Year Ended December 31, 2018 and for the
Period from March 8, 2017 (Inception) through December 31, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, March 8, 2017</td>
<td>$-</td>
</tr>
<tr>
<td>Initial contributions from member</td>
<td>13,625,011</td>
</tr>
<tr>
<td>Net loss</td>
<td>(2,623,912)</td>
</tr>
<tr>
<td>Balance, December 31, 2017</td>
<td>11,001,099</td>
</tr>
<tr>
<td>Net loss</td>
<td>(584,331)</td>
</tr>
<tr>
<td><strong>Balance, December 31, 2018</strong></td>
<td><strong>$10,416,768</strong></td>
</tr>
</tbody>
</table>

See notes to financial statements.
## Statements of Cash Flows
For the Year Ended December 31, 2018 and for the Period from March 8, 2017 (Inception) through December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (584,331)</td>
<td>$ (2,623,912)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>2,687,767</td>
<td>4,337,742</td>
</tr>
<tr>
<td>Amortization of deferred financing fees</td>
<td>30,566</td>
<td>24,956</td>
</tr>
<tr>
<td>Changes in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,035</td>
<td>(8,267)</td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>9,884</td>
<td>(32,305)</td>
</tr>
<tr>
<td>Due from affiliates</td>
<td>(18,538)</td>
<td>(608,503)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>74,366</td>
<td>9,893</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>149,061</td>
<td>317,621</td>
</tr>
<tr>
<td>Prepaid rent</td>
<td>(59,571)</td>
<td>72,417</td>
</tr>
<tr>
<td>Deferred membership fees</td>
<td>(50,769)</td>
<td>219,773</td>
</tr>
<tr>
<td>Security deposits</td>
<td>7,500</td>
<td>16,000</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>2,246,970</strong></td>
<td><strong>1,725,415</strong></td>
</tr>
</tbody>
</table>

Cash flows from investing activities:
- Acquisition of property: - (59,823,352)
- Purchase of property and equipment: (2,125,590) (370,886)
- Advances to affiliates: - (1,005,202)

**Net cash used in investing activities**: (2,125,590) (61,199,440)

Cash flows from financing activities:
- Change in excess of outstanding checks over bank balance: (16,309) 33,912
- Proceeds from mortgage payable: - 46,504,000
- Net mortgage escrow and reserve activities: (10,227) (27,439)
- Payments of refundable entrance fees: (967,099) (355,800)
- Payments of deferred financing fees: - (305,659)
- Contributions from member: - 13,625,011
- Advances from affiliates: 872,255 -

**Net cash (used in) provided by financing activities**: (121,380) 59,474,025

**Change in cash**: - -

Cash:
- Beginning of period: - -
- End of period: $ - $ -

(Continued)
BRE Rook SH Chancellor’s Village LLC

Statements of Cash Flows (Continued)
For the Year Ended December 31, 2018 and for the
Period from March 8, 2017 (Inception) through December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplemental disclosure of cash flow information:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td>$1,991,333</td>
<td>$1,216,099</td>
</tr>
</tbody>
</table>

Acquisition:
Fair value of assets acquired and liabilities assumed in acquisition:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working capital</td>
<td>$ -</td>
<td>$135,930</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>-</td>
<td>$58,338,346</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>-</td>
<td>$3,406,083</td>
</tr>
<tr>
<td>Refundable entrance fees</td>
<td>-</td>
<td>(2,057,007)</td>
</tr>
<tr>
<td></td>
<td>$ -</td>
<td>$59,823,352</td>
</tr>
</tbody>
</table>

See notes to financial statements.
Note 1. Organization and Nature of Activities

BRE Rook SH Chancellor’s Village LLC (the Company), a Delaware limited liability company, was formed on March 8, 2017. The Company is wholly-owned by BRE Rook SH Property Holdings LLC (the Member).

The Company owns and operates a 187-unit, independent- and assisted-living community (the Property) located in Fredericksburg, Virginia. The Property is operated by SL Chancellor’s Village, LLC, an Illinois limited liability company (“Manager”). The Company acquired the property and equipment and operations of the Property on March 8, 2017. The Company is a limited liability company, organized under the Delaware Limited Liability Company Act and shall continue in perpetuity until event of dissolution occurs as defined in the operating agreement.

Note 2. Summary of Significant Accounting Policies

Reporting period: The accompanying financial statements include results of operations of the Company for the year ended December 31, 2018 and for the period from the date of acquisition, March 8, 2017 (inception) through December 31, 2017.

Use of estimates: In preparing financial statements in conformity with generally accepted accounting principles in the United States (U.S. GAAP), management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash: The Company maintains cash deposits at banks, which throughout the year may exceed federally insured deposit limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Accounts receivable: Accounts receivable consists of rent, resident services and other charges due from residents. Receivables are recorded at the Company’s estimate of the amounts that will ultimately be collected. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and the Company’s historical collection experience. At December 31, 2018 and 2017, there was an allowance for doubtful accounts of $0 and $534, respectively.

Prepaid expenses and other: Prepaid expenses and other consists primarily of insurance paid in advance and deposits.

Property and equipment: Property and equipment are stated at cost. Property and equipment are depreciated over the estimated useful lives on a straight-line basis.

Intangible asset: The intangible asset of $0 and $625,227 at December 31, 2018 and 2017, respectively, consisted of in-place leases at the date of acquisition. The intangible asset was amortized over 12 months. Amortization for the periods ended December 31, 2018 and 2017, was $625,227 and $2,780,856, respectively.

Deferred membership fees: Residents of the rental units generally enter into one-year rental contracts whereby the resident pays a membership fee. Membership fees are one-time fees that are charged at the execution of the initial lease, and are generally non-refundable. These membership fees are amortized over the life of the initial one-year lease.

Refundable entrance fees: Refundable entrance fees of $2,057,007 were assumed at the date of the acquisition. These agreements, which are no longer offered, are 100 percent refundable to the resident in accordance with the resident’s contract. These refundable entrance fees are due to the resident generally within 45 days of the move out date. At December 31, 2018 and 2017, refundable entrance fees were $734,108 and $1,701,207, respectively.
Note 2. Summary of Significant Accounting Policies (Continued)

Deferred financing fees, net of amortization: Deferred financing fees consist of expenses incurred in obtaining financing. Amortization is based on the straight-line method, which approximates the effective interest method, over the term of the loan. Accumulated amortization as of December 31, 2018 and 2017 was $55,522 and $24,956, respectively. Deferred financing fees, net of amortization, are included with the mortgage payable in the balance sheets. Amortization of deferred financing fees is included as a component of interest expense in the statements of operations.

Revenue recognition: Rental revenue is recognized as earned under resident leases that typically have terms of one year or less. Net resident services revenue consists of ancillary charges to residents for services such as meal preparation, housekeeping and laundry and move-in fees. Revenue from these services is recognized upon completion of the service. Any rent received in advance of completion of service is recorded as prepaid rent.

Income taxes: The Company is not subject to federal income tax because its income and losses are includable in the tax returns of its Member, but may be subject to certain state taxes. U.S. GAAP provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the entity’s tax returns to determine whether the tax positions are more-likely-than-not of being sustained when challenged or when examined by the applicable taxing authority.

For the year ended December 31, 2018, management has determined that there are no uncertain tax positions.

For the year ended December 31, 2018, management has determined that there are no uncertain tax positions.

For the year ended December 31, 2018, management has determined that there are no uncertain tax positions.

Marketing costs: Marketing costs are expensed as incurred. The Company expensed $230,303 and $177,295 of which, $17,433 and $13,816 are recorded in management and contract services in the statements of operations, for 2018 and 2017, respectively.

Asset impairment: The Company considers whether indicators of impairment are present and performs the necessary tests to determine if the carrying value of an asset is appropriate. Impairment write-downs are recognized in operating income at the time the impairment is identified. No indicators of impairment were identified during the periods ended December 31, 2018 and 2017.

Recent accounting pronouncement: In January 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business, which provides guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. ASU 2017-01 requires entities to use a screen test to determine when an integrated set of assets and activities is not a business or if the integrated set of assets and activities needs to be further evaluated against the framework.

Effective March 8, 2017 (inception), the Company chose to early adopt the new ASU whereby the Company concluded that the asset acquisition in 2017 would be accounted for as an asset acquisition after applying the “screen”. The Company determined that the fair value of the gross assets acquired is concentrated in a single identifiable asset. Upon acquisition of the Property, the Company allocated the purchase price, inclusive of acquisition-related costs, based upon the relative fair values of the assets acquired and liabilities assumed, which generally consisted of land, buildings and improvements, and an intangible asset related to in-place leases.
Note 2. Summary of Significant Accounting Policies (Continued)

Pending accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customer. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for the Company's December 31, 2019, financial statements. The Company has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2020, with early adoption permitted. The Company is in the process of evaluating the impact of this new guidance.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force), which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the Company beginning on January 1, 2019. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements.

Subsequent events: The Company has evaluated subsequent events for potential recognition and/or disclosure through April 18, 2019, the date the financial statements were available to be issued.

Note 3. Acquisition

On March 8, 2017, the Company acquired the assets and assumed certain liabilities of the Property to expand their holdings of senior living properties. The acquisition was accounted for as an asset acquisition. The purchase price of $59,823,352 included $707,467 of acquisition-related costs and was funded with cash paid of $13,625,011 and $46,198,341 of proceeds from a mortgage, net of financing fees of $305,659.
Note 3. Acquisition (Continued)

The purchase price was allocated to the assets acquired and the liabilities assumed based on their relative fair values at the date of acquisition. The following table summarizes the consideration paid and the amount of the assets acquired and liabilities assumed at the date of the transaction:

<table>
<thead>
<tr>
<th>Consideration paid in cash</th>
<th>$ 59,823,352</th>
</tr>
</thead>
</table>

Property and equipment | $ 58,338,346 |
Intangible assets | 3,406,083 |
Refundable entrance fees | (2,057,007) |
Working capital items | 135,930 |

$ 59,823,352

Note 4. Property and Equipment

A summary of property and equipment additions at December 31, 2018 and 2017, is as follows:

<table>
<thead>
<tr>
<th>Depreciable lives - years</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 5,428,773</td>
<td>$ 5,428,773</td>
</tr>
<tr>
<td>Land improvements</td>
<td>20</td>
<td>39,766</td>
</tr>
<tr>
<td>Building</td>
<td>32</td>
<td>50,462,434</td>
</tr>
<tr>
<td>Building improvements</td>
<td>3 - 27</td>
<td>3,571,203</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>5 - 8</td>
<td>1,159,232</td>
</tr>
<tr>
<td>Automobiles</td>
<td>10</td>
<td>173,414</td>
</tr>
</tbody>
</table>

60,834,822 | 58,709,232

Accumulated depreciation

(3,619,426) | (1,556,886)

$ 57,215,396 | $ 57,152,346

Note 5. Related-Party Transactions

Effective March 8, 2017, the Company entered into a management agreement with the Manager, a related party, to manage the Property for a management fee equal to 4 percent of gross revenues, as defined. The term of this agreement is 2 years from the effective date and will automatically renew for successive 1-year periods unless terminated in accordance with terms of the agreement.

At December 31, 2018 and 2017, due from affiliates includes amounts advanced to a related party of $565,121 and $1,418,707 respectively. Also included is amounts due from the prior affiliated operator of $194,867 and $194,998 for rent they collected for the period subsequent to March 7, 2017, and for expenses paid by the Company for the period prior to March 8, 2017 as of December 31, 2018 and 2017, respectively.

The due from affiliates balances are non-interest bearing and due on demand.
Note 6. Mortgage Payable

On March 8, 2017, the Company entered an agreement for a mortgage note with HFF, L.P. (the Lender) in the amount of $46,504,000. The note bears interest at a variable rate of one-month LIBOR rate plus 2.32 percent (4.82 and 3.89 percent as of December 31, 2018 and 2017, respectively). Monthly payments of interest only are due until May 1, 2022, when principal payments commence of $129,178 until maturity. The remaining outstanding principal is due on April 1, 2027, the date of maturity.

The mortgage is collateralized by all property of the Company and there is a cross-collateralization with mortgages of affiliated entities for a total of $535,476,000.

As a requirement of the mortgage note agreement, the Company entered into an interest rate cap agreement with a notional amount of $535,476,000 to cap interest at 3.18 percent per annum through March 9, 2019 and subsequent to December 31, 2018 was extended to March 9, 2021 with similar terms and a notional amount of $530,479,000.

Mortgage payable on the accompanying balance sheets reflects outstanding borrowings, net of unamortized deferred loan costs of $250,137 and $280,703 at December 31, 2018 and 2017, respectively.

The mortgage requires certain escrows to be maintained with the lender, as defined in the loan agreement. The Company is required to make monthly payments of $7,983 to fund the replacement reserve. As of December 31, 2018 and 2017, escrow and reserve balances are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real estate tax escrow</td>
<td>9,910</td>
<td>19,820</td>
</tr>
<tr>
<td>Replacement reserve</td>
<td>87,214</td>
<td>63,864</td>
</tr>
<tr>
<td>Other escrow</td>
<td>-</td>
<td>3,213</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$97,124</strong></td>
<td><strong>$66,897</strong></td>
</tr>
</tbody>
</table>

Principal maturities of the mortgage payable as of December 31, 2018, are as follows:

<table>
<thead>
<tr>
<th>Years ending December 31:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>2020</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2021</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2022</td>
<td>1,033,424</td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>1,550,136</td>
<td></td>
</tr>
<tr>
<td>Thereafter</td>
<td>43,920,440</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$46,504,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

Note 7. Commitments and Contingencies

The Company has professional and general liability insurance to cover such claims. There are no known claims arising from services provided to residents.
Note 8. 401(k) Savings Plan

The Manager has created a 401(k) savings plan (the Plan) for all employees who are at least 21 years of age. The Manager reserves the right to make annual matching contributions at a rate determined by management, not to exceed $1,500 per employee. Employees are eligible to participate in the Plan the first quarter following two months of employment. Employees who participate in the Plan vest in it for a six-year period commencing in year two. During 2018 and 2017, the Company made contributions of $11,027 and $6,475, respectively, that are included in salaries and employee benefits.

Note 9. Health Insurance Coverage/Self-Insurance

The Company is partially self-insured under certain, single-employer plans with two carriers covering all eligible Company employees for health benefits who choose to enroll. Certain plans under one carrier were covered by a specific stop-loss policy that covers over $150,000 per individual claim. Other plans under the other carrier were covered by an aggregate stop-loss policy that covered amounts over an aggregate of approximately $2,800,000 up to a total of approximately $3,400,000. For the periods ended December 31, 2018 and 2017, amounts allocated to operations as costs of the Plan, and included in salaries and employee benefits, were $93,915 and $73,331, respectively.
SL Chancellor's Village, LLC
Certification of Financial Statements

The undersigned hereby certifies the attached financial statements of SL Chancellor's Village, LLC (the "Manager") are complete and accurate representations of the financial condition of the Manager for the periods presented in all material respects.

Signed this 8th day of August, 2019.

Entity:  SL Chancellor's Village, LLC
By:  Steven T. Hippel, Chief Financial Officer
Its:  Authorized Signer

Signature:  

[Signature]

[Signature]
SL Chancellor's Village, LLC
Balance Sheets
As of December 31, 2018 and 2017 (Unaudited)

<table>
<thead>
<tr>
<th>Assets</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management fees receivable</td>
<td>$2,654</td>
<td>$4,259</td>
</tr>
<tr>
<td>Total assets</td>
<td>$2,654</td>
<td>$4,259</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities &amp; Member's Equity</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Member's equity</td>
<td>2,654</td>
<td>4,259</td>
</tr>
<tr>
<td>Total liabilities &amp; member's equity</td>
<td>$2,654</td>
<td>$4,259</td>
</tr>
</tbody>
</table>
SL Chancellor's Village, LLC
Statements of Operations
For the Year Ended December 31, 2018 and the Period March 8, 2017 Through December 31, 2017 (Unaudited)

<table>
<thead>
<tr>
<th>Revenue:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management fee revenues</td>
<td>$365,010</td>
<td>$283,005</td>
</tr>
</tbody>
</table>

| Total assets           | 365,010  | 283,005  |

<table>
<thead>
<tr>
<th>Expenses:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Net income             | $365,010 | $283,005 |
SL Chancellor's Village, LLC

Statements of Changes in Member's Equity
For the Year Ended December 31, 2018 and the Period March 8, 2017 Through December 31, 2017 (Unaudited)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Member's Equity, March 8, 2017</td>
<td>$</td>
</tr>
<tr>
<td>Distributions</td>
<td>(278,746)</td>
</tr>
<tr>
<td>Net income</td>
<td>283,005</td>
</tr>
<tr>
<td><strong>Member's Equity, December 31, 2017</strong></td>
<td>4,259</td>
</tr>
<tr>
<td>Distributions</td>
<td>(366,615)</td>
</tr>
<tr>
<td>Net income</td>
<td>365,010</td>
</tr>
<tr>
<td><strong>Member's Equity, December 31, 2018</strong></td>
<td>$ 2,654</td>
</tr>
</tbody>
</table>
SL Chancellor's Village, LLC  
Statements of Cash Flows  
For the Year Ended December 31, 2018 and the Period March 8, 2017 Through December 31, 2017 (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$365,010</td>
<td>$283,005</td>
</tr>
<tr>
<td>Changes in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management fees receivable</td>
<td>1,605</td>
<td>(4,259)</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Operating Activities</strong></td>
<td>366,615</td>
<td>278,746</td>
</tr>
</tbody>
</table>

**Cash flows from financing activities:**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributions</td>
<td>(366,615)</td>
<td>(278,746)</td>
</tr>
<tr>
<td><strong>Net Cash Flows to Financing Activities</strong></td>
<td>(366,615)</td>
<td>(278,746)</td>
</tr>
</tbody>
</table>

**Net Change in Cash and Cash Equivalents**

|                      | -   | -   |

**Cash and Cash Equivalents - Beginning of Year**

|                      | -   | -   |

**Cash and Cash Equivalents - End of Year**

|                      | $   | $   |
# Revenue and Expenses Report

**Period:** Jan 2019 - Dec 2019  
**Book:** Accrual  
**Tree:** slc_newdeptsum

## Revenue

### Rental and Care Revenue
- **Total Independent Rental and Care:** 517,101.24 - 536,325.85  
- **Total Assisted Living Rental and Care:** 182,077.14 - 194,627.33

### Net Rental and Care Revenue
- 699,360.59 - 730,953.18

### Other Revenue
- **Total OTH Rental Revenue:** 38,564.64  
- **Total KIT DIN Services Revenue:** 4,072.73  
- **Total OTH Services Revenue:** 6,557.13  
- **Total Community Fee/Membership Fees:** 29,375.00  
- **Total ADM Revenue:** 8,270.44

### Total Other Revenue
- 86,839.94 - 1,093,079.28

### Total Revenue
- 786,200.53 - 9,641,423.11

## Expenses

### Operating Expenses
- **Total AL Expenses:** 42,327.63  
- **Total MEDS Expense:** 223.86  
- **Total ACT Expense:** 10,437.60  
- **Total KIT EIN Services Revenue:** 117,896.53  
- **Total HSK/LDY Expense:** 16,557.86  
- **Total MTNC Expense:** 57,050.58  
- **Total TRAN Expense:** 8,354.71  
- **Total MKT Expense:** 27,573.74  
- **Total ADM Expense:** 65,323.76

### Total Operating Expenses
- 345,746.27 - 772,671.61

### Uncontrollable Expenses
- **Total Property and Casualty:** 9,029.37  
- **Total Real Estate and Other Taxes:** 14,147.46  
- **Total Utilities Expense:** 34,443.85

### Total Uncontrollable Expenses
- 345,746.27 - 4,095,425.96

---

*Page 1 of 2*
### Chancellors Village (476)

**Budget**

**Period = Jan 2019-Dec 2019**

*Book = Accrual ; Tree = slc_newdeptsum*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>31,446.02</td>
<td>31,631.40</td>
<td>31,735.96</td>
<td>31,793.78</td>
<td>31,837.83</td>
<td>31,938.57</td>
<td>32,039.14</td>
<td>32,323.84</td>
<td>32,591.07</td>
<td>32,715.62</td>
<td>32,890.57</td>
<td>32,711.72</td>
<td>385,656.92</td>
</tr>
</tbody>
</table>

**Total Management Fees**

**TOTAL UNCONTROLLABLE**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>89,068.70</td>
<td>83,734.22</td>
<td>86,857.64</td>
<td>85,861.57</td>
<td>88,047.95</td>
<td>91,828.98</td>
<td>96,384.26</td>
<td>98,471.00</td>
<td>92,124.68</td>
<td>91,756.04</td>
<td>88,121.12</td>
<td>89,797.91</td>
<td>1,082,954.07</td>
</tr>
</tbody>
</table>

**TOTAL EXPENSES**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>434,814.97</td>
<td>399,295.41</td>
<td>428,678.10</td>
<td>418,133.61</td>
<td>428,755.84</td>
<td>424,637.52</td>
<td>449,700.50</td>
<td>458,224.27</td>
<td>434,185.01</td>
<td>438,183.93</td>
<td>428,982.19</td>
<td>434,815.68</td>
<td>5,178,407.03</td>
</tr>
</tbody>
</table>

**NET OPERATING INCOME**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>351,385.56</td>
<td>391,489.68</td>
<td>364,705.85</td>
<td>376,710.79</td>
<td>367,189.96</td>
<td>373,826.64</td>
<td>351,278.06</td>
<td>349,871.74</td>
<td>380,591.64</td>
<td>379,706.59</td>
<td>393,282.13</td>
<td>382,977.44</td>
<td>4,463,016.08</td>
</tr>
</tbody>
</table>

**NET INCOME**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>351,385.56</td>
<td>391,489.68</td>
<td>364,705.85</td>
<td>376,710.79</td>
<td>367,189.96</td>
<td>373,826.64</td>
<td>351,278.06</td>
<td>349,871.74</td>
<td>380,591.64</td>
<td>379,706.59</td>
<td>393,282.13</td>
<td>382,977.44</td>
<td>4,463,016.08</td>
</tr>
</tbody>
</table>
## PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual
--- | --- | --- | --- | --- | --- | --- | --- | ---

### REVENUE

#### RENTAL AND CARE REVENUE

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Independent Rental and Care</td>
<td>5,871,455.32</td>
<td>5,714,661.26</td>
<td>156,794.06</td>
<td>2.74</td>
<td>5,871,455.32</td>
<td>5,714,661.26</td>
<td>156,794.06</td>
<td>2.74</td>
</tr>
<tr>
<td>Total Assisted Living Rental and Care</td>
<td>2,228,811.88</td>
<td>2,287,655.70</td>
<td>-58,843.82</td>
<td>-2.57</td>
<td>2,228,811.88</td>
<td>2,287,655.70</td>
<td>-58,843.82</td>
<td>-2.57</td>
</tr>
</tbody>
</table>

#### NET RENTAL AND CARE REVENUE

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8,100,267.20</td>
<td>8,002,316.96</td>
<td>97,950.24</td>
<td>1.22</td>
<td>8,100,267.20</td>
<td>8,002,316.96</td>
<td>97,950.24</td>
<td>1.22</td>
<td></td>
</tr>
</tbody>
</table>

#### OTHER REVENUE

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total OTH Rental Revenue</td>
<td>449,923.06</td>
<td>474,987.36</td>
<td>-25,064.30</td>
<td>-5.28</td>
<td>449,923.06</td>
<td>474,987.36</td>
<td>-25,064.30</td>
<td>-5.28</td>
</tr>
<tr>
<td>Total KIT DIN Services Revenue</td>
<td>52,162.28</td>
<td>62,355.84</td>
<td>-10,193.56</td>
<td>-16.35</td>
<td>52,162.28</td>
<td>62,355.84</td>
<td>-10,193.56</td>
<td>-16.35</td>
</tr>
<tr>
<td>Total OTH Services Revenue</td>
<td>77,631.37</td>
<td>75,194.88</td>
<td>2,436.49</td>
<td>3.24</td>
<td>77,631.37</td>
<td>75,194.88</td>
<td>2,436.49</td>
<td>3.24</td>
</tr>
<tr>
<td>Total Community Fee/Membership Fees</td>
<td>381,008.00</td>
<td>414,724.00</td>
<td>-33,716.00</td>
<td>-8.13</td>
<td>381,008.00</td>
<td>414,724.00</td>
<td>-33,716.00</td>
<td>-8.13</td>
</tr>
<tr>
<td>Total ADM Revenue</td>
<td>68,510.46</td>
<td>72,215.88</td>
<td>4,205.42</td>
<td>5.71</td>
<td>68,510.46</td>
<td>72,215.88</td>
<td>4,205.42</td>
<td>5.71</td>
</tr>
</tbody>
</table>

#### TOTAL OTHER REVENUE

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,029,235.17</td>
<td>1,054,477.96</td>
<td>-25,242.79</td>
<td>-2.39</td>
<td>1,029,235.17</td>
<td>1,054,477.96</td>
<td>-25,242.79</td>
<td>-2.39</td>
<td></td>
</tr>
</tbody>
</table>

#### TOTAL REVENUE

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9,129,502.37</td>
<td>9,056,794.92</td>
<td>72,707.45</td>
<td>0.80</td>
<td>9,129,502.37</td>
<td>9,056,794.92</td>
<td>72,707.45</td>
<td>0.80</td>
<td></td>
</tr>
</tbody>
</table>

### EXPENSES

#### OPERATING EXPENSES

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total AL Expense</td>
<td>474,957.48</td>
<td>466,122.67</td>
<td>-8,834.81</td>
<td>-1.90</td>
<td>474,957.48</td>
<td>466,122.67</td>
<td>-8,834.81</td>
<td>-1.90</td>
</tr>
<tr>
<td>Total PHM Expense</td>
<td>135.37</td>
<td>12.60</td>
<td>-122.77</td>
<td>-974.37</td>
<td>135.37</td>
<td>12.60</td>
<td>-122.77</td>
<td>-974.37</td>
</tr>
<tr>
<td>Total MIDS Expense</td>
<td>2,277.05</td>
<td>2,732.64</td>
<td>-155.59</td>
<td>5.99</td>
<td>2,277.05</td>
<td>2,732.64</td>
<td>-155.59</td>
<td>5.99</td>
</tr>
<tr>
<td>Total HH Expense</td>
<td>81.66</td>
<td>0.00</td>
<td>-81.66</td>
<td>100%</td>
<td>81.66</td>
<td>0.00</td>
<td>-81.66</td>
<td>100%</td>
</tr>
<tr>
<td>Total ACT Expense</td>
<td>114,972.31</td>
<td>116,069.23</td>
<td>-1,096.92</td>
<td>0.95</td>
<td>114,972.31</td>
<td>116,069.23</td>
<td>-1,096.92</td>
<td>0.95</td>
</tr>
<tr>
<td>Total KIT DIN Expense</td>
<td>1,330,460.89</td>
<td>1,307,609.80</td>
<td>-22,851.09</td>
<td>-1.75</td>
<td>1,330,460.89</td>
<td>1,307,609.80</td>
<td>-22,851.09</td>
<td>-1.75</td>
</tr>
<tr>
<td>Total HS/FLD Expense</td>
<td>168,006.20</td>
<td>174,208.38</td>
<td>6,202.18</td>
<td>3.56</td>
<td>168,006.20</td>
<td>174,208.38</td>
<td>6,202.18</td>
<td>3.56</td>
</tr>
<tr>
<td>Total MTNC Expense</td>
<td>640,066.60</td>
<td>637,600.71</td>
<td>-2,465.89</td>
<td>-0.39</td>
<td>640,066.60</td>
<td>637,600.71</td>
<td>-2,465.89</td>
<td>-0.39</td>
</tr>
<tr>
<td>Total TRAN Expense</td>
<td>82,072.72</td>
<td>146,600.85</td>
<td>-64,528.13</td>
<td>-44.05</td>
<td>82,072.72</td>
<td>146,600.85</td>
<td>-64,528.13</td>
<td>-44.05</td>
</tr>
<tr>
<td>Total MCT Expense</td>
<td>395,865.80</td>
<td>357,812.25</td>
<td>-38,053.55</td>
<td>-10.64</td>
<td>395,865.80</td>
<td>357,812.25</td>
<td>-38,053.55</td>
<td>-10.64</td>
</tr>
<tr>
<td>Total ADM Expense</td>
<td>737,657.57</td>
<td>740,418.88</td>
<td>-2,761.31</td>
<td>-0.38</td>
<td>737,657.57</td>
<td>740,418.88</td>
<td>-2,761.31</td>
<td>-0.38</td>
</tr>
</tbody>
</table>

#### TOTAL OPERATING EXPENSES

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,946,563.65</td>
<td>3,949,278.01</td>
<td>2,714.36</td>
<td>0.07</td>
<td>3,946,563.65</td>
<td>3,949,278.01</td>
<td>2,714.36</td>
<td>0.07</td>
<td></td>
</tr>
</tbody>
</table>

#### UNCONTROLLABLE EXPENSES

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Property and Casualty</td>
<td>105,192.70</td>
<td>103,811.72</td>
<td>-1,380.98</td>
<td>-1.33</td>
<td>105,192.70</td>
<td>103,811.72</td>
<td>-1,380.98</td>
<td>-1.33</td>
</tr>
<tr>
<td>Total Real Estate and Other Taxes</td>
<td>173,050.70</td>
<td>138,891.48</td>
<td>-34,159.22</td>
<td>-24.95</td>
<td>173,050.70</td>
<td>138,891.48</td>
<td>-34,159.22</td>
<td>-24.95</td>
</tr>
<tr>
<td>Total Utilities Expense</td>
<td>408,891.63</td>
<td>432,931.02</td>
<td>-24,039.39</td>
<td>-5.55</td>
<td>408,891.63</td>
<td>432,931.02</td>
<td>-24,039.39</td>
<td>-5.55</td>
</tr>
<tr>
<td>Total Management Fees</td>
<td>365,010.00</td>
<td>362,271.82</td>
<td>-2,738.18</td>
<td>-0.76</td>
<td>365,010.00</td>
<td>362,271.82</td>
<td>-2,738.18</td>
<td>-0.76</td>
</tr>
</tbody>
</table>

#### TOTAL UNCONTROLLABLE

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,052,145.03</td>
<td>1,037,906.04</td>
<td>-14,238.99</td>
<td>-1.37</td>
<td>1,052,145.03</td>
<td>1,037,906.04</td>
<td>-14,238.99</td>
<td>-1.37</td>
<td></td>
</tr>
</tbody>
</table>
## Chancellors Village (476)

### Budget Comparison

**Period:** Jan 2018-Dec 2018  
**Book =** Accrual  
**Tree =** slc_newdeptsum

<table>
<thead>
<tr>
<th></th>
<th>PTD Actual</th>
<th>PTD Budget</th>
<th>Variance</th>
<th>% Var</th>
<th>YTD Actual</th>
<th>YTD Budget</th>
<th>Variance</th>
<th>% Var</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>4,998,708.68</td>
<td>4,987,184.05</td>
<td>-11,524.63</td>
<td>-0.23</td>
<td>4,998,708.68</td>
<td>4,987,184.05</td>
<td>-11,524.63</td>
<td>-0.23</td>
<td>4,987,184.05</td>
</tr>
<tr>
<td><strong>NET OPERATING INCOME</strong></td>
<td>4,130,793.69</td>
<td>4,069,610.87</td>
<td>61,182.82</td>
<td>1.50</td>
<td>4,130,793.69</td>
<td>4,069,610.87</td>
<td>61,182.82</td>
<td>1.50</td>
<td>4,069,610.87</td>
</tr>
</tbody>
</table>

### Depreciation and Amortization

<table>
<thead>
<tr>
<th>Description</th>
<th>PTD Actual</th>
<th>PTD Budget</th>
<th>Variance</th>
<th>% Var</th>
<th>YTD Actual</th>
<th>YTD Budget</th>
<th>Variance</th>
<th>% Var</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Depreciation Expense</strong></td>
<td>2,141,070.43</td>
<td>0.00</td>
<td>-2,141,070.43</td>
<td>N/A</td>
<td>2,141,070.43</td>
<td>0.00</td>
<td>-2,141,070.43</td>
<td>N/A</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Amort - Financing</strong></td>
<td>28,018.72</td>
<td>0.00</td>
<td>-28,018.72</td>
<td>N/A</td>
<td>28,018.72</td>
<td>0.00</td>
<td>-28,018.72</td>
<td>N/A</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Amort - Business Value</strong></td>
<td>3,154,564.45</td>
<td>0.00</td>
<td>-3,154,564.45</td>
<td>N/A</td>
<td>3,154,564.45</td>
<td>0.00</td>
<td>-3,154,564.45</td>
<td>N/A</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Depreciation and Amortization</strong></td>
<td>5,323,653.60</td>
<td>0.00</td>
<td>-5,323,653.60</td>
<td>N/A</td>
<td>5,323,653.60</td>
<td>0.00</td>
<td>-5,323,653.60</td>
<td>N/A</td>
<td>0.00</td>
</tr>
</tbody>
</table>

### Interest Expense

<table>
<thead>
<tr>
<th>Description</th>
<th>PTD Actual</th>
<th>PTD Budget</th>
<th>Variance</th>
<th>% Var</th>
<th>YTD Actual</th>
<th>YTD Budget</th>
<th>Variance</th>
<th>% Var</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Expense</strong></td>
<td>2,030,379.19</td>
<td>0.00</td>
<td>-2,030,379.19</td>
<td>N/A</td>
<td>2,030,379.19</td>
<td>0.00</td>
<td>-2,030,379.19</td>
<td>N/A</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Interest Expense</strong></td>
<td>2,030,379.19</td>
<td>0.00</td>
<td>-2,030,379.19</td>
<td>N/A</td>
<td>2,030,379.19</td>
<td>0.00</td>
<td>-2,030,379.19</td>
<td>N/A</td>
<td>0.00</td>
</tr>
</tbody>
</table>

### Transaction Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>PTD Actual</th>
<th>PTD Budget</th>
<th>Variance</th>
<th>% Var</th>
<th>YTD Actual</th>
<th>YTD Budget</th>
<th>Variance</th>
<th>% Var</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Disaster Expense</strong></td>
<td>126.15</td>
<td>0.00</td>
<td>-126.15</td>
<td>N/A</td>
<td>126.15</td>
<td>0.00</td>
<td>-126.15</td>
<td>N/A</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Transaction costs</strong></td>
<td>126.15</td>
<td>0.00</td>
<td>-126.15</td>
<td>N/A</td>
<td>126.15</td>
<td>0.00</td>
<td>-126.15</td>
<td>N/A</td>
<td>0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>PTD Actual</th>
<th>PTD Budget</th>
<th>Variance</th>
<th>% Var</th>
<th>YTD Actual</th>
<th>YTD Budget</th>
<th>Variance</th>
<th>% Var</th>
<th>Annual</th>
</tr>
</thead>
</table>
### Summary of Financial Information

**SL Chancellor’s Village, LLC**

<table>
<thead>
<tr>
<th></th>
<th>Current Year 2018*</th>
<th>Prior Year 2017</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$0</td>
<td>$8,439</td>
<td>($8,439.00)</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$0</td>
<td>$682,572</td>
<td>($682,572)</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$0</td>
<td>($674,133)</td>
<td>$674,133</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$0</td>
<td>$1,976,349</td>
<td>($1,976,349)</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$0</td>
<td>$1,975,745</td>
<td>($1,975,745)</td>
</tr>
<tr>
<td>Operating Income/(Loss)</td>
<td>$0</td>
<td>$604</td>
<td>($604)</td>
</tr>
<tr>
<td>Net Income/(Loss)</td>
<td>$0</td>
<td>($177,528)</td>
<td>$177,528</td>
</tr>
</tbody>
</table>

* As of March 7, 2017, income and expenses related to Chancellor’s Village are no longer reflected on SL Chancellor’s Village, LLC’s financial statements; accordingly, the revenues/expenses only reflect that portion for 2017. 2018 Chancellor’s Village is no longer reflected on the SL Chancellors Village, LLC financial statements.

**BRE Rook Chancellor’s Village, LLC**

<table>
<thead>
<tr>
<th></th>
<th>Current Year 2018**</th>
<th>Prior Year 2017**</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$58,208,278</td>
<td>$59,624,864</td>
<td>($1,416,586)</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$47,791,510</td>
<td>$48,623,765</td>
<td>($832,255)</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$10,416,768</td>
<td>$11,001,099</td>
<td>($584,331)</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$9,178,571</td>
<td>$6,856,309</td>
<td>$2,322,262</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$7,075,135</td>
<td>$5,142,479</td>
<td>$1,932,656</td>
</tr>
<tr>
<td>Operating Income/(Loss)</td>
<td>$2,103,436</td>
<td>$1,713,830</td>
<td>$389,606</td>
</tr>
<tr>
<td>Net Income/(Loss)</td>
<td>($584,331)</td>
<td>($2,623,912)</td>
<td>$2,039,581</td>
</tr>
</tbody>
</table>

** Income and expenses related to Chancellor’s Village have been reflected on BRE Rook Chancellor’s Village, LLC’s financial statements beginning on March 8, 2017; accordingly, the revenues/expenses in income section only reflect that portion for 2017. 2018 reflects the entire year for 2018 on the BRE Rook Chancellors Village, LLC financials.
**Narrative on financial condition:**

Chancellor’s Village continues to have consistent financial performance year after year. Occupancy for Assisted Living held steady with 94.5% occupancy in 2017 (*) and 95.0% occupancy in 2018. Independent Living occupancy remained constant as well with 81.8% in 2017(*) to 82.4% in 2018.

Revenue increased in 2018 versus 2017(*) in the amount of $345,913.00. Expenses decreased in 2018 over 2017 (*) in the amount of $43,089.00.

*The Investor period for BRE Rook Chancellor’s Village, LLC began on 3/8/17, and thus the revenues/expenses in income section only reflect that portion for 2017. Year over year comparison is based on combined results.

<table>
<thead>
<tr>
<th>2018 Occupancy Information</th>
<th>Capacity of Units</th>
<th>Average Occupancy</th>
<th>Percentage Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Living</td>
<td>147</td>
<td>121.1</td>
<td>82.4%</td>
</tr>
<tr>
<td>Assisted Living</td>
<td>40</td>
<td>38.0</td>
<td>95.0%</td>
</tr>
</tbody>
</table>