

**SH OPCO THE FAIRFAX, LLC**

**THE FAIRFAX**

**DISCLOSURE STATEMENT 2024**

**(Effective April 30, 2024)**

This Disclosure Statement, including the cover page and exhibits, is provided to furnish information about The Fairfax, a continuing care community (the "Community") in Fairfax County, Virginia, operated by SH OpCo The Fairfax, LLC (the "Provider"), whose sole member is HCP S-H Sunrise OpCo HoldCo, LLC, a wholly-owned, indirect subsidiary of Healthpeak OP, LLC, the sole subsidiary of Healthpeak Properties, Inc. (f/k/a HCP, Inc.), a publicly traded real estate investment trust. The Community is dedicated to providing continuing care for all officers eligible for retired pay from all components (regular and reserve) of all the U.S. Armed Services and their spouses.

**The Disclosure Statement has been filed with the Commonwealth of Virginia, State Corporation Commission, pursuant to the Continuing Care Provider Registration and Disclosure Act, Virginia Code § 38.2-4900-4917 (2004). The filing of this Disclosure Statement with the State Corporation Commission does not constitute approval, recommendation or endorsement of the Community by the State Corporation Commission.**

**FILED**  
**Commonwealth of Virginia**  
**State Corporation Commission**  
**Bureau of Insurance**  
**August 2, 2024**  
**Commissioner of Insurance**  
**BY: Sarowar Jahan**

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**SH OPCO THE FAIRFAX, LLC**  
**THE FAIRFAX**  
**DISCLOSURE STATEMENT**

**CONTINUING CARE PROVIDER**

The continuing care provider of The Fairfax is SH OpCo The Fairfax, LLC (the “Provider”), a wholly-owned subsidiary of HCP S-H Sunrise OpCo HoldCo, LLC (“HCP HoldCo”). The address of the Provider and HCP HoldCo is Healthpeak Properties, Inc., Attn: Legal Department, 1920 Main Street, Suite 1200, Irvine, California 92614. The Provider was formed in the State of Delaware and is qualified to do business in the Commonwealth of Virginia. The Provider is a for-profit limited liability company and is not exempt from the payment of income taxes under the U.S. Internal Revenue Code of 1986. The Provider is a wholly-owned, indirect subsidiary of Healthpeak OP, LLC, the sole subsidiary of Healthpeak Properties, Inc. (“Healthpeak”) (f/k/a HCP, Inc.). Healthpeak is a publicly traded, fully integrated real estate investment trust that invests in real estate servicing the healthcare industry in the United States.

HCP MA3 Virginia, LP (the “Real Property Owner”), another indirect subsidiary of Healthpeak, owns the land and improvements that comprise The Fairfax. Effective as of December 18, 2019, the Real Property Owner leases The Fairfax to the Provider. When a new resident pays an Entrance Fee, a portion of that Entrance Fee is used to redeem the Lifecare Bond held by the previous resident of the Independent Living Unit. The Real Property Owner is entitled to retain the amount that remains. Because of its ownership of The Fairfax and its interest in the Lifecare Bonds that are issued by the Provider, the Virginia Bureau of Insurance has determined that the Real Property Owner has some of the attributes of a Provider under the Continuing Care Provider Registration and Disclosure Act.

The Real Property Owner is a Delaware limited partnership in which the general partner is HCP MA3 GP Holding, LLC (“HCP MA3 Holding”). The business address of the Real Property Owner and HCP MA3 Holding is Healthpeak Properties, Inc., Attn: Legal Department, 1920 Main Street, Suite 1200, Irvine, CA 92614.

The Fairfax was previously operated by Sunrise Continuing Care, LLC (“SCC”). Effective October 16, 2020, SCC transferred the operations of The Fairfax to the Provider. The Provider assumed SCC’s obligations under the continuing care agreements entered into with residents prior to the change of ownership. The Provider also entered into an agreement with Sunrise Senior Living Management, Inc. (“SSLMI”), an affiliate of SCC, to continue to manage The Fairfax. There have been no material changes to the day-to-day operations of The Fairfax as a result of the change of ownership.

**OFFICERS, DIRECTORS, TRUSTEES, MANAGING AND GENERAL PARTNERS AND CERTAIN PERSONS WHO HOLD EQUITY OR BENEFICIAL INTERESTS**

(a) **Officers, Managers and Directors**

The Provider’s officers are listed below:

Shawn Johnston      Executive Vice President and Chief Financial Officer

Frank Russo Senior Vice President  
Patrick Cheng Vice President and Corporate Secretary

The Provider's sole member is HCP HoldCo. The officers of HCP HoldCo are listed below:

Shawn Johnston	Executive Vice President and Chief Financial Officer
Frank Russo	Senior Vice President
Patrick Cheng	Vice President and Corporate Secretary

The business address for all of the officers of the Provider and HCP HoldCo is Healthpeak Properties, Inc., Attn: Legal Department, 1920 Main Street, Suite 1200, Irvine, California 92614. There are no managing or general partners associated with the Provider.

The Provider has engaged SSLMI to manage The Fairfax. The officers and directors of SSLMI are listed below:

Denise Falco	President
Andrew Coelho	Vice President
Edward Frantz	Vice President, Secretary, and Director
Wendy Sekel	Vice President
David Painter	Vice President, Treasurer, and Director
Anja Wells	Vice President

The business address for the officers and directors of SSLMI is 7902 Westpark Drive, McLean, Virginia 22102. There are no trustees or managing or general partners associated with SSLMI.

**(b) Equity or Beneficial Interests**

The sole member of the Provider is HCP HoldCo. HCP HoldCo was formed in Delaware in 2018. The Provider and HCP HoldCo are indirect subsidiaries of Healthpeak.

The Provider is the lessee under a lease (the "Lease") with another affiliate of Healthpeak, HCP MA3 Virginia, LP (also referred to herein as the "Real Property Owner"). The amount of consideration paid under the Lease is based on the estimated financial performance of the Provider. The business address for all of the Healthpeak entities is Healthpeak Properties, Inc., Attn: Legal Department, 1920 Main Street, Suite 1200, Irvine, CA 92614.

**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 INTERESTS; AND THE MANAGEMENT**

**(a) Business Experience**

The Provider was formed to operate the Community. Healthpeak, through its subsidiaries, operates approximately 91 senior living communities in 20 states throughout the United States.

The Provider has contracted with SSLMI to provide day-to-day management of the Community. As of April 30, 2024, SSLMI operated or managed approximately 215 other senior living communities in about 29 states, including Virginia.

Sunrise Senior Living, LLC (“Sunrise”), through its operating subsidiaries, has extensive experience in the senior living business. Sunrise offers assisted living, Alzheimer’s care, skilled nursing and independent living units at senior living communities throughout the United States and internationally. As of April 30, 2024, Sunrise employed approximately 22,701 people to service over 215 communities in the United States and Canada.

The business experience of the aforementioned individuals is set forth below:

**Provider:**

**Shawn G. Johnston** serves as an officer of the Provider and HCP HoldCo. Mr. Johnston has been the Executive Vice President and Chief Accounting Officer at Healthpeak since February 2019. He previously served as Healthpeak’s Senior Vice President and Chief Accounting Officer from August 2017 to January 2019. Prior to joining Healthpeak, Mr. Johnston served as Vice President – Chief Accounting Officer of UDR, Inc. (NYSE: UDR), a multifamily real estate investment trust, from March 2016 to August 2017, and Vice President – Controller from September 2013 to March 2016. He also served as Interim Principal Financial Officer of UDR from June 2016 through December 2016. From August 2010 to August 2013, Mr. Johnston served as Chief Accounting Officer at American Residential Communities LLC, a residential real estate company. Prior to that, he was a Senior Manager – Audit Services for Ernst & Young LLP, specializing in real estate, from October 2002 to August 2010.

**Frank Russo** serves as an officer of the Provider and HCP HoldCo. Mr. Russo has been the Senior Vice President - Risk Management of Healthpeak since January 2020. Prior to joining Healthpeak, he was the Senior Vice President of Risk & Legal Affairs, Compliance Officer, and Privacy Officer for Silverado Senior Living from July 2005 to January 2020. He was a key member of Silverado’s Executive Team, overseeing Silverado’s Corporate Risk Management, Legal, Compliance/Ethics, Governance and Safety departments. Mr. Russo currently co-chairs several Risk and Legal Healthcare committees and is a frequent speaker and commentator at Insurance, Compliance, Risk and Legal educational seminars and conferences. He is an active participant and mentor in both internal and external Senior Leadership forums. Mr. Russo received a Bachelor of Science in Interdisciplinary Studies (Justice Studies & Psychology) from Arizona State University and earned a Master of Business Administration from Webster University.

**Patrick M. Cheng** serves as an officer of the Provider and HCP HoldCo. Mr. Cheng has been the Vice President – CCRC Team Leader of Healthpeak since December 2021. He joined Healthpeak in 2013 as Senior Associate – Financial Operations, and he also held the positions of Director of Asset Management and Vice President – Business Improvement. Prior to joining Healthpeak, Mr. Cheng served as Senior Auditor for Deloitte from August 2011 to September 2013. He also worked in the Business Planning and Financial Management segment of Southern California Edison from June 2010 to June 2011. From December 2009 to June 2010, he was an accountant for Sully-Miller Contracting. Mr. Cheng is currently a Certified Public Accountant and Chartered Financial Analyst.

**SSLMI:**

**Denise Falco** joined Sunrise in 2007 as an Executive Director and was appointed Senior Vice President of Operations in 2021. In August 2022, Ms. Falco was appointed as President of SSLMI. Ms. Falco has also served as a Senior Executive Director, Director of Operations, and, for the past five years, as Vice President of Operations.

**Andy Coelho** is Senior Vice President of the Sunrise Construction, Development, Facilities Management, and Design Departments. Mr. Coelho joined Sunrise as a Construction Manager in 2004 and became Vice President of Construction Management in 2006. Prior to Sunrise, Mr. Coelho worked for BeeryRio Architects and Interiors, focusing on Sunrise Senior Living projects. He is a registered architect.

**David Painter** serves as Vice President and Treasurer of SSLMI. Mr. Painter joined Sunrise as a director of Treasury in 2007, was promoted to Assistant Treasurer in 2008, and became its Treasurer in September 2010. Prior to joining Sunrise, Mr. Painter worked for ten years in various positions, including director of corporate finance for what is now Host Hotels and Resorts, a premium lodging real estate investment trust.

**Edward Frantz** is Associate General Counsel of Sunrise and serves as Vice President and Secretary of SSLMI. Mr. Frantz first joined Sunrise in 2007 and returned in 2015.

**Wendy Sekel** is a Vice President in the Sunrise Tax Department. She joined Sunrise in 2010.

**Anja Wells** is Vice President and Associate General Counsel of Sunrise. Ms. Wells joined Sunrise's tax department in 2006 and transferred to its legal department in 2018.

**(b) Acquisition of Goods and Services**

It is not anticipated that goods, leases or services valuing \$500.00 or more will be obtained from any professional service, firm, association, foundation, trust, partnership or corporation or any other business or legal entity in which the Provider or any of its officers, directors or trustees has a ten percent or greater interest.

The Provider will obtain food and other supplies through Sunrise's procurement and distribution system in the same manner as any other similarly situated community managed by SSLMI. The probable or anticipated actual cost of food and supplies purchased in this fashion for The Fairfax will approximate the total amount for 2024, which is estimated to be about \$1,503,252.

On December 18, 2019, the Real Property Owner leased The Fairfax to the Provider. In connection with the lease, the Provider assumed responsibility for all obligations under existing and future continuing care agreements, including obligations under all Lifecare Bonds issued by SCC, and the Real Property Owner agreed to reimburse the Provider for any payment of those obligations. Additionally, Marriott International, Inc., a former owner of the Community, is secondarily liable for all obligations under continuing care agreements that were in effect prior to March 28, 2003.

(c) Absence of Criminal, Civil or Regulatory Proceedings

(1) Neither the Provider, HCP HoldCo, SSLMI, Sunrise, nor any person identified above has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined by final judgment in a civil action involving fraud, embezzlement, fraudulent conversion, misappropriation of property or moral turpitude.

(2) Neither the Provider, HCP HoldCo, SSLMI, Sunrise, nor any person identified above is 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 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 Virginia Code § 38.2-4900-4917 (2004) or similar laws in any other State.

(3) Neither the Provider, HCP HoldCo, SSLMI, Sunrise, nor any person identified above is currently the subject of any State or Federal prosecution, or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.

OWNERSHIP OF REAL PROPERTY

The Provider's Community is located on approximately 35 acres of land adjacent to Fort Belvoir, in Fairfax County, Virginia. The land is owned by the Real Property Owner and leased to the Provider.

LOCATION AND DESCRIPTION OF REAL PROPERTY

The Community is located on a 35 acre site at the northeast corner of the intersection of Richmond Highway (U.S. Route 1) and Telegraph Road (Route 611), Fairfax County, Virginia. The site, adjacent to Fort Belvoir and the Davidson Air Field, is approximately 11 miles south of the Capital Beltway (I-495) and approximately two miles east of Interstate 95.

The site is zoned R-5, with a special exception for a 115 bed nursing care facility and a height variance for a 75 foot clock tower. A site plan was approved by the Fairfax County Planning Commission.

The Community contains 382 individual living units, a two story Community Center and an adjoining Health Center in a campus setting. The individual living units are in a variety of one, two and three bedroom styles in 5 four-story apartment buildings and 35 attached cottages. The apartment buildings are connected to the Community Center by enclosed walkways. The apartments and cottages include a full kitchen, an emergency call system, patios or balconies, and illuminated parking.

The Community Center houses the reception area, main dining and private dining areas, lounge, computer room, library, chapel, post office, auditorium, gift shop, barber and beauty shop, activities room, woodworking shop, fitness center, enclosed swimming pool, and administrative offices.

The Health Center is a two-story building with 52 assisted living rooms and 56 licensed nursing care beds in 18 private and 19 semi-private rooms. In addition, the Health Center opened 23 specialized memory care units (collectively referred to as the “Reminiscence Unit”) on September 18, 2006. The Health Center also contains a health clinic, physical therapy rooms, two dining rooms, two activity rooms, and outdoor patio, a reception area and lounges.

The current configuration of the Fairfax Health Center is the result of an expansion project that began in 2004. Prior to the completion of the project, there were 48 units providing assisted living services. The scope of the expansion project and renovation of the existing assisted living units and Health Care Center included:

- Renovation of the 3<sup>rd</sup> floor skilled nursing area
- Renovation of the 2<sup>nd</sup> floor assisted living
- Addition of a 19,800 square foot building comprised of assisted living units
- Addition of a commercial grade laundry in the existing structure

The previous 48 assisted living units had a shared bath configuration. A portion of this space was reconfigured into 28 private assisted living units with private baths. The remaining assisted living space in the original Health Center building was renovated and converted into the Reminiscence Unit consisting of 23 living units and several beautiful, homelike common areas.

The new two story assisted living building consists of 24 units of various sizes with private baths and kitchenettes. Additionally, there is a resident laundry room for personal use, living room, all weather porch, library, activities room and bistro.

The entire Health Center building received new flooring, wallpaper, paint, and furniture. The cost of this expansion with renovations was approximately \$12.5 million.

#### AFFILIATIONS WITH RELIGIOUS, CHARITABLE OR OTHER NON-PROFIT ORGANIZATIONS; TAX STATUS OF PROVIDER

(a) Affiliations. The Provider has assumed obligations of a Sponsorship Agreement (attached as Exhibit A) between the Army Retirement Residence Foundation – Potomac, a nonstock, not-for-profit Virginia corporation (“Foundation”), and Marriott Lifecare Retirement Communities-Fairfax, Inc., a previous owner of the Community. The Foundation was incorporated in October 1983 to develop a suitable continuing care retirement community for Army officers and their spouses. In September 2000, the Foundation membership voted to restructure the Foundation by creating a separate non-stock, for-profit corporation, the Armed Forces Retirement Residence Services Corporation (“AFRRSC”). The AFRRSC was incorporated in February 2001. The Foundation transferred its responsibilities under the Sponsorship Agreement to AFRRSC. In a special meeting of the membership on August 21, 2006, the membership voted to dissolve and terminate corporate existence of the ARRSC and transfer back all funds and responsibilities to the Foundation.

The Board of Directors, Officers, and Advisory Board of the Foundation are as follows:

#### Board of Directors and Officers

BG Robert R. Jorgensen, USA (Ret.)	President
MG Russell L. Fuhrman, USA (Ret.)	Vice President
CAPT Thomas F. Stallman, USN (Ret.)	Treasurer
Ms. Diana Cardwell	Executive Director
MG John D. Altenburg, Jr., USA (Ret.)	
Ms. Brenda DuVall	
MG Charles W. Fletcher, Jr., USA (Ret.)	
Ms. Rosemary Harris	
COL John L. Couch, USA (Ret.)	
COL Stephen L. Hill, USA (Ret.)	
LTC Martha E. Kiene, USA (Ret.)	
COL Joseph Schweitzer, USA (Ret.)	
COL Paul Jackson Rice, USA (Ret.)	

#### Advisory Board

GEN Carl E. Vuono, USA (Ret.)	Chairman
COL William B. DeGraf, USA (Ret.)	
MG Thomas McHugh, USA (Ret.)	
GEN Louis C. Wagner, Jr. USA (Ret.)	

(b) Tax Status. The Provider is a for profit limited liability company and is not exempt from the payment of income taxes under the U.S. Internal Revenue Code of 1986.

#### SERVICES PROVIDED UNDER CONTINUING CARE CONTRACTS

Effective February 8, 2023, the Provider amended its form Continuing Care Agreements for prospective residents. Samples of the Provider's two form Continuing Care Agreements are attached as Exhibit B. Both agreements offer the same comprehensive range of services and facilities. In addition to providing the residents with individual living units, the Provider will furnish the residents with Assisted Living, Reminiscence, and Skilled Nursing services in the Health Center in accordance with the terms of the Continuing Care Agreements. The Reminiscence Unit offers specialized programming for residents with Alzheimer's Disease and other forms of memory impairment. For additional charges, residents may receive assisted living services in a larger unit.

The Continuing Care Agreements that were in place prior to February 8, 2023 offered residents Reminiscence programming in a specialized setting for an additional charge rather than including such programming within the Continuing Care Agreement Rate. Residents who entered into Continuing Care Agreements prior to February 8, 2023 were given the option to amend their existing agreements to include Reminiscence programming within the Continuing Care Agreement Rate consistent with the updates to the form agreements for prospective residents.

For residents who entered a Continuing Care Agreement prior to February 8, 2023, and chose not to amend their existing agreements, there are additional charges for the specialized programming and enhanced physical environment offered in the Reminiscence Unit. Such residents who do not wish to move into the Reminiscence Unit may still receive basic care for their memory disorders

in Assisted Living under the Continuing Care Agreement Rate pursuant to their existing agreement. However, should their symptoms become too difficult to handle in the Assisted Living setting, these residents would be required, at an additional cost to them, to hire a third party caregiver, move into the Reminiscence Unit, or move to another facility.

For temporary stays (up to 30 days within any 90 day period) in the Health Center, residents will receive room, board and nursing care at no additional cost except for a supplemental dietary charge to cover extra meals and charges for required ancillary supplies and services. All accommodations in the nursing care units will be in semi-private rooms. An additional charge will be made for a private room. All accommodations in the assisted living units will be standard rooms unless the resident wishes to pay for the upgraded accommodations mentioned above.

For extended stays in the Health Center (more than 30 days within any 90 day period), the resident will be charged a daily Health Center Fee. The Health Center Fee for Refundable and Non-Refundable payment plans, shall be an amount equal to the Fauquier Unit Equivalent “F Unit Equivalent” in the published Care Fees for the year of admission into the Health Center plus the charge for two additional meals per day and charges for required ancillary supplies. The Health Center Fee for the 90% Moderate Refundable payment plan, shall be an amount equal to the Fauquier Unit Equivalent Moderate “F Unit Equivalent Moderate” fee in the published Care Fees for the year of admission into the Health Center plus the charge for two additional meals per day and charges for required ancillary supplies. In the Reminiscence Unit, residents may also be charged for the extra programming they receive depending on the terms of their Continuing Care Agreement. The schedule of current Care Fees is attached as Exhibit C. The table of Health Center Fee Increases is attached as Exhibit D. Thereafter, the Health Center Fee is subject to the annual rate increases. It is anticipated that residents moving into the Health Center for extended stays will release their individual living unit and will incur no further Monthly Fees for that unit. In this circumstance, only fees for the Health Center would apply. However, if a resident in the Health Center for an extended stay wishes to retain his or her independent living unit, Monthly Fees for both the independent living unit and the Health Center would apply.

In the event a single resident or a married couple reside in the Community under the Moderate payment plan and must live in the Health Center (HC) on an extended stay basis, the computation of Monthly and Health Center Fees shall be as follows:

	<b>Retaining Independent <u>Living Unit</u></b>	<b>Relinquishing Independent Living <u>Unit</u></b>
<b><u>Single Resident in HC</u></b>	1 Monthly Fee based on Moderate Plan	1 Health Center Fee based on Moderate Plan
	1 Health Center Fee Based on Moderate Plan	
<b><u>Couple (One of whom Resides in HC)</u></b>	1 Monthly Fee based on Moderate Plan	Not Applicable

	1 Health Center Fee based on Moderate Plan	
<b><u>Couple (both reside In HC)</u></b>	1 Monthly Fee based on Moderate Plan	2 Health Center Fee based on Moderate Plan
	2 Health Center Fees based on Moderate Plan	

Individuals who have certain pre-existing health conditions may still reside at the Community but will not be eligible to use the Health Center at the Continuing Care Agreement Rate nor are they eligible for temporary stay days. These individuals will be charged the prevailing per diem rate for any usage of the Health Center. The pre-existing conditions are identified by the Community after review of the prospective resident's health and medical history. Individuals with certain conditions such as memory loss and dementia will always pay the per diem rate in the Health Center. Other conditions may also qualify for the per diem rate at the time of the evaluation.

The Provider will furnish the following facilities and services under the terms of the Continuing Care Agreements at no additional charge:

- One meal per day, breakfast, lunch or dinner;
- Weekly housekeeping, including light cleaning services;
- Security personnel on premises daily;
- Maintenance of building and appliances in living units;
- Groundskeeping and landscaping;
- Water, sewer, heat, air conditioning, electricity, and garbage collection;
- Scheduled transportation to Fort Belvoir and other locations in the surrounding area to include scheduled doctor's appointments within a ten mile radius; and
- Emergency call system in each living unit.

There are additional charges for some services and conditions, including but not limited to:

- Guest meals;
- Extra meals in the dining room and additional meals while in the Health Center;
- Telephone installation and service costs;
- Cable television service;
- Internet Services;
- Unscheduled use of transportation; Transportation to medical appointments beyond the ten mile radius;
- Scheduled private hire transportation to local airport, train station or METRO;
- Covered parking or issuance of additional parking spaces per unit (>1 per unit) as available;
- Extra housekeeping or maintenance services;
- Barber shop/beauty salon;
- Guest rooms;

- Physical therapy;
- Prescription and non-prescription medications;
- Private room in the Health Center;
- Deluxe assisted living rooms and suites;
- Medical and ancillary supplies;
- Depending on the resident's Continuing Care Agreement, care for memory impairment including programming provided in the Reminiscence Unit of the Heath Care Center;
- Cleaning fee.

The fee schedule for ancillary services is attached as Exhibit E.

The following are examples of services not furnished under the Continuing Care Agreements. This is not a comprehensive list:

- Physical examinations and medical tests;
- Eyeglasses or refractions;
- X-rays;
- Hearing aids;
- Dentistry, dentures and inlays;
- Orthopedic appliances;
- Podiatric services;
- Private duty nursing care;
- Treatment for psychiatric disorders or alcoholism;
- Nursing costs incurred outside of the Community (unless temporarily transferred by Provider);
- Surgical, hospital, or medical services; and
- Home health care.

## FEES REQUIRED OF RESIDENTS

The steps and associated fees to becoming a resident at The Fairfax are as follows: Step One: Army Retirement Residence Foundation-Potomac

A Resident must meet the membership criteria of the Army Retirement Residence Foundation-Potomac (described herein in the section entitled ADMISSION OF NEW RESIDENTS). Prospective residents must complete and return an application (see Exhibit F) to the ARRF-P office with a copy of their DD214 (Record of Service) or equivalent documentation providing evidence of retirement from the Federal Government or other qualified career and the membership fee, payable to ARRF-P, of \$1,000 for singles, and \$1,500 for couples. Members of ARRF-P ("Members") will be assigned a priority number according to their date of membership. The membership fee held by ARRF-P is a one-time contribution to ARRF-P.

### Step Two: The Fairfax Waiting List Request

In order to be placed on the Wait List, a Member must complete the Waiting List Request form (listing type of units desired – see Exhibit F) and pay a deposit to The Fairfax of \$3,500. The

deposit is refundable upon request or will apply to the Member's Entrance Fee once a unit has been selected.

**Step Three: Application for Residency**

A Member must also complete an "Application for Residency" form (see Exhibit F) and return it with a non-refundable \$300 application fee made payable to "The Fairfax."

**Step Four: Active Wait List**

Once the Member makes a Wait List Deposit and completes an Application for Residency, the Member will be placed on an Active Wait List in accordance with their Priority Number.

**Step Five: Execute Residence Unit Reservation Agreement**

When a Member selects a Residence Unit at The Fairfax, the Member will execute a Residence Unit Reservation Agreement, a copy of which is attached as Exhibit G. The Residence Unit Reservation Agreement will take the selected unit off the market, and the Member will begin payment of a monthly Reservation Fee (50% of the monthly fee associated with single occupancy of the Residence Unit, paid monthly for the first two months, thereafter, 100% of the monthly fee associated with single occupancy of the Residence Unit). The Reservation Fee will cease upon execution of the Continuing Care Agreement and the initiation of payments thereunder.

**Step Six: Execute Continuing Care Agreement**

As required by Virginia Code § 38.2-4905.B., the resident has the right to rescind the Continuing Care Agreement, without penalty or forfeiture, within seven days after executing the contract and also shall not be required to move into the Community before the expiration of the seven day period.

Residents will have both recurring and non-recurring fees and payments. The non-recurring fees and payments are the ARRF-P Application Fee, the Wait List Deposit, the Residency Application Fee and the Entrance Fee payments which are based upon the type, location and size of the living unit selected by the resident and upon the type of payment plan selected by the resident.

HCP HoldCo offers residents the option to defer the Entrance Fee payment by entering into an agreement with HCP HoldCo whereby residents pay the Community a portion of the Entrance Fee and defers the remaining portion of the Entrance Fee.

There are three payment plans currently in effect at the Community, two of which provide for a refund of a portion of a resident's Entrance Fee payment when the resident dies or leaves the Community and the unit is re-occupied by another resident who is a party to a Continuing Care Agreement.

(a) Prices. The Entrance Fee payments for living units are estimated to range as follows (the Moderate Plan was discontinued for new residents effective July 1, 2015 - rates shown below are for current plan residents only):

<u>90% Refundable</u>	<u>50% Refundable</u>	<u>0% Refundable</u>	<u>90% Refundable Moderate</u>
1 Bedroom apt. \$220,815 - \$489,100	\$160,178- \$362,323	\$114,975 - \$267,508	\$ 94,079 - \$193,978
2 Bedroom apt. \$443,598 - \$664,718	\$309,015- \$477,138	\$205,050 - \$353,658	\$191,809 - \$256,404
3 Bedroom apt. \$568,103 - \$822,375	\$403,830 - \$608,490	\$280,350 - \$448,628	\$268,798 - \$344,242
Cottages \$522,900- \$876,398	\$371,858 - \$648,180	\$258,300 - \$499,353	\$248,397 - \$375,569

There is an additional \$20,000 fee under all plans for another occupant. The additional occupant fee is non-refundable. The complete price list of Entrance Fees and associated Monthly Fees by floor plan is attached as Exhibit H.

(b) Payment Schedule. Upon signing the Continuing Care Agreement, the Entrance Fee and any additional occupant fee are due. The Entrance Fee will be held in a separate escrow account until a resident occupies a unit or until a unit of the type selected by resident becomes available for occupancy. The entrance fee, the additional occupant fee, and reservation fees (if any) are non-refundable, unless the Continuing Care Agreement is rescinded within seven (7) days after resident executes the Continuing Care Agreement. The Entrance Fee, the additional occupant fee, and the reservation fees (if any) are refundable in the event that before occupying a unit, the resident dies or is precluded through illness, injury or incapacity from becoming a resident under the terms of the Continuing Care Agreement, provided, however, that any costs incurred by the Provider at the request of the resident pursuant to and set forth in writing in a separate addendum to the Continuing Care Agreement signed by both parties are not refundable.

(c) Application of Funds.

(1) **Refundable Payment Plans** – Under these plans (90% Refundable or 50% Refundable) a percentage of a resident's Entrance Fee payment is repayable when the resident dies or leaves the Community and the unit is re-occupied by another resident who is a party to a continuing care agreement. A resident purchases a non-negotiable, non-interest bearing Lifecare Bond from the Provider. The Lifecare Bond is equal to 90% or 50% of the Entrance Fee payment for the resident's living unit. The Lifecare Bond is repaid by the Provider upon termination or cancellation of the Continuing Care Agreement and the occupancy of the unit by another resident who is a party to a Continuing Care Agreement. The Provider uses Entrance Fees to meet various operational and financial objectives.

(2) **Nonrefundable Payment Plan** – Under this plan the Entrance Fee is **100% NON-REFUNDABLE** if the Continuing Care Agreement is terminated after the Rescission Period. Since there is no refund, no Lifecare Bond is issued.

(3) The Provider uses Entrance Fees to meet various operational and financial objectives.

(d) **Recurring Fees.**

(1) **Monthly Fees** – Residents will pay “Monthly Fees” based upon the type of living unit selected. The Monthly Fees range as follows:

**Standard Payment Plan (Discontinued on June 1, 1995. Fees apply to current Plan holders.)**

**90% Refundable Payment Plan**

(for existing residents, also applies to 95% Refundable plans)

**50% Refundable Payment Plan**

**0% Refundable Payment Plan**

\$3861-4942 for a one bedroom apartment;  
\$4987-5966 for a two bedroom apartment;  
\$5831-6897 for a three bedroom apartment;  
\$5339-6991 for a cottage; and  
\$1504-1905 for each additional occupant in the living unit.

**Moderate Plan 90% Refundable (Discontinued on July 1, 2015. Fees apply to current Plan holders and also applies to 95% Refundable plan.)**

N/A for a one bedroom apartment  
N/A for a two bedroom apartment  
N/A for a cottage; and  
N/A for each additional occupant in the living unit

(2) **Other Fees** – Residents may have other recurring fees including Health Center Fee (described in Section 4.3), the per diem rate for Health Center usage due to pre-existing conditions (described in Section 4.3.4), fees for additional programming provided in the Reminiscence Unit (depending on the resident’s Continuing Care Agreement), and medical and surgical insurance costs (described in Section 4.5.1).

(3) **Adjustments** – The Provider may adjust the Monthly Fee from time to time, by providing at least 30 days’ advanced written notice to the residents. Existing resident contracts that contain additional requirements for Fee adjustments will be honored as written.

(4) Table of Increases in Periodic Rates.

The following tables show the increase in periodic rates for the Community for the last five years.

## **The Fairfax**

### **Moderate 90% Refundable Payment Plan (Discontinued on July 1, 2015. Fees apply to current Plan holders)**

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(Also applies to current plan holders of the Moderate 95% Refundable Payment Plan)

<u>Unit Type</u>	2020	2021	2022	2023	2024
	<u>Increase</u>	<u>Increase</u>	<u>Increase</u>	<u>Increase</u>	<u>Increase</u>
2024One Bedroom	\$170-\$177	\$188-\$196	\$178	\$ N/A	\$ N/A
Two Bedroom	\$ N/A				
Three Bedroom	\$214	\$184	\$188	\$193	\$ N/A
Cottages	\$ N/A				
2nd Resident	\$56	\$ N/A	\$ N/A	\$ N/A	\$ N/A

### **90% Refundable Payment Plan**

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(Also applies to current plan holders of the Standard Payment Plan, 95% Refundable Plan, 50% Refundable Payment Plan and 0% Refundable Payment Plan)

<u>Unit Type</u>	2020	2021	2022	2023	2024
	<u>Increase</u>	<u>Increase</u>	<u>Increase</u>	<u>Increase</u>	<u>Increase</u>
One Bedroom	\$112-\$148	\$124-\$164	\$141-\$149	\$285-\$375	\$154-\$219
Two Bedroom	\$149-\$187	\$74-\$207	\$147-\$188	\$369-\$473	\$67-\$282
Three Bedroom	\$169-\$201	\$187-\$223	\$203-\$211	\$431-\$510	\$330-\$390
Cottages	\$159-\$204	\$176-\$226	\$78-\$206	\$395-\$517	\$302-\$396
2nd Resident	\$56	\$62	\$56	\$141	\$85 – 108

### **IMPUTED INTEREST ON BOND**

#### **(Below Market Loan)**

Section 7872 of the Internal Revenue Code of 1986 provides that if a “below market loan” is made, the lender will be treated as receiving imputed interest income in excess of the amount of interest being paid, even if the obligation to repay the loan does not provide for the payment of any interest. The purchase of the Lifecare Bond from the Provider was deemed to be such a below market loan. Effective January 1, 2006, legislation has been enacted exempting certain payments to CCRCs from the below market loan rules. The Provider has determined that the Lifecare Bonds (whether purchased before or after the effective date) qualify for this exemption. Prospective residents are urged to consult with their personal tax advisors for additional information.

### **RESERVE FUNDING**

It is anticipated that operating income from the Monthly Fees will be sufficient to enable the Provider to meet its continuing care obligations. Accordingly, no reserve or security funds will be established.

## CERTIFIED FINANCIAL STATEMENTS

A copy of the Provider's certified financial statements is attached as Exhibit I. The Provider and the Real Property Owner are wholly owned, indirect subsidiaries of Healthpeak. A copy of Healthpeak's 2023 Annual Report is attached as Exhibit J.

## PRO FORMA INCOME STATEMENT

The unaudited pro forma income statement for the Provider's current fiscal year is attached as Exhibit K. It has been prepared in accordance with generally accepted accounting principles.

## ADMISSION OF NEW RESIDENTS

The Community's admission criteria are: (i) eligible membership in the Foundation\*; (ii) minimum age of 55 years (unless approved by the Executive Director of the Community, on a case-by-case basis, to be considered for residence as a special exception); (iii) submission of a physician's report identifying the applicant's pre-existing conditions and any other relevant health problems; (iv) proof of sufficient assets and income to pay the Entrance Fee and pay the Monthly Fee and other normal expenses for items and services not provided by the Community; and (v) satisfactory evidence of enrollment in the Defense Enrollment Eligibility Reporting System (DEERS) and Medicare Parts A and B, as well as a supplemental health insurance program.

Eligibility A person who meets any of the following criteria shall be an Eligible Member and may apply for residence in the Community:

- (a) an officer of any component (e.g., Regular, Reserve, or National Guard) of the U.S. Uniformed Services entitled to a retirement payment as a commissioned or warrant officer [hereinafter referred to as an "Officer"]; or
- (b) an un-remarried surviving spouse of an Eligible Member who was lawfully married to such Eligible Member at the time of such member's death; or
- (c) a career Federal employee with a grade equivalent to officer levels of the U.S. Uniformed Services, and entitled to receive a retirement payment; or
- (d) a parent or parents of a retired or active duty officer of the U.S. Uniformed Services; or
- (e) a person who has had a significant special relationship with the community of Officers or Officers' spouses and who is declared by the Board of Directors on a case-by-case basis to be eligible for residence in the Community as an exception to the eligibility criteria listed in clauses (a) through (d) immediately above; or
- (f) the divorced spouse of an Eligible Member, if such Eligible Member is not a member of the Community at the time of divorce may be an Eligible Member if qualified under clause (e) above; or
- (g) the divorced spouse of an Eligible Member, if such spouse is a member of the Community at the time of divorce.

Exceptions A person other than somebody meeting the criteria above may occupy an Independent Living Unit in the Community with an Eligible Member on a temporary basis when approved by the Board of Directors. The term and duration of such occupancy, including a determination of whether such a person is eligible for residence in the Community on a permanent basis, will be decided by the Board of Directors on a case-by-case basis.

Eligible Foundation members have been given numbers establishing a priority system for the admission of members and the selection of individual living units.

In the event Foundation's eligible membership does not provide a sufficient number of residents to occupy at least 95% of the individual living units on a continuing basis, Provider will be permitted to fill vacancies from the general public within and outside the marketing area without requiring membership in the Foundation.

If at any time there is a vacancy of an independent living unit available for occupancy for at least sixty (60) days, the Provider may fill the unit from the general public.

Admission to the Community is open to anyone meeting the foregoing requirements, without regard to race, religion, national origin or sex.

Copies of applications to the Foundation and The Fairfax are attached as Exhibit F.

#### ACCESS TO COMMUNITY BY NON-RESIDENTS

The residents in the Community likely will not require all of the 56 licensed nursing care beds, 52 assisted living beds and 23 specialized memory care ("Reminiscence) beds in the Health Center. The Provider may provide Nursing Services and nursing care units in the Health Center to non-residents on a daily rate basis to the extent that space and services are not fully utilized by residents.

Access to the Beauty and Barber Shop, Gift Shop and Community Center Dining is open to all Fairfax residents, Health Center residents, and guests.

Access to the above and to all other recreational and dining areas, and other common areas in the Community is limited to Fairfax residents, ARRF-P members, guests, and those individuals authorized by The Fairfax Executive Director.

#### SMOKING POLICY

Effective February 1, 2016, The Fairfax has been designated a smoke free environment in all indoor public areas, the community center, which includes the dining venues, common areas in all independent living buildings and the entire health care center. This policy applies to all residents and visitors who smoke cigarettes, cigars and pipes.

The following policy applies to the entire Fairfax campus.

- Effective February 1, 2016, residents and/or visitors will no longer be allowed to smoke in the individual apartments located on The Fairfax campus. Residents who smoke and currently reside at The Fairfax will be "grandfathered" and will be allowed to smoke in their individual apartments.
- However, all residents who are "grandfathered" **are strongly encouraged** to smoke on their balconies or outside of their building in the designated smoking area. By smoking

in these areas, it will eliminate the second hand smoke that travels to other apartments, hallways, and common areas.

- All residents who are “grandfathered” will be required to place and use a UV odor elimination system in their apartment. By utilizing this equipment, it will reduce the smoking fumes in the apartment and throughout the community.
- Residents who continue to smoke in their apartments may be subject to fees associated with any remediation that is needed to the apartment related to smoking.
- Effective February 1, 2016, applicants applying to live at The Fairfax will be informed that we will no longer allow residents who smoke to move into our community.
- Residents and Visitors that are non-adherent to this policy could be subject to termination of the Residency Agreement and/or removal from The Fairfax property.

#### PROCEDURE FOR RESIDENT TO FILE A COMPLAINT OR DISCLOSE CONCERN

A resident may direct a complaint or concern to the manager of the department at the Community who is responsible for the issues(s), or directly to the Community’s Executive Director. In addition, there is a sixteen member Residents’ Council consisting of two residents from each of the five apartment buildings and one resident representing the cottages and one from the Health Center. Additionally, four members are elected at-large. Residents are encouraged to bring suggestions or concerns to the Residents’ Council since the Council works closely with senior management of the Community. In addition, residents serve on the various functional committees of the Community (i.e. Housekeeping, Food Service, etc.) and a resident may direct a concern to the relevant committee.

EXHIBIT A  
SPONSORSHIP AGREEMENT

AMENDED AND RESTATED SPONSORSHIP AGREEMENT

(Corrected)

[This corrected version of the Amended and Restated sponsorship Agreement dated November 15, 1996, corrects, supersedes and completely replaces the Amended and Restated Sponsorship Agreement dated November 14, 1996, in order to correct two **scrivener's** errors in Section 3.01.]

This Amended and Restated Sponsorship Agreement ("Agreement") is made as of the 15th day of November, 1996 ("Effective Date"), by and between THE ARMY RETIREMENT RESIDENCE FOUNDATION-POTOMAC, a Virginia non-stock corporation, with a mailing address at 9140 Belvoir Woods Parkway, Fort Belvoir, Virginia 22060-2703 ("Foundation"), and MARRIOTT SENIOR LIVING SERVICES, INC., a Delaware corporation, with offices at 10400 Fernwood Road, Bethesda, Maryland 20058 ("Marriott").

**R E C I T A L S :**

1. The Foundation is a non-profit corporation established to provide for the retirement needs and interests of retired officers of the U.S. Armed Forces and their spouses and desires to provide for its members one or more retirement residence communities in the greater Washington, D.C. area.

2. Marriott is a Delaware corporation which develops, owns and **operates** residential retirement communities.

3. The Foundation and Marriott entered into a sponsorship Agreement dated as of the 26th of November, 1986 ("Sponsorship Agreement") pursuant to which, Marriott and the Foundation set forth the duties and obligations of the two parties in developing a retirement community that would meet the needs of U.S. Army officers and their spouses, such criteria having been expanded to retired officers of the U.S. Armed Forces and their spouses.

4. Marriott developed a retirement **community** known as "The Fairfax", a Marriott Lifecare Retirement Community, developed for The Army Retirement Residence Foundation - Potomac which opened on July 22, 1989. The "Community" consists of three hundred eighty-two (382) independent living units (an "Independent Living Unit"), forty-five (45) licensed assisted living units (an "Assisted Living Unit") and sixty (60) licensed nursing care beds (a "Nursing Bed"). Marriott and the Foundation now desire to amend and restate their obligations and duties contained in the Sponsorship Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

## ARTICLE I

### DEFINITION OF TERMS

#### 1.01 Definition of Terms

The following terms when used in this Agreement shall have the meanings indicated:

A. **"Resident(s)"** - shall mean those individuals residing in an "Independent Living Unit in the Community pursuant to the terms of a Continuing Care Agreement with Marriott.

B. **"Health Center"** - shall mean that portion of the Community facilities licensed to provide assisted living and nursing care services and functions.

C. **"Marriott Retirement Community System"** shall mean at any particular time the entire system or group of retirement communities then owned, leased, operated or managed by Marriott.

#### 1.02 Terms Defined in Other Sections

The following terms when used in this Agreement shall have the meanings described in that portion of this Agreement indicated below:

- A. **"Agreement"** - preamble
- B. **"Effective Date"** - preamble
- C. **"Foundation"** - preamble
- D. **"Marriott"** - preamble
- E. **"Sponsorship Agreement"** - recital 3
- F. **"Community"** - recital 4
- G. **"Independent Living Unit"** - recital 4
- H. **"Assisted Living Unit"** - recital 4
- I. **"Nursing Bed"** - recital 4
- J. **"Active Priority List"** - Section 3.01(B)
- K. **"Wait List Policy"** - Section 3.01(B)
- L. **"Move-In List"** - Section 3.01(B)
- M. **"Community List"** - Section 3.01(B)
- N. **"Continuing Care Agreement"** - Section 3.02
- O. **"Entrance Payments"** - Section 3.03 (A)

- P. "Monthly Fee" - Section 3.03 (A)
- Q. "Cash Operating Costs" - Section 3.03 (B)
- R. "Residents' Association" - Section 3.07
- S. "Transfer" - Section 4.01
- T. "Management" - Section 4.01
- U. "Approved Manager" - Section 4.02
- V. "Sale of the Community" - Section 4.03
- W. "Initial Term" - Section 5.01

## ARTICLE II

### THE COMMUNITY

#### 2.01 Name

For as long as this **Agreement** is in effect and Marriott is the owner, **manager** or lessee-of the Community, (i) the Community name shall be "**The Fairfax, a Marriott Lifecare Retirement Community**, developed for The Army Retirement Residence Foundation - **Potomac**" and (ii) the role of the Foundation and Marriott will always be prominently acknowledged in any **signage** and/or marketing materials. After the termination or expiration of this Agreement, Marriott or any owner, manager or lessee of the Community may not include or refer to the Foundation in the name of the Community.

#### 2.02 Community Services

The services provided at the Community currently consist of those services set forth in the Continuing Care Agreement, Nursing Admission Agreement or Assisted Living Residency Agreement. Marriott may from time to time change the Nursing Admission Agreement and/or Assisted **Living Residency** Agreement without notice to or comment from the Foundation. Marriott may from **time** to time change the Continuing Care Agreement, but will make no material change to it without first giving the Foundation notice of such change. The Foundation may, within thirty (30) days of such notice, submit to Marriott any comments or objections, and Marriott will give due consideration to same, it being understood that at the end of said thirty (30) day period, Marriott, **in its sole discretion**, may make such proposed changes. If there are changes to the Continuing Care Agreement which are mandated by Federal, Virginia or local law in **Marriott's** opinion, then Marriott shall so advise the Foundation and immediately implement such changes without waiting for the Foundation's comments or objections.

## ARTICLE III

### COMMUNITY OPERATION

#### 3.01 Admission to the Community

A. During the term of this Agreement and subject to the provisions of this Section, admission to the Independent Living Units at the Community shall be restricted to members of the Foundation who meet the **Foundation's** eligibility requirements for residency and the financial and health criteria set forth by Marriott. The Foundation will maintain reasonable standards for eligibility for residency in the Community. Eligibility for residency in the Community is currently restricted to (i) retired officers of the U.S. Armed Forces and their spouses, or (ii) persons with a significant special relationship with the community of officers and **officers'** spouses in the U.S. Armed Forces who are determined by the Foundation to be eligible for residency. The Foundation will not reduce its eligibility for residency requirements to less than all retired officers and their spouses in **all** U.S. Armed Forces without **Marriott's** prior written consent, such **consent** not to be unreasonably withheld, delayed or conditioned. Except with respect to maintaining eligibility for residency in the Community for retired officers and their spouses in all U.S. Armed Forces, the Foundation may from time to time change its membership standards, but will make no material change without first giving **Marriott** notice of such change. Marriott may, within thirty (30) days of such notice, submit to the Foundation any comments or objections, and the Foundation will give due consideration to same, it being understood that at the end of said thirty (30) day period, the Foundation, in its sole discretion, may make such proposed changes.

B. The Foundation maintains its roster of members who have expressed an interest in moving into an Independent Living Unit through the payment of the requisite membership fee to the Foundation. Such members shall receive priority numbers, one number per single or per couple, if the Independent Living Unit is to be jointly **occupied**, **based** upon the date upon which the membership fee is received. When the member is ready to actively compete for assignment of an Independent Living Unit, the member requests that the Foundation place the member's name on the **Foundation's** Active Priority List (the "**Active Priority List**") for the Independent Living Unit(s) desired. The Marriott and Foundation joint Wait List Policy (the "**Wait List Policy**") describes how members on the Active Priority List compete for the assignment of an Independent Living Unit by Marriott. The Foundation shall use reasonable commercial efforts to maintain the Active Priority List at a level sufficient to meet the estimated demand for vacant Independent Living Units established by Marriott. Marriott maintains a separate list (the "**Move-In List**") of those Foundation members who have completed a full application for occupancy of an Independent Living Unit and paid Marriott a refundable deposit to evidence their commitment

to move into an Independent Living Unit. Marriott shall also maintain a separate list (the "Community List"), in accordance with the **Wait List Policy**, of **Residents** who have expressed an interest in moving to a different Independent Living Unit within the Community. When an Independent Living Unit becomes vacant, Marriott will first seek to fill that vacancy with a Resident on the Community List or a Foundation member on the Move-In List in accordance with the Wait List Policy and, if Marriott is unsuccessful, it next shall seek to **fill** the vacancy with a Foundation member from the Active Priority List. Such Wait List Policy was mutually agreed upon by Marriott and the Foundation in 1992, was not changed prior to the Effective Date and will be changed after the Effective Date only by mutual agreement of Marriott **and the** Foundation. Notwithstanding the foregoing, if at any time there is a vacancy of an Independent **Living** Unit available for occupancy for at least sixty (60) days, Marriott shall be free to fill such vacancy from the general public. Marriott will consult with the Foundation as needed to establish or revise reasonable financial and health admissions criteria for prospective Residents. Such criteria shall apply equally to all prospective Residents, whether or not they are Foundation members. The final **decision** as to such criteria shall be made by Marriott.

C. Although Residents will be provided priority access to the Health Center on a space available basis, a Nursing Bed **may not** always be available at the particular time a Resident requires one. In such circumstances, temporary nursing care arrangements will be made for such Resident, under terms described in the Continuing Care Agreement. Marriott may, to the extent prudent and feasible, also accept patients from the general public to fill vacancies in the Health Center on a space-available, per diem, basis with the understanding that all such patients must meet the Health **Center's** financial and health criteria.

D. Neither Marriott nor the Foundation will discriminate on the basis of sex, race, creed or national origin with respect to admission to the Community or to the Health Center.

### 3.02 Continuing Care Agreement

Marriott shall require each person admitted to an Independent Living Unit in the Community to execute a residence agreement ("Continuing Care Agreement"), then in effect at the Community. The Continuing Care Agreement shall describe the living accommodations, the obligations of the Resident and of Marriott, including financial obligations, and the facilities and services available to the Resident. Marriott may from time to time change the Continuing Care Agreement, but will make no material change without first giving the Foundation notice of such change. The Foundation may, within thirty (30) days of such notice, submit to Marriott any comments or objections, and Marriott will give due consideration to same, it being understood

that at the end of said thirty (30) day period, Marriott, in its sole discretion, may make such proposed, changes.

### 3.03 Fees

A. Prospective Residents may be required to make one or more initial payments (whether in the form of fees, purchase of a life care bond or otherwise) prior to or at the time they enter the Community, all of which in the aggregate are herein referred to as the "Entrance Payments" pursuant to the terms of the particular Continuing Care Agreement entered into by the Resident with Marriott. In addition to the Entrance Payments, each Resident may also be required to pay a monthly service fee (the "Monthly Fee") with respect to his or her occupancy in the Community which may include any and all fees and expenses chargeable to such Resident other than the Entrance Payments. The Monthly Fee is subject to change but will not be adjusted for current **Residents** more frequently than once annually and at least sixty days prior written notice will be given before any such adjustment shall become effective. Ninety days prior to any change in the Monthly Fee for the current Residents, Marriott will notify the **governing** body of the Residents' Association and advise it of the need to change the Monthly Fee. It being understood that the decision to change the Monthly Fee shall be at **Marriott's** sole discretion, except to the extent, if any, that **Marriott's** discretion is limited in a Continuing Care Agreement.

B. The Continuing Care Agreements in effect as of the Effective Date of this Agreement provide certain limits on **Marriott's** ability to increase the Monthly Fee. The Foundation shall have the right to review or cause to be reviewed any increase in the Monthly Fee to insure Marriott's compliance with the Continuing Care Agreements. Marriott shall reasonably cooperate with the Foundation in permitting it to carry out its rights under this Agreement. The Foundation shall have the right annually, but **not** prior to ninety (90) days after the close of each Marriott fiscal year, to review the "Cash Operating Costs" (as that term is defined in the Continuing Care Agreement) of the **Community**. If the Foundation so chooses, such review will be conducted by a certified public accounting firm **chosen** by the Foundation, approved by Marriott, and retained at the Foundation's expense. In the event of dispute, the parties will accept a certified public accounting firm appointed by the local office of the American Arbitration Association upon the Foundation's request. The review shall be conducted during normal business hours at a time reasonably convenient to the **Community's** Executive Director. All business and accounting records of the **Community**, working papers, findings and reports related to the review including the report of such firm shall be confidential to Marriott and the Foundation's Board of Directors. If a dispute arises with respect to increases in the Monthly Fee for those Residents who have a limitation on **Marriott's** ability to increase the Monthly Fee in their Continuing Care Agreements, the issue shall be resolved by arbitration in accordance with the provisions of Section 6.01 hereof and such arbitration

proceedings and all evidence, records and reports with respect thereto shall be admissible but considered confidential. Upon the termination of this Agreement for any reason, Marriott will continue to comply with any restrictions in the Continuing Care Agreements on its ability to increase Monthly Fees, however, the Foundation shall not maintain its role of reviewing Monthly Fee increases as described in this Section 3.03(B).

#### **3.04 Marketing**

Marriott will be responsible for managing a marketing and sales program for the Community. Marriott will consult with the Foundation concerning the marketing of the Community and the Foundation will promote the Community and resident membership in the Community. As requested by Marriott, the Foundation will assist in developing and carrying out the **marketing and sales** program, including: recommendations **to** its members; endorsements in press releases; direct mail advertising to prospective Residents accompanied by an introduction on Foundation letterhead; review advertising copy **prior** to publication; and providing speakers to groups of prospective Residents.

#### **3.05 Management**

Marriott will operate the Community in its sole and complete discretion including the **selection** of management staff, hiring and firing of employees, the selection of outside contractors and suppliers and establishing Community policies and standards, subject to only those notice and consultation obligations specified in this Agreement.

#### **3.06 Standards**

Marriott will maintain a qualified and experienced staff pursuant to standards that are consistent with the standards set at comparable projects within the Marriott Retirement Community System. Marriott will comply with applicable laws and regulations. **Related** entities of Marriott may provide any or all supplies and services to the Community, provided such supplies and services shall be at competitive prices and rates.

#### **3.07 Residents Association**

The Foundation and Marriott have been advised that **the Fairfax Residents' Association** is an organization authorized under Section 38.2-4910 of the Code of Virginia (1950) and that it was formally established in June 1990 with the Residents<sup>1</sup> approval of the **Fairfax Residents<sup>1</sup> Association** By-Laws. The Foundation and Marriott have been further advised by the **Fairfax Residents<sup>1</sup> Council** that such Council is the governing body of the **Fairfax Residents<sup>1</sup> Association** pursuant to the Code of Virginia and the **Fairfax Residents<sup>1</sup> Association** By-Laws and that such Council acts in the collective interest of the Residents in matters related to the Community. Marriott will continue to assist the Residents in maintaining the **Fairfax Residents' Association** or a similar residents<sup>1</sup> association ("**Residents' Association**") to represent the Residents as a group in their relationship with Marriott and Community management and to

coordinate certain Residents sponsored activities and programs. The Residents<sup>1</sup> Association may formulate by-laws and rules governing its own activities. However, the Continuing Care Agreement shall prevail over any such by-laws, rules or decisions of the Residents<sup>1</sup> Association which are in conflict.

### 3.08 Continuing Role of the Foundation

A. The Foundation intends to continue to address the retirement housing needs of retired officers of the U.S. **Armed** Forces and their spouses. Subject to **Marriott's** and the Foundation's termination rights, the Foundation will continue a sponsorship role with the Community in accordance with the terms of this Agreement.

B. The Foundation may

(i) accept gifts and bequests on behalf of the Community and coordinate their disposition; and

(ii) administer a benevolent fund on behalf of Residents.

C. Foundation and Marriott representatives will meet at least annually, and more frequently if both parties deem it necessary, to consider matters of significant concern to either party or to the Residents<sup>1</sup> Association and recommend appropriate actions or policies intended to improve the operation of the Community and the quality of life for the Residents.

## ARTICLE IV

### ASSIGNMENT BY MARRIOTT

#### 4.01 Assignment and Transfer

Marriott may, at any time, with or ,without the Foundation's prior written consent, (i) assign (in whole or in part or parts) this Agreement to any entity while retaining Management of the Community, (ii) create a condominium or cooperative regime at the Community while retaining Management of the Community, (iii) sell Marriott's interest in the Community (subject to the Foundation's rights, if any, under Section 4.03 below) while retaining Management of the Community, (iv) make any conveyance of Marriott's interest in the Community while retaining Management of the Community, (v) assign this Agreement to any entity while not retaining Management of the Community, (vi) sell its Marriott Retirement Community System including the Community and not retain the Management of the Community, or (vii) sell the Community and not retain the Management of the Community (any of which are hereinafter referred to as a "Transfer"). Any Transfer under clauses (v), (vi) or (vii) in the preceding sentence is subject to the requirements of Section 4.02 below. The term "**Management**" shall mean the day-to-day oversight of the operation of the Community as well as

the **power** to make all decisions relative to repairs, replacements, upgrades and capital improvements. Any transfer of a controlling interest in Marriott other than a sale by Marriott of its entire Marriott Retirement Community System shall be deemed a Transfer for purposes of this Article IV.

#### 4.02 Approved Manaer

If Marriott (i) assigns this Agreement to any entity while not retaining Management of the Community, (ii) sells its Marriott Retirement **Community** System including the Community while not retaining the Management of the Community, or (iii) sells the Community while not retaining the Management of the Community, the new entity designated to perform the Management and/or operational duties previously performed by Marriott shall be an entity which (w) is duly registered and approved as a "**provider**" under Chapter 49, Sections 38.2-4900 et seq. of the Code of Virginia, (x) is experienced in the management of retirement communities similar to the Community, (y) is adequately capitalized to meet all of its financial obligations related to the management of the **Community** on a going **concern** basis, and (z) does not have a bad business reputation [an entity which meets or exceeds all the preceding criteria in clauses (w) through (z) above is referred to herein as an "**Approved Manager**".] If not already provided to the Foundation under Section 4.04(A) below, all the information about the new **manager/operator** of the Community described in Section 38.2-4902 of the Code of Virginia shall be provided to the Foundation prior to the new **manager/operator** taking over Management of the Community. If Marriott and the Foundation disagree on whether any transferee or proposed transferee of Management is an Approved Manager, such disagreement shall be resolved by arbitration in accordance with the provisions of Section 6.01 hereof and such **arbitration** proceedings and all evidence, records and reports with respect thereto shall be admissible but considered confidential. Any Transfer to a third party who itself is not an Approved Manager, but who contemporaneously with said Transfer enters into a contract with an Approved Manager for the Management and operation of the community and such Approved Manager assumes **Marriott's** obligations under this Agreement, shall be deemed to be a transfer to an **Approved Manager**.

#### 4.03 Request for First Negotiation

If Marriott desires to sell its entire ownership interest in the community (fee simple and/or leasehold) in a transaction which involves only the Community, i.e., no other transfer of Marriott ownership interests in any other retirement community in the Marriott Retirement Community System will be part of such transaction (a "**Sale of the Community**"), the Foundation requests that Marriott first negotiate for thirty (30) days with the Foundation to sell the Community to the Foundation at a mutually acceptable price and on mutually acceptable terms. Although Marriott shall not be obligated to negotiate with the Foundation on any proposed Transfer of the Community, a Sale of the Community without giving the Foundation a 30-day right of

**first** negotiation shall be considered contrary to the provisions of this Article IV.

4.04 Conditions for Assignment and Release

No Transfer or assignment of this Agreement shall be effective against the Foundation under this Agreement unless and until (i) Marriott gives written notice thereof to the Foundation, and (ii) such transferee or assignee shall, except for purchasers of less than five percent (5%) of any available condominium units or cooperative shares, deliver to the Foundation **the following** documents:

A. if any Transfer requires Marriott and/or its transferee or assignee to file and/or update a registration and/or disclosure statement under **Chapter** 49, Sections 38.2-4900 ~~et seq.~~ of the Code **of** Virginia, a complete copy or copies of such new and/or updated registration and/or disclosure **statement(s)** shall be provided to the Foundation promptly after their being filed with the Virginia State Corporation Commission;

B. a **certified** copy of all documents by which the Transfer will be accomplished if not already provided under Section 4.04(A) above;

C. a certified copy of the agreement or instrument whereby such transferee or assignee was created, if not a natural person, and all amendments thereto and proof that said transferee or assignee is validly formed, duly organized and authorized to transact the business contemplated in this Agreement if not already provided under Section 4.04(A) above;

D. a description of the **transferee's** or **assignee's** business history and its qualifications to own the Community and/or serve as an Approved Manager if not already provided under Section 4.04(A) above; and

E. in the case of the creation of a condominium or cooperative regime, a certified copy of all **documents** by which said regime will be created.

Upon consummation of such a Transfer in which all of **Marriott's** right, title and interest in and to the Community and this Agreement is assumed by said transferee or assignee and Management is transferred to an Approved Manager, Marriott shall be relieved of all further liability under this Agreement.

4.05 Sole Remedy for Marriott Breach of Article IV

If any Transfer or Sale of the Community or assignment of this Agreement or change in Management is made or attempted contrary to the provisions of this Article IV, the Foundation's sole remedy shall be to terminate this Agreement with **Marriott** being considered the party causing the termination for purposes of any other agreements between Marriott and the Foundation.

## ARTICLE V

### TERM AND TERMINATION

#### 5.01 Term

The term of this Agreement shall commence on the Effective Date and expire on one (1) year (the "Initial Term"). Thereafter, unless previously terminated, this Agreement shall automatically renew itself from year to year on the anniversary of the end of the Initial Term.

#### 5.02 Early Termination

A. The Foundation may terminate this Agreement on thirty (30) days written notice to **Marriott** in the event Marriott breaches any of its obligation contained in this Agreement. **Marriott** shall be considered to have caused such termination for purposes of any other agreements between Marriott and the Foundation.

B. Marriott may terminate this Agreement if at any time, actual residency of Independent Living Units available for occupancy by Residents falls below an average of (i) ninety-five percent (95%) and continues for three (3) consecutive months, or (ii) ninety-three percent (93%) in any period of twelve (12) consecutive months, by sending thirty (30) days written notice thereof to the Foundation. The Foundation shall be considered to have caused such termination for purposes of any other agreements between Marriott and the Foundation.

C. Neither the Foundation nor **Marriott** shall terminate this Agreement under this Section 5.02 unless and until they have given at least thirty (30) days advance notice to the other of their intention to do so, specifying their reasons in detail, and the other fails to cure such circumstances within such thirty (30) day period.

#### 5.03 Termination After the Initial Term

After the Initial Term, either party may terminate this Agreement, with or without cause, by giving at least ninety (90) days prior written notice to the other party of its decision to terminate this Agreement. This Agreement shall automatically terminate upon the later of (i) the termination date specified in the written notice, or (ii) ninety (90) days after the receipt of the termination notice by the non-terminating party, unless the party delivering the termination notice rescinds the termination notice prior to the termination date specified in such notice. The party initiating the termination shall be considered the party causing the termination for purposes of any other agreements between Marriott and the Foundation.

## ARTICLE VI

### ARBITRATION

#### 6.01 Arbitration

A. Whenever under any provision of this Agreement it is provided that a dispute between the Foundation and Marriott shall be settled by arbitration, such arbitration shall be conducted in the manner set forth in this Section 6.01.

B. The party desiring such arbitration shall give written notice to that effect to the other party and shall in such notice appoint a disinterested person of recognized competence in the field involved as one of the arbitrators. Within thirty (30) business days **thereafter**, the other party shall by written notice to the original party appoint a second disinterested person of recognized competence in such field as an arbitrator. The arbitrators thus appointed shall appoint a third disinterested person of recognized competence in such field, and the three (3) arbitrators shall as promptly as **possible** determine such matter; provided, however, that

(i) if the second arbitrator shall not have been appointed within the time periods set forth above, the first arbitrator shall proceed on ten (10) business days written notice to the parties to determine such matter; and

(ii) if the two (2) arbitrators appointed by the parties shall be unable, within fifteen (15) business days after the appointment of the second arbitrator, to agree upon the appointment of a third arbitrator, they shall give written notice of such failure to agree to the parties, and, if the parties fail to agree upon the selection of such third arbitrator within fifteen (15) business days after the arbitrators appointed by the parties have given such notice, then within ten (10) business days thereafter either of the parties upon written notice to the other party hereto may request such appointment by the then President of the Virginia Board of Realtors (or any successor organization), or in his absence, refusal, failure **or** inability to act, may request such appointment by the then President of the Virginia Bar (Unified) **[or** any successor organization], or in his absence, refusal, failure or inability to act, may apply for such appointment to the American Arbitration Association or to any successor agency thereto exercising functions similar to those now exercised by the American Arbitration Association.

C. The Foundation and Marriott shall each be entitled to present evidence and argument to the arbitrators. The arbitrator or arbitrators shall have the right only to interpret and apply the covenants, provisions and conditions of this Agreement, and may not change any **of** such covenants, provisions or conditions or deprive any party to this Agreement of any right or remedy expressly or **impliedly** provided in the Agreement. The arbitrators and arbitration shall use and follow

the **Commercial** Arbitration Rules of the American Arbitration Association or of any successor agency thereto exercising functions similar **to those** now exercised by the American Arbitration Association. The arbitration shall not be administered by the American Arbitration Association unless Marriott and the Foundation both agree to use and pay the **costs** of such administration.

D. The determination of the majority of the arbitrators or of the sole arbitrator, as the case may be, shall be conclusive upon the parties, and judgment upon the same may be entered in any court having jurisdiction thereof. The arbitrators shall give written notice to the parties stating their determination and shall furnish to each party a copy of such determination signed by them.

E. In the event of the failure, refusal or inability of any arbitrator to act, a new arbitrator shall be appointed in his stead, which appointment shall be made in the same manner as hereinbefore provided for the appointment of the arbitrator so failing, refusing or unable to act.

F. The expenses of arbitration shall be borne equally by the Foundation and Marriott or as the **arbitrator(s)** shall otherwise determine.

## ARTICLE VII

### MISCELLANEOUS PROVISIONS

#### 7.01 Applicable Law

This Agreement shall be construed under and shall be governed by the laws of the Commonwealth of Virginia.

#### 7.02 No Agency, Partnership or Third Party Beneficiary

Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third **party** in and of itself to create the relationship of principal and agent or of partnership for joint venture or of any **association** **between** the Foundation and Marriott. No person or entity other than Marriott and the Foundation shall be deemed to have any rights or benefits arising out of this Agreement including the right to enforce this Agreement or to seek any damages at law or in equity against either Marriott or the Foundation. There are no third party beneficiaries of this Agreement, specifically including, without limitation, as parties who are not third party beneficiaries, the Residents and **Residents'** Association.

#### 7.03 Gender and Number

Words of any gender used in this Agreement shall be held to include any other gender and words in the singular shall be held to include the plural when the sense requires.

#### 7.04 Notices

Notices, statements and other communications to be given under the terms of this Agreement shall be in writing and delivered by messenger or overnight delivery service against receipt or sent by certified or registered mail return receipt requested and addressed as follows:

If to Foundation: The Army Retirement Residence Foundation - Potomac  
9140 Belvoir Woods Parkway  
Fort Belvoir, Virginia 22060-2703

If to Marriott: **Marriott** Senior Living  
Services, Inc.  
c/o Marriott International, Inc.  
10400 **Fernwood** Road  
Bethesda, Maryland 20058  
Attn: Law Department

or at such other addresses as from time to time designated by the party receiving the notice. Any such notice which is properly mailed shall be ~~deemed to~~ have been served as of **five** (5) business days after the post date for purposes of establishing that the sending party complied with the applicable time limitations set forth herein but shall not be binding on the addressee until actually received.

#### 7.05 Headings

Headings as to contents of particular articles and sections herein are inserted only for convenience and are in no way to be construed as a part of the **agreement** or as a limitation on the scope of the particular section ~~to~~ which they refer.

#### 7.06 Binding Effect

The covenants, conditions and Agreements contained in this Agreement shall bind, apply to and inure to the benefit of the parties hereto and their respective successors and assigns.

#### 7.07 Entire Agreement: Merser,

This Agreement contains all the **Agreements** and conditions made between the parties hereto with respect to the matters contained **herein** and may not be modified orally or in any manner other than by an Agreement in **writing** signed by all the parties hereto or their respective successors. All prior written and oral understandings and Agreements including the confidential Letter of Intent dated June 12, 1984 shall be deemed to have been merged into this Agreement and have no further force in effect.

#### 7.08 The Foundation as a Tax Exempt Entity

Marriott recognizes that the Foundation is a tax exempt entity pursuant to the terms of Section **501(c)(3)** of the Internal Revenue Code of 1986, as amended. Marriott agrees not to take any action which will jeopardize the Foundation's tax exempt status and in the event that any of the provisions of this Agreement may cause the Foundation to lose its tax exempt status,

**Marriott** will agree to make any reasonable changes to this Agreement which do not alter or change **Marriott's** rights and/or obligations hereunder.

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

THE ARMY RETIREMENT RESIDENCE  
FOUNDATION - POTOMAC

ATTEST:

a Virginia non-stock corporation

Mayne W.L.  
secretary

By:   
William B. DeGraf, President

[Corporate Seal]

MARRIOTT SENIOR LIVING SERVICES, INC.  
a Delaware corporation

ATTEST:

K. Miller  
Assistant Secretary

By:   
Edward J. Boland  
Vice President

[Corporate Seal]

EXHIBIT B  
CONTINUING CARE AGREEMENTS

**CONTINUING CARE AGREEMENT**

**THE FAIRFAX**

**Refundable Payment Plan**

**CONTINUING CARE AGREEMENT  
(Refundable Payment Plan)**

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## CONTINUING CARE AGREEMENT

### (Refundable Payment Plan)

This Agreement ("Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by SH OpCo The Fairfax, LLC, a Delaware limited liability company ("Provider") and \_\_\_\_\_ ("Resident").

Provider's continuing care facility is known as "The Fairfax," located near Fort. Belvoir Military Reservation in Fairfax County, Virginia (the "Community"). Provider has engaged Sunrise Senior Living Management, Inc., to manage the Community. Resident has applied for entry into the Community and been accepted, subject to the terms of this Agreement.

Resident and Provider agree as follows:

### ARTICLE I FEES, BOND, AND CHARGES

**1.1 Entry Fee** – The total Entry Fee will be due at signing of this Agreement. The Entry Fee and any deposits made by you towards the Entry Fee, in excess of \$1,000.00, will be held in escrow in a banking institution, acting as an escrow agent, until you either occupy your Unit or the Unit you selected is available for immediate occupancy. The Entry Fee shall be released to us, in full, when you occupy your Unit or when such Unit is available for occupancy (the "Entrance Fee Release Date"), whichever first occurs, provided your right of recission as described in Sections 5.1 and 5.2 of this Agreement has expired. You will be notified in advance of the date in which the unit will be available for occupancy.

The Entry Fee for Resident's unit is \$\_\_\_\_\_.  
The additional occupant Entry Fee is \$\_\_\_\_\_.  
The total of the Entry Fee for Resident's Unit and the additional occupant fee is \$\_\_\_\_\_.

#### 1.2 Payment Schedule –

**1.2.1 Wait List Deposit** – Upon signing the Waiting List Request Form, Resident paid Provider \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents (\$\_\_\_\_\_), which was applied to the Entry Fee.

**1.2.2 Balance** – The balance of Resident's total Entry Fee (less the amount in Section 1.2.1 of this Agreement) is \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents \_\_\_\_\_.

**1.3 Reservation Agreement** – Resident may have signed a Residence Unit Reservation Agreement prior to the execution of this Agreement, whereby Resident selected for residence a specific unit and began paying monthly Reservation Fees as defined therein. When Resident's unit is available for occupancy, the Residence Unit Reservation Agreement shall terminate and this Agreement shall control.

**IF RESIDENT ELECTS TO TERMINATE THIS AGREEMENT DURING THE SEVEN (7) DAY RESCISSION PERIOD, THE ENTRY FEE, THE ADDITIONAL OCCUPANT FEE, AND THE RESERVATION FEES WILL BE REFUNDED .**

**1.4 Lifecare Bond** – Resident shall purchase a “Lifecare Bond”, in the form attached as Exhibit A, in the principal amount of \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents (\$\_\_\_\_\_\_). The Lifecare Bond is purchased from Provider and is non-negotiable and non-interest bearing. The Lifecare Bond will be repaid in full by Provider to Resident or Resident’s estate (a) upon the termination or cancellation of this Agreement and (b) when your unit is re-occupied by another resident who is a party to a continuing care agreement. For purposes of the Lifecare Bond, a unit is re-occupied when another resident who is a party to a continuing care agreement moves in to the unit.

**1.5 Monthly Fee –**

**1.5.1 Payment of Monthly Fee** – When Resident’s unit is available for occupancy, Resident will pay Provider a monthly fee (“Monthly Fee”). The Monthly Fee shall be payable in advance on or before the fifth (5<sup>th</sup>) day of each month throughout the term of the Agreement and will be deemed made when received by Provider. Provider may assess a five percent (5%) penalty charge for late payment. The Monthly Fee for the month within which the unit becomes available for occupancy shall be due and payable on the date the unit is available for occupancy. The Monthly Fee for that month and for the last month of the Agreement shall be prorated based upon the number of days in the first and last months of the Agreement. The Monthly Fee is not rent but is consideration for services provided to Resident as herein described.

**1.5.2 Amount of Monthly Fee** – The initial Monthly Fee shall be \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents (\$\_\_\_\_\_\_).

**1.6 Adjustments of Monthly Fee and Health Center Fee –**

**1.6.1 Adjustments** – The Monthly Fee and Health Center Fee may be adjusted from time to time. Provider will provide at least thirty (30) days advance written notice of any changes in the Monthly or Health Center Fee. Residents will also be given at least thirty (30) days advance notice of any changes in other fees, charges or the scope of care or services, except for changes required by state or federal assistance programs.

**1.6.2 Termination of Double Occupancy** – If one (1) occupant of a double occupant Unit leaves the Community permanently or moves into the Health Center for an extended stay, effective on the first day of the following month the Monthly Fee for the remaining occupant shall be the Monthly Fee for single occupancy of the Unit. Upon termination of double occupancy under this Section 1.5.2, the remaining occupant shall have the right to move to a different or smaller unit, if or when available, and to pay the prevailing market rate Monthly Fee for single occupancy of such unit.

**1.6.3 Resident’s Absence** – If Resident is absent from the Community for more than seven (7) consecutive days, Resident shall receive a meal credit as determined by Provider,

provided such Resident first gives written notice to the person named by Provider to be the Community's Executive Director ("Executive Director") at least five (5) days prior to commencement of such absence.

**1.7 Bond and Lifecare Fee Unchanged** – The principal amount of the Bond and Lifecare Fee shall not be changed, unless required by state or federal assistance programs.

## **ARTICLE II RESIDENCE ACCOMMODATIONS AND FACILITIES**

**2.1 Residence Unit** – The Residence Unit selected by and assigned to Resident is Residence Unit #\_\_\_\_\_, Model Style \_\_\_\_\_, Building \_\_\_\_\_ ("Residence Unit" or "Unit"). Resident shall have the right to reside in the Unit, subject to the terms of the Agreement and the Community rules and regulations.

**2.2 Property Protection** – Resident will protect, preserve and not permit misuse of or damage to the Unit or any property therein.

**2.3 Parking** – A single motor vehicle per unit may be parked in an assigned space. Resident may contract for covered parking or second assigned space on a separate charge basis, as available. There will not be a recreational vehicle parking area.

**2.4 Storage** – Limited storage space will be made available to Resident. Assignment of space shall be subject to Provider's supervision. Resident will be responsible for securing the assigned storage area and will assume all risk of loss.

**2.5 Modifications to Units** – Resident shall not make any structural or physical change to the Unit without the Executive Director's written consent. Subject to Provider's approval, Provider's Contractor will perform the modification work. Resident shall be liable for all costs of restoring the Unit to the original condition as determined by the Executive Director. Title to all modifications and additions to the Unit shall vest in Provider when made.

## **ARTICLE III NON-MEDICAL SERVICES**

**3.1 Meals** – Provider will make available morning, noon, and evening meals at designated hours with nutritionally well balanced and varied menus. For the Monthly Fee, Provider will provide Resident one meal, breakfast, lunch or dinner, each day, in the Community dining room. Additional meals may be obtained for a reasonable fee in the dining room or other areas within the Community within which meals are served.

**3.1.1 Meal Delivery** – Meal delivery to the unit is available for independent living residents for a reasonable charge.

**3.1.2 Special Meals** – Special diet meals will be provided when ordered by attending physician.

**3.1.3 Guest Meals** – Residents may invite guests to any meal. Prior notice is requested. Guest meal charges will be billed to Resident as an additional charge.

**3.2 Housekeeping** – Provider will provide weekly light cleaning services. Additional housekeeping service may be contracted for an additional charge basis.

**3.3 Maintenance and Repair** – Provider will provide necessary repairs, maintenance, and replacement of Community property and equipment. Except in an emergency, such services will be provided during normal working hours, Monday through Friday. Provider shall have the right to charge Resident for any repairs, maintenance or replacement required as a result of negligence of Resident or Resident's invitees. Resident is responsible for maintaining, repairing and replacing Resident's property.

**3.4 Security** – Provider, as it deems necessary, will employ security personnel to supervise the Community buildings and grounds.

**3.5 Buildings and Grounds** – Provider will maintain all Community buildings, common areas and grounds, including lawns, walkways, and driveways. Landscaping and decorative plantings will be provided and maintained by Provider as it deems appropriate.

**3.6 Utilities** – Provider will furnish water, sewer, heat, air conditioning, electricity and garbage collection. Telephone service will be available to each unit; however, installation of telephones and service costs will be at Resident's expense. At a minimum, Resident agrees to obtain and maintain an active telephone line necessary for the installation and functioning of the Community's emergency alert system. Basic cable service is required for all independent living residences to secure discounted service rates. Additional cable services are available to each unit at the Resident's expense.

**3.7 Insurance and Responsibility for Resident's Property** – Resident will provide all personal property and liability insurance for Resident and Resident's property, guests and invitees. Provider shall not be responsible for, and Provider insurance will not protect Resident against any loss or damage to Resident's personal property from theft, fire or other cause, nor will Provider insure Resident against personal liability for injury to guests or invitees within the Unit.

## **ARTICLE IV** **HEALTH AND NURSING SERVICES**

**4.1 Health Center** – The Community will have a Health Center staffed twenty-four (24) hours a day with nursing and healthcare personnel. The Health Center will provide assisted living care, including care for residents with memory loss and dementia, and nursing care and, to the extent of its capability, will provide first aid and emergency referral for acute medical care. Prior to admission to the Health Center, the Resident will select a personal physician who has admitting privileges or is willing to have admitting privileges for the Health Center. The Resident shall be responsible for all costs and charges of physician care.

**4.2 Transfer to and from Health Center** – In case of emergency, where the consultation described below is not feasible, Provider may transfer you from your Unit to an appropriate facility.

Other than an emergency described above, if the Resident Care Committee, consisting of the Executive Director and healthcare professionals determines, after consulting the Resident, a member of Resident's family or Resident's designated representative:

(i) that Resident's continued occupancy of the Unit constitutes a danger or health hazard to Resident or other residents, or is detrimental to the peace or security of other residents; or

(ii) that Resident is no longer able to leave the Unit without the assistance of another during an emergency and the Unit is not approved by the State Fire Marshal for use by nonambulatory residents; or

(iii) that Provider does not have adequate facilities or staff to provide the nursing services or medical care needed by Resident; then Resident may be requested to transfer from the Unit to the Health Center or elsewhere for appropriate care. Failure to consent to a transfer may constitute good cause for termination of this Agreement.

Thereafter, if Resident is able to return, as determined by the Resident Care Committee, Resident may return to the same Unit if available, or if not, to the first (1<sup>st</sup>) available comparable unit. In such event, the Monthly Fee shall be the amount applicable to the new unit.

Although it is expected that Health Center bed space will be adequate to meet demand, if not available for Resident when needed, Provider will have the option to contract and pay for similar nursing services for Resident at an accredited outside facility. During Resident's stay in such outside facility, Resident will pay Provider the Monthly Fee and/or Health Center Fee as applicable. Any Resident transferred to an outside facility shall have the right, on a priority basis, to be returned to the Health Center as soon as appropriate space is available.

Provider may provide Nursing Services and nursing care units in the Health Center to non-residents on a daily rate basis to the extent that space and services are not fully utilized by residents.

**4.3 Health Center Fees and Charges** – Provider will provide Health Center care as hereinafter provided.

**4.3.1 Temporary Stay** – If Resident moves from the Unit into the Health Center and is there for less than **thirty (30) days during any ninety (90) day period** ("temporary stay"), Resident will continue to pay only the Monthly Fee plus a meal charge for two (2) additional meals per day. If Resident vacates the Independent Living Unit during a temporary stay, the remainder of the temporary stay days will be forfeited, and the Health Center Fee will ensue.

**4.3.2 Extended Stay** – If Resident resides in the Health Center for longer than a temporary stay ("extended stay"), the fees shall be as follows:

(a) A single Resident of the Unit shall pay the Monthly Fee plus a fee (“Health Center Fee”) for each day in the Health Center exceeding a temporary stay, as long as the Resident retains the Unit. The Health Center Fee shall be an amount equal to (i) the Fauquier Unit Equivalent (“F Unit Equivalent”), or the Fauquier Unit Equivalent Moderate (“F Unit Equivalent Moderate”), as applicable, in the published Care Fees for the year of admission into the Health Center, plus (ii) the charge for two (2) additional meals per day. Upon surrender of the Unit, the Resident shall thereafter pay only the Health Center Fee and the temporary stay days will be forfeited.

(b) If one (1) Resident of a double occupant Unit resides in the Health Center on an extended stay basis and the other Resident remains in the Unit, the Monthly Fee for the Resident remaining in the unit shall be the applicable rate for a single occupant of the unit. The Resident in the Health Center shall pay the Health Center Fee and the temporary stay days will be forfeited.

(d) If both Residents of a double occupant unit reside in the Health Center on an extended stay basis, each will pay the Health Center Fee. In addition, the Monthly Fee applicable to single occupancy of the Unit will be payable as long as the Unit is retained. Upon surrender of the Unit the obligation to pay the Monthly Fee ends and the temporary stay days will be forfeited.

(d) If Resident returns to Independent Living, Section 4.3.1. will apply.

**4.3.3 Rooms** – The Health Center Fee entitles Resident to a semi-private room. Resident may have a private room, if available, for an additional charge.

**4.3.4 Pre-Existing Conditions** – Costs related to pre-existing conditions will be excluded from coverage under this Agreement in accordance with Exhibit B attached hereto. If Resident’s stay in the Health Center is due to a pre-existing condition not covered under this Agreement, Resident will pay the per diem rate applicable to non-residents staying in the Health Center (“Per Diem Rate”) and is also not eligible for temporary stays. The Per Diem Rate will be reviewed and revised annually.

**4.3.5 Memory Loss and Dementia** – If Resident has a pre-existing diagnosis of memory loss or dementia as set forth in Exhibit B, Resident will pay the Per Diem Rate for any stays in the Health Center and is not eligible for a temporary stay.

**4.3.6 Reminiscence Unit.** The F contract rate is applicable to residents living in the Reminiscence unit.

#### **4.4 Health Center Fees Not Included –**

**4.4.1 Services Not Provided** – Provider will not provide medical, surgical or hospital services to Resident or physical examinations, medical consultations, drugs, medications, disposable and non-disposable supplies, x-rays, medical tests, eyeglasses or refractions, hearing aids, dentistry, dentures, inlays, prescriptions, orthopedic appliances, private duty nursing care, podiatric services, physical therapy, treatment for psychiatric disorders or alcoholism, or any other service or supply not specifically mentioned in this Agreement. Resident shall obtain and pay for the cost of such items and services.

**4.4.2 Services Away From Community** – Resident will pay all costs of nursing and other medical services incurred away from the Community, whether by reason of illness or accident, unless Resident is temporarily transferred to an outside facility by Provider as provided in Section 4.2.

**4.5 Medical and Surgical Insurance –**

**4.5.1 Medicare and Supplemental Coverage** – Resident, if sixty-five (65) years of age or older, will obtain and maintain in force at Resident's cost Medicare Part A and Part B, or equivalent insurance coverage under a public or private insurance plan. In addition, Resident will obtain and maintain any supplemental health insurance available to members of The Retired Officers' Association, or a policy with substantially the same coverage acceptable to Provider. If less than sixty-five (65) years of age, Resident will obtain medical insurance coverage equivalent to the coverage described in this Section 4.5.1, satisfactory to Provider. Resident will provide proof of coverage as Provider may request.

Any amounts paid or owing to Resident from federal, state, municipal, private, or supplemental insurance plans shall be paid to Provider to pay for nursing, medical, or similar services provided to Resident. Resident will diligently seek to obtain all reimbursements, payments, proceeds or other benefits available under such plans or programs and authorizes Provider to take such action as may be required to obtain and recover same.

**4.5.2 Subrogation** – In case Resident is injured as a result of an act or omission of a third-party, Resident agrees that Resident's rights against such third-party shall be subrogated to Provider and Provider shall have a lien on any judgment, settlement, or recovery for any additional expenses incurred by Provider in caring for Resident as a result of such injury. Resident authorizes and empowers Provider to serve as attorney-in-fact with respect to all such matters, including the authority to prosecute any such claim. Provider shall have the right to take all actions necessary to enforce Resident's and Provider's rights against the party responsible for such injury, including the right to compromise and settle for amounts Provider deems appropriate. Resident agrees to cooperate in assisting in the diligent prosecution of any claim or action against the third-party. After all costs and expenses incurred by Provider relating to the injury have been paid to Provider, the balance of any collection or settlement will be paid to Resident.

**4.5.3 Persons Under Fifty-Five** – Any Resident under the age of fifty-five (55) residing in the Community using the Health Center shall pay the Per Diem Rate. After reaching age fifty-five (55), Resident is eligible for consideration under the Community's pre-existing condition protocol and may request completion of Exhibit B. Until such time as Exhibit B is executed, Per Diem rates will continue to apply for all Health Center stays.

**4.6 Mental Illness** – The Community is not designed or licensed to provide hospital service or care for persons with psychosis, psychiatric disorders, alcoholism or substance abuse. If the Executive Director, after consultation with the Medical Director and Resident's family and physician, if any, determines that Resident's mental illness or condition is such that Resident's continued presence at the Community is dangerous or detrimental to the health or peace of mind of Resident or other residents, then Provider may request Resident to transfer from the Community to an appropriate facility for the duration of such condition. All charges for care rendered by such facility shall be Resident's responsibility. Failure of the Resident or Resident's family or guardian to consent to a transfer may constitute good cause for the termination of this Agreement.

**4.7 Consent to Release of Medical Information** – Resident consents to the release to Provider or its designee of medical information which may be requested at any time by the Medical Director or by any physician, hospital or other provider of medical services which has provided or is providing medical services or consultation to Resident.

## **ARTICLE V** **TERMINATION OF AGREEMENT**

**5.1 Automatic Rescission** – If before physically occupying the Residence Unit, the Resident dies or is precluded through illness, injury or incapacity from becoming a resident under the terms of this Agreement, this Agreement is automatically rescinded and the Resident or his legal representative shall receive a full refund of all money paid to Provider, except those costs specifically incurred by Provider at the request of Resident and set forth in writing in a separate addendum signed by both parties to this Agreement.

**5.2 Termination by Resident – This Agreement may be rescinded in its entirety by Resident by giving written notice to Provider within seven (7) days of signing this Agreement.** A "Notice of Right to Rescind" form is attached to this Agreement. If Resident rescinds this Agreement, Provider will refund all amounts paid by Resident, except for the Application Fee and those costs specifically incurred by Provider at the request of Resident and set forth in writing in a separate addendum signed by both parties to this Agreement.

Thereafter, Resident or both Residents of a double occupied unit have the right, at any time, to terminate the Agreement by delivering a written termination notice to Provider, signed by the Resident(s). Said notice shall specify the date when termination is to be effective, which shall be not less than one hundred and twenty (120) nor more than one hundred and eighty (180) days after the date of said written notice unless such time requirement is waived by Provider. In case of a double occupied unit, said notice will also state whether either occupant desires to retain the Unit or another unit, if available, on a single occupancy basis. If one (1) occupant elects to remain a Resident, the Agreement shall remain in effect with appropriate adjustment of the Monthly Fee.

Should Resident give notice of termination provided in this Section, Resident may not thereafter cancel or withdraw such notice without Provider's consent.

**5.3 Termination by Provider** – Provider may terminate the Agreement for good cause by notice to Resident. Good cause shall include any of the following:

- (a) Conduct by Resident which constitutes a danger to Resident or others;
- (b) Failure to pay the Monthly Fee or Health Center Fee when due;
- (c) Repeated conduct by Resident that interferes with the quiet enjoyment of the Community by other residents; or
- (d) Persistent refusal by Resident to comply with reasonable written Community rules and regulations.
- (e) A material misrepresentation made intentionally or recklessly by the Resident in his application for residency, or related materials, regarding information which, if accurately provided, would have resulted in either a failure of the Resident to qualify for residency or a material increase in the cost of providing to the Resident the care and services provided under the Agreement; or
- (f) A material breach by the Resident of the terms and conditions of the Agreement.

Provider will not terminate the Agreement without first notifying Resident of the nature of the default and allowing Resident sixty (60) days, or such shorter period as may be reasonable under the circumstances, within which to remedy such default. If Resident, within such time period, has not remedied the default, Provider may terminate the Agreement immediately.

**5.4 Termination by Death** – Upon Resident's death the Agreement shall terminate as soon as Resident's personal property has been removed from the Unit. The death of one (1) Resident of a jointly occupied Unit shall not effect a termination of the Agreement.

**5.5 Release Upon Termination** – Upon termination of the Agreement (i) Provider shall take possession of the Unit and be released from all obligations to Resident except to pay or refund any amounts required to be paid or refunded to Resident hereunder, and (ii) upon payment of all amounts owed to Provider by resident hereunder, Resident shall be released from further obligation to Provider.

**5.6 Removal of Resident's Property** – Within thirty (30) days after (i) Resident moves from the Unit on a permanent basis, (ii) Resident's death, or (iii) termination of the Agreement, Resident or Resident's guardian, conservator or designee, or if none is qualified, Resident's family, shall remove Resident's personal property from the Unit. If said personal property is not removed within such thirty (30) day period, Provider shall have the right to remove it from the Unit and place it in storage for up to six (6) months at Resident's expense, after which it shall be sold and the proceeds, after deductions for expenses, credited to Resident's account.

**5.7 Cleaning Fee** – Resident will be subject to a standard cleaning fee of One Hundred and Fifty Dollars (\$150.00) upon vacancy.

**5.8 Smoking** – Smoking is not allowed anywhere at The Fairfax. This policy applies to all residents and visitors who smoke cigarettes, cigars and pipes. Residents and visitors who do not adhere to this policy could be subject to termination of the Residency Agreement and/or removal from The Fairfax property. In addition, Residents or any residents' visitors who smoke in their Unit in violation of the policy may be subject to fees associated with any remediation that is needed to the apartment related to smoking.

## **ARTICLE VI GENERAL**

**6.1 Resident's Covenant of Performance** – Resident will maintain insurance as required herein and otherwise fully perform in accordance with the terms hereof and promptly pay all fees and charges required hereunder. Resident will not use or deplete Resident's assets by gifts or otherwise, so as to impair Resident's ability to pay amounts owed hereunder.

**6.2 Pets** – Resident may maintain a pet(s) upon the approval of and on terms prescribed by the Executive Director. Resident will be responsible for ensuring that any pet is properly cared for and does not create any disturbance or otherwise constitute a nuisance. Resident agrees to comply with applicable pet rules and regulations adopted by the Community.

### **6.3 Additional Occupants –**

**6.3.1 Increase or Change in Number or Occupants** – No person other than Resident may occupy the Unit except as a temporary guest at Resident's invitation or as a new spouse. Any guest staying overnight must first register with the Community. No guest may stay for more than seven (7) nights in any thirty (30) day period except with the Executive Director's prior permission. Persons granted such permission shall acquire no rights or privileges under the Agreement. Provider may revoke such permission at any time upon twenty-four (24) hours' notice.

**6.3.2 Marriage of Two Residents** – If two (2) residents marry, either of such resident may terminate his or her Continuing Care Agreement and release the Unit subject thereto and redeem the Lifecare Bond. Thereafter, the terminating resident shall become a double occupant in the occupied unit and the Monthly Fee shall be adjusted accordingly.

**6.3.3 Marriage to Non-Resident** – If Resident marries a non-resident and the new spouse is qualified to become a resident of the Community, the new spouse shall become a party to the Agreement. If the new spouse is not qualified to be a member of the Community, the new spouse may occupy the Unit with Resident on a non-resident basis. In both cases, the Additional Occupant Lifecare Fee shall be paid, and the Monthly Fee shall be adjusted to reflect the double occupancy.

**6.3.4 Other Parties** – Should Resident desire to have another person, other than a spouse, live in the Unit with Resident on a permanent basis, prior written permission of the Executive Director and the Army Retirement Residence Foundation-Potomac shall be necessary. If approved, such other person will pay the Additional Occupant Lifecare Fee, and the Monthly Fee shall be adjusted to reflect the double occupancy. Any person residing in the Community on a non-resident

basis who desires Health Center use and services must make written arrangements with the Executive Director.

**6.4 Arrangements for Guardianship or Conservatorship** – If Resident becomes legally incompetent or is not able to properly care for Resident or Resident's property, and if Resident has made no other designation of a person or legal entity to serve as guardian or conservator, then Provider or a duly authorized officer thereof, may act as Resident's legal guardian or conservator when qualified according to law. For such purposes, Resident authorizes and empowers Provider to act as Resident's attorney-in-fact to make all such arrangements necessary or appropriate to care for Resident and Resident's property.

**6.5 Arrangements in Event of Death** – Funeral arrangements and expenses are Resident's responsibility. Provider will not make such arrangements or provide such services except where Resident or Resident's family fail to do so. Any expenses advanced by Provider relating to the funeral or burial shall become a debt of Resident's estate.

## **6.6 Property Rights –**

**6.6.1 Right of Entry** – Provider may enter the Unit to accomplish the purposes of the Agreement including (a) performance of scheduled housekeeping duties, (b) response to medical alert system and emergency situations, (c) response to fire alert system, (d) checking to determine if Resident is missing or why Resident does not respond to calls, and (e) performance of routine maintenance or repairs. Provider recognizes Resident's right to privacy and Provider's responsibility to limit entry only to situations such as those described above or where Provider deems it advisable for the best interest of Resident or the Community.

**6.6.2 Ownership Rights** – Resident has no ownership interest or proprietary right in the Unit, the Community's personal property, land, buildings, improvements or other Community property. The Agreement shall not be construed to be a lease or to confer any rights of tenancy or ownership in Resident. Resident's rights hereunder are subject to all terms and conditions of the Agreement and subordinate to any mortgage, financing deed, deed of trust, or financing lease on Community premises. Upon request, Resident will execute and deliver any instrument requested by Provider or the owner or holder of any such document to effect the sale, assignment, or conveyance thereof, provided that by so doing Resident shall not be required to prejudice Resident's rights hereunder.

**6.6.3 Responsibility for Damages** – Any loss or damage to Provider's property caused by Resident's negligence shall be paid for by Resident. If negligence of another resident, invitee or person (other than an employee of Provider) results in injury, illness or damage to Resident or Resident's property, Provider assumes no responsibility therefor and Resident releases and discharges Provider from all liability and responsibility for same.

**6.7 Rules and Regulations** – Provider shall have the right to adopt or amend, either by itself or with or through a residents' association, such rules and regulations as may be necessary or desirable for the management and operation of the Community and the safety, health and comfort of the residents. Resident will abide by such rules and regulations.

**6.8 Character, Health, Credit and Financial Conditions** – Resident represents and warrants that all information that has been or will be submitted to Provider by Resident as required for application for residence in the Community or by the Reservation Agreement or this Agreement is true and complete. Resident acknowledges that Provider is relying on such information.

**6.9 Changes in Service** – No changes shall be made in the scope of care or services on less than thirty (30) days' notice, unless required by state or federal assistance programs.

**6.10 Inability to Pay** – If you are not able to pay the Monthly Fee, Health Center Fees, or other amounts owed under this Agreement, Provider may assist you in applying for a loan or loans to meet your obligations.

**6.11 Assignment** – Resident's rights under the Agreement are personal to Resident and cannot be transferred or assigned by any act of Resident, or by any proceeding at law, or otherwise. Provider may assign the Agreement to any subsidiary or other entity, subject to the terms, conditions and limitations of the Sponsorship Agreement between Provider and The Army Retirement Residence Foundation-Potomac. The Agreement shall bind and inure to the benefit of Provider's successors and assigns and shall bind and inure to the benefit of Resident or Resident's heirs, executors and administrators in accordance with its terms.

**6.12 Notices** – Notices, when required hereunder, shall be in writing and mailed or hand delivered (i) to Provider at its address as shown below (ii) to Resident at the address shown below, or on or after the date Resident moves in, by depositing the notice in Resident's community mailbox, or (iii) to Resident via email at the email address shown below.

Resident:

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Email: \_\_\_\_\_

Provider:

SH OpCo The Fairfax,, LLC  
9140 Belvoir Woods Parkway  
Fort Belvoir, Virginia 22060  
Attention: Executive Director – The Fairfax

The addresses may be changed from time to time by written notice to the other party as above provided.

**6.13 Entire Agreement** – The Agreement incorporates Exhibits A and B by reference as well as the Resident's application forms and Reservation Agreement. This Agreement constitutes the entire agreement between Provider and Resident. Provider is not liable for nor bound in any manner by any statements, representations or promises made by any person representing or proposing to represent Provider unless such statements, representations, or

promises are set forth in the Agreement. Any modification of the Agreement must be in writing and signed by Provider and Resident.

**6.14 Partial Illegality** – The Agreement shall be construed in accordance with the laws of the Commonwealth of Virginia. If any portion of the Agreement shall be determined to be illegal or not in conformity with applicable laws and regulations, such portion shall be deemed to be modified so as to be in accordance with such laws and regulations, and the validity of the balance of the Agreement shall not be affected; provided, however, if Provider determines, in its sole discretion, that the portion of the Agreement so changed constitutes a substantial change in the Agreement, Provider may rescind the Agreement and redeem the Lifecare Bond.

**6.15 Construction** – Words used in this Agreement of any gender shall be deemed to include any other gender and words in the singular shall be deemed to include the plural, when the sense requires.

**6.16 Joint and Several Liability** – If two (2) parties execute the Agreement as Residents, the term Resident as used in the Agreement shall apply to both and they shall be jointly and severally liable hereunder unless otherwise provided.

**[SIGNATURES ON FOLLOWING PAGE]**

**IN WITNESS WHEREOF**, the parties hereto have executed the Agreement the date and year first above written.

**SH OPCO THE FAIRFAX, LLC**

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

Title: \_\_\_\_\_

**WITNESS:**

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Resident

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Resident

Serial No. \_\_\_\_\_

**EXHIBIT A**  
**LIFECARE BOND**

\$ \_\_\_\_\_

Fairfax, Virginia

\_\_\_\_\_, \_\_\_\_\_

FOR VALUE RECEIVED AS MONEY LENT, the undersigned, **SH OPCO THE FAIRFAX, LLC**, a Delaware limited liability company (“Provider”) promises to pay the principal sum of \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents (\$ \_\_\_\_\_) to \_\_\_\_\_ (“Resident(s)”) and \_\_\_\_\_ (“Second Party”)<sup>1</sup> (hereinafter referred to collectively as “you” and individually as “each of you”), as joint tenants with rights of survivorship. Resident(s) (and Second Party, if applicable) reside(s)/will reside, pursuant to a Continuing Care Agreement dated \_\_\_\_\_, \_\_\_\_\_ between Resident(s) (and Second Party, if applicable) and Provider (the “Continuing Care Agreement”), in Residence Unit # \_\_\_\_\_ at The Fairfax (“Residence”), a lifecare retirement community in Fairfax County, Virginia.

The above principal sum shall be due and payable in full, without interest, upon (a) the termination of the Continuing Care Agreement pursuant to Article V of that Agreement and (b) when the Residence is re-occupied by another resident who is a party to a Continuing Care Agreement; provided, however, that in the event that the Lifecare Bond is issued both to Resident(s) and a Second Party, and such Second Party shared the residence with Resident(s) prior to termination of the Continuing Care Agreement, and such Second Party continues to reside at the Residence after the termination, then the above principal shall be due and payable in full without interest, upon the termination by the Second Party of the Continuing Care Agreement pursuant to Article V of the Continuing Care Agreement, and the subsequent re-occupancy of the Residence by another resident who is a party to a Continuing Care Agreement.

In the event that the Lifecare Bond is issued only to Resident(s) and not to a Second Party, then the following shall apply: (i) the term “Bond Recipient(s)” as used herein shall refer only to Resident(s); and (ii) Resident(s) agree(s) that he/she/they may not assign, pledge or otherwise encumber his/her/their interest in this Lifecare Bond unless Resident(s) gives Provider sixty (60) days prior written notice.

Alternatively, in the event that the Lifecare Bond is issued both to Resident(s) and a Second Party, then the following shall apply: (i) the term “Bond Recipient(s)” as used herein shall refer to both Resident(s) and Second Party; (ii) Provider promises to pay the principal sum to Bond Recipient(s) as joint tenants with rights of survivorship as and when due and payable pursuant to the terms hereof; (iii) Bond Recipient(s) agree and understand that as a result of holding this

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<sup>1</sup> The term “Second Party” as used herein may refer to either: (i) an individual who resides with the Resident(s) in the same unit at The Fairfax and has executed the Continuing Care Agreement with the Resident(s); or (ii) an individual who does not reside with the Resident(s) at The Fairfax.

Lifecare Bond as joint tenants with rights of survivorship, the interest in this Lifecare Bond of the first to die will pass automatically by operation of law to the survivor; and (iv) Bond Recipient(s) jointly and severally agree that Bond Recipient(s) may not assign, pledge or otherwise encumber their interest in this Lifecare Bond unless Bond Recipient(s) give Provider 60 days prior written notice.

In the event that any one or more of the provisions contained in this Lifecare Bond shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Lifecare Bond and this Lifecare Bond shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Lifecare Bond may be modified or amended only by an agreement in writing signed by Provider and Bond Recipient(s).

This Lifecare Bond contains the entire agreement between Provider and Bond Recipient(s) concerning Bond Recipient(s) loan to Provider and Provider's obligation to repay such loan. The loan evidenced by this Lifecare Bond is not intended and may not be used as security for any amount due or which may become due from Bond Recipient(s) to Provider under the Continuing Care Agreement or any other existing agreement between Bond Recipient(s) and Provider, and Provider shall have no right to offset any amount due and payable under this Lifecare Bond by amounts due Provider under any other existing agreement between Bond Recipient(s) and Provider, including, but not limited to, the Continuing Care Agreement.

This Lifecare Bond may be prepaid at any time by Provider without penalty upon 30 or more days written advance notice to Bond Recipient(s), which notice period may be waived in writing by Bond Recipient(s).

This Lifecare Bond shall be governed in all respects by the laws of the Commonwealth of Virginia and shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns.

Nothing in this Lifecare Bond shall preclude a wholly owned or controlled subsidiary or other affiliate of Provider from assuming Provider's obligations hereunder.

**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, Provider has executed this Lifecare Bond on the date first above written.

**WITNESS**

**SH OPCO THE FAIRFAX, LLC**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**WITNESSES**

**RESIDENT(S)**

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Name: \_\_\_\_\_

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Name: \_\_\_\_\_

**SECOND PARTY (if applicable)**

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Name: \_\_\_\_\_

Serial No. \_\_\_\_\_

**EXHIBIT A**  
**LIFECARE BOND**

\$ \_\_\_\_\_

Fairfax, Virginia

\_\_\_\_\_, \_\_\_\_\_

FOR VALUE RECEIVED AS MONEY LENT, the undersigned, **SH OPCO THE FAIRFAX, LLC**, a Delaware limited liability company (“Provider”) promises to pay the principal sum of \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents (\$\_\_\_\_\_) to \_\_\_\_\_ (the “Trustee”), as Trustee of \_\_\_\_\_ (“Resident(s)”) resides/will reside, pursuant to a Continuing Care Agreement dated \_\_\_\_\_, \_\_\_\_\_ between Resident(s) and Provider (the “Continuing Care Agreement”), in Residence Unit # \_\_\_\_\_ at The Fairfax (“Residence”), a lifecare retirement community in Fairfax County, Virginia.

The above principal sum shall be due and payable in full, without interest, upon (a) the termination of the Continuing Care Agreement pursuant to Article V of the Continuing Care Agreement and (b) when the Residence is re-occupied by another resident who is a party to the Continuing Care Agreement.

The Trustee agrees that it will not assign, pledge or otherwise encumber its interest in this Lifecare Bond unless it gives Provider 60 days prior written notice.

In the event that any one or more of the provisions contained in this Lifecare Bond shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Lifecare Bond and this Lifecare Bond shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Lifecare Bond may be modified or amended only by an agreement in writing signed by Provider and the Trustee.

This Lifecare Bond contains the entire agreement between Provider and the Trustee concerning the loan issued to Provider pursuant to the Continuing Care Agreement and Provider’s obligation to repay such loan. The loan evidenced by this Lifecare Bond is not intended and may not be used as security for any amount due or which may become due from Resident(s) to Provider under the Continuing Care Agreement or any other existing agreement between Resident(s) and Provider, and Provider shall have no right to offset any amount due and payable under this Lifecare Bond by amounts due Provider under any other existing agreement between Resident(s) and Provider, including, but not limited to, the Continuing Care Agreement.

This Lifecare Bond may be prepaid at any time by Provider without penalty upon 30 or more days written advance notice to Trustee, which notice period may be waived in writing by Resident(s).

This Lifecare Bond shall be governed in all respects by the laws of the Commonwealth of Virginia and shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns.

Nothing in this Lifecare Bond shall preclude a wholly owned or controlled subsidiary or other affiliate of Provider from assuming Provider's obligations hereunder.

IN WITNESS WHEREOF, Provider has executed this Lifecare Bond on the date first above written.

**WITNESS**

**SH OPCO THE FAIRFAX, LLC**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**WITNESS**

**TRUST**

\_\_\_\_\_  
By: \_\_\_\_\_, Trustee

\_\_\_\_\_  
By: \_\_\_\_\_, Trustee

Serial No. \_\_\_\_\_

**EXHIBIT A**  
**LIFECARE BOND**

\$ \_\_\_\_\_

Fairfax, Virginia

\_\_\_\_\_, \_\_\_\_\_

FOR VALUE RECEIVED AS MONEY LENT, the undersigned, **SH OPCO THE FAIRFAX, LLC**, a Delaware limited liability company (“Provider”) promises to pay the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) to \_\_\_\_\_ (Third-Party) and \_\_\_\_\_ (Third-Party) and \_\_\_\_\_ (Third-Party) (collectively referred to as “Third-Parties”). \_\_\_\_\_ (“Resident(s)”) resides/will reside, pursuant to a Continuing Care Agreement dated \_\_\_\_\_, \_\_\_\_\_ between Resident(s) and Provider (the “Continuing Care Agreement”) in Residence Unit # \_\_\_\_\_ at The Fairfax (“Residence”), a lifecare retirement community in Fairfax County, Virginia.

The above principal sum shall be due and payable in full, without interest, upon (a) the termination of the Continuing Care Agreement pursuant to Article V of the Continuing Care Agreement and (b) when the Residence is reoccupied by another resident who is party to a Continuing Care Agreement.

The following applies for this Lifecare Bond issued to Third-Parties: (i) Provider promises to pay the principal sum to Third-Parties as joint tenants with rights of survivorship as and when due and payable pursuant to the terms hereof; (ii) Third-Parties agree and understand that, as a result of holding this Lifecare Bond as joint tenants with rights of survivorship, the interest in this Lifecare Bond of the first to die will pass automatically by operation of law to the survivors; and (iii) Third-Parties jointly and severally agree that the Third-Parties may not assign, pledge or otherwise encumber their interest in this Lifecare Bond unless Third-Parties give Provider 60 days prior written notice.

In the event that any one or more of the provisions contained in this Lifecare Bond shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Lifecare Bond and this Lifecare Bond shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Lifecare Bond may be modified or amended only by an agreement in writing signed by Provider and the Third Parties.

This Lifecare Bond contains the entire agreement between Provider and the Third Parties concerning the loan issued to Provider pursuant to the Continuing Care Agreement and Provider’s obligation to repay such loan. The loan evidenced by this Lifecare Bond is not intended and may not be used as security for any amount due or which may become due from Resident(s) to Provider

under the Continuing Care Agreement or any other existing agreement between Resident(s) and Provider, and Provider shall have no right to offset any amount due and payable under this Lifecare Bond by amounts due Provider under any other existing agreement between Resident(s) and Provider, including, but not limited to, the Continuing Care Agreement.

This Lifecare Bond may be prepaid at any time by Provider without penalty upon thirty (30) or more days written advance notice to Third Parties, which notice period may be waived in writing by Resident(s).

This Lifecare Bond shall be governed in all respects by the laws of the Commonwealth of Virginia and shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns.

Nothing in this Lifecare Bond shall preclude a wholly owned or controlled subsidiary or other affiliate of Provider from assuming Provider's obligations hereunder.

IN WITNESS WHEREOF, Provider has executed this Lifecare Bond on the date first above written.

**WITNESS**

**SH OPCO THE FAIRFAX, LLC**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

The Third Parties and Resident join in the execution of this Lifecare Bond for the purpose of agreeing to be bound by the provisions of this Lifecare Bond.

**WITNESSES:**

**THIRD-PARTIES:**

\_\_\_\_\_  
By: \_\_\_\_\_ [Name]  
\_\_\_\_\_, Third-Party

\_\_\_\_\_  
By: \_\_\_\_\_ [Name]  
\_\_\_\_\_, Third-Party

\_\_\_\_\_  
By: \_\_\_\_\_ [Name]  
\_\_\_\_\_, Third-Party

**RESIDENT:**

\_\_\_\_\_  
By: \_\_\_\_\_ [Name]  
\_\_\_\_\_, Resident

## NOTICE OF RIGHT TO RESCIND

---

Date rescission period begins

Resident may rescind and terminate the Continuing Care Agreement, without penalty or forfeiture, except the nonrefundable Application Fee and those costs specifically incurred by Provider at the request of resident and set forth in writing in a separate addendum signed by both parties to the Continuing Care Agreement, within seven (7) days of the above date. Resident is not required to move into the continuing care facility before the expiration of this seven (7) day period.

The rescind the Continuing Care 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 The Fairfax, 9140 Belvoir Woods Parkway, Fort Belvoir, Virginia 22060 not later than midnight of \_\_\_\_\_ (last day for rescission).

Pursuant to this notice, I hereby cancel my Continuing Care Agreement.

---

Date

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Signature

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Signature

## RESIDENT ACKNOWLEDGMENT

\_\_\_\_\_ (hereinafter "I" or "we") has/have entered into a Continuing Care Agreement ("Agreement") with Provider, effective on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

This is to acknowledge that I/we have read the Acknowledgement Certificate and that I/we were afforded the opportunity to ask questions.

RESIDENT (S):

Name: \_\_\_\_\_

Name: \_\_\_\_\_



**CONTINUING CARE AGREEMENT**

**THE FAIRFAX**

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**Non-Refundable Payment Plan**

**CONTINUING CARE AGREEMENT**  
**(Non-Refundable Payment Plan)**

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Exhibit A      Pre-Existing Conditions

Notice of Right to Rescind

## CONTINUING CARE AGREEMENT

### (Non-Refundable Payment Plan)

This Agreement ("Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by SH OpCo The Fairfax LLC, a Delaware Limited Liability Company ("Provider") and \_\_\_\_\_ ("Resident").

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Provider's continuing care facility is known as "The Fairfax", located near Fort Belvoir Military Reservation in Fairfax County, Virginia (the "Community"). Provider has engaged Sunrise Senior Living Management, Inc., to manage the Community. Resident has applied for entry into the Community and been accepted, subject to the terms of this Agreement.

Resident and Provider agree as follows:

## ARTICLE I FEES AND CHARGES

**1.1 Entry Fee** – The total Entry Fee will be due at signing of this Agreement. The Entry Fee and any deposits made by you towards the Entry Fee, in excess of \$1,000.00, will be held in escrow in a banking institution, acting as an escrow agent, until you either occupy your Unit or the Unit you selected is available for immediate occupancy. The Entry Fee shall be released to us, in full, when you occupy your Unit or when such Unit is available for occupancy (the "Entrance Fee Release Date"), whichever first occurs, provided your right of recission as described in Sections 5.1 and 5.2 of this Agreement has expired. You will be notified in advance of the date in which the unit will be available for occupancy.

The Entry Fee for Resident's Unit is \$\_\_\_\_\_.  
The additional occupant Entry Fee is \$\_\_\_\_\_.  
The total of the Entry Fee for Resident's Unit and the additional occupant fee is \$\_\_\_\_\_.

### 1.2 Payment Schedule –

**1.2.1 Wait List Deposit** – Upon signing the Waiting List Request Form, Resident paid Provider \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents (\$\_\_\_\_\_), which was applied to the Entry Fee.

**1.2.2 Balance** – The balance of Resident's total Entry Fee (less the amount in Section 1.2.1 of this Agreement) is \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents \_\_\_\_\_.

**1.3 Reservation Agreement** – Resident may have signed a Residence Unit Reservation Agreement prior to the execution of this Agreement, whereby Resident selected for residence a specific unit and began paying monthly Reservation Fees as defined therein. When Resident's unit is available for occupancy, the Residence Unit Reservation Agreement shall terminate and this Agreement shall control.

**IF RESIDENT ELECTS TO TERMINATE THIS AGREEMENT DURING THE SEVEN (7) DAY RESCISSION PERIOD, THE ENTRY FEE, THE ADDITIONAL OCCUPANT FEE, AND THE RESERVATION FEES WILL BE REFUNDED .**

**1.4 Monthly Fee –**

**1.4.1 Payment of Monthly Fee** – When Resident's unit is available for occupancy, Resident will pay Provider a monthly fee ("Monthly Fee"). The Monthly Fee shall be payable in advance on or before the fifth (5<sup>th</sup>) day of each month throughout the term of the Agreement and will be deemed made when received by Provider. Provider may assess a five percent (5%) penalty charge for late payment. The Monthly Fee for the month within which the unit becomes available for occupancy shall be due and payable on the date the unit is available for occupancy. The Monthly Fee for that month and for the last month of the Agreement shall be prorated based upon the number of days in the first and last months of the Agreement. The Monthly Fee is not rent but is consideration for services provided to Resident as herein described.

**1.4.2 Amount of Monthly Fee** – The initial Monthly Fee shall be \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents (\$\_\_\_\_\_).

**1.5 Adjustments of Monthly Fee and Health Center Fee –**

**1.5.1 Adjustments** – The Monthly Fee and Health Center Fee may be adjusted from time to time. Provider will provide at least thirty (30) days advance written notice of any changes in the Monthly Fee or Health Center Fee. Residents will also be given at least thirty (30) days advance notice of any changes in other fees, charges or the scope of care or services, except for changes required by state or federal assistance programs.

**1.5.2 Termination of Double Occupancy** – If one (1) occupant of a double occupant Unit leaves the Community permanently or moves into the Health Center for an extended stay, effective on the first (1<sup>st</sup>) day of the following month, the Monthly Fee for the remaining occupant shall be the Monthly Fee for single occupancy of the Unit. Upon termination of double occupancy under this Section 1.4.2, the remaining occupant shall have the right to move to a different or smaller unit, if or when available, and to pay the prevailing market rate Monthly Fee for single occupancy of such unit.

**1.5.3 Resident's Absence** – If Resident is absent from the Community for more than seven (7) consecutive days, Resident shall receive a meal credit as determined by Provider, provided such Resident first gives written notice to the person named by Provider to be the Community's Executive Director ("Executive Director") at least five (5) days prior to commencement of such absence.

**ARTICLE II  
RESIDENCE ACCOMMODATIONS AND FACILITIES**

**2.1 Residence Unit** – The Residence Unit selected by and assigned to Resident is Residence Unit #\_\_\_\_\_, Model Style \_\_\_\_\_, Building \_\_\_\_\_ ("Residence

Unit" or "Unit"). Resident shall have the right to reside in the Unit, subject to the terms of the Agreement and the Community rules and regulations.

**2.2 Property Protection** – Resident will protect, preserve and not permit misuse of or damage to the Unit or any property therein.

**2.3 Parking** – A single motor vehicle per unit may be parked in an assigned space. Resident may contract for covered parking space or a second assigned space on a separate charge basis, as available. There will not be a recreational vehicle parking area.

**2.4 Storage** – Limited storage space will be made available to Resident. Assignment of space shall be subject to Provider's supervision. Resident will be responsible for securing the assigned storage area and will assume all risk of loss.

**2.5 Modifications to Units** – Resident shall not make any structural or physical change to the Unit without the Executive Director's written consent. Subject to Provider's approval, Provider's Contractor will perform the modification work. Resident shall be liable for all costs of restoring the Unit to the original condition as determined by the Executive Director. Title to all modifications and additions to the Unit shall vest in Provider when made.

## **ARTICLE III** **NON-MEDICAL SERVICES**

**3.1 Meals** – Provider will make available morning, noon, and evening meals at designated hours with nutritionally well balanced and varied menus. For the Monthly Fee, Provider will provide Resident one meal, breakfast, lunch or dinner, each day, in the Community dining room. Additional meals may be obtained for a reasonable charge in the dining room or other areas within the Community within which meals are served.

**3.1.1 Meal Delivery** – Meal delivery to the unit is available for independent living residents for a reasonable charge.

**3.1.2 Special Meals** – Special diet meals will be provided when ordered by attending physician.

**3.1.3 Guest Meals** – Residents may invite guests to any meal. Prior notice is requested. Guest meal charges will be billed to Resident as an additional charge.

**3.2 Housekeeping** – Provider will provide weekly light cleaning services. Additional housekeeping service may be contracted for an additional charge basis.

**3.3 Maintenance and Repair** – Provider will provide necessary repairs, maintenance, and replacement of Community property and equipment. Except in an emergency, such services will be provided during normal working hours, Monday through Friday. Provider shall have the right to charge Resident for any repairs, maintenance or replacement required as a result of

negligence of Resident or Resident's invitees. Resident is responsible for maintaining, repairing and replacing Resident's property.

**3.4 Security** – Provider, as it deems necessary, will employ security personnel to supervise the Community buildings and grounds.

**3.5 Buildings and Grounds** – Provider will maintain all Community buildings, common areas and grounds, including lawns, walkways, and driveways. Landscaping and decorative plantings will be provided and maintained by Provider as it deems appropriate.

**3.6 Utilities** – Provider will furnish water, sewer, heat, air conditioning, electricity and garbage collection. Telephone service will be available to each unit; however, installation of telephones and service costs will be at Resident's expense. At a minimum, Resident agrees to obtain and maintain an active telephone line necessary for the installation and functioning of the Community's emergency alert system. Basic cable service is required for all independent living residences to secure discounted service rates. Additional cable services are available to each unit at the Resident's expense.

**3.7 Insurance and Responsibility for Resident's Property** – Resident will provide all personal property and liability insurance for Resident and Resident's property, guests and invitees. Provider shall not be responsible for, and Provider insurance will not protect Resident against any loss or damage to Resident's personal property from theft, fire or other cause, nor will Provider insure Resident against personal liability for injury to guests or invitees within the Unit.

## **ARTICLE IV** **HEALTH AND NURSING SERVICES**

**4.1 Health Center** – The Community will have a Health Center staffed twenty-four (24) hours a day with nursing and other health center personnel. The Health Center will provide assisted living care, including care for residents with memory loss and dementia, and nursing care and, to the extent of its capability, will provide first aid and emergency referral for acute care. Before admission to the Health Center, the Resident will select a personal physician who has admitting privileges or is willing to have admitting privileges to the Health Center. The resident shall be responsible for all costs and charges of physician care.

**4.2 Transfer to and from Health Center** – In case of emergency, where the consultation described below is not feasible, Provider may transfer you from your Unit to an appropriate facility.

Other than an emergency described above, if the Resident Care Committee, consisting of the Executive Director, and health center professionals determines, after consulting the resident, a member of Resident's family or Resident's designated Representative:

(i) that Resident's continued occupancy of the Unit constitutes a danger or health hazard to Resident or other residents, or is detrimental to the peace or security of other residents; or

(ii) that Resident is no longer able to leave the Unit without the assistance of another during an emergency and the Unit is not approved by the State Fire Marshal for use by nonambulatory residents; or

(iii) that Provider does not have adequate facilities or staff to provide the nursing services or medical care needed by Resident; then Resident may be requested to transfer from the Unit to the Health Center or elsewhere for appropriate care. Failure to consent to a transfer may constitute good cause for the termination of this Agreement.

Thereafter, if Resident is able to return, as determined by the Resident Care Committee, Resident may return to the same Unit if available, or if not, to the first available comparable unit. In such event, the Monthly Fee shall be the amount applicable to the new unit.

Although it is expected that Health Center bed space will be adequate to meet demand, if not available for Resident when needed, Provider will have the option to contract and pay for similar nursing services for Resident at an accredited outside facility. During Resident's stay in such outside facility, Resident will pay Provider the Monthly Fee and/or Health Center Fee as applicable. Any Resident transferred to an outside facility shall have the right, on a priority basis, to be returned to the Health Center as soon as appropriate space is available.

Provider may provide Nursing Services and nursing care units in the Health Center to non-residents on a daily rate basis to the extent that space and services are not fully utilized by residents.

**4.3 Health Center Fees and Charges** – Provider will provide Health Center care as hereinafter provided.

**4.3.1 Temporary Stay** – If Resident moves from the Unit into the Health Center and is there for less than **thirty (30) days during any ninety (90) day period** (“temporary stay”), Resident will continue to pay only the Monthly Fee plus a meal charge for two (2) additional meals per day. If Resident vacates the Independent Living Unit during a temporary stay, the remainder of temporary stay days will be forfeited, and the Health Center Fee will ensue.

**4.3.2 Extended Stay** – If Resident resides in the Health Center for longer than a temporary stay (“extended stay”); the fees shall be as follows:

(a) A single Resident of the Unit shall pay the Monthly Fee plus a fee (“Health Center Fee”) for each day in the Health Center exceeding a temporary stay, as long as the Resident retains the Unit. The Health Center Fee shall be an amount equal to (i) the Fauquier Unit Equivalent (“F Unit Equivalent”) or the Fauquier Unit Equivalent Moderate (“F Unit Equivalent Moderate”), as applicable, in the published Care Fees for the year of admission into the Health Center plus (ii) the charge for two additional meals per day. Upon surrender of the Unit, the Resident shall thereafter pay only the Health Center Fee and forfeit temporary stays.

(b) If one (1) Resident of a double occupant Unit resides in the Health Center on an extended stay basis and the other Resident remains in the Unit, the Monthly Fee for the Resident

remaining in the Unit shall be the applicable rate for a single occupant of the Unit and the Resident in the Health Center shall pay the Health Center Fee and forfeit temporary stays.

(c) If both Residents of a double occupant unit reside in the Health Center on an extended stay basis, each will pay the Health Center Fee. In addition, the Monthly Fee applicable to single occupancy of the Unit will be payable as long as the Unit is retained. Upon surrender of the Unit, the obligation to pay the Monthly Fee ends and the temporary stay days will be forfeited.

(d) If Resident returns to Independent Living, Section 4.3.1 will apply.

**4.3.3 Rooms** – The Health Center Fee entitles Resident to a semi-private room. Resident may have a private room, if available, for an additional charge.

**4.3.4 Pre-Existing Conditions** – Costs related to pre-existing conditions will be excluded from coverage under this Agreement in accordance with Exhibit A attached hereto. If Resident's stay in the Health Center is due to a pre-existing condition not covered under this Agreement, Resident will pay the per diem rate applicable to non-residents staying in the Health Center ("Per Diem Rate") and is also not eligible for temporary stays. The Per Diem rate will be reviewed and revised annually.

**4.3.5 Memory Loss and Dementia** – If Resident has a pre-existing diagnosis of memory loss or dementia as set forth in Exhibit A, Resident will pay the Per Diem Rate for any stays in the Health Center and is not eligible for a temporary stay.

**4.3.6 Reminiscence Unit.** The F contract rate is applicable to residents living in the Reminiscence unit.

#### **4.4 Health Center Fees Not Included –**

**4.4.1 Services Not Provided** – Provider will not provide medical, surgical or hospital services to Resident or physical examinations, medical consultations, drugs, medications, disposable and non-disposable supplies, x-rays, medical tests, eyeglasses or refractions, hearing aids, dentistry, dentures, inlays, prescriptions, orthopedic appliances, private duty nursing care, podiatric services, physical therapy, treatment for psychiatric disorders or alcoholism, private duty companions or any other service or supply not specifically mentioned in this Agreement. Resident shall obtain and pay for the cost of such items and services.

**4.4.2 Services Away From Community** – Resident will pay all costs of nursing and other medical services incurred away from the Community, whether by reason of illness or accident, unless Resident is temporarily transferred to an outside facility by Provider as provided in Section 4.2.

#### **4.5 Medical and Surgical Insurance –**

**4.5.1 Medicare and Supplemental Coverage** – Resident, if sixty-five (65) years of age or older, will obtain and maintain in force at Resident's cost Medicare Part A and Part B, or

equivalent insurance coverage under a public or private insurance plan. In addition, Resident will obtain and maintain any supplemental health insurance available to members of The Retired Officers' Association, or a policy with substantially the same coverage acceptable to Provider. If less than sixty-five (65) years of age, Resident will obtain medical insurance coverage equivalent to the coverage described in this Section 4.5.1, satisfactory to Provider. Resident will provide proof of coverage as Provider may request. Any amounts paid or owing to Resident from federal, state, municipal, private, or supplemental insurance plans shall be paid to Provider to pay for nursing, medical, or similar services provided to Resident. Resident will diligently seek to obtain all reimbursements, payments, proceeds or other benefits available under such plans or programs and authorizes Provider to take such action as may be required to obtain and recover same.

**4.5.2 Subrogation** – In case Resident is injured as a result of an act or omission of a third-party, Resident agrees that Resident's rights against such third-party shall be subrogated to Provider and Provider shall have a lien on any judgment, settlement, or recovery for any additional expenses incurred by Provider in caring for Resident as a result of such injury. Resident authorizes and empowers Provider to serve as attorney-in-fact with respect to all such matters, including the authority to prosecute any such claim. Provider shall have the right to take all actions necessary to enforce Resident's and Provider's rights against the party responsible for such injury, including the right to compromise and settle for amounts Provider deems appropriate. Resident agrees to cooperate in assisting in the diligent prosecution of any claim or action against the third-party. After all costs and expenses incurred by Provider relating to the injury have been paid to Provider, the balance of any collection or settlement will be paid to Resident.

**4.5.3 Persons Under Fifty-Five** – Any Resident under the age of fifty-five (55) residing in the Community using the Health Center shall pay the Per Diem Rate. After reaching age fifty-five, Resident is eligible for consideration under the Community's pre-existing condition protocol and may request completion of Exhibit A. Until such time as Exhibit A is executed, Per Diem rates will continue to apply for all Health Center stays.

**4.6 Mental Illness** – The Community is not designed or licensed to provide hospital service or care for persons with psychosis, psychiatric disorders, alcoholism or substance abuse. If the Executive Director, after consultation with the Medical Director and Resident's family and physician, if any, determines that Resident's mental illness or condition is such that Resident's continued presence at the Community is dangerous or detrimental to the health or peace of mind of Resident or other residents, then Provider may request Resident to transfer from the Community to an appropriate facility for the duration of such condition. All charges for care rendered by such facility shall be Resident's responsibility. Failure of the Resident or Resident's family or guardian to consent to a transfer may constitute good cause for the termination of this Agreement.

**4.7 Consent to Release of Medical Information** – Resident consents to the release to Provider or its designee of medical information which may be requested at any time by the Medical Director or by any physician, hospital or other provider of medical services which has provided or is providing medical services or consultation to Resident.

## **ARTICLE V** **TERMINATION OF AGREEMENT**

**5.1 Automatic Rescission** – If, before physically occupying the Residence Unit, the Resident dies or is precluded through illness, injury or incapacity from becoming a resident under the terms of this Agreement, this Agreement is automatically rescinded and the Resident or his legal representative shall receive a full refund of all money paid to Provider, except those costs specifically incurred by Provider at the request of Resident and set forth in writing in a separate addendum signed by both parties to this Agreement.

**5.2 Termination by Resident** – **This Agreement may be rescinded in its entirety by Resident by giving written notice to Provider within seven (7) days of signing this Agreement.** A “Notice of Right to Rescind” form is attached to this Agreement. If Resident rescinds this Agreement, Provider will refund all amounts paid by Resident, except for the Application Fee and those costs specifically incurred by Provider at the request of Resident and set forth in writing in a separate addendum signed by both parties to this Agreement..

Thereafter, Resident or both Residents of a double occupied unit have the right, at any time, to terminate the Agreement by delivering a written termination notice to Provider, signed by the Resident(s). Said notice shall specify the date when termination is to be effective, which shall be not less than one hundred and twenty (120) nor more than one hundred and eighty (180) days after the date of said written notice unless such time requirement is waived by Provider. In case of a double occupied unit, said notice will also state whether either occupant desires to retain the Unit or another unit, if available, on a single occupancy basis. If one occupant elects to remain a Resident, the Agreement shall remain in effect with appropriate adjustment of the Monthly Fee.

Should Resident give notice of termination as provided in this Section, Resident may not thereafter cancel or withdraw such notice without Provider’s consent.

**5.3 Termination by Provider** – Provider may terminate the Agreement for good cause by notice to Resident. Good cause shall include any of the following:

- (a) Conduct by Resident which constitutes a danger to Resident or others;
- (b) Failure to pay the Monthly Fee or Health Center Fee when due;
- (c) Repeated conduct by Resident that interferes with the quiet enjoyment of the Community by other residents;
- (d) Persistent refusal by Resident to comply with reasonable written Community rules and regulations;
- (e) A material misrepresentation made intentionally or recklessly by the Resident in his application for residency, or related materials, regarding information which, if accurately provided, would have resulted in either a failure of the Resident to qualify for residency or a material increase in the cost of providing to the Resident the care and services provided under the Agreement; or

(f) A material breach by the Resident of the terms and conditions of the Agreement.

Provider will not terminate the Agreement without first notifying Resident of the nature of the default and allowing Resident sixty (60) days, or such shorter period as may be reasonable under the circumstances, within which to remedy such default. If Resident, within such time period, has not remedied the default, Provider may terminate the Agreement immediately.

**5.4 Termination by Death** – Upon Resident's death the Agreement shall terminate as soon as Resident's personal property has been removed from the Unit. The death of one Resident of a jointly occupied Unit shall not effect a termination of the Agreement.

**5.5 Release Upon Termination** – Upon termination of the Agreement (i) Provider shall take possession of the Unit and be released from all obligations to Resident except to pay or refund any amounts required to be paid or refunded to Resident hereunder, and (ii) upon payment of all amounts owed to Provider by Resident hereunder, Resident shall be released from further obligation to Provider.

**5.6 Removal of Resident's Property** – Within thirty (30) days after (i) Resident moves from the Unit on a permanent basis, (ii) Resident's death, or (iii) termination of the Agreement, Resident or Resident's guardian, conservator or designee, or if none is qualified, Resident's family, shall remove Resident's personal property from the Unit. If said personal property is not removed within such thirty (30) day period, Provider shall have the right to remove it from the Unit and place it in a public storage facility for up to six (6) months at Resident's expense, after which it shall be sold and the proceeds, after deductions for expenses, credited to Resident's account.

**5.7 Cleaning Fee** – Resident will be subject to a standard cleaning fee of \$150.00 upon vacating unit.

**5.8 Smoking** – Smoking is not allowed anywhere at The Fairfax. This policy applies to all residents and visitors who smoke cigarettes, cigars and pipes. Residents and visitors who do not adhere to this policy could be subject to termination of the Residency Agreement and/or removal from The Fairfax property. In addition, Residents or any Residents' visitors who smoke in their Unit in violation of the policy may be subject to fees associated with any remediation that is needed to the apartment related to smoking.

## ARTICLE VI GENERAL

**6.1 Resident's Covenant of Performance** – Resident will maintain insurance as required herein and otherwise fully perform in accordance with the terms hereof and promptly pay all fees and charges required hereunder. Resident will not use or deplete Resident's assets by gifts or otherwise, so as to impair Resident's ability to pay amounts owed hereunder.

**6.2 Pets** – Resident may maintain a pet(s) upon the approval of and on terms prescribed by the Executive Director. Resident will be responsible for ensuring that any pet is properly cared for and does not create any disturbance or otherwise constitute a nuisance. Resident agrees to comply with applicable pet rules and regulations adopted by the Community.

### **6.3 Additional Occupants –**

**6.3.1 Increase or Change in Number of Occupants** – No person other than Resident may occupy the Unit except as a temporary guest at Resident's invitation or as a new spouse. Any guest staying overnight must first register with the Community. No guest may stay for more than seven (7) nights in any thirty (30) day period except with the Executive Director's prior permission. Persons granted such permission shall acquire no rights or privileges under the Agreement. Provider may revoke such permission at any time upon twenty-four (24) hours' notice.

**6.3.2 Marriage of Two Residents** – If two (2) residents marry, either of such residents may terminate his or her Continuing Care Agreement and release the Unit subject thereto. Thereafter, the terminating resident shall become a double occupant in the occupied unit and the Monthly Fee shall be adjusted accordingly.

**6.3.3 Marriage to Non-Resident** – If Resident marries a non-resident and the new spouse is qualified to become a resident of the Community, the new spouse shall become a party to the Agreement. If the new spouse is not qualified to be a member of the Community, the new spouse may occupy the Unit with Resident on a non-resident basis. In both cases, the Additional Occupant Lifecare Fee shall be paid, and the Monthly Fee shall be adjusted to reflect the double occupancy.

**6.3.4 Other Parties** – Should Resident desire to have another person, other than a spouse, live in the Unit with Resident on a permanent basis, prior written permission of the Executive Director and the Army Retirement Residence Foundation-Potomac shall be necessary. If approved, such other person will pay the Additional Occupant Lifecare Fee, and the Monthly Fee shall be adjusted to reflect the double occupancy. Any person residing in the Community on a non-resident basis who desires Health Center use and services must make written arrangements with the Executive Director.

**6.4 Arrangements for Guardianship or Conservatorship** – If Resident becomes legally incompetent or is not able to properly care for Resident or Resident's property, and if Resident has made no other designation of a person or legal entity to serve as guardian or conservator, then Provider or a duly authorized officer thereof, may act a Resident's legal guardian or conservator when qualified according to law. For such purposes, Resident authorizes and empowers Provider to act as Resident's attorney-in-fact to make all such arrangements necessary or appropriate to care for Resident and Resident's property.

**6.5 Arrangements in Event of Death** – Funeral arrangements and expenses are Resident's responsibility. Provider will not make such arrangements or provide such services except where Resident or Resident's family fail to do so. Any expenses advanced by Provider relating to the funeral or burial shall become a debt of Resident's estate.

### **6.6 Property Rights –**

**6.6.1 Right of Entry** – Provider may enter the Unit to accomplish the purposes of the Agreement including (a) performance of scheduled housekeeping duties, (b) response to medical alert system and emergency situations, (c) response to fire alert system, (d) checking to determine if Resident is missing or why Resident does not respond to calls, and (e) performance of routine maintenance or repairs. Provider recognizes Resident's right to privacy and Provider's responsibility to limit entry only to situations such as those described above or where Provider deems it advisable for the best interest of Resident or the Community.

**6.6.2 Ownership Rights** – Resident has no ownership interest or proprietary right in the Unit, the Community's personal property, land, buildings, improvements or other Community property. The Agreement shall not be construed to be a lease or to confer any right of tenancy or ownership in Resident. Resident's rights hereunder are subject to all terms and conditions of the Agreement and subordinate to any mortgage, financing deed, deed of trust, or financing lease on Community premises. Upon request, Resident will execute and deliver any instrument requested by Provider or the owner or holder of any such document to effect the sale, assignment, or conveyance thereof, provided that by so doing Resident shall not be required to prejudice Resident's rights hereunder.

**6.6.3 Responsibility for Damages** – Any loss or damage to Provider's property caused by Resident's negligence shall be paid for by Resident. If negligence of another resident, invitee or person (other than an employee of Provider) results in injury, illness or damage to Resident or Resident's property, Provider assumes no responsibility therefor and Resident releases and discharges Provider from all liability and responsibility for same.

**6.7 Rules and Regulations** – Provider shall have the right to adopt or amend, either by itself or with or through a residents' association, such rules and regulations as may be necessary or desirable for the management and operation of the Community and the safety, health and comfort of the residents. Resident will abide by such rules and regulations.

**6.8 Character, Health, Credit and Financial Conditions** – Resident represents and warrants that all information that has been or will be submitted to Provider by Resident as required for application for residence in the Community or by the Reservation Agreement or this Agreement is true and complete. Resident acknowledges that Provider is relying on such information.

**6.9 Changes in Service** – No changes shall be made in the scope of care or services on less than thirty (30) days' notice, unless required by state or federal assistance programs.

**6.10 Inability to Pay** – If you are not able to pay the Monthly Fee, Health Center Fees, or other amounts owed under this Agreement, Provider may assist you in applying for a loan or loans to meet your obligations.

**6.11 Assignment** – Resident's rights under the Agreement are personal to Resident and cannot be transferred or assigned by any act of Resident, or by any proceeding at law, or otherwise. Provider may assign the Agreement to any subsidiary or other entity, subject to the terms, conditions and limitations of the Sponsorship Agreement between Provider and The Army Retirement Residence Foundation-Potomac. The Agreement shall bind and inure to the benefit of

Provider's successors and assigns and shall bind and inure to the benefit of Resident or Resident's heirs, executors and administrators in accordance with its terms.

**6.12 Notices** – Notices, when required hereunder, shall be in writing and mailed or hand delivered (i) to Provider at its address as shown below (ii) to Resident at the address shown below, or on or after the date Resident moves in, by depositing the notice in Resident's community mailbox, or (iii) to Resident via email at the email address shown below:

Resident:

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Email: \_\_\_\_\_

Provider:

SH OpCo The Fairfax, LLC  
9140 Belvoir Woods Parkway  
Fort Belvoir, Virginia 22060  
Attention: Executive Director – The Fairfax

The addresses may be changed from time to time by written notice to the other party as above provided.

**6.13 Entire Agreement** – The Agreement incorporates Exhibit A by reference as well as the Resident's application forms and Reservation Agreement. This Agreement constitutes the entire agreement between Provider and Resident. Provider is not liable for nor bound in any manner by and statements, representations or promises made by any person representing or proposing to represent Provider unless such statements, representations, or promises are set forth in the Agreement. Any modification of the Agreement must be in writing and signed by Provider and Resident.

**6.14 Partial Illegality** – The Agreement shall be construed in accordance with the laws of the Commonwealth of Virginia. If any portion of the Agreement shall be determined to be illegal or not in conformity with applicable laws and regulations, such portion shall be deemed to be modified so as to be in accordance with such laws and regulations, and the validity of the balance of the Agreement shall not be affected; provided, however, if Provider determines, in its sole discretion, that the portion of the Agreement so changed constitutes a substantial change in the Agreement, Provider may rescind the Agreement.

**6.15 Construction** – Words used in this Agreement of any gender shall be deemed to include any other gender and words in the singular shall be deemed to include the plural, when the sense requires.

**6.16 Joint and Several Liability** – If two parties execute the Agreement as Residents, the term Resident as used in the Agreement shall apply to both and they shall be jointly and severally liable hereunder unless otherwise provided.

**IN WITNESS WHEREOF**, the parties hereto have executed the Agreement the date and year first above written.

**SH OpCo The Fairfax, LLC**

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

Title: \_\_\_\_\_

WITNESS:

---

Resident

---

Resident

## NOTICE OF RIGHT TO RESCIND

---

Date rescission period begins

Resident may rescind and terminate the Continuing Care Agreement, without penalty or forfeiture, except the nonrefundable Application Fee and those costs specifically incurred by Provider at the request of Resident and set forth in writing in a separate addendum signed by both parties to the Continuing Care Agreement, within seven (7) days of the above date. Resident is not required to move into the continuing care facility before the expiration of this seven (7) day period.

To rescind the Continuing Care 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 The Fairfax, 9140 Belvoir Woods Parkway, Fort Belvoir, Virginia 22060 not later than midnight of \_\_\_\_\_ (last day for rescission).

Pursuant to this notice, I hereby cancel my Continuing Care Agreement.

---

Date

---

Signature

---

Signature

EXHIBIT C  
CURRENT CARE FEES

**Exhibit C**  
**The Fairfax**  
**2024 Care Fees**  
**Nursing, Assisted Living, Reminiscence**

	<b>Contract</b>	<b>Per Diem</b>
<b>Nursing (Per Day)</b>		
<b>Permanent Stay</b>		
<b>Semi - Private</b>		\$ 494.00
(B Unit Equivalent)	\$ 150.00	
(C Unit Equivalent)	\$ 175.00	
(F Unit Equivalent)	\$ 178.00	
(B Unit Equivalent Moderate)	\$ 193.00	
(C Unit Equivalent Moderate)	\$ 205.00	
(F Unit Equivalent Moderate)	\$ 207.00	
<b>Private</b>		\$ 572.00
(B Unit Equivalent)	\$ 268.00	
(C Unit Equivalent)	\$ 305.00	
(F Unit Equivalent)	\$ 319.00	
(B Unit Equivalent Moderate)	\$ 314.00	
(C Unit Equivalent Moderate)	\$ 323.00	
(F Unit Equivalent Moderate)	\$ 337.00	
<b>Assisted Living (Per Day)</b>		
<b>Standard Rooms</b>		
<b>Permanent Stay</b>		
<b>Assisted Living Standard Suite</b>		\$ 210.00
(B Unit Equivalent)	\$ 150.00	
(C Unit Equivalent)	\$ 175.00	
(F Unit Equivalent)	\$ 178.00	
(B Unit Equivalent Moderate)	\$ 193.00	
(C Unit Equivalent Moderate)	\$ 205.00	
(F Unit Equivalent Moderate)	\$ 207.00	
<b>Assisted Living Two Room Suite</b>		\$ 266.00
(B Unit Equivalent)	\$ 262.00	
(C Unit Equivalent)	\$ 295.00	
(F Unit Equivalent)	\$ 308.00	
(B Unit Equivalent Moderate)	\$ 314.00	
(C Unit Equivalent Moderate)	\$ 323.00	
(F Unit Equivalent Moderate)	\$ 337.00	
<b>Deluxe Models (Per Day)</b>		
<b>Permanent Stay</b>		
<b>Private</b>		
Denver	\$261 - \$342	\$267 - \$279
2 Room Suite	\$310 - \$405	\$272 - \$283
Large Suite	\$276 - \$308	\$243
Medium Suite	\$240 - \$259	\$223 - \$235
<b>Semi - Private</b>		
Denver	\$162 - \$212	\$179
2 Room Suite	\$192 - \$251	\$179
Large Suite	\$171 - \$191	\$179
Medium Suite	\$149 - \$161	\$179
<b>If a standard room is not available to resident at contract rates, Resident will be offered any available room at the contract rate until such room comes available</b>		

	Contract	Per Diem
<b>Reminiscence (Per Day)</b>		
Single-Suite Fee	\$178 - \$192	\$ 244.00
Two Room Suite	\$ 385.00	\$ 379.00
<b>Extra Services (Per Day)</b>		
<b>Level of Care Fees ( For Assisted Living Residents)</b>		
AL Select	\$ 35.00	\$ 35.00
AL Plus	\$ 63.00	\$ 63.00
AL Plus Plus	\$ 114.00	\$ 114.00
AL Enhanced	\$ 176.00	\$ 176.00
<b>Program Care (For Reminiscence Residents)</b>		
LEVEL 1	\$ 98.00	\$ 98.00
LEVEL 2	\$ 140.00	\$ 140.00
LEVEL 3	\$ 187.00	\$ 187.00
REM Enhanced	\$ 223.00	\$ 223.00
<b>Medication Administration ( Assisted Living Residents )</b>		
LEVEL 1	\$ 32.00	\$ 32.00
LEVEL 2	\$ 36.00	\$ 36.00
LEVEL 3	\$ 45.00	\$ 45.00
<b>Medication Administration (Reminiscence )</b>		
LEVEL 1	\$ 38.00	\$ 38.00
LEVEL 2	\$ 42.00	\$ 42.00
LEVEL 3	\$ 50.00	\$ 50.00
<b>Incontinence Fee (Reminiscence &amp; Assisted Living Residents )</b>		
LEVEL 1	\$ 8.00	\$ 8.00
LEVEL 2	\$ 16.00	\$ 16.00
LEVEL 3	\$ 20.00	\$ 20.00
<b>ADDITIONAL MEALS (Per Day) for Residents utilizing Life Free Benefits</b>		
Two additional meals during temporary stay (contract residents only)	\$ 10.00	

**Exhibit D The Fairfax  
Nursing and Assisted Living  
Year Over Year Increases of Daily Rate**

	2020	2021	2022	2023	2024
<b>Original Contract</b>					
<b>Nursing</b>					
Semi Private	\$ 4.00	\$ 4.00	\$ 3.00	\$ 4.00	\$ 4.00
Private	\$ 7.00	\$ 7.00	\$ 6.00	\$ 6.00	\$ 8.00
<b>Assisted Living</b>					
Private	\$ 4.00	\$ 4.00	\$ 3.00	\$ 4.00	\$ 4.00
Suite (discontinued 2007)					
2 Room Suite	\$ 7.00	\$ 7.00	\$ -	\$ 5.00	\$ 8.00
<b>Moderate Contract</b>					
<b>Nursing</b>					
Semi Private	\$ 5.00	\$ (10.00)	\$ 4.00	\$ 15.00	\$ 12.00
Private	\$ 8.00	\$ (7.00)	\$ 7.00	\$ 26.00	\$ 8.00
<b>Assisted Living</b>					
Private	\$ 5.00	\$ (10.00)	\$ 4.00	\$ 15.00	\$ 12.00
Suite (discontinued 2007)					
2 Room Suite	\$ 8.00	\$ (7.00)	\$ -	\$ 25.00	\$ 19.00
<b>Per Diem</b>					
<b>Nursing</b>					
Semi Private	\$ 7.00	\$ 15.00	\$ 15.00	\$ 42.00	\$ 53.00
Private	\$ 16.00	\$ 17.00	\$ 18.00	\$ 49.00	\$ 61.00
<b>Assisted Living</b>					
Private	\$ 3.00	\$ -	\$ (1.00)	\$ 28.00	\$ 16.00
Suite (discontinued 2007)					
2 Room Suite	\$ 9.00	\$ (9.00)	\$ (2.00)	\$ 18.00	\$ 22.00

EXHIBIT E  
CURRENT ANCILLARY CHARGES

**Belvoir Woods Health Care Center**  
**2024 Health Care, Assisted Living and Reminiscence Ancillary Fees**

Dining Services	Charges
Guest Lunch	\$ 18.00
Guest Dinner	\$ 24.00
Guest Brunch	\$ 30.00
Guest Meals for Holidays and Special Events	\$ 34.00
Beer, Wine and Liquor	Prices available upon request
Catering Services	Cost based on agreed upon services
<b>Oxygen</b>	<b>Cost based on Supplier/Provider</b>
Oxygen Concentrator	To be determined / day
Nebulizer	To be determined / day
Oxygen E - Tank	To be determined / Tank

Blood Test and Injections	Charges
Accucheck	\$ 5.00 / Test
Injections	\$ 5.00 / Injection

Bed Rental , Ambulatory and Positioning Products	Charges
Products & Services provided by External DME Contractor	Cost based on Supplier/Provider

*** Miscellaneous Supplies ***	Charges
<b>Routine Miscellaneous Supplies are now included in the Room and Board cost in our HC Skilled Community</b>	
Specialized Supplies / Services will be billed on monthly statement	Cost based on Supplier/Provider

Housekeeping	
Laundry Services ( HC and AL Residents )	\$ 18.00 /Load
Miscellaneous Charges	Charges
Cox Cable TV Additional services available by ordering through Cox Communications	\$ 31.25 *Cox contract cost increased on 10/23
Telephone system charges Remote TV control	\$20.00 per month for local calls \$20.00 (Refundable upon return)
Guest apartments	\$ 120.00 / day

*Additional Items based on Residents Individual Needs & Pricing provided by Health Care Center*

**Belvoir Woods Health Care Center**  
**2024 Health Care, Assisted Living and Reminiscence Ancillary Fees**

Additional Services (Per Day)	(Effective 1/1/2024)
<b>Level of Care Fee ( For Assisted Living Residents )</b>	
AL Select	\$ 35.00
AL Plus	\$ 63.00
AL Plus+	\$ 114.00
AL Enhanced	\$ 176.00
<b>Program Care (For Reminiscence Residents)</b>	
Level 1 / Rem Program	\$ 98.00
Level 2 / Rem Plus	\$ 140.00
Level 3 / Rem Plus+	\$ 187.00
Rem Enhanced	\$ 223.00
<b>Medication Administration Fee ( For AL Residents)</b>	
Level 1	\$ 32.00
Level 2	\$ 36.00
Level 3	\$ 45.00
<b>Medication Administration Fee ( For REM Residents)</b>	
Level 1	\$ 38.00
Level 2	\$ 42.00
Level 3	\$ 50.00
<b>Incontinence Fee ( For AL &amp; REM Residents)</b>	
Level 1	\$ 8.00
Level 2	\$ 16.00
Level 3	\$ 20.00

Therapy Services	Charges
Physical, Occupational and speech evaluations and services	Charges based on Medicare Regulated Rates

Transportation	
All Medical transportation requests within a 10 miles radius from our Community.	Complimentary / No Charge
All Medical transportation requests beyond the 10 mile radius and all Personal trips will incur a fee.	Please contact Transportation Supervisor for cost

Beauty and Barber Services	Cost provided by Matura Salon & Spa Mgmt team
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\*\*\*\*\* *Additional services may be available and billed by the provider* \*\*\*\*\*

**EXHIBIT F**  
**APPLICATION FORMS**

1. Army Retirement Residence Foundation – Potomac
2. The Fairfax
3. Waiting List Request Form
4. Pre-Residence Personal Medical History and Examination

# Army Retirement Residence Foundation – Potomac

9140 Belvoir Woods Parkway, Fort Belvoir, VA 22060

Email: [contactus@arrfp.org](mailto:contactus@arrfp.org) Phone: (703) 781-2460 Web: [www.arrfp.org](http://www.arrfp.org)

## LIFETIME MEMBERSHIP APPLICATION

I/We hereby apply for membership to the Army Retirement Residence Foundation – Potomac (ARRF-P), and understand that the assigned membership priority number will govern relative standing when applying for residency at The Fairfax.

PRIORITY NUMBER

### OFFICER/SPONSOR/PRIMARY APPLICANT INFORMATION:

*Sponsor served as an officer (or comparable government service grade) and is drawing retirement pay as a commissioned or warrant officer (or comparable government grade).*

RANK/GOVT. GRADE

LAST NAME

FIRST NAME

M.I.

SSN

DATE OF BIRTH

DATE OF DEATH

ACTIVE

RETIRED

SINGLE

MARRIED

DIVORCED

WIDOWED

### BRANCH OF SERVICE:

USA

USN

USAF

USMC

USCG

US FOREIGN SERVICE

FEDERAL GOVT.  GOVT BRANCH: \_\_\_\_\_

***ALL PERSONS: PLEASE PROVIDE A COPY OF RECORD OF TOTAL SERVICE – DD 214 OR EQUIVALENT.***

### SPOUSE/SECONDARY APPLICANT INFORMATION:

LAST NAME

FIRST NAME

M.I.

SSN

DATE OF BIRTH

DATE OF DEATH

STREET ADDRESS

APT. #

CITY

STATE

ZIP

CELL PHONE

HOME PHONE

EMAIL

CELL PHONE - SPOUSE

EMAIL - SPOUSE

**POINT OF CONTACT (1):**

---

LAST NAME

---

FIRST NAME

---

RELATIONSHIP

---

STREET ADDRESS

---

APT. #

---

CITY

---

STATE

---

ZIP

---

CELL PHONE

---

HOME PHONE

---

EMAIL**POINT OF CONTACT (2):**

---

LAST NAME

---

FIRST NAME

---

RELATIONSHIP

---

STREET ADDRESS

---

APT. #

---

CITY

---

STATE

---

ZIP

---

CELL PHONE

---

HOME PHONE

---

EMAIL

According to the bylaws of the ARRF-P, revised October 2018, eligibility for residence is stated below. Individuals who are qualified to become Eligible Members of the Foundation pay the "Membership Fee"; a one-time contribution of \$1,000 (or \$1,500 for a married couple) to the Foundation that shall be permanently retained by the Foundation for its purposes. Please make checks payable to ARRF-P.

#### ARTICLE IV. ELIGIBILITY AND PRIORITY FOR RESIDENCE

**Section 1. Eligibility.** A person who meets any of the following criteria shall be an Eligible Member and may apply for residence in the Community:

- (a) an officer of any component (e.g., Regular, Reserve, or National Guard) of the U.S. Uniformed Services entitled to a retirement payment as a commissioned or warrant officer [hereinafter referred to as an "Officer"]; or
- (b) an un-remarried surviving spouse of an Eligible Member who was lawfully married to such Eligible Member at the time of such member's death; or
- (c) a career Federal employee with a grade equivalent to officer levels of the U.S. Uniformed Services, and entitled to receive a retirement payment; or
- (d) a parent or parents of a retired or active duty officer of the U.S. Uniformed Services; or
- (e) a person who has had a significant special relationship with the community of Officers or Officers' spouses and who is declared by the Board of Directors on a case-by-case basis to be eligible for residence in the Community as an exception to the eligibility criteria listed in clauses (a) through (d) immediately above; or
- (f) the divorced spouse of an Eligible Member, if such Eligible Member is not a member of the Community at the time of divorce may be an Eligible Member if qualified under clause (e) above; or
- (g) the divorced spouse of an Eligible Member, if such spouse is a member of the Community at the time of divorce.

**Section 2. Exceptions.** A person other than somebody meeting the criteria above may occupy an Independent Living Unit in the Community with an Eligible Member on a temporary basis when approved by the Board of Directors. The term and duration of such occupancy, including a determination of whether such a person is eligible for residence in the Community on a permanent basis, will be decided by the Board of Directors on a case-by-case basis.

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OFFICER/SPONSOR/PRIMARY  
APPLICANT SIGNATURE

DATE

SPOUSE/SECONDARY  
APPLICANT SIGNATURE

DATE

For further information, please call (703) 781-2460, or email us at [contactus@arrfp.org](mailto:contactus@arrfp.org).

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FOR OFFICE USE ONLY

APPLICATION RECEIVED  CHECK RECEIVED  DD 214 (or equivalent) RECEIVED

AMOUNT: \_\_\_\_\_ CHECK #: \_\_\_\_\_ DATE: \_\_\_\_\_

NOTES:



## Application for Residency

**FOR OFFICE USE ONLY:**

Name: \_\_\_\_\_

Priority Number: \_\_\_\_\_

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

Counselor: \_\_\_\_\_

Plan Selected: \_\_\_\_\_

Unit Selected: \_\_\_\_\_

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

Other Information: \_\_\_\_\_

# PERSONAL INFORMATION RECORD

Name: \_\_\_\_\_

Spouse: \_\_\_\_\_

Address: \_\_\_\_\_  
Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone: (        ) \_\_\_\_\_

U.S. Military Service \_\_\_\_\_

Social Security Number: \_\_\_\_\_

Medicare Number: \_\_\_\_\_

Driver's License Number: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

Place of Birth: \_\_\_\_\_

Religious Preference: \_\_\_\_\_

E-mail: \_\_\_\_\_

Cell: (        ) \_\_\_\_\_

Military Rank at Retirement (if applicable): \_\_\_\_\_

Spouse: \_\_\_\_\_

## Marital Status:

Single     Married     Widowed     Divorced     Anniversary Date: \_\_\_\_\_

## Please list names of children:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Cell: \_\_\_\_\_

E-mail: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Cell: \_\_\_\_\_

E-mail: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Cell: \_\_\_\_\_

E-mail: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Cell: \_\_\_\_\_

E-mail: \_\_\_\_\_

## EMERGENCY CONTACTS

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

## PERSONAL FINANCIAL STATEMENT OF

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

## INCOME

Social Security: \$ \_\_\_\_\_ \$ \_\_\_\_\_  
Spouse: \$ \_\_\_\_\_ \$ \_\_\_\_\_  
Pension: \$ \_\_\_\_\_ \$ \_\_\_\_\_  
Spouse: \$ \_\_\_\_\_ \$ \_\_\_\_\_  
Other Income (*Please specify*) \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

**Total Yearly Income:** \$

## ASSETS

Checking Account: \$ \_\_\_\_\_  
Savings Account: \$ \_\_\_\_\_  
Securities (Stocks, Bonds, etc.): \$ \_\_\_\_\_  
Certificate of Deposit: \$ \_\_\_\_\_  
Annuities: \$ \_\_\_\_\_  
Real Estate (Fair Market Value): \$ \_\_\_\_\_  
    Primary Residence \$ \_\_\_\_\_  
    Vacation Home \$ \_\_\_\_\_  
    Rental Property \$ \_\_\_\_\_  
Other Assets (*List*) \$ \_\_\_\_\_

**Total Assets:** \$

## LIABILITIES

List all other obligations and liabilities (including loans, amounts owed, notes, and accounts payable) stating principal amount, where due, and amount of monthly or periodic payments.

## Mortgage Notes:

Lender:	Balanced Owed	Monthly Payment
_____	\$ _____	\$ _____
	\$ _____	\$ _____

## Credit Card Debt:

Other Liabilities:			
Lender:	Secured By:	Balanced Owed	Monthly Payment
		\$ _____	\$ _____

**Release:**  Yes, you may use my/our name(s) when communicating with my personal contacts.  
 Yes, you may use my/our name(s) in material directly associated with The Fairfax.  
 Yes, I hereby authorize a licensed credit agency to release to Sunrise Senior Living any available information on my financial history.

---

**Signature**

Date \_\_\_\_\_

---

**Signature**

Date \_\_\_\_\_



## THE FAIRFAX WAITING LIST REQUESTS/CHANGES

NAME(S): \_\_\_\_\_

REQUEST:

FIRST PRIORITY -  
Health Care Center Resident and Other  
Compassionate Reasons

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

SECOND PRIORITY -  
Residents Who Request Smaller Units

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

THIRD PRIORITY -  
Residents Who Recorded Preferred Units  
Within 30 Days of Move In

Wait List Date: \_\_\_\_\_

FOURTH PRIORITY -  
Non-Resident Active Wait List

Wait List Date: \_\_\_\_\_

ARRF-P #: \_\_\_\_\_

UNIT WAIT LISTED FOR:

COMMENTS:

Floor Plan Type \_\_\_\_\_

\_\_\_\_\_

Specific Floor \_\_\_\_\_

\_\_\_\_\_

Building \_\_\_\_\_

\_\_\_\_\_

Exposure \_\_\_\_\_

\_\_\_\_\_

CHANGE:

Please withdraw my/our name(s) from the wait list for the following unit(s) at The Fairfax: \_\_\_\_\_

I/We wish to continue on the wait list for \_\_\_\_\_, as previously noted.

• *It is your responsibility to keep the Sales Department apprised of your current address and telephone number.*

Resident/Future Resident \_\_\_\_\_

Date \_\_\_\_\_

Resident/Future Resident \_\_\_\_\_

Date \_\_\_\_\_

Director of Sales & Marketing \_\_\_\_\_

Date \_\_\_\_\_



## **PRE-RESIDENCE PERSONAL MEDICAL HISTORY AND EXAMINATION**

DATE:

## APPLICANT

*As part of the admissions process, you are required to complete a personal history and a medical examination. Please answer the first eight (8) questions on this form. Please have your personal physician fill out the remaining part of the form through Question 6. When form is complete, please return to the sales office.*

1 Name: \_\_\_\_\_  
Last \_\_\_\_\_ First \_\_\_\_\_ Middle Initial \_\_\_\_\_

**2** Date of Birth: \_\_\_\_\_ **3** Place of Birth: \_\_\_\_\_

4 General Condition of Health:  Excellent  Good  Fair  Poor

5 Do you have any physical limitations:  Yes  No

If yes, please explain: \_\_\_\_\_

6 Do you have any allergies:  Yes  No

If yes, please list: \_\_\_\_\_

7 Please list any current health insurance plans: \_\_\_\_\_

**8** Please list all current medications:

MEDICATION	DOSE
1.	
2.	
3.	
4.	
5.	

MEDICATION	DOSE
6.	
7.	
8.	
9.	
10.	

**Applicant's Signature**

Date

## PERSONAL PHYSICIAN

Please answer the following questions through Question 6 on the last page and return to the applicant.

**1** Current or concomitant conditions:

**D/O** – Please indicate date of onset

**A** – Please indicate: **1. Mild 2. Moderate 3. Severe**

**B** – Please indicate if the condition is under continuous treatment and controlled by:

**1. Medication 2. Diet 3. Other Medical Treatment 4. No Treatment**

CATEGORY A	D/O	A	B
<b>a. Endocrine disorders</b>			
<input type="checkbox"/> Diabetes			
<input type="checkbox"/> Thyroid disease			
<input type="checkbox"/> Adrenal disorder			
<input type="checkbox"/> Pituitary disorder			
<input type="checkbox"/> Other ( <i>specify</i> )			
<b>b. Stable rheumatologic disease</b>			
<input type="checkbox"/> Rheumatoid arthritis			
<input type="checkbox"/> Osteoarthritis			
<input type="checkbox"/> Gout			
<input type="checkbox"/> Other ( <i>specify</i> )			
<b>c. Gastrointestinal disease</b>			
<input type="checkbox"/> Peptic ulcer disease			
<input type="checkbox"/> Diverticular disease			
<input type="checkbox"/> Inflammatory bowel disease			
<input type="checkbox"/> Other ( <i>specify</i> )			
<b>d. Stable heart disease</b>			
<input type="checkbox"/> Congestive heart disease			
<input type="checkbox"/> S/P therapy of CAD			
<input type="checkbox"/> Treated cardiac arrhythmias			
<input type="checkbox"/> Hypertension			
<input type="checkbox"/> Post pacemaker insertion			
<input type="checkbox"/> Post myocardial infarction			
<input type="checkbox"/> Other ( <i>specify</i> )			
<b>e. Stable or reversible neurologic disease</b>			
<input type="checkbox"/> Post stroke or post stroke syndrome			
<input type="checkbox"/> Myasthenia gravis			
<input type="checkbox"/> Other ( <i>specify</i> )			
<b>f. Alcoholism</b>			
<input type="checkbox"/> Alcoholism			

CATEGORY B	D/O	A	B
<b>a. Chronic lung disease</b>			
<input type="checkbox"/> Emphysema			
<input type="checkbox"/> Bronchiectasis			
<input type="checkbox"/> Toxic lung disease			
<input type="checkbox"/> Lung disease secondary to lupus			
<input type="checkbox"/> Amyloidosis			
<input type="checkbox"/> Environmental lung disease			
<input type="checkbox"/> Bronchitis			
<input type="checkbox"/> Other ( <i>specify</i> )			
<b>b. Chronic renal disease</b>			
<input type="checkbox"/> Amyloidosis			
<input type="checkbox"/> Chronic glomerulonephritis			
<input type="checkbox"/> Chronic uremia			
<input type="checkbox"/> Chronic pyelonephritis			
<input type="checkbox"/> Chronic renal failure			
<input type="checkbox"/> Other ( <i>specify</i> )			
<b>c. Active malignant diseases</b>			
<input type="checkbox"/> ( <i>Specify</i> )			
<b>d. Progressive neurologic disease</b>			
<input type="checkbox"/> Amyotrophic lateral sclerosis			
<input type="checkbox"/> Parkinson's disease			
<input type="checkbox"/> Myopathies/neuropathies			
<input type="checkbox"/> Multiple sclerosis			
<input type="checkbox"/> Huntington's chorea			
<input type="checkbox"/> Other ( <i>specify</i> )			

CATEGORY C	D/O	A	B
<b>a. Chronic brain disease (dementia)</b>			
<input type="checkbox"/> Chronic dementias			
<input type="checkbox"/> Alcoholic psychoses			
<input type="checkbox"/> Organic brain syndrome associated with using drugs			
<input type="checkbox"/> Korsakoff's syndrome			
<input type="checkbox"/> Alzheimer's disease			
<input type="checkbox"/> Short term memory loss			
<input type="checkbox"/> Other ( <i>specify</i> )			

① Please list any other medically related circumstances which should be considered:

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

d. \_\_\_\_\_

**2** Are you aware of all patient's current medications as listed on page 1 of this form?:

Yes  No

Please list additions and changes, if any: \_\_\_\_\_

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**3** Surgeries: (*Within the last 5 years*)

Dates	Reason	Hospital & Treating Physician

**4** Hospitalizations, rehabilitation, long term care or similar confinements or periods of home health care: (*Within the last 5 years*)

Dates	Reason	Treating Physician

**5** Functional assessment: Please indicate below your assessment of the applicant's functional status

	Independent	Needs Assistance	Dependent
Bathing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dressing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transferring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Eating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mobility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Toileting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ambulation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continence:

Bowl  Continent  Incontinent  
Bladder  Continent  Incontinent

Vision  Good  Fair  Poor  Glasses

Hearing  Good  Fair  Poor  Hearing Aid

**Is this individual capable of living independently without the assistance of another individual?**

Yes  No

**6** Personal Physician:

---

Name

Signature

Date

# EXHIBIT A / B

## COMMUNITY REPRESENTATIVES:

*Medical Director: Please list pre-existing conditions. If deferred from coverage, please indicate date of review.*

## **MEDICAL DIRECTOR**

Name \_\_\_\_\_

### Signature

Date

*Availability of coverage will be determined by The Fairfax Medical Review Committee's assessment of pre-existing conditions, continuous treatment, and control as of review date.*

## HEALTHCARE ADMINISTRATOR

Name

### Signature

Date

## DIRECTOR OF SALES & MARKETING

Name

### Signature

Date

## EXECUTIVE DIRECTOR

Name

Signature

Date

The foregoing has been reviewed and agreed to by the undersigned

## RESIDENT

Name \_\_\_\_\_

### Signature

Date

EXHIBIT G  
RESERVATION AGREEMENT

## RESIDENCE UNIT RESERVATION AGREEMENT

This Residence Unit Reservation Agreement ("Reservation Agreement") is entered into by and between \_\_\_\_\_ ("Applicant") and SH OpCo The Fairfax, LLC ("Provider"), a limited liability company organized and existing under the laws of the State of Delaware and authorized to transact business in the State of Virginia.

Provider operates a continuing care retirement community known as "The Fairfax" (the "Community") in Fairfax County, Virginia primarily for members of The Army Retirement Residence Foundation-Potomac ("Foundation") and their spouses. Applicant desires to select a residence unit in the Community.

Applicant and Provider hereby agree as follows:

### 1. Residence Unit Selection

- 1.1 Residence Unit - Applicant hereby selects for residence in the Community a \_\_\_\_\_ type residence unit ("Residence Unit"), Unit # \_\_\_\_\_, Building \_\_\_\_\_.
- 1.2 Payment Plan - Applicant has the option to select the 90% Refundable Plan with an Entrance Fee of \$ \_\_\_\_\_, the 50% (\$ \_\_\_\_\_) or the 0% (\$ \_\_\_\_\_) Payment Plan without penalty at any time prior to signing the Continuing Care Agreement.
- 1.3 Additional Occupant Entry Fee - The Additional Occupant Entry Fee is \$ \_\_\_\_\_.

### 2. Requirements for Community Residence

2.1 Members of the Foundation, Spouses, Widows and Widowers - Unless approved by the Executive Director of the Community, on a case-by-case basis, to be considered for residence as a special exception, Applicant is, or will be by the date Applicant occupies their Unit, a member of the Foundation and at least fifty-five (55) years of age, or a person with long and close association with the Miliary and/or Federal Government, approved by the Foundation and at least fifty-five (55) years of age, or a spouse, widow or widower of one of the above when applicable.

### 2.2 Physical

A. Applicant will submit an updated Pre-Residence Personal Medical History and Examination to Provider dated within ninety (90) days prior to Applicant signing the Continuing Care Agreement. Such report will be based on a complete physical examination of Applicant by a licensed physician (M.D.) of Applicant's choice.

B. If Provider requests, Applicant will submit additional information relating to condition of health or will submit to an additional physical examination.

C. Applicants with certain chronic illnesses or other pre-existing physical or mental conditions may be subject to additional charges. Provider will notify Applicant of any pre-existing conditions that will be excluded from coverage under the Continuing Care Agreement.

Thereafter, Applicant will be admitted to residence in the Community notwithstanding any subsequent changes or decline in Applicant's health or physical condition.

2.3 Financial - Applicant will have sufficient assets and income to pay the Entrance Fee and the Monthly Fees due under the Continuing Care Agreement and pay normal expenses for items and services not provided by the Community.

2.4 Other

A. If applicable, Applicant will provide satisfactory evidence of enrollment in the Defense Enrollment Eligibility Reporting System (DEERS).

B. Applicants and spouses age sixty-five (65) or older will be enrolled in Medicare, both Part A and Part B, and any supplemental health insurance available to members of The Retired Officers' Association. Any applicant or spouse under sixty-five (65) must provide medical coverage comparable to the above, satisfactory to Provider.

C. Applicant must be able, as determined by Provider and the Foundation, to live harmoniously in the Community.

D. Prior to occupying the Unit, Applicant will execute a Continuing Care Agreement. The Applicant's Application for Residency, Waiting List Request Form (if applicable), and Pre-Residence Personal Medical History and Examination will be made part of the Continuing Care Agreement by reference.

3. Reservation Fee - Upon the Effective Date of this Reservation Agreement, Applicant will begin payment of monthly reservation fees ("Reservation Fees"). The monthly Reservation Fees shall be an amount equal to 50% of the monthly fees for one (1) person associated with the Residence Unit under a Continuing Care Agreement. This fee is paid monthly for the first two (2) months, thereafter, the monthly Reservation Fees shall be an amount equal to 100% of the monthly fees for one (1) person associated with the Residence Unit under a Continuing Care Agreement.

4. Termination and Refunds - Applicant may terminate this Reservation Agreement at any time prior to execution of the Continuing Care Agreement. In such event, Applicant may receive a refund of (i) the Wait List Deposit in accordance with the terms of the Wait List Policy and (ii) the Reservation Fees. The Application Fee is non-refundable.

5. Entire Agreement. The Reservation Agreement contains the complete understanding between Applicant and Provider with respect to the subject matter herein.

The parties have executed this Reservation Agreement which will be effective on the date executed by SH OpCo The Fairfax, LLC (“Effective Date”).

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Date

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Applicant(s)

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Date

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Applicant(s)

SH OpCo The Fairfax, LLC hereby executes this Reservation Agreement the \_\_\_\_\_ day of, 20\_\_\_\_.

SH OPCO THE FAIRFAX, LLC

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

Title: Director of Sales and Marketing

EXHIBIT H

PRICE LIST OF ENTRANCE FEES and MONTHLY FEES by FLOOR PLAN

## PRICING OPTIONS

Floor Plan	Square Footage	Contract	Entry Fee Range	Monthly Fee
<b>ONE BEDROOM</b>				
Alexandria	605 ft <sup>2</sup>	90% refundable	\$220,815-321,530	\$3,700
		50% refundable	\$160,178-245,458	
		0% refundable	\$114,975-188,128	
Barcroft	722 ft <sup>2</sup>	90% refundable	\$252,788-378,860	\$3,897
		50% refundable	\$181,125-285,148	
		0% refundable	\$129,308-215,690	
Chantilly	887 ft <sup>2</sup>	90% refundable	\$310,118-454,933	\$4,260
		50% refundable	\$221,918-338,068	
		0% refundable	\$156,870-252,073	
Danville	816 ft <sup>2</sup>	90% refundable	\$285,863-433,985	\$4,069
		50% refundable	\$205,380-323,735	
		0% refundable	\$144,743-242,150	
Edinburg	890 ft <sup>2</sup>	90% refundable	\$331,065-489,110	\$4,437
		50% refundable	\$238,455-362,323	
		0% refundable	\$167,895-267,508	
<b>TWO BEDROOM</b>				
Fauquier	1,010 ft <sup>2</sup>	90% refundable	\$433,598-524,545	\$5,051
		50% refundable	\$309,015-392,245	
		0% refundable	\$215,303-296,328	
Gadsby	1,109 ft <sup>2</sup>	90% refundable	\$443,520-587,388	\$5,075
		50% refundable	\$314,528-436,345	
		0% refundable	\$213,098-326,095	
Gunston	1,175 ft <sup>2</sup>	90% refundable	\$426,983-589,593	\$5,262
		50% refundable	\$304,605-438,550	
		0% refundable	\$219,713-326,095	
Hampton	1,039 ft <sup>2</sup>	90% refundable	\$389,498-570,850	\$5,007
		50% refundable	\$277,043-425,320	
		0% refundable	\$195,458-317,275	
Jamestown	1,189 ft <sup>2</sup>	90% refundable	\$522,900-622,668	\$5,247
		50% refundable	\$371,858-461,703	
		0% refundable	\$258,300-342,633	
Kent	1,152 ft <sup>2</sup>	90% refundable	\$461,160-644,718	\$5,118
		50% refundable	\$327,758-477,138	
		0% refundable	\$229,635-353,658	

Floor Plan	Square Footage	Contract	Entry Fee Range	Monthly Fee
<b>TWO BEDROOM + DEN or THREE BEDROOM</b>				
Merrifield / Monticello	1,402 ft <sup>2</sup>	90% refundable	\$568,103-774,968	\$5,589
		50% refundable	\$403,830-574,313	
		0% refundable	\$280,350-425,475	
Norfolk	1,500 ft <sup>2</sup>	90% refundable	\$598,973-822,375	\$5,832
		50% refundable	\$424,778-608,490	
		0% refundable	\$294,683-448,628	
<b>COTTAGES</b>				
Potomac	1,140 ft <sup>2</sup>	90% refundable	\$522,900-623,770	\$5,118
		50% refundable	\$371,858-461,703	
		0% refundable	\$258,300-343,735	
Randolph	1,358 ft <sup>2</sup>	90% refundable	\$670,635-813,555	\$5,709
		50% refundable	\$474,390-600,773	
		0% refundable	\$329,963-444,218	
Stratford	1,527 ft <sup>2</sup>	90% refundable	\$732,275-876,398	\$5,952
		50% refundable	\$518,490-648,180	
		0% refundable	\$358,628-499,343	

**Prices are subject to change without notice**

Cost based on view and location. Add \$85/month for full patio or balcony enclosure.

Second person requires an additional cost of \$20,000 (non-refundable) and monthly fee of \$1,700.

Additional monthly fee for cable television billed separately.



**THE FAIRFAX**

MONOGRAM COLLECTION BY SUNRISE

Developed for the Army Retirement  
Residence Foundation-Potomac

The Fairfax  
9140 Belvoir Woods Pkwy  
Fort Belvoir, VA 22060  
[TheFairfaxRetirement.com](http://TheFairfaxRetirement.com)

EXHIBIT I  
PROVIDER'S AUDITED FINANCIAL STATEMENTS



# **SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC**

Combined Financial Statements and  
Supplementary Information

December 31, 2023 and 2022

# **SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC**

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December 31, 2023 and 2022

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## Independent Auditors' Report

To the Member of  
SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC

### Opinion

We have audited the combined financial statements of SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC, (the Organization), which comprise the combined balance sheets as of December 31, 2023 and 2022, and the related combined statements of operations and changes in member's equity and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the results of its operations, changes in its member's equity and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### Basis for Opinion

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

### Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' Responsibilities for the Audit of the Combined Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

#### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information on pages 15 through 18 is presented for the purposes of additional analysis rather than to present the financial position, results of operations and changes in member's equity of the individual entities and is not a required part of the combined financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.



Philadelphia, Pennsylvania  
April 26, 2024

# SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC

Combined Balance Sheets  
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current Assets</b>		
Accounts receivable, residents, net	\$ 3,948,120	\$ 3,040,344
Accounts receivable, other	128,152	126,031
Due from affiliate	22,430,447	11,511,790
Prepaid expenses and other current assets	<u>1,969,127</u>	<u>1,829,923</u>
Total current assets	28,475,846	16,508,088
<b>Restricted Cash</b>		
Lifecare reserve	4,072,246	3,976,927
Other restricted cash	47,132	146,807
<b>Property and Equipment, Net</b>	27,600,151	18,980,230
<b>Notes Receivable, Related-Party</b>	43,187,034	43,187,034
<b>Right-of-Use Asset</b>	14,731,300	-
<b>In-Place Lease Intangible Assets, Net</b>	<u>23,607,429</u>	<u>33,680,571</u>
Total assets	<u>\$ 141,721,138</u>	<u>\$ 116,479,657</u>
<b>Liabilities and Member's Equity</b>		
<b>Current Liabilities</b>		
Accrued expenses	\$ 4,107,040	\$ 3,256,371
Due to management company	1,331,644	709,850
Deferred revenue	225,637	174,045
Lease obligations	7,112,032	-
Security and reservation deposits	<u>216,000</u>	<u>242,000</u>
Total current liabilities	12,992,353	4,382,266
Refundable entrance fees and deposits	35,952,221	36,252,806
Deferred revenue from nonrefundable entrance fees	64,916,341	56,989,888
Lease obligations, long-term	7,619,268	-
Other long-term liabilities	<u>332,075</u>	<u>245,555</u>
Total liabilities	121,812,258	97,870,515
<b>Member's Equity</b>	<u>19,908,880</u>	<u>18,609,142</u>
Total liabilities and member's equity	<u>\$ 141,721,138</u>	<u>\$ 116,479,657</u>

See notes to combined financial statements

# SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC

Combined Statements of Operations and Changes in Member's Equity

Years Ended December 31, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Resident fees	\$ 54,122,631	\$ 51,635,274
Healthcare revenue	17,054,533	14,080,194
Amortization of entrance fees and termination income	11,153,366	10,208,294
Interest income	1,513,455	1,511,567
 Total revenue	 83,843,985	 77,435,329
<b>Expenses</b>		
Salaries, benefits and payroll taxes	29,598,069	26,365,222
Lease expense	7,647,822	7,061,933
Amortization	10,073,142	10,073,143
Ancillary	7,006,356	8,559,255
Management fees	6,130,052	4,712,024
General and administrative	4,925,993	4,094,379
Repairs and maintenance	2,777,729	2,679,667
Food	3,418,669	3,217,450
Utilities	2,198,084	1,991,214
Real estate taxes	2,428,187	2,354,965
Depreciation	3,593,915	2,408,612
Insurance	2,232,594	2,155,975
Taxes and licenses	357,921	285,141
Provision for bad debts	244,282	107,958
Interest	8,943	10,573
 Total expenses	 82,641,758	 76,077,511
<b>Other Income</b>		
Net income	1,204,418	1,424,281
<b>Member's Equity, Beginning</b>	2,191	66,463
Equity contributions from HCP S-H Sunrise OpCo HoldCo, LLC	18,609,142	17,025,645
<b>Member's Equity, Ending</b>	 \$ 19,908,880	 \$ 18,609,142

*See notes to combined financial statements*

# SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC

## Combined Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 1,204,418	\$ 1,424,281
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,593,915	2,408,612
Amortization of intangible assets	10,073,142	10,073,143
Amortization of entrance fees and termination income	(11,153,366)	(10,208,294)
Proceeds under nonrefundable entrance fee plans	19,079,819	11,852,400
Provision for bad debts	244,282	107,958
Changes in operating assets and liabilities:		
Accounts receivable, residents	(1,152,058)	(538,779)
Accounts receivable, other	(2,121)	6
Due from affiliates, net	(10,918,657)	(7,117,576)
Due to management company	621,794	341,798
Prepaid expenses and other current assets	(139,204)	(68,330)
Accrued expenses	850,669	(463,525)
Deferred revenue	51,592	113,251
Security and reservation deposits	(26,000)	(17,500)
Other long-term liabilities	86,520	(1,703,633)
	<hr/>	<hr/>
Net cash provided by operating activities	12,414,745	6,203,812
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment, net	<hr/>	<hr/>
	(12,213,836)	(7,072,468)
Net cash used in investing activities	<hr/>	<hr/>
	(12,213,836)	(7,072,468)
<b>Cash Flows From Financing Activities</b>		
Contributions from Member	95,320	159,216
Proceeds from refundable entrance fees	4,853,393	5,164,764
Refunds of deposits and refundable fees	<hr/>	<hr/>
	(5,153,978)	(4,021,134)
Net cash (used in) provided by financing activities	<hr/>	<hr/>
	(205,265)	1,302,846
Net (decrease) increase in cash and restricted cash	<hr/>	<hr/>
	(4,356)	434,190
<b>Cash and Restricted Cash, Beginning</b>	<hr/>	<hr/>
	4,123,734	3,689,544
<b>Cash and Restricted Cash, Ending</b>	<hr/>	<hr/>
	\$ 4,119,378	\$ 4,123,734
<b>Reconciliation of Cash and Restricted Cash</b>		
Lifecare reserve	4,072,246	3,976,927
Other restricted cash	<hr/>	<hr/>
	47,132	146,807
Total cash and restricted cash	<hr/>	<hr/>
	\$ 4,119,378	\$ 4,123,734

See notes to combined financial statements

# **SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC**

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Notes to Combined Financial Statements

December 31, 2023 and 2022

## **1. Nature of the Business**

SH OpCo the Fairfax, LLC (Fairfax) and SH OpCo the Quadrangle, LLC (Quadrangle), collectively (SH OpCo) were formed November 18, 2019 to be identified as the provider of services for two continuing care retirement communities, Fairfax and Quadrangle (Communities). Fairfax is regulated by the Virginia Bureau of Insurance while Quadrangle is regulated by the Commonwealth of Pennsylvania.

The sole member of SH OpCo is HCP S-H Sunrise OpCo HoldCo, LLC, (HoldCo) which is wholly owned by Heathpeak Properties, Inc., a publicly traded real estate investment trust. Upon formation, Healthpeak Properties Inc. funded SH OpCo \$3,200,000.

SH OpCo leases the real property comprising Fairfax from a Healthpeak Properties Inc. affiliate, HCP MA3 Virginia, LP. SH OpCo leases the real property comprising Quadrangle from a Healthpeak Properties Inc. affiliate HCP MA3 Pennsylvania, LP.

Sunrise Senior Living Management, Inc. (SSLMI), manages Fairfax and Quadrangle pursuant to management agreements.

Property information for Fairfax and Quadrangle is as follows:

	<b>Fairfax</b>	<b>Quadrangle</b>
Location	Fort Belvoir, Virginia	Haverford, Pennsylvania
Opening year	1986	1990
Ownership status	Leased	Leased
Services:		
Independent Living	382 units	349 units
Assisted Living	57 beds	90 beds
Assisted Living Memory Support	25 beds	22 beds
Nursing	56 beds	78 beds
Total units/beds	520	539

## **2. Summary of Significant Accounting Policies**

### **Basis of Combination**

The combined financial statements include SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC. All significant intercompany transactions have been eliminated.

### **Use of Estimates**

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

# **SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC**

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Notes to Combined Financial Statements  
December 31, 2023 and 2022

## **Restricted Cash**

Quadrangle is required under the Commonwealth of Pennsylvania's, (Commonwealth) regulations governing lifecare communities to separately disclose its calculation of the statutory minimum liquid reserve (SMLR) for the most recent calendar year. Under the Commonwealth's regulations, Quadrangle must maintain an SMLR in an amount equal to or exceeding the greater of (i) the total of all principal and interest payments during the next 12 months on account of any mortgage loan or other long-term financing of the facility or (ii) 10% of the budgeted annual operating expenses of the facility exclusive of depreciation. Quadrangle does not have mortgage debt, and therefore, it follows the second requirement. \$4,072,246 and \$3,976,927 was held at the bank as of December 31, 2023 and 2022, respectively. The SMLR calculation for Quadrangle for 2023 is as follows (unaudited):

Total budgeted operating expenses for fiscal year ended December 31, 2024	\$ 47,865,996
Less depreciation and amortization	<u>(7,445,239)</u>
Net budgeted operating expense	40,420,757
Required reserves percentage	<u>10%</u>
Required reserves at December 31, 2023	<u>\$ 4,042,076</u>
Actual reserves at December 31, 2023	<u>\$ 4,072,246</u>

Restricted cash also includes escrow deposits held for possible future lake maintenance costs.

## **Accounts Receivable, Residents, Net**

SH OpCo assesses collectability on all resident accounts prior to providing services. Residents are not required to provide collateral for the services rendered. Payment for services is required upon receipt of an invoice. Accounts are written off through bad debt expense when SH OpCo has exhausted all collection efforts and accounts are deemed uncollectable.

## **Property and Equipment**

Property and equipment is recorded at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the equipment ranging from 3 to 15 years.

## **Impairment of Long-lived Assets**

SH OpCo reviews its long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In that event, if SH OpCo determines the estimated future net cash flows are less than the carrying value of the asset, an impairment loss is recognized for the difference between the estimated fair value and the carrying value of the asset. No impairment losses were recognized in 2023 or 2022.

# **SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC**

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Notes to Combined Financial Statements

December 31, 2023 and 2022

## **In-Place Lease Intangible Assets, Net**

The in-place lease intangible assets, net, of \$23,607,429 and \$33,680,571 as of December 31, 2023 and 2022, respectively, represents values that are based on an evaluation of the revenue stream of acquired resident lease contracts that were assumed by SH OpCo. Factors considered include estimates of carrying costs during hypothetical expected lease-up periods, market conditions and costs to execute similar contracts. In estimating carrying costs, SH OpCo includes estimates of lost rents at market rates during the hypothetical expected lease-up periods, which are dependent on local market conditions and expected trends. In estimating costs to execute similar leases, SH OpCo considers leasing commissions, legal and other related costs. Assumptions affect the amount of future revenue and amortization expense that is recognized over the remaining useful life for the acquired in-place contracts. The in-place lease intangible assets are amortized to expense over the estimated lease up period. Amortization expense was \$10,073,142 during 2023 and \$10,073,143 during 2022.

## **Leases**

SH OpCo evaluates at contract inception whether a lease exists and recognizes a lease obligation and right-of-use (ROU) asset for all leases with a term greater than 12 months. Leases are classified as either financing or operating. All lease liabilities are measured as the present value of the future lease payments using a discount rate. The future lease payments used to measure the lease liability include fixed payments, as well as the exercise price of any options to purchase the underlying asset that have been deemed reasonably certain of being exercised, if applicable. Future lease payments for optional renewal periods that are not reasonably certain of being exercised are excluded from the measurement of the lease liability. For all leases, the ROU asset is initially derived from the measurement of the lease liability and adjusted for certain items, such as initial direct costs and lease incentives received. ROU assets are subject to long-lived impairment testing.

Operating lease expense is recognized on a straight-line basis over the lease term and is included within lease expense in the combined statements of operations and changes in member's equity. The lease term is determined based on the date the SH OpCo acquires control of the leased premises through the end of the lease term. Optional renewal periods are initially not included in the lease term unless they are deemed to be reasonably certain of being exercised at lease commencement.

Right-of-use (ROU) assets represent SH OpCo's right to use an underlying asset for the lease term, while lease liabilities represent the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

## **Revenue Recognition and Deferred Revenue**

Operating revenue consists of resident fee revenue, which is recognized monthly as services are provided. Agreements with residents are generally for a term of one year and are cancelable by residents with 30 to 90 days' notice. The Communities bill the residents one month in advance of the services being rendered, and therefore, cash payments received for services are recorded as deferred revenue until the services are rendered and the revenue is earned.

Healthcare revenue is recorded at established rates with contractual adjustments deducted to arrive at net healthcare revenue. Laws and regulations governing the Medicare program are complex and subject to interpretation. Healthcare services rendered to Medicare beneficiaries are paid on a Patient Driven Payment Model (PDPM). Fee amounts are determined annually and are based on a case mix classification care model. As a result, the PDPM does not have estimated annual settlements. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement. There are no receivables for estimated Medicare settlements as of December 31, 2023 and 2022.

## **SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC**

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Notes to Combined Financial Statements  
December 31, 2023 and 2022

### **Net Resident Service Revenues**

Net resident service revenues are reported at the amount that reflects the consideration SH OpCo expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Net resident service revenues are recognized as performance obligations are satisfied.

Net resident service revenues are primarily comprised of the following revenue streams:

#### **Independent Living**

Independent Living revenues are derived from providing housing services to residents at a stated monthly fee. Independent Living revenues are recognized on a month-to-month basis. SH OpCo has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided.

#### **Healthcare**

Healthcare revenues are derived from providing services to residents at a stated daily fee, net of any contractual adjustments from third-party payors. Healthcare revenues are recognized on a daily basis as services are rendered. SH OpCo has determined that the services included in the daily fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided.

#### **Assisted Living**

Assisted Living revenues are derived from providing services to residents at a stated daily fee. Assisted Living revenues are recognized on a daily basis as services are rendered. SH OpCo has determined that the services included in the daily fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided.

#### **Reminiscence**

Reminiscence revenues are derived from providing services to residents at a stated daily fee. Reminiscence revenues are recognized on a daily basis as services are rendered. SH OpCo has determined that the services included in the daily fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided.

## SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC

Notes to Combined Financial Statements

December 31, 2023 and 2022

Revenue from nonrefundable entrance fees received is recognized through amortization of the nonrefundable entrance fee over annually adjusted estimated remaining life expectancies of the residents which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as deferred revenues from entrance fees in the combined balance sheets. Amortization of nonrefundable entrance fees was \$11,153,366 during 2023 and \$10,208,294 during 2022.

Payment terms and conditions for SH OpCo's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Resident fee revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service fee revenues for ancillary services are generally billed monthly in arrears. SH OpCo applies the practical expedient in accordance with generally accepted accounting principles and therefore does not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

Net resident service revenues consist of the following at December 31, 2023:

	Independent Living	Healthcare	Assisted Living	Reminiscence	Other Resident Services	Total
Private pay	\$ 35,714,539	\$ 3,699,584	\$ 4,616,946	\$ 3,289,226	\$ 3,219,700	\$ 50,539,995
Medicare	-	11,340,739	-	-	-	11,340,739
Other	-	2,014,210	5,360,592	1,919,590	2,038	9,296,430
Entrance fee amortization	-	-	-	-	11,153,366	11,153,366
Total	<u>\$ 35,714,539</u>	<u>\$ 17,054,533</u>	<u>\$ 9,977,538</u>	<u>\$ 5,208,816</u>	<u>\$ 14,375,104</u>	<u>\$ 82,330,530</u>

Net resident service revenues consist of the following at December 31, 2022:

	Independent Living	Healthcare	Assisted Living	Reminiscence	Other Resident Services	Total
Private pay	\$ 33,044,760	\$ 2,962,802	\$ 4,787,664	\$ 3,507,934	\$ 3,714,202	\$ 48,017,362
Medicare	-	9,644,309	-	-	135	9,644,444
Other	-	1,473,083	5,119,154	1,459,349	2,076	8,053,662
Entrance fee amortization	-	-	-	-	10,208,294	10,208,294
Total	<u>\$ 33,044,760</u>	<u>\$ 14,080,194</u>	<u>\$ 9,906,818</u>	<u>\$ 4,967,283</u>	<u>\$ 13,924,707</u>	<u>\$ 75,923,762</u>

### Government Grant Income

Government grant income related to stimulus funding is recognized when there is reasonable assurance that the grant will be received and SH OpCo will comply with all conditions attached to the grant. Additionally, grants are recognized over the periods in which SH OpCo recognizes the increased expenses and lost revenue the grants are intended to defray.

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund to provide financial support for hospitals and other healthcare providers. The relief funding applications were filed by members of Healthpeak Properties Inc.'s taxpayer group and funding received by the taxpayer group was allocated within the group. No amounts were allocated during 2023. SH OpCo was allocated approximately \$66,000 in 2022 related to this funding. In accordance with the terms and conditions, the taxpayer group could apply the funding against lost revenue and eligible expenses. The methodology for calculating lost revenues was the difference between budgeted and actual revenue.

SH OpCo has incurred lost revenues and eligible expenses in accordance with the terms and conditions of the CARES Act funds as of December 31, 2022 in order to record the full amount of the funding, which was recognized and included in other income in the accompanying combined statements of operations and changes in member's equity for the year ended December 31, 2022.

# SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC

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Notes to Combined Financial Statements  
December 31, 2023 and 2022

Noncompliance with the terms and conditions could result in repayment of some or all of the support, which can be subject to government review and interpretation. The Department of Health and Human Services (HHS) has indicated Relief Fund payments are subject to future reporting and audit requirements. These matters could cause reversal or claw-back of amounts previously recognized; however, an estimate of the possible effects cannot be made as of the date these combined financial statements were issued. In addition, it's unknown whether there will be further developments in regulatory guidance.

## Future Service Obligation on Continuing Care Agreement

When the present value of estimated costs to be incurred under continuing care agreements (Care Agreements) exceeds the balance of deferred revenue from nonrefundable entrance fees and the present value of estimated revenues, the present value of such excess costs is accrued. The calculation is performed annually and assumes a future increase in the monthly revenue commensurate with the monthly costs. The calculation, which uses a 5% discount rate, results in a positive net present value of cash flow and, as such, no liability was recorded as of December 31, 2023 and 2022.

## Income Taxes

SH OpCo is treated as a limited liability company for tax purposes. No provision for federal and state income taxes has been recorded, as payment for income taxes is the responsibility of the sole member of SH OpCo.

### 3. Continuing Care Agreements

Residents of the Communities are required to sign a Care Agreement with the Communities. The Care Agreements stipulate, among other things, the amount of all entrance fees and monthly fees, the type of residential unit being provided, and the Communities' obligation to provide both healthcare and nonhealthcare services. In addition, the Care Agreements provide SH OpCo with the right to increase future monthly fees. The Care Agreements are terminated upon the receipt of written termination notice from the resident or the death of the resident.

The components of the entrance fees for the Communities are as follows:

- a. **Refundable Entrance Fees** - This component is refundable to the resident or the resident's estate upon termination or cancellation of the Care Agreement. The refundable entrance fees are also refundable upon conversion from an entrance fee plan to a straight monthly fee plan. The refundable entrance fees are primarily noninterest bearing. Depending on the type of plan, refundable entrance fees are equal to either 100%, 95%, 90% or 50% of the total entrance fee, less any additional occupant refundable entrance fees. Since these obligations are considered security deposits, interest is not imputed on these obligations in accordance with Accounting Standards Codification (ASC) 835, *Imputation of Interest*. There is an automatic rescission of the Care Agreement if the resident is precluded from moving in by illness, injury or death, in which case the refundable entrance fees would be refunded.
- b. **Nonrefundable Entrance Fees** - This component is nonrefundable and equals the total entrance fee, less the refundable component and any additional occupant fee.
- c. **Additional Occupant Fee** - This is a nonrefundable fee for each additional occupant in a residential unit.

Nonrefundable portions of entrance fees are deferred and recognized as revenue over the actuarially determined expected term of each resident's contract.

# SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC

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Notes to Combined Financial Statements  
December 31, 2023 and 2022

## 4. Property and Equipment

A summary of property and equipment follows:

	2023	2022
Land improvements	\$ 1,064,344	\$ 949,604
Building improvements	15,762,238	8,432,720
Furniture, fixtures and equipment	14,438,141	10,344,295
Construction in progress	<u>5,768,857</u>	<u>5,093,125</u>
 Total cost	 37,033,580	 24,819,744
 Less accumulated depreciation	 <u>(9,433,429)</u>	 <u>(5,839,514)</u>
 Property and equipment, net	 <u>\$ 27,600,151</u>	 <u>\$ 18,980,230</u>

## 5. Related-Party Transactions

During 2020, SH OpCo the Fairfax, LLC, entered into a promissory note receivable with Healthpeak, HCP MA3 Virginia, LP for working capital purposes. The balance of the note receivable was \$32,361,790 as of December 31, 2023 and 2022. The note receivable bears interest at a rate of 3.5% and is due at the expiration or earlier termination of the real property lease agreement between the two parties. Accrued interest on the note amounted to \$94,389 as of December 31, 2023 and 2022, and is included in accounts receivable, other on the combined balance sheets.

During 2020, SH OpCo the Quadrangle, LLC, entered into a promissory note receivable with Healthpeak, HCP MA3 Pennsylvania, LP for working capital purposes. The balance of the note receivable was \$10,825,244 as of December 31, 2023 and 2022. The note receivable bears interest at a rate of 3.5% and is due at the expiration or earlier termination of the real property lease agreement between the two parties. Accrued interest on the note amounted to \$31,574 as of December 31, 2023 and 2022, and is included in accounts receivable, other on the combined balance sheets.

SH OpCo entered into management agreements with SSLMI, to manage Fairfax and Quadrangle. The agreements have a term of 15 years and expire in 2033. Management fees are equal to 6% of the Communities' gross revenues and 4.5% of entrance fees received as defined in the management fee agreements. Total management fees incurred were \$6,130,052 and \$4,712,024 in 2023 and 2022, respectively. In 2023, Quadrangle incurred an incentive management fee. The incentive management fee is 20% of the excess operating profit, as defined in the management fee agreements, for the year. The management agreements also provide for reimbursement to SSLMI for all direct costs of operations.

SH OpCo obtains property, workers compensation, professional, general liability and automobile coverage through Sunrise Senior Living Insurance, Inc., an affiliate of SSLMI.

There was a net amount due from affiliate (Healthpeak Properties, Inc. and subsidiaries) of \$22,430,447 and \$11,511,790 as of December 31, 2023 and 2022, respectively, related to operating activities. Interest is not charged and there are no fixed repayment terms on these advances. The amounts are settled monthly, or as funds become available.

# **SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC**

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Notes to Combined Financial Statements  
December 31, 2023 and 2022

## **6. Contingencies**

### **Senior Living Services Industry**

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Government activity has continued to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance.

## **7. Concentrations**

SH OpCo grants credit without collateral to its residents, primarily related to providing residential and healthcare related services.

SH OpCo maintains cash accounts, which, at times, may exceed federally insured limits. SH OpCo has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes that it is not subject to any significant credit risk on its cash accounts.

## **8. Lease Agreements**

SH OpCo leases the real property comprising the Communities from both HCP MA3 Virginia, LP (Fairfax) and HCP MA3 Pennsylvania, LP (Quadrangle). During 2023, SH OpCo entered into a new lease with both Fairfax and Quadrangle, through 2025, with renewal periods through 2029. The minimum lease payments over the first three years of the lease are fixed, then are considered variable after the third year and are excluded from the calculation of right-of-use assets and lease liabilities.

As of December 31, 2022, prior to the new lease noted above, SH OpCo had one year remaining of fixed rental payments on its existing lease while any renewal periods were based on variable items and excluded from the classification and measurement calculation of the ROU asset and lease liability. As of December 31, 2022, the ROU asset and lease liability was fully amortized.

Right-of-use assets represent SH OpCo's right to use an underlying asset for the lease term, while lease liabilities represent the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

SH OpCo estimated a lease end date based on the required length of usage of the property and calculated a right-of-use asset and lease liability with the resulting estimated lease term.

In determining the discount rate used to measure the right-of-use asset and lease liability, SH OpCo uses an incremental borrowing rate of 4.820%.

## SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC

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Notes to Combined Financial Statements  
December 31, 2023 and 2022

The following table summarizes the lease right-of-use asset and lease liability as of December 31, 2023:

Right-of-use assets:	
Operating leases	<u>\$ 14,731,300</u>
Lease liabilities:	
Current operating lease liabilities	\$ 7,112,032
Long-term operating lease liabilities	<u>7,619,268</u>
Total lease liabilities	<u>\$ 14,731,300</u>
Weighted average remaining lease term (in years):	
Operating lease	6
Weighted average discount rate:	
Operating lease	4.820 %

The table below summarizes SH OpCo's scheduled future minimum lease payments for years ending after December 31, 2023:

Years ending December 31:	
2024	\$ 7,635,660
2025	7,788,372
2026	-
2027	-
2028	-
2029	-
Total lease payments	15,424,032
Less present value discount	<u>(692,732)</u>
Total lease liabilities	14,731,300
Less current portion	<u>(7,112,032)</u>
Long-term lease liabilities	<u>\$ 7,619,268</u>

### 9. Subsequent Events

SH OpCo has evaluated the impact of subsequent events through April 26, 2024, representing the date at which the combined financial statements were available to be issued.

# SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC

Combining Balance Sheet

December 31, 2023

	Fairfax	Quadrangle	Total
<b>Assets</b>			
<b>Current Assets</b>			
Accounts receivable, residents, net	\$ 1,753,054	\$ 2,195,066	\$ 3,948,120
Accounts receivable, other	96,578	31,574	128,152
Due from (to) affiliate	23,564,854	(1,134,407)	22,430,447
Prepaid expenses and other current assets	407,359	1,561,768	1,969,127
<b>Total current assets</b>	<b>25,821,845</b>	<b>2,654,001</b>	<b>28,475,846</b>
<b>Restricted Cash</b>			
Lifecare reserve	-	4,072,246	4,072,246
Other restricted cash	35,854	11,278	47,132
<b>Property and Equipment, Net</b>	<b>9,852,304</b>	<b>17,747,847</b>	<b>27,600,151</b>
<b>Notes Receivable, Related-Party</b>	<b>32,361,790</b>	<b>10,825,244</b>	<b>43,187,034</b>
<b>Right-of-Use Asset</b>	<b>8,561,542</b>	<b>6,169,758</b>	<b>14,731,300</b>
<b>In-Place Lease Intangible Assets, Net</b>	<b>13,671,429</b>	<b>9,936,000</b>	<b>23,607,429</b>
<b>Total assets</b>	<b>\$ 90,304,764</b>	<b>\$ 51,416,374</b>	<b>\$ 141,721,138</b>
<b>Liabilities and Members' Equity</b>			
<b>Current Liabilities</b>			
Accrued expenses	\$ 1,756,762	\$ 2,350,278	\$ 4,107,040
Due to management company	615,480	716,164	1,331,644
Deferred revenue	41,640	183,997	225,637
Lease obligations	4,133,374	2,978,658	7,112,032
Security and reservation deposits	115,500	100,500	216,000
<b>Total current liabilities</b>	<b>6,662,756</b>	<b>6,329,597</b>	<b>12,992,353</b>
Refundable entrance fees and deposits	31,382,796	4,569,425	35,952,221
Deferred revenue from nonrefundable entrance fees	28,666,372	36,249,969	64,916,341
Lease obligations	4,428,168	3,191,100	7,619,268
Other long-term liabilities	174,354	157,721	332,075
<b>Total liabilities</b>	<b>71,314,446</b>	<b>50,497,812</b>	<b>121,812,258</b>
<b>Member's Equity</b>	<b>18,990,318</b>	<b>918,562</b>	<b>19,908,880</b>
<b>Total liabilities and member's equity</b>	<b>\$ 90,304,764</b>	<b>\$ 51,416,374</b>	<b>\$ 141,721,138</b>

# SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC

Combining Balance Sheet

December 31, 2022

	Fairfax	Quadrangle	Total
<b>Assets</b>			
<b>Current Assets</b>			
Accounts receivable, residents, net	\$ 1,120,987	\$ 1,919,357	\$ 3,040,344
Accounts receivable, other	94,457	31,574	126,031
Due from (to) affiliate	12,379,022	(867,232)	11,511,790
Prepaid expenses and other current assets	361,370	1,468,553	1,829,923
<b>Total current assets</b>	<b>13,955,836</b>	<b>2,552,252</b>	<b>16,508,088</b>
<b>Restricted Cash</b>			
Lifecare reserve	-	3,976,927	3,976,927
Other restricted cash	135,529	11,278	146,807
<b>Property and Equipment, Net</b>	<b>8,778,644</b>	<b>10,201,586</b>	<b>18,980,230</b>
<b>Notes Receivable, Related-Party</b>	<b>32,361,790</b>	<b>10,825,244</b>	<b>43,187,034</b>
<b>In-Place Lease Intangible Assets, Net</b>	<b>19,328,571</b>	<b>14,352,000</b>	<b>33,680,571</b>
<b>Total assets</b>	<b>\$ 74,560,370</b>	<b>\$ 41,919,287</b>	<b>\$ 116,479,657</b>
<b>Liabilities and Member's Equity</b>			
<b>Current Liabilities</b>			
Accrued expenses	\$ 1,161,432	\$ 2,094,939	\$ 3,256,371
Due to management company	311,411	398,439	709,850
Deferred revenue	73,080	100,965	174,045
Security and reservation deposits	129,500	112,500	242,000
<b>Total current liabilities</b>	<b>1,675,423</b>	<b>2,706,843</b>	<b>4,382,266</b>
Refundable entrance fees and deposits	30,317,638	5,935,168	36,252,806
Deferred revenue from nonrefundable entrance fees	25,656,755	31,333,133	56,989,888
Other long-term liabilities	118,660	126,895	245,555
<b>Total liabilities</b>	<b>57,768,476</b>	<b>40,102,039</b>	<b>97,870,515</b>
<b>Member's Equity</b>	<b>16,791,894</b>	<b>1,817,248</b>	<b>18,609,142</b>
<b>Total liabilities and member's equity</b>	<b>\$ 74,560,370</b>	<b>\$ 41,919,287</b>	<b>\$ 116,479,657</b>

## SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC

Combining Statement of Operations and Changes in Member's Equity

Year Ended December 31, 2023

	Fairfax	Quadrangle	Total
<b>Revenue</b>			
Resident fees	\$ 25,582,906	\$ 28,539,725	\$ 54,122,631
Healthcare revenue	8,235,397	8,819,136	17,054,533
Amortization of entrance fees and termination income	5,055,674	6,097,692	11,153,366
Interest income	1,134,571	378,884	1,513,455
<b>Total revenue</b>	<b>40,008,548</b>	<b>43,835,437</b>	<b>83,843,985</b>
<b>Expenses</b>			
Salaries, benefits and payroll taxes	13,942,548	15,655,521	29,598,069
Lease expense	4,444,698	3,203,124	7,647,822
Amortization	5,657,142	4,416,000	10,073,142
Ancillary	1,805,077	5,201,279	7,006,356
Management fees	2,591,867	3,538,185	6,130,052
General and administrative	2,174,988	2,751,005	4,925,993
Repairs and maintenance	1,179,738	1,597,991	2,777,729
Food	1,420,068	1,998,601	3,418,669
Utilities	1,282,645	915,439	2,198,084
Real estate taxes	624,586	1,803,601	2,428,187
Depreciation	1,633,353	1,960,562	3,593,915
Insurance	802,615	1,429,979	2,232,594
Taxes and licenses	154,118	203,803	357,921
Provision for bad debts	94,134	150,148	244,282
Interest	4,738	4,205	8,943
<b>Total expenses</b>	<b>37,812,315</b>	<b>44,829,443</b>	<b>82,641,758</b>
<b>Other Income</b>			
	2,191	-	2,191
Net income (loss)	2,198,424	(994,006)	1,204,418
<b>Member's Equity, Beginning</b>			
	16,791,894	1,817,248	18,609,142
Equity contributions from HCP S-H Sunrise OpCo HoldCo, LLC	-	95,320	95,320
<b>Member's Equity, Ending</b>	<b>\$ 18,990,318</b>	<b>\$ 918,562</b>	<b>\$ 19,908,880</b>

# SH OpCo the Fairfax, LLC and SH OpCo the Quadrangle, LLC

Combining Statement of Operations and Changes in Member's Equity

Year Ended December 31, 2022

	Fairfax	Quadrangle	Total
<b>Revenue</b>			
Resident fees	\$ 23,547,591	\$ 28,087,683	\$ 51,635,274
Healthcare revenue	5,481,486	8,598,708	14,080,194
Amortization of entrance fees and termination income	4,159,728	6,048,566	10,208,294
Interest income	1,132,683	378,884	1,511,567
<b>Total revenue</b>	<b>34,321,488</b>	<b>43,113,841</b>	<b>77,435,329</b>
<b>Expenses</b>			
Salaries, benefits and payroll taxes	11,618,918	14,746,304	26,365,222
Lease expense	4,818,389	2,243,544	7,061,933
Amortization	5,657,143	4,416,000	10,073,143
Ancillary	1,650,923	6,908,332	8,559,255
Management fees	2,246,019	2,466,005	4,712,024
General and administrative	1,795,783	2,298,596	4,094,379
Repairs and maintenance	1,084,724	1,594,943	2,679,667
Food	1,358,627	1,858,823	3,217,450
Utilities	1,054,063	937,151	1,991,214
Real estate taxes	592,170	1,762,795	2,354,965
Depreciation	1,059,579	1,349,033	2,408,612
Insurance	726,063	1,429,912	2,155,975
Taxes and licenses	133,624	151,517	285,141
Provision for bad debts	(308)	108,266	107,958
Interest	6,808	3,765	10,573
<b>Total expenses</b>	<b>33,802,525</b>	<b>42,274,986</b>	<b>76,077,511</b>
<b>Other Income</b>			
Net income	-	66,463	66,463
<b>Member's Equity, Beginning</b>	<b>16,272,931</b>	<b>752,714</b>	<b>17,025,645</b>
Equity contributions from (distributions to) HCP S-H Sunrise OpCo HoldCo, LLC	-	159,216	159,216
<b>Member's Equity, Ending</b>	<b>\$ 16,791,894</b>	<b>\$ 1,817,248</b>	<b>\$ 18,609,142</b>

**EXHIBIT J**

**HEALTHPEAK PROPERTIES, INC. 2023 ANNUAL REPORT**

Accessible at the following link:

[https://d18rn0p25nwr6d.cloudfront.net/CIK-0000765880/  
e15ee552-8e42-432c-98b9-8bc348d5dd00.pdf](https://d18rn0p25nwr6d.cloudfront.net/CIK-0000765880/e15ee552-8e42-432c-98b9-8bc348d5dd00.pdf)

EXHIBIT K

PROVIDER'S PRO FORMA INCOME STATEMENT and SUMMARY OF FINANCIAL  
INFORMATION

## The Fairfax

### BUDGETED STATEMENT OF OPERATIONS WITH ASSUMPTIONS FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>2024</b>	<b>Assumptions</b>
<b>REVENUES:</b>		
Resident Fees	\$ 18,966,693	Budget assumes occupancy ramp across 2024, with average number of residents increasing from 407 to 425. Net Resident ADRs increase from \$199.74 to \$209.81. Ancillary and Therapy Revenue is budgeted utilizing a combination of formulaic and historical run rates. For Health Care communities, Medical Ancillary and Therapy Revenue will be budgeted using a community specific run rates based on 2023 actuals.
Health care revenue	17,686,108	
Rental income - lease		
Amortization of entrance fees and termination income	5,414,712	Budget based on 2023 actuals, with termination income adjusted for reasonableness if prior year actual was higher than prior trends.
Interest Income	(1,132,663)	Interest on Note Receivable - 3.5% of Note balance
Total revenues	<u>40,934,851</u>	
<b>OPERATING EXPENSE:</b>		
Salaries, benefits and payroll taxes	15,126,817	Staffing set at peer group standards which closely resemble prior year approved budgeted staffing; wage increases assumed at 3.0% on average - effective 4/1 for salaried positions and 1/12 per month for hourly positions; OT budgeted as a percentage of salaries by month by hourly job position; non-productive labor based on prior year 12-month rolling trend.
Lease Expense	4,444,986	Lease expense is budgeted based on actual expected cost per the lease agreement.
Amortization	5,657,143	Amortization of lease intangible at 471k per month. Ancillary expenses budgeted at prior year forecasted levels as a percentage of ancillary/therapy revenue. Contract labor is included in this line and has \$0 assumed budget even though there may be actual expense utilized.
Ancillary	1,698,053	Management fees are based on a percentage of budgeted revenues. Assumption is 6% of Revenues Less
Management fee	2,753,490	Entry Fee Amortization + 4.5% of Entry Fee Sales. G&A costs are comprised of 1) multiple office, supply, vehicle, and program costs - of which some are locally controlled and some are centrally administered from Corporate Support Office - most of the line items in this area are budgeted by peer group standards for rental full-service communities - these standard were developed by the company over several years of analyses to determine average costs and needs of similar communities. These standard costs are re-evaluated each year.
General and administrative	2,182,817	
Repairs and Maintenance	1,411,788	Budget assumes 2023 trends plus 8%-10% vendor rate increases. Food cost based on per resident service days (PSD) are provided by the VP of Hospitality in collaboration with the Regional Director of Dining Services based on market trends for Assisted Living communities in the US if they are using the IMPAC menu system, which reflects a system-wide cost structure target. Food (PSD) is \$8.43 in 2024. Food Cost increases based on expected increases in occupancy and higher purchase prices for food.
Food	1,613,723	Utility Expense is budgeted utilizing community specific rates and expected inflation provided by Sunrise's energy management services partner. Rates for Electric, Natural Gas and Water/Sewer are then applied to community specific monthly utilization derived by using prior 60 month actuals, also provided by Sunrise's energy management services partner. Utilization by month is expected to maintain expected seasonality and a state-by-state assessment of regulatory authority changes and usage trends (normalized for weather). Results were then compared and adjustments were made to come closer in line with the 2024 forecast. Real Estate taxes are budgeted at prior year levels with inflation unless notice has been received indicating changes for the upcoming year.
Utilities	1,331,895	
Real Estate Taxes	648,480	Depreciation budget based on 2023 Fixed Assets in service plus planned 2024 capital additions. In general, the Insurance Program includes the use of the Sunrise Captive that insures the liability and workers compensation insurance policies' deductible/retention exposures above the community deductible; Program insures Community, Owners, Tenants, Lenders, and Sunrise against risks of ongoing operation and ownership at levels and coverage customary for the senior living industry.
Depreciation	2,088,129	Taxes and license fees are budgeted at prior year levels with inflation unless proper notice has been given by taxing authority of any changes for upcoming year.
Insurance	793,562	
Taxes and Licenses	161,579	Bad Debt rates range from 0.1% - 1.8% of Total Revenue based on the 2023 actuals.
Provision for bad debts	105,169	
interest	3,039	Interest expense (immaterial) is budgeted at prior year levels.
Total expenses	<u>40,020,670</u>	
Net Income	<u>914,181</u>	

THE FAIRFAX  
STATEMENT OF OPERATIONS  
2023 Actual vs 2023 Budget  
(In thousands)

	2023-Actual	2023-Budget	Variance	%	Narrative
<b>REVENUES:</b>					
Resident Fees	25,582,906	26,188,204	(605,298)	-2.3%	
Healthcare Revenue	8,235,397	6,963,576	1,271,821	18.3%	
Amortization of entrance fees and termination income	5,055,674	5,040,000	15,674	0.3%	
Interest Income	1,134,571	1,132,663	1,908	0.2%	
<b>Total revenues</b>	<b>40,008,548</b>	<b>39,324,443</b>	<b>684,105</b>	<b>1.7%</b>	Overall census exceeded budget by 1,458 days in 2023, driven primarily in Healthcare which averaged 7 more residents a day over budget in 2023. Lower complexity PDPMs dropped the achieved rates to budget by (\$17.73) per day, but census days increased by 2,646 days. We expected to recover more quickly from COVID in our other neighborhoods than actually occurred which caused Independent Living to not meet budgeted targets from either a census or achieved daily rate standpoint, but these results were improved by Assisted Living that saw an average \$11.30 increase in achieved daily rate over budget and Reminiscence which exceeded its budgeted census and daily rate by \$7.95 and 137 days.
<b>OPERATING EXPENSE:</b>					
Salaries, benefits, and Payroll Taxes	13,942,548	13,276,314	(666,234)	-5.0%	
Lease Expense	4,444,698	5,443,567	998,869	18.3%	
Amortization	5,657,142	5,657,143	1	0.0%	
Ancillary	1,805,077	1,613,352	(191,725)	-11.9%	
Management Fees	2,591,867	2,502,527	(89,340)	-3.6%	
General and Administrative	2,174,988	2,027,154	(147,834)	-7.3%	
Repairs and Maintenance	1,179,738	1,297,096	117,358	9.0%	
Food	1,420,068	1,444,684	24,616	1.7%	
Utilities	1,282,645	1,129,980	(152,665)	-13.5%	
Real Estate Taxes	624,586	668,816	44,230	6.6%	
Depreciation	1,633,353	1,482,319	(151,034)	-10.2%	
Insurance	802,615	812,688	10,073	1.2%	
Taxes and Licenses	154,118	136,895	(17,223)	-12.6%	
Impairment of P&E	-	-	-	-	
Provisions for bad debts	94,134	95,479	1,345	1.4%	
Interest	4,738	4,738	-	0.0%	
<b>Total expenses</b>	<b>37,812,315</b>	<b>37,592,752</b>	<b>219,563</b>		Labor costs were managed in conjunction with revenues, so were increased to serve the additional Healthcare residents over budget. Lease amendments were received in March 2023 after the budget had been finalized; actual reflects the updated lease terms. Higher fixed asset purchases than budgeted, drove higher depreciation. Achieved Healthcare census over budget drove ancillary costs.
<b>Operating Gain (Loss)</b>	<b>2,196,233</b>	<b>1,731,691</b>	<b>464,542</b>		
<b>OTHER INCOME/(EXPENSE)</b>					
Other (Income)/Expense	2,191	-	2,191		
<b>Total Other Income/Expense</b>	<b>2,191</b>				
<b>Net Income</b>	<b>2,198,424</b>	<b>1,731,691</b>	<b>464,542</b>		

THE FAIRFAX  
STATEMENT OF OPERATIONS  
2022 Actual vs 2022 Budget

	2022-Actual	2022-Budget	Variance	%	Explanation
REVENUES:					
Resident Fees	23,547,591	24,417,464	(869,873)	-3.6%	
Healthcare Revenue	5,481,486	6,944,350	(1,462,864)	-21.1%	
Rental Income - Lease	-	-	-	0.0%	
Amortization of entrance fees and termination income	4,159,728	5,525,712	(1,365,984)	-24.7%	
Interest Income	1,132,683	1,132,663	20	0.0%	
					Healthcare revenue down due to low census in 2022. HC census ran below budget in 2022 by 7 residents/day, running 35 residents/day vs a budget of 42. This is 61.7% vs a budget of 74.1%. For Medicare residents which impact therapy and ancillary revenue, the community ran just 14 residents/day in 2022 vs a budget of 18. Termination income recognized is driven by the unamortized portion of nonrefundable entrance fees at the time of move-out. Move-outs are variable and hard to predict. Termination
Total revenues	34,321,488	38,020,189	(3,698,701)	-9.7%	income from resident death or withdrawal was down \$2M YOY.
OPERATING EXPENSE:					
Salaries, benefits, and Payroll Taxes	11,618,918	12,162,414	543,496	4.5%	
Lease Expense	4,818,389	5,443,567	625,178	11.5%	
Amortization	5,657,143	5,657,143	-	0.0%	
Ancillary	1,650,923	1,701,311	50,388	3.0%	
Management Fees	2,246,019	2,220,643	(25,376)	-1.1%	
General and Administrative	1,795,783	1,998,164	202,381	10.1%	
Repairs and Maintenance	1,084,724	1,219,573	134,849	11.1%	
Food	1,358,627	1,301,273	(57,354)	-4.4%	
Utilities	1,054,063	1,298,188	244,125	18.8%	
Real Estate Taxes	592,170	705,108	112,938	16.0%	
Depreciation	1,059,579	949,797	(109,782)	-11.6%	
Insurance	726,063	747,122	21,059	2.8%	
Taxes and Licenses	133,624	141,655	8,031	5.7%	
Provisions for bad debts	(308)	112,323	112,631	100.3%	
Interest	6,808	3,139	(3,669)	-116.9%	
					Labor costs were managed in conjunction with revenues, so were decreased to serve the actual residents under budget. General & Administrative was favorable \$202k driven by \$94k in reduced COVID spending due to fewer outbreaks, marketing expense under budget by \$55k with limited events, entertainers under by \$25k due to fewer performances, and referral fees from professional referral groups under by \$24k. Repairs & Maintenance was favorable \$134k primarily driven by a (\$97k) credit to expense for resident reimbursements for elective room turnover costs. Additionally, there were some turnover costs that were capitalized during the year, but had been originally budgeted to R&M. Electricity expense trend was under the budget all of 2022, saving \$247k vs budget. Real Estate Taxes was overbudgeted for 2022 - true-ups to the accrual for the year after reassessment of the tax liability yielded \$112k in savings. Higher fixed asset purchases than budgeted, drove higher depreciation (related to decrease in Repairs & Maintenance). Unbudgeted bad debt collections of previously-written off balances during 2022 created a credit balance.
Total expenses	33,802,525	35,661,420	(1,858,895)		
Operating Gain (Loss)	518,963	2,358,769	(1,839,806)		
OTHER INCOME/(EXPENSE)					
Covid19 Grant Revenue	-	-	-	-	
Total Other Income/Expense	-	-	-	-	
Net Income	518,963	2,358,769	(1,839,806)		
Balance Check	-	-	-	-	

**SUMMARY OF FINANCIAL INFORMATION  
THE FAIRFAX  
AS OF DECEMBER 31, 2023**

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	Current Year	Prior Year
<b>Total Assets</b>	\$ 90,304,764	\$ 74,560,370
<b>Total Liabilities</b>	71,314,446	57,768,476
<b>Total Net Assets</b>	18,880,318	16,791,894
<b>Total Revenues</b>	40,008,548	34,321,488
<b>Total Expenses</b>	37,812,315	33,802,525
<b>Operating Income</b>	2,198,424	518,963
<b>Net Income</b>	\$ 2,198,424	\$ 518,963

**Narrative on financial condition:**

Resident occupancy was an average of 73.4% for YTD 2022, which was down 1.5% YOY. Total revenue down YOY mainly due to endowment amortization - termination income, was down \$2M YOY. Total controllable operating costs were below budget by \$1.6M and overall operating costs were below budget by approximately \$1.3M. House profit was unfavorable to budget by approximately \$2.1M and net operating income was unfavorable to budget by \$2.4M. The change in total net assets was immaterial.

Occupancy Information:	Capacity of Units	Average Occupancy	Percentage Occupancy
Independent Living	382	276	72.3%
Assisted Living	82	70	85.4%
Nursing	56	35	62.5%