

**SUPPLEMENT DATED NOVEMBER 15, 2021 TO
PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 3, 2021**

relating to

\$32,520,000*

**NORTH CAROLINA MEDICAL CARE COMMISSION
RETIREMENT FACILITIES FIRST MORTGAGE
REVENUE AND REFUNDING REVENUE BONDS
(PLANTATION VILLAGE, INC.)
SERIES 2021A**

Dated: Date of Delivery

**Due: As shown on inside front cover of
Preliminary Official Statement**

This Supplement updates the Preliminary Official Statement dated November 3, 2021 (the "Preliminary Official Statement") of the North Carolina Medical Care Commission to provide additional information with respect to certain restrictive covenants affecting the Mortgaged Property and to provide the audited financial statements for the fiscal year ended December 31, 2018.

The first paragraph of the section "**Limited Value at Foreclosure**" under "**BONDHOLDERS' RISKS**" is updated to read as follows:

Limited Value at Foreclosure

The Existing Facilities have been, and the Project will be, specifically constructed for continuing care purposes and may not be practically suited for alternative uses. The number of entities that could be expected to purchase the Facilities at a foreclosure sale is limited, and thus the ability of the Master Trustee to realize funds from the sale of the Facilities, except as a continuing care facility, upon an event of default may be limited. Under State law, licenses to operate continuing care facilities are not transferable. Accordingly, an entity purchasing the Facilities at a foreclosure sale would need to obtain its own license to operate the Facilities as a continuing care facility. The Mortgaged Property is subject to various utility and other easements and certain other use restrictions which may affect its value at foreclosure. **Currently the Mortgaged Property is subject to a restrictive covenant that runs with the land that requires that the Mortgaged Property be used for the provision of life care facilities (the "Restrictive Covenant"). The Corporation is working to get the Restrictive Covenant subordinated to the Master Trustee's interest in the Mortgaged Property and anticipates such subordination to be in place prior to the issuance of the 2021A Bonds.**

Financial Statements

The section "**FINANCIAL STATEMENTS**" and Appendix B to the Preliminary Official Statement are amended to provide that the Corporation's audited financial statements for the fiscal year ended June 30, 2018, audited by Dixon Hughes Goodman LLP, independent consultants, attached hereto as Appendix A, are included in Appendix B to the Preliminary Official Statement.

* Preliminary, subject to change.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix A

Financial Statements For Fiscal Year June 30, 2018

[THIS PAGE INTENTIONALLY LEFT BLANK]

Plantation Village, Inc.

Financial Statements

Years Ended December 31, 2018 and 2017

Table of Contents

Independent Auditors' Report	1
Financial Statements:	
Balance Sheets	2
Statements of Operations and Changes in Net Assets (Deficiency).....	3
Statements of Cash Flows.....	4
Notes to Financial Statements	5



Independent Auditors' Report

Board of Directors
Plantation Village, Inc.
Wilmington, North Carolina

We have audited the accompanying financial statements of Plantation Village, Inc. (the "Community"), which comprise the balance sheets as of December 31, 2018 and 2017 and the related statements of operations and changes in net assets (deficiency) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

**Raleigh, North Carolina
May 6, 2019**

Plantation Village, Inc.
Balance Sheets
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,090,454	\$ 7,617,175
Assets limited as to use, current portion	801,468	896,245
Accounts receivable	336,784	183,832
Entrance fees receivable	647,392	558,282
Hurricane receivable	1,453,634	-
Prepaid expenses and other	408,144	384,919
	<u>12,737,876</u>	<u>9,640,453</u>
Assets limited as to use, noncurrent portion	7,594,843	7,223,684
Property and equipment, net	41,849,808	42,060,276
	<u>62,182,527</u>	<u>58,924,413</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	1,400,664	1,084,540
Accrued expenses	291,552	256,210
Hurricane payable	1,697,809	-
Deposits and advanced payments	362,968	320,438
Long-term debt, current maturities	381,160	369,529
	<u>4,134,153</u>	<u>2,030,717</u>
Refundable fees	3,946,212	3,462,642
Refundable entrance fees	28,956,710	28,659,230
Long-term debt, less current maturities	11,893,265	12,275,680
Deferred revenue from entrance fees	12,521,895	12,254,792
	<u>61,452,235</u>	<u>58,683,061</u>
Net assets without donor restrictions	730,292	241,352
	<u>\$ 62,182,527</u>	<u>\$ 58,924,413</u>

See accompanying notes.

Plantation Village, Inc.
Statements of Operations and Changes in Net Assets (Deficiency)
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue, gains and other support:		
Resident services	\$ 13,903,040	\$ 13,336,013
Amortization of advance fees	1,913,328	2,317,286
Insurance proceeds	2,153,982	-
Other operating revenue	510,691	405,807
	<u>18,481,041</u>	<u>16,059,106</u>
Operating expenses:		
Resident care	4,544,943	4,309,853
Dietary	2,010,947	2,050,451
Housekeeping	721,070	721,983
Plant facility costs	1,957,809	1,906,343
General and administrative	3,008,570	2,809,765
Hurricane loss	2,848,794	-
Depreciation	2,154,284	2,098,082
Interest	387,632	371,690
	<u>17,634,049</u>	<u>14,268,167</u>
Operating income	<u>846,992</u>	<u>1,790,939</u>
Non-operating gain (loss):		
Investment income (loss)	<u>(358,052)</u>	<u>686,559</u>
Excess of revenues over expenses	488,940	2,477,498
Net assets (deficiency), beginning of year	<u>241,352</u>	<u>(2,236,146)</u>
Net assets, end of year	<u>\$ 730,292</u>	<u>\$ 241,352</u>

Plantation Village, Inc.
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flow from operating activities:		
Excess of revenues over expenses	\$ 488,940	\$ 2,477,498
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Proceeds from non-refundable advance fees and deposits	2,552,802	2,945,090
Amortization of advance fees	(1,913,328)	(2,317,286)
Net realized gains	(160,088)	-
Net unrealized losses	729,000	-
Depreciation	2,154,284	2,098,082
Changes in assets and liabilities:		
Accounts receivables	(152,952)	24,705
Hurricane receivable / payable	244,175	-
Prepaid expenses and other	(23,225)	(27,878)
Accounts payable	316,124	(1,470)
Accrued expenses	35,342	31,805
Net cash provided by operating activities	<u>4,271,074</u>	<u>5,230,546</u>
Cash flows from investing activities:		
Net changes in assets limited as to use	(845,294)	(75,106)
Proceeds from sale of equipment	-	11,779
Purchase of property and equipment	(1,943,816)	(1,940,830)
Net cash used by investing activities	<u>(2,789,110)</u>	<u>(2,004,157)</u>
Cash flows from financing activities:		
Proceeds from refundable entrance fees	3,410,563	3,865,559
Refunds of entrance fees	(3,048,464)	(3,295,761)
Payments on long-term debt	(370,784)	(396,342)
Net cash provided (used) by financing activities	<u>(8,685)</u>	<u>173,456</u>
Net change in cash and cash equivalents	1,473,279	3,399,845
Cash and cash equivalents, beginning of year	<u>7,617,175</u>	<u>4,217,330</u>
Cash and cash equivalents, end of year	<u>\$ 9,090,454</u>	<u>\$ 7,617,175</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest, including capitalized interest	<u>\$ 387,632</u>	<u>\$ 371,690</u>
Notes receivable received for entrance fees	<u>\$ 736,865</u>	<u>\$ 664,795</u>

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Organization

Plantation Village, Inc. (the "Community") is a nonprofit organization which principally provides housing, health care and other related services to residents through the operation of a continuing care retirement community in Wilmington, North Carolina containing 273 living units, of which 116 are villas, duplexes and cottages.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Community maintains deposits with high credit quality financial institutions, of which the balances at each institution exceeds the federally insured amount.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include all highly liquid debt instruments and time deposits, other than those limited as to use, with an acquisition maturity of less than three months.

Assets limited as to use

Assets limited as to use consists of (1) cash accounts, (2) cash equivalents, consisting of money market accounts, and (3) mutual funds. The use of these assets is restricted or limited under terms of certain agreements or by the designation of the Community's Board of Directors. Money market funds and mutual funds are carried at fair value in the balance sheets. Investment income, including unrealized and realized gains, are included in excess revenues over expenses. Amounts required for current liabilities are classified as current assets.

Accounts receivable

Accounts receivable are carried at their original billed amounts. The Community has experienced few uncollectible accounts in the past as any past due receivables can be applied against refunds due to the resident from their initial investment in the Community.

Accounts receivable are considered past due if any portion of the receivable balance is outstanding for more than 60 days. Interest is charged on accounts receivable outstanding for more than 90 days and is recognized as it is charged.

Plantation Village, Inc.
Notes to Financial Statements

Entrance fees receivable

Entrance fees receivable consist of short-term promissory notes from current residents related to the payment of the final installment of their entrance deposit. If the resident pays the note on or before the agreed upon due date, no interest is charged.

Property and equipment

Property and equipment, including construction in progress, is stated at cost less accumulated depreciation. Donated property is initially recorded at its estimated fair value at the date of receipt, which is then treated as cost. Depreciation is computed on the straight-line method based on the following estimated useful service lives:

Buildings	25 - 40 years
Land improvements	20 years
Equipment, furniture and fixtures	5 - 10 years
Vehicles	5 years

The Community assesses long-lived assets for impairment when events or circumstances exist that indicate the carrying amount of these assets may not be recoverable.

Deferred revenue from entrance fees

A residency agreement is required of all residents. The Community has historically provided two alternative residency agreements: traditional or return-of-capital plans. The traditional contract includes contract terms that 2 percent of contract total becomes nonrefundable per month for the first 50 months and thereafter 100 percent is nonrefundable. The Community currently offers either 90 percent or 50 percent return-of-capital plans. Each agreement provides for payment of an advance (entrance) fee and monthly service fees, each of which are subject to periodic increases. Return-of-capital residency agreements also provide for partial refunds of entrance fees upon termination of the agreement, but only upon re-occupancy of the unit and the collection of a new entrance fee.

Nonrefundable entrance fees are deferred and amortized to income by the straight-line method over the average expected remaining life of each resident beginning on the date of closing and are recalculated annually.

Refundable Entrance fees

Entrance fees payable are refundable advance fees that are recorded at the amount indicated by the contract.

Refundable fees

Refundable entrance fees related to residents who have been permanently assigned at a skilled nursing facility or assisted living facility are classified as noncurrent liabilities due to the indeterminable timing of the ultimate payment.

Obligation to provide future services

The Community annually calculates the present value of the net estimated cost of future services and use of facilities to be provided to current residents and compares that amount to the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities, discounted at 2.9 percent, exceeds the deferred revenue from advance fees, a liability would be recorded (obligation to provide future services) with a corresponding charge to income. To date, deferred revenue from advance fees has always exceeded the present value of the net estimated cost of future services and use of facilities.

Net Assets

The accompanying financial statements present information regarding the Community's financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor

Plantation Village, Inc.
Notes to Financial Statements

restrictions. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, through the conclusion of a stipulated time restriction or accomplishment of a purpose restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Community had no net assets with donor restrictions at December 31, 2018 and 2017.

Resident services revenue

Resident services revenue is recorded at established rates monthly. Resident services revenue includes health care revenue for residents under residency agreements executed prior to January 1, 2001, consisting of monthly fees for persons permanently assigned to a nearby unrelated health center and charges for supplies and meals. The monthly fees for first persons permanently assigned to the health center are generally the same as for residents of the one bedroom traditional living unit. The monthly fees for second persons assigned to the health center are the same as second person fees for all other residents. All residency agreements executed after December 31, 2000, set health center fees equal to 75 percent of the nearby, unrelated nursing facility's stated per diem rate. Assisted living care residents pay 75 percent of the stated per diem of a nearby unrelated assisted living facility. The costs to the Community of the residents assigned to the health center or assisted living facility are included in resident care expenses.

Advertising expenses

All advertising expenses other than qualifying direct-response advertising costs associated with the initial occupancy of units are expensed in the year in which they are incurred. Advertising expenses were approximately \$439,000 and \$397,000 in 2018 and 2017, respectively.

Excess of revenues over expenses

The statements of operations and changes in net assets (deficiency) include excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, would include unrealized gains and losses on investments other than trading securities, net assets released from restriction for purchase of property and equipment, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Income taxes

The Community has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501 (c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. Similar provisions apply to state income taxes in the North Carolina law. In the opinion of management, the Community has no uncertain tax positions.

New Accounting Pronouncements

During the year ended December 31, 2018, the Community adopted Accounting Standard Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This accounting standard is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The 2017 financial statements have been adjusted to reflect retrospective application of the new accounting guidance, except for the disclosures around liquidity and availability of resources and analysis of

expenses by functional and natural categories. These disclosures have been presented for 2018 only as allowed by ASU 2016-14. The retrospective application resulted in unrestricted net assets of \$241,352, being reported as net assets without donor restrictions as of December 31, 2017.

Recently issued accounting standards - Revenue from Contracts with Customers:

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers (Topic 606)". The core principle of this standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The FASB issued four additional standards that amended and/or clarified certain guidance and provisions in ASU 2014-09, all of which are effective January 1, 2019 for the Company. The Company is currently evaluating the impact on its financial statements upon the adoption of these new standards.

Subsequent events

The Community has evaluated its subsequent events (events occurring after December 31, 2018), through May 6, 2019, which represents the date the financial statements were available to be issued.

2. Fair Value Measurements

Under U.S GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Community uses various methods including market, income and cost approaches. Based on these approaches, the Community often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Community utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Community is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1:** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2:** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.
- Level 3:** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

While the Community believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Plantation Village, Inc.
Notes to Financial Statements

During the years ended December 31, 2018 and 2017, there were no changes to the Community's valuation techniques that had, or are expected to have, a material impact on its financial position or results of operations.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Money Market Funds

Money market funds are public investment vehicles for which quoted prices are available and whose amounts are based on transacted values.

Mutual funds

The fair value is the market value based on quoted market prices.

At December 31, 2018 the Community had \$131,360 and \$8,194,598 in money market funds and mutual funds, respectively. At December 31, 2017 the Community had \$631,819 and 7,488,110 in money market funds and mutual funds, respectively. All investments at December 31, 2018 and 2017 were classified as level 1 investments.

3. Assets Limited as to Use

The components of assets limited as to use consist of the following:

	<u>2018</u>	<u>2017</u>
Current portion:		
Deposits and advanced payments	\$ 362,968	\$ 392,016
Resident funds	57,340	134,700
By Board for debt repayment	<u>381,160</u>	<u>369,529</u>
	<u>801,468</u>	<u>896,245</u>
Noncurrent portion:		
Resident funds	70,353	-
Under regulatory requirement, operating reserve (Note 7)	3,397,100	3,394,281
By Board for future asset replacement	2,154,284	2,098,082
By Board for return of capital	<u>1,973,106</u>	<u>1,731,321</u>
	<u>7,594,843</u>	<u>7,223,684</u>
	<u>\$ 8,396,311</u>	<u>\$ 8,119,929</u>

In 2017, the Board designated amounts to fund current maturities of long term debt, to fund one year of depreciation based on immediate capital expenditure needs, and 50% of the refundable fee balance for residents permanently assigned to a long term care facility. These amounts may be invested in investment accounts and other cash and cash equivalent accounts. The Board may modify its policy for designated amounts from time to time.

The Community invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could affect the amounts reported in the balance sheet.

Plantation Village, Inc.
Notes to Financial Statements

A summary of net investment income for the years ended December 31 follows:

	<u>2018</u>	<u>2017</u>
Interest income	\$ 210,860	\$ 156,030
Net realized gains	160,088	232,767
Net unrealized gains (losses)	<u>(729,000)</u>	<u>297,762</u>
Net investment income (loss)	<u>\$ (358,052)</u>	<u>\$ 686,559</u>

4. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Land	\$ 503,935	\$ 503,935
Land improvements	1,766,300	1,607,334
Buildings	62,693,720	60,958,221
Fixed and movable equipment	2,219,172	2,191,977
Furniture and fixtures	1,679,267	1,645,353
Vehicles	<u>415,931</u>	<u>409,931</u>
	69,278,325	67,316,751
Less accumulated depreciation	<u>27,572,410</u>	<u>25,412,121</u>
	41,705,915	41,904,630
Construction-in-progress	<u>143,893</u>	<u>155,646</u>
Total property and equipment	<u>\$ 41,849,808</u>	<u>\$ 42,060,276</u>

5. Debt

Long-term debt at December 31, 2018 and 2017, consist of the following:

	<u>2018</u>	<u>2017</u>
Note payable to bank at 3.09%, due in 83 monthly installments including interest beginning September 5, 2017, and consecutive interest payments beginning September 5, 2013, due August 2023, collateralized by real estate.	\$ 8,336,617	\$ 8,585,133
Note payable to bank at 1.10% above one-month LIBOR, not to exceed 5.99% (3.44% at December 31, 2018), due in 83 monthly installments including interest beginning September 5, 2017, and consecutive interest payments beginning September 5, 2013, due August 2023, collateralized by real estate.	<u>3,937,808</u>	<u>4,060,076</u>
	12,274,425	12,645,209
Less current maturities	<u>381,160</u>	<u>369,529</u>
	<u>\$ 11,893,265</u>	<u>\$ 12,275,680</u>

The proceeds of the above notes were used to finance the Phase II Facility Expansion, which was completed in January, 2016. The original construction loan agreements provided for two interest only loans during construction.

Plantation Village, Inc.
Notes to Financial Statements

The combined balances were limited to 70% of the appraised value of the property collateralized by the loans. One loan was up to \$13,175,000 at the 3.09% fixed rate and the other was up to \$6,000,000 at the LIBOR variable rate shown above.

Aggregate maturities required on long-term debt as of December 31, 2018, are due in future years as follows:

2019	\$	381,160
2020		392,124
2021		405,500
2022		418,264
2023		<u>10,677,377</u>
	\$	<u>12,274,425</u>

The construction loans include certain affirmative covenants regarding financial information provided to the lender bank. The Company was in compliance with all of the covenants as of December 31, 2018.

6. Management Agreement

The Community operates under a management agreement with Life Care Services, LLC ("LCS"). Under this agreement, LCS coordinates the ongoing project management of the Community. In consideration for these services, the Community pays LCS a base monthly management fee and an additional incentive fee based upon achieving prescribed operating criteria. The management fee is subject to annual adjustment for cost of living increases or facility expansion. Management fees, incentive fees and miscellaneous charges under agreements with LCS totaled \$771,308 and \$645,367 for the years ended December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, \$39,812 and \$85,000, respectively, were included in accounts payable to LCS for various fees and charges under the agreement. The Community renewed their management agreement with LCS for five years beginning January 1, 2017.

7. Regulatory Matters

Continuing care retirement communities located in North Carolina are licensed and monitored by the State Department of Insurance under Article 64 of Chapter 58 of the North Carolina General Statutes. The Commissioner of Insurance has the authority to revoke or restrict the license of, or impose additional requirements on, any continuing care facility under certain circumstances specified in General Statute 58-64-10.

North Carolina General Statute 58-64-33 requires that continuing care retirement communities with occupancy levels in excess of 90 percent maintain an operating reserve equal to 25 percent of total operating costs forecasted for the twelve-month period following the most recent annual statement filed with the Department of Insurance upon approval of the Commissioner, unless otherwise instructed by the Commissioner. Continuing care retirement communities with less than 90 percent occupancy are required to maintain an operating reserve equal to 50 percent of forecasted total operating costs. Total operating costs shall include budgeted operating expenses plus debt service less depreciation and amortization expense and revenue associated with non-contractual expenses. The Community's occupancy was above 90 percent in 2018 and 2017. At December 31, 2018 and 2017, the Board of Directors had specifically designated \$3,397,100 and \$3,394,284, respectively, for the purpose of meeting this requirement (Note 3).

The operating reserve can only be released upon the submittal of a detailed request from the Community and must be approved by the North Carolina Department of Insurance.

8. Retirement Plan

The Community provides a retirement plan under Section 403(b) of the Internal Revenue Code. The Community matches 50 percent of the first 6 percent of employee contributions for a maximum match of 3 percent an employee's annual salary. Employees are eligible to participate in the plan after 90 days of service. An employee is eligible for the employer match after one year of service during which he or she has worked at least 1,000 hours (an average of 20 hours per week) and is at least age 21. Employees are subject to a six year vesting schedule for the Community's contributions. For the years ended December 31, 2018 and 2017, the Community contributed \$19,986 and \$39,224, respectively.

9. Liquidity and Availability

Financial assets available for general expenditures for fiscal 2019, classified as current assets were \$12,329,732 as of December 31, 2018.

The Community operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures, debt service and budgeted capital expenditures. The accompanying statement of cash flows on page 4, which identifies sources and uses of cash, indicates net cash provided by operating activities in 2018 and 2017. As explained in Note 3, \$7,524,490 noncurrent assets limited as to use is generally not available due to board designation and regulatory requirements, but could be released to fund operations with appropriate Board and regulatory approval. The Community regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

10. Hurricane Florence

On September 14, 2018, Hurricane Florence made landfall as a Category 1 hurricane at Wrightsville Beach, North Carolina, which is a barrier island contiguous to Wilmington, North Carolina. The winds and heavy rain caused widespread damage at the Community.

Total hurricane expense of \$2,848,794 is included in the Statement of Operations and Changes in Net Assets (Deficiency) for the year ended December 31, 2018 which are the incurred costs of repairs resulting from Hurricane Florence. Evaluation of hurricane repairs are in process and are being prioritized based on available funds and urgency. The final amount of hurricane loss cannot be estimated at this time since definite plans and commitments have not been made.

Management anticipates that the hurricane related expenditures will be reimbursed by insurance proceeds subject to deductibles and limits of the policies. However, since the final amounts to be realized from insurance cannot be determined with certainty until collected, such proceeds are not recorded until collected. At December 31, 2018, the Community has recognized \$2,153,982 in insurance proceeds in the Statement of Operations and Changes in Net Assets (Deficiency) of which \$1,453,634 was a receivable on the Balance Sheets at year end, but subsequently collected.

Although the Community's operations and cash flows were impacted by the storm, in the opinion of management, there will be no permanent long-term effect on the operations of the Community.

11. Schedule of Expenses by Natural Category and Function

The costs of providing the Community's program and other activities have been summarized on a functional basis below. Expenses that can be identified with a specific program or support service are charged directly to the program or support service. Costs common to multiple functions have been allocated using an objective basis, such as time spent, salaries, square feet, and other basis.

	<u>Expenses for year ended December 31, 2018</u>			
	<u>Health Care Services</u>	<u>Resident Services</u>	<u>General & Administration</u>	<u>Total</u>
Salaries and benefits	\$ 829,831	\$ 2,466,830	\$ 639,955	\$ 3,936,616
Dietary	-	732,003	-	732,003
Housekeeping	-	33,782	-	33,782
Plant facility costs	-	775,309	-	775,309
Supplies	7,826	325,506	32,843	366,175
Utilities	-	552,365	-	552,365
General and administrative	3,381,850	575,626	1,889,613	5,847,089
Hurricane loss	-	2,848,794	-	2,848,794
Depreciation	3,421	2,117,400	33,463	2,154,284
Interest	-	-	387,632	387,632
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total operating expenses	<u>\$ 4,222,928</u>	<u>\$ 10,427,615</u>	<u>\$ 2,983,506</u>	<u>\$ 17,634,049</u>

General and administrative expense include those costs that are not directly identifiable with any specific program, but which provide for all the overall support of the Community. General and administrative activities include those that provide governance, oversight, business management, financial recordkeeping, budgeting, legal services, human resources management, and similar activities that ensure an adequate working environment and an equitable employment program. Resources expended for fundraising from the general public are not significant.

[THIS PAGE INTENTIONALLY LEFT BLANK]

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 3, 2021

New Issue/Book-Entry-Only

Rating: Fitch “BBB”
See “Rating” herein.

In the opinion of Bond Counsel, under existing law and subject to compliance with the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), as described herein, interest on the 2021A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. In the opinion of Bond Counsel, under existing law, interest on the 2021A Bonds is exempt from State of North Carolina income taxes. See “TAX TREATMENT” herein.

\$32,520,000*

**NORTH CAROLINA MEDICAL CARE COMMISSION
RETIREMENT FACILITIES FIRST MORTGAGE
REVENUE AND REFUNDING REVENUE BONDS
(PLANTATION VILLAGE, INC.)
SERIES 2021A**



Dated: Date of Delivery

Due: As shown on inside front cover

The above-referenced bonds (the “2021A Bonds”) are being issued by the North Carolina Medical Care Commission (the “Commission”) pursuant to a Trust Agreement, dated as of December 1, 2021 (the “Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Bond Trustee”), for the purpose of providing funds to Plantation Village, Inc. (the “Corporation”) to be used, together with other available funds, to (i) pay or reimburse the Corporation for paying a portion of the costs of the Project (as defined herein), (ii) pay a portion of the interest accruing on the 2021A Bonds, (iii) refinance certain taxable indebtedness, and (iv) pay certain expenses incurred in connection with the issuance of the 2021A Bonds.

The 2021A Bonds will be limited obligations of the Commission, and the Commission will not be obligated to pay debt service on the 2021A Bonds except from the revenues and other funds pledged or assigned therefor under the Trust Agreement. Neither the faith and credit nor the taxing power of the State of North Carolina or of any political subdivision thereof is pledged as security for the 2021A Bonds.

The 2021A Bonds are issuable as fully registered bonds without coupons. Purchases of the 2021A Bonds will be made in book-entry form only, and individual purchasers will not receive physical delivery of bond certificates. When issued, the 2021A Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). So long as Cede & Co. is the registered owner of the 2021A Bonds, principal and interest payments on the 2021A Bonds will be made to Cede & Co., which will in turn remit such payments to its Participants for subsequent disbursement to the beneficial owners of the 2021A Bonds, all as described herein. Interest on the 2021A Bonds is payable on each January 1 and July 1, beginning on July 1, 2022. Individual purchases of the 2021A Bonds will be made in the principal amount of \$5,000 or any whole multiple thereof. So long as Cede & Co. is the registered owner of the 2021A Bonds, references herein to the Holders or registered owners of the 2021A Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the 2021A Bonds.

The 2021A Bonds are subject to optional, extraordinary optional and mandatory sinking fund redemption prior to maturity as described herein.

An investment in the 2021A Bonds involves a certain degree of risk related to, among other things, the nature of the Corporation’s business, the regulatory environment, and the provisions of the principal documents. A prospective bondholder is advised to read “SECURITY AND SOURCES OF PAYMENT” and “BONDHOLDERS’ RISKS” herein for a discussion of certain risk factors which should be considered in connection with an investment in the 2021A Bonds.

This cover page contains certain information for ease of reference only. It does not constitute a summary of the 2021A Bonds or the security therefor. Potential investors must read this entire Official Statement, including the Appendices, to obtain information essential to the making of an informed investment decision.

The 2021A Bonds are offered subject to prior sale, when, as and if issued by the Commission and accepted by the Underwriter, subject to the approval of Robinson, Bradshaw & Hinson, P.A., Charlotte, North Carolina, Bond Counsel. Certain legal matters will be passed upon for the Obligated Group by Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, and for the Underwriter by McGuireWoods, LLP, Charlotte, North Carolina. It is expected that the 2021A Bonds will be available for delivery through the facilities of DTC in New York, New York on or about December 2*, 2021.



November __, 2021

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion and amendment without notice. The 2021A Bonds may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2021A Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

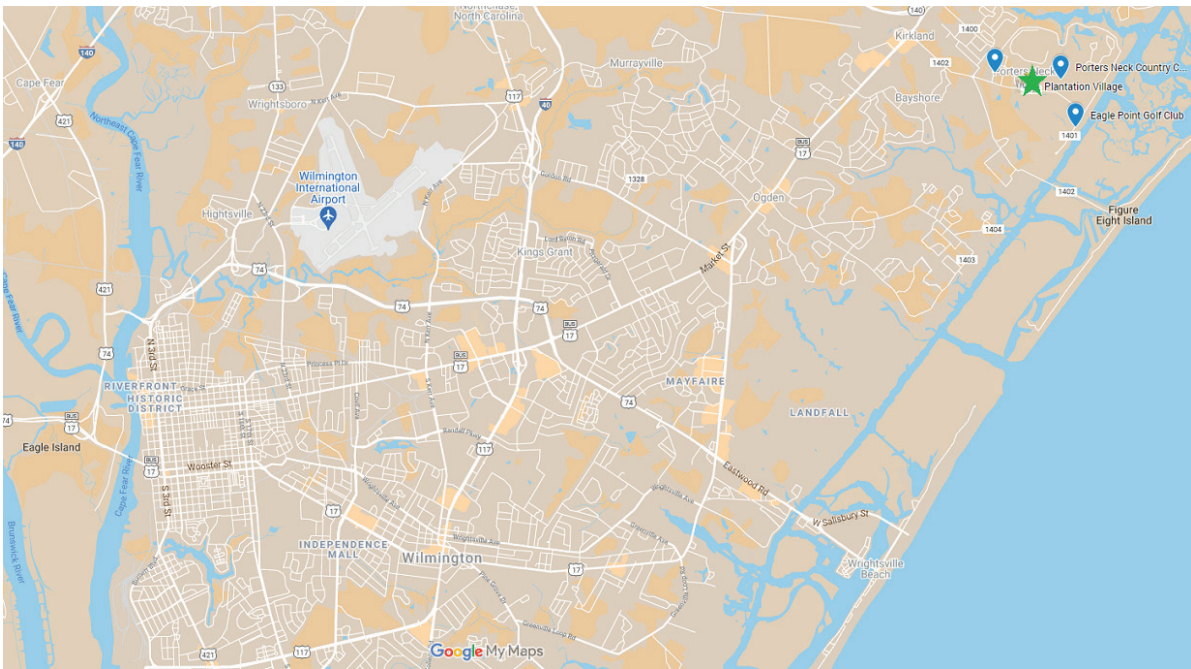
\$32,520,000*
NORTH CAROLINA MEDICAL CARE COMMISSION
RETIREMENT FACILITIES FIRST MORTGAGE
REVENUE AND REFUNDING REVENUE BONDS
(PLANTATION VILLAGE, INC.)
SERIES 2021A

MATURITY SCHEDULE*

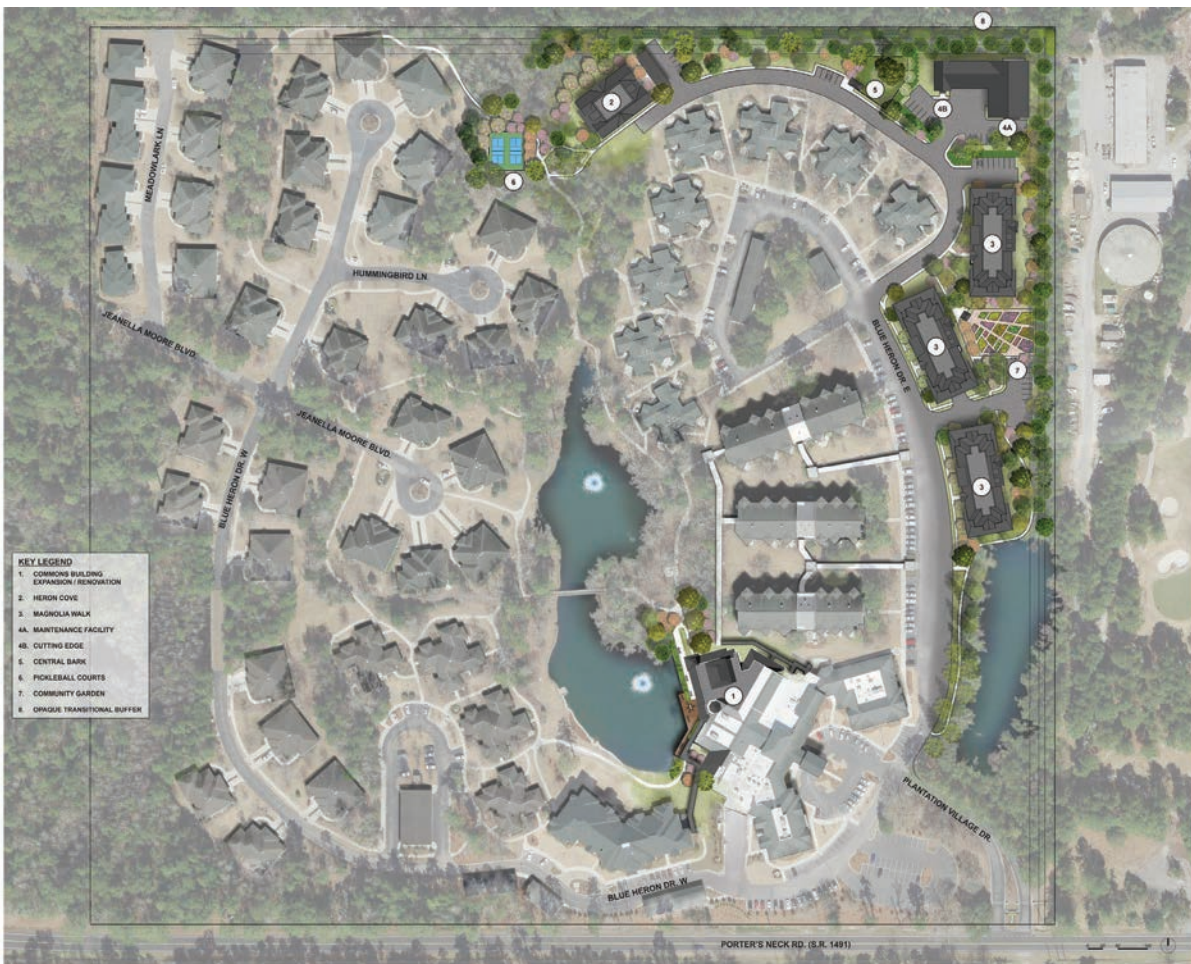
\$8,070,000 ___% Term 2021A Bonds due January 1, 20___, priced to yield ___%, CUSIP** _____
\$24,450,000 ___% Term 2021A Bonds due January 1, 20___, priced to yield ___%, CUSIP** _____

* Preliminary, subject to change.

** Copyright, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not service in any way as a substitute for CUSIP Global Services. CUSIP numbers are provided for convenience of reference only for the purchasers of the 2021A Bonds. None of the Authority, the Obligated Group, the Commission nor the Underwriter are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2021A Bonds or as represented above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2021A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2021A Bonds.



Area Map



PLANTATION VILLAGE COMMUNITY EXPANSION | PHASE I | RENDERED MASTER PLAN | WILMINGTON, NC | 07.10.2020



Campus Map Rendering with Expansion





Existing Apartments Exterior



Existing Duplexes Exterior



Existing Unit Interior



Existing Unit Interior



Existing Community Building Exterior



Rendering of Community Building with Project



Rendering of Bistro



Rendering of Formal Dining



Rendering of Bar



Rendering of Bar Seating



Rendering of Heron Cove Exterior



Rendering of Magnolia Walk



Rendering of Unit Interior



Rendering of Unit Interior

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Commission, the Corporation or the Underwriter. The information set forth herein concerning the Corporation has been furnished by the Corporation and is believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Commission or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any state to any person to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale hereunder will under any circumstances create any implication that there has been no change in the affairs of the Corporation since the date hereof.

Neither the 2021A Bonds, the Trust Agreement nor the Master Indenture (as such terms are defined herein) have been registered or qualified with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended, and Section 304(a)(4) of the Trust Indenture Act of 1939, as amended. The registration or qualification of the 2021A Bonds, the Trust Agreement or the Master Indenture in accordance with applicable provisions of securities laws of the states in which the 2021A Bonds have been registered or qualified, if any, and the exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2021A Bonds shall under any circumstances create any implication that there has been no change in the affairs of Obligated Group since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement contains disclosures which contain "forward-looking statements." Forward-looking statements include all statements that do not relate solely to historical or current fact, and can be identified by use of words like "may," "believe," "will," "expect," "project," "estimate," "anticipate," "plan," or "continue." These forward-looking statements are based on the current plans and expectations of the Obligated Group (as defined herein) and are subject to a number of known and unknown uncertainties and risks, many of which are beyond the Obligated Group's control, which could significantly affect current

plans and expectations and the future financial position and results of operations of the Obligated Group. See "BONDHOLDERS' RISKS" herein. As a consequence, current plans, anticipated actions and future financial position and results of operations may differ from those expressed in any forward-looking statements made by or on behalf of the Obligated Group. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Official Statement, including Appendix A and Appendix C.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this offering document for purposes of, and as that term is defined in, SEC Rule 15c2-12.

[Remainder of page intentionally left blank]

TABLE OF CONTENTS

	Page
INTRODUCTION	1
THE PLAN OF FINANCING	4
ESTIMATED SOURCES AND USES OF FUNDS	5
FINANCIAL FEASIBILITY STUDY.....	6
THE COMMISSION	8
General	8
Outstanding Debt	8
Membership	9
Commission Staff	9
Certain Administrative Officers.....	10
THE 2021A BONDS	11
General	11
Redemption Provisions	11
Purchase in Lieu of Redemption.....	14
Acceleration Upon Default	14
Defeasance	14
Book-Entry-Only System.....	14
SECURITY AND SOURCES OF PAYMENT	15
General	15
Limited Obligations	15
Trust Agreement	15
Loan Agreement	15
Master Indenture and Deed of Trust	16
Excluded Property.....	17
Assignment of Contracts.....	17
Covenants; Additional Indebtedness.....	17
No Debt Service Reserve Fund.....	18
Operating Reserves	18
Additional Members of the Obligated Group	18
Amendments to Trust Agreement.....	18
Amendments to Master Indenture.....	19
Funds and Accounts Held Under the Master Indenture and Bond Indenture	20
ANNUAL DEBT SERVICE REQUIREMENTS	23

TABLE OF CONTENTS

(continued)

	Page
BONDHOLDERS' RISKS	24
General	24
Additions to the Obligated Group	24
Actual Results May Differ from Historical and Projected Results	24
Management's Forecast	24
Limited Assets of the Obligated Group	25
Construction Risks	25
Construction Draws	25
2021B Bonds are Draw-Down Bonds	26
Initial Entrance Fees from the Project	26
Uncertainty of Full Occupancy and Fee Collection	26
Potential Refund of Entrance Fees	28
Issues Related to the Market of the Obligated Group	28
Impact of Disruptions in the Credit Markets and General Economic Factors	29
COVID-19 Pandemic or Other Infectious Disease Outbreak	31
Rights of Residents; State Regulation	31
State Delinquency Proceedings	32
Tax Consequences to Residents	32
Organized Resident Activity	32
State of North Carolina Tax Reform	33
Federal Tax Matters	33
Environmental Risks	35
Certificate of Need	35
Fair Housing and Anti-Discrimination Laws	36
Licensure	36
Insurance; Professional Liability Claims and Losses	36
Transfers Out of the Obligated Group; Limitation on Liens	36
Limited Value at Foreclosure	37
Appraisal Matters	37
Additional Indebtedness	37
Privately Held Bonds	37
Risk of Early Redemption	39

TABLE OF CONTENTS
(continued)

	Page
Risk of Loss Upon Redemption.....	39
Bankruptcy.....	39
No Debt Service Reserve Fund.....	40
Limitations on Security Interest in Gross Revenues and Other Personal Property Collateral.....	40
Enforcement of Remedies.....	41
Amendments to Financing Documents.....	42
Failure to Provide Ongoing Disclosure.....	43
Secondary Market for Bonds.....	43
Cybersecurity.....	43
Increased Risk of Natural Disasters.....	43
Other Possible Risk Factors.....	44
FINANCING DOCUMENTS AND SELECTED COVENANTS.....	45
Rate Covenant.....	45
Liquidity Covenant.....	46
Marketing Covenant.....	47
Occupancy Covenant.....	48
Approval of Management Consultants and Marketing Consultants.....	50
Management Consultant's and Marketing Consultant's Reports.....	50
Engagement of New Management Consultant or New Marketing Consultant.....	51
Rating Solicitation Covenant.....	52
CONTINUING DISCLOSURE AND ADDITIONAL DISCLOSURE.....	52
Continuing Disclosure.....	52
Additional Disclosure.....	55
Limited Information.....	58
LITIGATION.....	58
UNDERWRITING.....	59
LEGAL MATTERS.....	59
TAX TREATMENT.....	59
General.....	59
Other Tax Consequences.....	60
Original Issue Discount.....	60
Premium 2021A Bonds.....	61

TABLE OF CONTENTS

(continued)

	Page
RATING	61
LEGALITY FOR INVESTMENT.....	61
FINANCIAL STATEMENTS	61
RELATIONSHIP OF PARTIES.....	62
MISCELLANEOUS	62
APPENDIX A Certain Information Concerning the Corporation.....	A-1
APPENDIX B Financial Statements of the Corporation.....	B-1
APPENDIX C Financial Feasibility Study	C-1
APPENDIX D Forms of Principal Legal Documents	D-1
APPENDIX E Proposed Form of Bond Counsel Opinion.....	E-1
APPENDIX F DTC's Book-Entry-Only System	F-1



**North Carolina Department of Health and Human Services
The North Carolina Medical Care Commission
Phone: (919) 855-3750 – Fax: (919) 733-2757
2701 Mail Service Center, 27699-2701
Edgerton Building, 809 Ruggles Drive – 27603
Raleigh, North Carolina**

Roy Cooper
Governor

Mandy Cohen, MD, MPH
Secretary, DHHS

OFFICIAL STATEMENT

\$32,520,000*
**NORTH CAROLINA MEDICAL CARE COMMISSION
RETIREMENT FACILITIES FIRST MORTGAGE
REVENUE AND REFUNDING REVENUE BONDS
(PLANTATION VILLAGE, INC.)
SERIES 2021A**

INTRODUCTION

This Official Statement, including the cover page and the Appendices, furnishes information regarding the offering by the North Carolina Medical Care Commission (the "Commission") of its \$32,520,000* Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021A (the "2021A Bonds"). The 2021A Bonds are being issued pursuant to the Health Care Facilities Finance Act, Chapter 131A of the General Statutes of North Carolina, as amended (the "Act"), and a Trust Agreement, dated as of December 1, 2021 (the "Trust Agreement"), between the Commission and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Bond Trustee").

Concurrently with the issuance of the 2021A Bonds, the Commission will enter into a Loan Agreement, dated as of December 1, 2021 (the "Loan Agreement"), with Plantation Village, Inc., a North Carolina nonprofit corporation (the "Corporation"). Pursuant to the Loan Agreement, the Commission will lend the proceeds of the 2021A Bonds to the Corporation to provide funds to be used, together with other available funds, to (i) pay or reimburse the Corporation for paying a portion of the costs of the Project, (ii) pay a portion of the interest accruing on the 2021A Bonds, (iii) refinance certain taxable indebtedness, and (iv) pay certain expenses incurred in connection with the issuance of the 2021A Bonds. See "THE PLAN OF FINANCING" herein and "THE PROJECT" in Appendix A hereto.

The 2021A Bonds will be limited obligations of the Commission, payable solely from money to be received from the Corporation, pursuant to the terms of the Loan Agreement and Obligation No. 1, dated the date of delivery of the 2021A Bonds ("Obligation No. 1"). The Corporation will execute and deliver Obligation No. 1 in the aggregate principal amount of the 2021A Bonds to the Commission pursuant to a Master Trust Indenture, dated as of December 1, 2021 (as supplemented and amended from time to time,

* Preliminary, subject to change.

the "Master Indenture"), between the Corporation and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), and a Supplemental Master Indenture Number 1, dated as of December 1, 2021 (the "Supplemental Indenture"), between the Corporation and the Master Trustee. Payments on Obligation No. 1 will be required to be sufficient to pay the principal of, premium, if any, and interest on the 2021A Bonds as they become due and payable. Obligation No. 1 will be a joint and several general obligation of the Members of the Obligated Group. As of the date hereof, the Corporation is the only Obligated Group Member.

On the date of delivery of the 2021A Bonds, the Commission will also issue its (i) Retirement Facilities First Mortgage Revenue Bonds (Plantation Village, Inc.) Series 2021B-1 (the "2021B-1 Bonds") in an aggregate principal amount of \$15,593,000* and (ii) Retirement Facilities First Mortgage Revenue Bonds (Plantation Village, Inc.) Series 2021B-2 (the "2021B-2 Bonds" and, together with the 2021B-1 Bonds, the "2021B Bonds") in an aggregate principal amount of \$17,865,000* pursuant to a Trust Agreement, dated as of December 1, 2021 (the "2021B Trust Agreement"), between the Commission and The Bank of New York Mellon Trust Company, N.A., as trustee (the "2021B Bond Trustee").

Concurrently with the issuance of the 2021B Bonds, the Commission will enter into a Loan Agreement, dated as of December 1, 2021 (the "2021B Loan Agreement"), with the Corporation. Pursuant to the 2021B Loan Agreement, the Commission will lend the proceeds of the 2021B Bonds to the Corporation to provide funds to be used, together with other available funds, to pay or reimburse the Corporation for paying a portion of the costs of the Project, to fund interest on the 2021B Bonds and to pay certain expenses incurred in connection with the issuance of the 2021B Bonds. The 2021B Bonds are being purchased by First Citizens Bank & Trust Company (the "2021B Lender") and are being issued on a draw-down basis. See "THE PLAN OF FINANCING" for additional information on the 2021B Bonds.

Pursuant to the Supplemental Indenture, the Corporation will also execute and deliver Obligation No. 2, dated the date of delivery of the 2021B Bonds ("Obligation No. 2"), to evidence its obligations with respect to the 2021B Bonds. In addition pursuant to a Supplemental Master Indenture Number 2, the Corporation will execute and deliver Obligation No. 3, dated the date of delivery of the 2021B Bonds ("Obligation No. 3"), to secure a taxable take-out loan the 2021B Lender has agreed to make under certain circumstances, including an event of default, relating to the 2021B Bonds and the Corporation's obligations under the Continuing Covenants Agreement, dated as of December 1, 2021 (the "Credit Agreement"), between the Corporation and the 2021B Lender. Obligation No. 2 and Obligation No. 3 are referred to herein as the "Direct Purchase Obligations".

The 2021B-1 Bonds mature on December 1, 2036. The 2021B-2 Bonds mature on December 1, 2028 assuming certain conditions are met by the Corporation, but no earlier than December 1, 2026 in any event. Pursuant to the terms of the 2021B Trust Agreement, the 2021B-1 Bonds are subject to mandatory redemption prior to maturity. Prior to the occurrence of an Event of Default, the 2021B-2 Bonds are required by the 2021B Lender to be optionally redeemed by the application of Project Initial Entrance Fees on deposit in the Entrance Fee Fund in accordance with the provisions of the Supplemental Indenture and the Credit Agreement. The par amount of the 2021B-2 Bonds represents approximately 80.2% of the initial entrance fee pool for the Project. The Feasibility Study anticipates that Project Initial Entrance Fees in the amount of \$17,865,000* will be applied to the 2021B-2 Bonds by October 1, 2024*, thus redeeming the 2021B-2 Bonds prior to maturity. There is no guarantee that the Corporation will realize sufficient Project Initial Entrance Fees to redeem the 2021B-2 Bonds by October 1, 2024*.

* Preliminary, subject to change.

Upon the issuance of the 2021A Bonds, the principal amount of Obligation No. 1 will be approximately 49.3%*, Obligation No. 2 will be approximately 50.7%*, and Obligation No. 3 will be 0%, of the aggregate principal amount of all Master Obligations Outstanding under the Master Indenture. For purposes of giving any consents required under the Master Indenture or exercising any voting rights given to Holders thereunder or giving any direction or taking any other action permitted to be taken by or on behalf of the Holders thereunder, Obligation No. 3 shall be deemed not to be Outstanding under the Master Indenture, unless Obligation No. 2 has ceased to be Outstanding.

The 2021B Bonds are not being marketed pursuant to this Official Statement. Successful delivery of the 2021A Bonds is conditioned upon the successful delivery of the 2021B Bonds.

As security for all Obligations issued under the Master Indenture, including Obligation No. 1, the Corporation will pledge (a) all revenue, accounts receivable and Gross Revenues of the Obligated Group Members, with certain limited exceptions, (b) the real property subject to a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of December 1, 2021 (as supplemented and amended from time to time, the "Deed of Trust") delivered to a deed of trust trustee for the benefit of the Master Trustee (the "Mortgaged Property"), (c) all personal property owned or hereafter acquired by the Obligated Group, including, but not limited to, equipment, accounts, general intangibles and contract rights, (d) any amounts on deposit from time to time in any fund or account created under the Master Indenture and (e) any other property from time to time subjected to the lien of the Master Indenture (together with the items in (a), (c), and (d), collectively, the "Personal Property Collateral"). The Mortgaged Property does not include all of the real property owned by the Obligated Group (see "SECURITY AND SOURCES OF PAYMENT – Master Indenture and Deed of Trust" and "– Excluded Property" herein).

To secure payment of the 2021A Bonds, the Commission will assign to the Bond Trustee (a) all right, title and interest in and to Obligation No. 1, (b) all rights under the Master Indenture and the Deed of Trust as owner of Obligation No. 1, (c) substantially all right, title and interest in and to the Loan Agreement (excluding certain reserved rights), and (d) all money and securities held by the Bond Trustee in the Bond Fund and the Redemption Fund, and, until applied in payment of the Cost of the Project in accordance with the Trust Agreement, all money and securities in the Construction Fund. See "SECURITY AND SOURCES OF PAYMENT."

The Master Indenture permits any Persons which are not Members of the Obligated Group and other corporations which are successor corporations to any Obligated Group Member through merger or consolidation as permitted by the Master Indenture to become Members of the Obligated Group upon compliance with certain financial and other requirements. The Master Indenture also permits, upon compliance with certain requirements, any Obligated Group Member to withdraw from the Obligated Group. The Loan Agreement, however, prohibits the withdrawal of the Corporation from the Obligated Group without the written consent of the Commission.

References herein to the "Obligated Group" shall be deemed to refer to the Corporation, currently the only member of such group, and, thereafter, any Person which shall join the Obligated Group pursuant to the Master Indenture and excluding any person which shall have withdrawn from the Obligated Group pursuant to the Master Indenture.

The Corporation currently owns and operates continuing care retirement facilities and facilities ancillary thereto in Wilmington, North Carolina referred to herein as the "Existing Facilities."

* Preliminary, subject to change.

Certain information concerning the Obligated Group, the Existing Facilities and the Project is contained in Appendix A and certain financial statements of the Corporation and its affiliates audited by Dixon Hughes Goodman LLP, independent certified public accountants, are contained in Appendix B. See "FINANCIAL STATEMENTS" herein.

This introduction provides summary information and is qualified by reference to the entire Official Statement. Capitalized terms used and not otherwise defined herein shall have the meanings given to such terms in the Master Indenture (including the Supplemental Indenture), the Loan Agreement, the Trust Agreement and the Deed of Trust (see in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS"). Forms of the Master Indenture (including the Supplemental Indenture), the Loan Agreement, the Trust Agreement and the Deed of Trust are included in Appendix D. After delivery of the 2021A Bonds, copies of documents in connection with the 2021A Bonds may be obtained from the Bond Trustee.

THE PLAN OF FINANCING

Proceeds of the 2021A Bonds, together with other available funds, will be used to (i) pay or reimburse the Corporation for paying a portion of the costs of the expansion and renovation of the Corporation's continuing care retirement center located at 1200 Porters Neck Road, Wilmington, North Carolina 28411 (the "Community"), including, but not limited to, constructing and equipping approximately 44 new independent living apartments and related common areas, renovating various dining facilities and resident activity spaces, upgrading informational technology systems throughout the Community, relocating maintenance facilities and creating and improving outdoor spaces such as gardens and a dog park (the "Project"), (ii) pay a portion of the interest accruing on the 2021A Bonds, (iii) refinance certain taxable indebtedness that was used to pay for an expansion of the Community, including the addition of 27 independent living apartments, a new wellness center and indoor pool, a new auditorium, and renovation of the main common areas and dining room, and (iv) pay certain expenses incurred in connection with the issuance of the 2021A Bonds.

The proceeds of the 2021B Bonds, together with other available funds, will be used to (i) pay a portion of the costs of the Project, (ii) pay interest accruing on the 2021B Bonds for approximately 24 months and (iii) pay certain expenses incurred in connection with the issuance of the 2021B Bonds.

The costs of the various portions of the plan of financing can be found below under "ESTIMATED SOURCES AND USES OF FUNDS" below.

The proceeds of the 2021B Bonds will be disbursed through periodic advances (the "2021B Advances") in accordance with the 2021B Trust Agreement, the Credit Agreement, and the Construction Monitoring and Disbursement Agreement dated as of December 1, 2021 (the "Disbursement Agreement"), among Alcala Construction Management, Inc. (the "Construction Monitor"), the 2021B Lender, the 2021A Bond Trustee, the 2021B Bond Trustee and the Corporation. Except as otherwise provided in the 2021B Trust Agreement, the principal amount of the 2021B Bonds outstanding and due shall only be the aggregate amount that has been drawn down and not repaid and interest shall only accrue on such principal amount of the 2021B Bond that has actually been drawn. See "BONDHOLDERS' RISKS – 2021B Bonds are Draw-Down Bonds."

Draws of the 2021A Bond proceeds will be made from the Construction Fund established under the Trust Agreement and must be approved by the Construction Monitor pursuant to the Disbursement Agreement. All 2021B Advances will be made as provided in the Disbursement Agreement and must be approved by the Construction Monitor and the 2021B Lender. The Corporation will be required to use all 2021A Bond proceeds until the balance in the Construction Fund for the 2021A Bonds is \$5,000,000 before

requesting 2021B Advances to pay costs of the Project. Proceeds of the 2021B-1 Bonds will then be used before the 2021B-2 Bond proceeds. After all of the 2021B Bond proceeds have been used, the 2021A Bond proceeds will be used to fund the remaining costs of the Project.

Under the terms of the Disbursement Agreement, the Corporation may make requests for the 2021B Advances on a monthly basis or more frequently as acceptable to the 2021B Lender until December 1, 2024 and such requests shall be made in accordance with the Disbursement Agreement.

Prior to the occurrence of an Event of Default, the 2021B-2 Bonds are payable from the release of the Project Initial Entrance Fees. The par amount of the 2021B-2 Bonds represents approximately 80.2% of the initial entrance fee pool for the Project.

The issuance of the 2021A Bonds and the 2021B Bonds, respectively, is conditioned upon the issuance of the other series of bonds.

For additional information on the Project, see "THE PROJECT" in Appendix A hereto.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of the 2021A Bonds and the 2021B Bonds are set forth in the following table.

Sources	2021A Bonds	2021B Bonds
Par Amount of the 2021A Bonds		
[Net] Original Issue [Premium/Discount] on 2021A Bonds		
Par Amount of the 2021B Bonds		
[Equity Contribution]	_____	_____
Total	=====	=====
Uses		
Project Costs		
Refinancing of Existing Indebtedness		
Capitalized Interest		
Costs of Issuance ¹	_____	_____
Total²	=====	=====

¹ Includes underwriter's discount, legal fees, accounting fees, printing costs, fees and expenses of the Bond Trustee, the Master Trustee, the feasibility consultant, and other miscellaneous fees and expenses.

² Total may not foot due to rounding.

FINANCIAL FEASIBILITY STUDY

Dixon Hughes Goodman LLP, independent certified public accountants, has prepared a financial feasibility study dated November 3, 2021 (the "Feasibility Study"), which is included as Appendix C hereto. The Feasibility Study includes management's financial forecast of the Obligated Group for the five (5) years ending December 31, 2025. As stated in the Feasibility Study, there will usually be differences between the forecasted data and actual results because events and circumstances frequently do not occur as expected and those differences may be material.

In addition, the financial forecast is only for the five years ending December 31, 2025, and consequently, does not cover the whole period during which the 2021A Bonds may be outstanding. **THE FEASIBILITY STUDY SHOULD BE READ IN ITS ENTIRETY, INCLUDING MANAGEMENT'S NOTES AND ASSUMPTIONS SET FORTH THEREIN.** Purchasers of the 2021A Bonds should consult the final Official Statement for information on the final interest rates for the 2021A Bonds, which are likely to be different from those assumed in the Feasibility Study.

[Remainder of page intentionally left blank]

The following table reflects the forecasted funds available for debt service and other financial ratios as of and for the fiscal years ending December 31, 2021 through 2025 and has been extracted from management's financial forecast included in the Feasibility Study.

Forecasted Financial Ratios
For the Years Ending December 31
(In Thousands, Except for Ratios)

Debt Service Coverage Ratio	2021	2022	2023	2024	2025
Change in net assets				\$1,107	\$1,847
Less:					
Amortization of earned entrance fees				(4,073)	(4,848)
Entrance fee refunded				(3,498)	(3,739)
Add:					
Entrance fees received from re-occupancy (non-refundable)				2,201	2,357
Entrance fees received from re-occupancy (refundable)				4,937	5,276
Depreciation				4,049	4,103
Amortization				(113)	(113)
Interest expense				1,714	1,644
Income Available for Debt Service				\$6,324	6,527
Maximum Annual Debt Service ¹				2,904	2,904
Debt Service Coverage Ratio				2.18x	2.25x
<hr/>					
Days' Cash on Hand	2021	2022	2023	2024	2025
Unrestricted cash					
Cash and cash equivalents	\$7,582	\$10,481	\$17,417	\$23,025	\$25,933
Board designated investments	6,053	6,053	6,053	6,053	6,053
Board designated asset replacement fund	2,229	2,229	2,229	2,229	2,229
Operating Reserve Fund	6,888	7,295	4,359	4,494	4,680
Unrestricted cash available	22,752	26,058	30,058	35,801	38,895
Annual operating expenses	\$16,407	\$17,485	\$21,914	\$22,592	\$23,492
Deduct:					
Depreciation	(2,291)	(2,656)	(3,941)	(4,049)	(4,103)
Amortization	10	113	113	113	113
Expenses, net	\$14,126	\$14,942	\$18,086	\$18,656	\$19,502
Daily operating expenses ²	\$39	\$41	\$50	\$51	\$53
Days' Cash on Hand	588	637	607	700	728

¹ Forecasted maximum annual debt service for the years ending December 31, 2024 and December 31, 2025 is equal to the maximum annual debt service on the Series 2021A Bonds and the Series 2021B-1 Bonds.

² Daily operating expenses are equal to total annual operating expenses less depreciation and amortization expense divided by 365 days.

THE COMMISSION

General

The Commission was created primarily as a result of the findings of the North Carolina Hospital and Medical Care Commission, a special commission appointed in 1944 to study the critical shortages in general hospital facilities and trained medical personnel in the State of North Carolina (the "State") and to make recommendations for improvements in these areas. Among the recommendations made was that the legislature provide for a permanent State agency that would be responsible for the maintenance of high standards in the State's hospitals and for the administration of a medical student loan fund and a statewide hospital and medical care program.

The Commission was established in 1945 and, pursuant to its enabling legislation, was given the power, among others, to make a survey of the hospital resources in the State and formulate a statewide program for construction and maintenance of local hospitals, health centers and related facilities and to receive and administer federal and State funds appropriated for such purposes.

In 1946, Congress passed the Hospital Survey and Construction Act ("Hill-Burton") to provide funds for the construction and renovation of health care facilities, and the Commission was designated as the agency empowered to administer the program within the State. Under this program, also known as the Hill-Burton program, health facility construction in the State has totaled more than \$500 million, of which 40% was provided by federal sources, 5% by the State and 55% by local sponsors. Of the more than 500 Hill-Burton projects approved by the Commission between 1946 and 1976, 241 were general hospital projects, including 80 completely new facilities.

Pursuant to the Executive Organization Act of 1973, the 17-member Commission was incorporated into the Department of Human Resources (now the Department of Health and Human Services). Three members of the Commission are nominated by the North Carolina Medical Society, one by the North Carolina Pharmaceutical Association, one by the North Carolina State Nurses' Association, one by the North Carolina Hospital Association and one by The Duke Endowment. Each nomination is subject to the Governor's approval. In addition, ten Commission members, one of whom must be a dentist, are appointed by the Governor.

Today, the Commission has the duty and power to promulgate, adopt, amend and rescind rules in accordance with the laws of the State regarding the regulation and licensing or certification, as applicable, of hospitals, hospices, free standing outpatient surgical facilities, nursing homes, adult care homes, home care agencies, home health agencies, nursing pools, facilities providing mammography/pap smear services, free standing abortion clinics, ambulances and emergency medical services personnel.

In 1975, the North Carolina General Assembly enacted the Health Care Facilities Finance Act, which enables the Commission to issue tax-exempt revenue bonds to finance construction and equipment projects for nonprofit and public hospitals, nursing homes, continuing care facilities for the elderly and facilities related to the foregoing.

Outstanding Debt

As of September 30, 2021, the Commission had issued revenue bonds or notes to finance 672 projects, refundings or conversions. The total authorized principal amount of all such financings was \$27,792,829,692, and the total outstanding principal amount of all such financings as of September 30, 2021 was \$5,442,718,810. Each such issue is payable solely from revenues derived from the respective corporate entity or entities receiving such financing, and any other credit support provided therefor is

separately secured, and is separate and independent from all other series of bonds as to source of payment and security.

Membership

The Commission currently consists of 16 members, with one vacancy. The current membership is as follows:

<u>Name</u>	<u>Term</u>	<u>Principal Occupation</u>	<u>Residence</u>
John J. Meier, IV, M.D. Chairman	2017-2025	Physician	Raleigh
Joseph D. Crocker Vice Chairman	1988-2024	Retired Charitable Trust Officer	Winston-Salem
Kathy G. Barger	2020-2024	Retired Healthcare Consultant	Durham
Sally B. Cone	2019-2023	Attorney	Greensboro
Paul R.G. Cunningham, M.D.	2017-2025	Physician	Grimesland
John A. Fagg, M.D.	2003-2023	Physician	Winston-Salem
Bryant C. Foriest	2019-2023	Managing Director, Excalibur Consulting LLC	Kernersville
Linwood B. Hollowell, III	2017-2025	Director, Health Care Division The Duke Endowment	Charlotte
Anita L. Jackson, M.D.	2020-2024	Physician	Lumberton
Eileen C. Kugler, R.N. M.S.N., M.P.H., F.N.P.	2010-2022	Retired, Manager of Practice, North Carolina Board of Nursing	Leland
Ashley Lloyd, D.D.S.	2019-2024	Dentist	Raleigh
Karen Moriarity	2017-2025	President and CEO, Carillon Assisted Living	Raleigh
Stephen T. Morton	2018-2022	CEO, Navion Senior Living	Durham
Robert E. Schaaf, M.D.	2005-2022	Physician	Raleigh
Neel G. Thomas, M.D.	2020-2024	Anesthesiologist	Raleigh
Jeffrey S. Wilson	2017-2025	Chief Operating Officer, Liberty Healthcare Management	Wilmington

Commission Staff

The Division of Health Service Regulation of the Department of Health and Human Services employs a staff of approximately 579 persons (including registered architects, professional engineers and consultants in the fields of emergency medicine, hospital administration, nursing service and administration, dietetics and nutrition, laboratory design and operation and medical records), the services of whom are available to and used by the Commission. The Division of Health Service Regulation provides all necessary administrative and clerical assistance to the Commission.

Certain Administrative Officers

S. Mark Payne was appointed to the position of Secretary for the North Carolina Medical Care Commission in February of 2016 and to the position of Director for the Division of Health Service Regulation in January of 2016. Mr. Payne is an accomplished corporate attorney and compliance officer with extensive experience providing business-focused legal advice and developing and implementing business process to achieve strategic objectives. He has served in varied roles including Vice President and Chief Ethics & Compliance Officer and Compliance Counsel for Blue Cross Blue Shield of North Carolina and Senior Counsel for Blue Cross Blue Shield, Kaiser Foundation Health Plan of North Carolina, and CIGNA Corporation. Mr. Payne is a licensed attorney in the State. He earned his law degree from Cumberland School of Law at Samford University and he holds a Bachelor of Arts degree from Covenant College.

Geary W. Knapp, JD, CPA, Assistant Secretary, Audit Manager and Advisor. As Audit Manager and Advisor, Mr. Knapp is responsible for the areas of (1) financial and operational auditing and compliance, (2) assistance and consultation to the Construction Section during project development and completion and (3) evaluation of and counseling of projects during the process of financing through the Commission. He served as an Assistant State Auditor with the Office of State Auditor from 2014 until 2017. In 2017, Mr. Knapp was named Audit Manager and Advisor. Prior to his State service, Mr. Knapp practiced law with a regional law firm for thirteen years, primarily in the litigation field. Mr. Knapp has a bachelor's degree in Business Administration from the University of North Carolina and a MBA and Juris Doctorate from Campbell University. Mr. Knapp is a Certified Public Accountant and licensed attorney in the State.

Anthony J. Harms, Acting Chief, Construction Section, Division of Health Service Regulation, North Carolina Department of Health and Human Services. Mr. Harms is currently responsible for the review of plans and specifications for projects seeking assistance under the Act to insure that they meet the minimum standards of construction and design developed by the Construction Section for that purpose. Mr. Harms has been with the Construction Section of the Division of Health Service Regulation since 2003 and has served successively as a Building Systems Engineer from 2003 to 2009 and Engineering Supervisor from 2009 to 2020 prior to becoming acting Chief in June 2020. Mr. Harms has a Bachelor of Architecture degree from University of North Carolina at Charlotte and is experienced in the areas of building design and construction, structural engineering and medical gas systems.

Kathy C. Larrison, Auditor, North Carolina Medical Care Commission, North Carolina Department of Health and Human Services. As Auditor, Ms. Larrison is responsible for continuous review and audit of projects financed through the Commission to ensure financial, legal and operational compliance with the bond and note covenants. She joined the Commission staff in September 2004, after serving 17 years in an acute care hospital in the capacities of Staff Accountant, Controller and Chief Financial Officer. She has a Bachelor of Business Administration in Accounting from Campbell University.

Crystal M. Watson-Abbott, Auditor, North Carolina Medical Care Commission, North Carolina Department of Health and Human Services. As auditor for the Commission, Ms. Watson-Abbott is responsible for continuous review and audit of projects financed through the Commission to ensure financial, legal and operational compliance with the bond and note covenants. She joined the staff in August 2010, after serving five years for a local C.P.A. firm providing auditing and reimbursement consulting services for various healthcare entities in the capacities of staff auditor, reimbursement specialist and senior reimbursement specialist and two years as Director of Social Services for a nursing home. She has a B.S.W. in Social Work and a M.S.A. in Accounting from East Carolina University.

THE 2021A BONDS

General

Interest (based on a 360-day year consisting of twelve 30-day months) on the 2021A Bonds will be payable on each January 1 and July 1, beginning on July 1, 2022, at the rates set forth on the cover page hereof. Interest payments will be made to the person in whose name such 2021A Bond is registered at the close of business on the applicable Regular Record Date. "Regular Record Date" means the 15th day (whether or not a Business Day) of the month immediately preceding any interest payment date.

The 2021A Bonds will mature, subject to the redemption provisions set forth below, on January 1, in the years and amounts set forth on the cover page hereof. Individual purchases of the 2021A Bonds will be made in the principal amount of \$5,000 or any whole multiple thereof. So long as Cede & Co. is the registered owner of the 2021A Bonds, references herein to the Holders or registered owners of the 2021A Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the 2021A Bonds.

Redemption Provisions

The 2021A Bonds may not be called for redemption by the Commission except as provided below.

Optional Redemption

The 2021A Bonds maturing on and after January 1, 20__ are subject to redemption by the Commission, upon the direction of the Obligated Group Representative, in whole or in part (by lot) on any date on or after January 1, 20__, at the following redemption prices (expressed as percentages of the principal amount of the 2021A Bonds to be redeemed), plus interest accrued to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
January 1, 20__ through December 31, 20__	___%
January 1, 20__ through December 31, 20__	___
January 1, 20__ through December 31, 20__	___
January 1, 20__ through December 31, 20__	___
January 1, 20__ and thereafter	100

Mandatory Redemption for Bonds

The 2021A Bonds that are stated to mature on January 1, 20__ (the "20__ Term Bonds") will be subject to mandatory redemption in part by lot on January 1 in the years and amounts set forth below at a redemption price equal to 100% of the principal amount of the 2021A Bonds to be redeemed plus accrued interest to the date of redemption, all in the manner provided in the Trust Agreement:

<u>Year</u>	<u>Amount</u>
-------------	---------------

* Maturity.

The 2021A Bonds that are stated to mature on January 1, 20__ (the "20__ Term Bonds") will be subject to mandatory redemption in part by lot on January 1 in the years and amounts set forth below at a redemption price equal to 100% of the principal amount of the 2021A Bonds to be redeemed plus accrued interest to the date of redemption, all in the manner provided in the Trust Agreement:

<u>Year</u>	<u>Amount</u>
-------------	---------------

* Maturity.

On or before the 45th day next preceding any January 1 on which Term Bonds are to be retired pursuant to the Sinking Fund Requirement therefor, the Commission or the Corporation may deliver to the Bond Trustee for cancellation Term Bonds required to be redeemed on such January 1 in any aggregate principal amount desired and receive a credit against amounts required to be transferred from the Sinking Fund Account on account of such Term Bonds in the amount of 100% of the principal amount of any such Term Bonds so purchased. Any principal amount of Term Bonds purchased by the Bond Trustee and canceled in excess of the principal amount required to be redeemed on such January 1, shall be credited against and reduce the principal amount of future Sinking Fund Requirements in such manner as shall be specified in an Officer's Certificate of the Obligated Group Representative in substantially the form set forth in the Trust Agreement.

Extraordinary Optional Redemption

The 2021A Bonds will be subject to redemption, in whole or in part, on any date by the Commission, upon the direction of an Obligated Group Representative, at a redemption price equal to 100% of the principal amount of the 2021A Bonds to be redeemed, plus accrued interest to the redemption date, from amounts received by any Obligated Group Member as insurance proceeds with respect to any casualty loss or failure of title or as condemnation awards (provided such amount is not less than \$100,000) upon the occurrence of the following events: Damage or destruction of all or any part (if such damage or destruction causes the Facilities as a whole to be impracticable to operate, as evidenced by an Officer's Certificate filed with the Commission and the Bond Trustee) of the Facilities by fire or casualty, or loss of title to or use of all or any part (if such loss of title causes the Facilities as a whole to be impracticable to operate, as evidenced by an Officer's Certificate filed with the Commission and the Bond Trustee) of the Facilities as a result of the failure of title or as a result of Eminent Domain proceedings or proceedings in lieu thereof; provided, however, that in the event an amount greater than ten percent (10%) of the aggregate principal amount of Obligation No. 1 and all other Master Obligations is prepaid, the Corporation will file with the Commission, the Local Government Commission and the Bond Trustee (i) an Officer's Certificate to the effect that the forecasted Long-Term Debt Service Coverage Ratio for the Fiscal Year next succeeding the Fiscal Year in which such prepayment is made will be not less than 1.30 or (ii) a report of a Management Consultant to the effect that the forecasted Long-Term Debt Service Coverage Ratio for the Fiscal Year next succeeding the Fiscal Year in which such prepayment is made will be not less than 1.20.

The 2021A Bonds will also be subject to redemption, in whole but not in part, on any date by the Commission, at the direction of an Obligated Group Representative, at a redemption price equal to 100% of the principal amount of the 2021A Bonds to be redeemed, plus accrued interest to the redemption date, upon the occurrence of the following events: Changes in the Constitution of the United States of America or of the State or legislation or administrative action or failure of administrative action by the United States of America or the State or any agency or political subdivision of either, or any judicial decision, to the extent that, in the opinion of the Board of Directors of the Corporation (expressed in a resolution) and in

the opinion of a Management Consultant, both filed with the Commission and the Bond Trustee, (i) the Loan Agreement is impossible to perform without unreasonable delay or (ii) unreasonable burdens or excessive liabilities not being imposed on the date of the Loan Agreement are imposed on the Corporation.

General Redemption Provisions

If less than all the 2021A Bonds are to be called for optional or extraordinary redemption, the maturities to be redeemed will be selected by the Obligated Group Representative. If less than all the 2021A Bonds within a maturity are to be called for redemption, the 2021A Bonds (or portions thereof) within each maturity to be redeemed will be selected (a) so long as a book-entry-only system is used for determining beneficial ownership of such 2021A Bonds, by the securities depository for the book-entry system or (b) if a book-entry system is not then being used, by the Bond Trustee, by lot, each \$5,000 portion of principal being counted as one 2021A Bond for such purpose.

Notice of redemption will be mailed by the Bond Trustee, first class, postage prepaid (or sent by Electronic Means if so required or requested by a Holder), at least 30 but not more than 60 days prior to the redemption date to each registered owner of the 2021A Bonds called for redemption in whole or in part at the address shown on the registration books. Failure to mail any such notice to any registered owner or any defect therein will not affect the validity of the proceedings for the redemption of the 2021A Bonds of any other registered owners as to which notice was properly given. Notice of redemption will also be given by the Bond Trustee at least 30 days prior to the redemption date to the Municipal Securities Rulemaking Board; provided, however, that failure to give such notice or any defect therein will not affect the sufficiency of the proceedings for the redemption of such 2021A Bonds.

On the date fixed for redemption, notice having been given as provided above, the 2021A Bonds or portions thereof called for redemption will be due and payable at the Redemption Price provided therefor, plus accrued interest to the redemption date. If, on the date fixed for redemption, money, Defeasance Obligations, or a combination of both, sufficient to pay the Redemption Price of the 2021A Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, are held by the Bond Trustee in trust for the registered owners of the 2021A Bonds to be redeemed, interest on the 2021A Bonds so called for redemption will cease to accrue, such 2021A Bonds will cease to be entitled to any benefit or security under the Trust Agreement or to be deemed Outstanding, and the registered owners of such 2021A Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to the date fixed for redemption.

In the case of an optional or extraordinary optional redemption of 2021A Bonds, the redemption notice may state that (a) it is conditioned upon the deposit of moneys or Defeasance Obligations, or a combination of both, in an amount equal to the amount necessary to effect the redemption, with the Bond Trustee no later than the scheduled redemption date or (b) the Corporation retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as provided in the Trust Agreement. In the case of a Conditional Redemption subject to the deposit of moneys or Defeasance Obligations, the failure of the Corporation or any other Person to make such moneys or obligations available in part or in whole on or before the scheduled redemption date shall not constitute an Event of Default under the Trust Agreement and any 2021A Bonds subject to such Conditional Redemption shall remain Outstanding. Any Conditional Redemption subject to rescission may be rescinded in whole or in part at any time on or prior to the scheduled redemption date if the Obligated Group Representative instructs the Bond Trustee in writing to rescind the redemption notice. Any 2021A Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default under the Trust Agreement. If a Conditional Redemption for which notice has been sent to Holders will not occur, either because moneys or obligations

to effect such redemption are not available on or before the scheduled redemption date or the Corporation has rescinded such notice in accordance with the Trust Agreement, the Bond Trustee shall immediately give notice to the affected Holders of any 2021A Bonds that the redemption will not occur and that the 2021A Bonds called for redemption and not so paid will remain Outstanding.

So long as a book-entry system is being used for determining beneficial ownership of 2021A Bonds, the Bond Trustee will send such notice with respect to the redemption of such 2021A Bonds to DTC (or its nominee). Any failure of DTC to notify any DTC Participant of any such notice, or of any Direct Participant or Indirect Participant to notify the beneficial owner of any such notice, will not affect the validity of the redemption of such 2021A Bonds.

Purchase in Lieu of Redemption

When 2021A Bonds are subject to optional redemption or extraordinary optional redemption as described above, 2021A Bonds to be redeemed may be purchased by the Corporation in lieu of redemption on the applicable redemption date at a purchase price equal to the Redemption Price thereof if the Bond Trustee has received a written request on or before said purchase date from the Corporation specifying that the moneys provided or to be provided by the Corporation shall be used to purchase Bonds in lieu of redemption. No purchase of 2021A Bonds by the Corporation pursuant to the Trust Agreement or advance or use of any moneys to effectuate any such purchase shall be deemed to be a payment or redemption of the 2021A Bonds or any portion thereof, and such purchase shall not operate to extinguish or discharge the indebtedness evidenced by such 2021A Bonds.

Acceleration Upon Default

All principal and accrued interest on the 2021A Bonds may become immediately due and payable, without premium, upon an Event of Default under the Trust Agreement if the Bond Trustee (1) exercises its option to so declare or (2) is directed to so declare by the Holders of at least 25% in aggregate principal amount of 2021A Bonds outstanding. See in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – THE TRUST AGREEMENT – Remedies on Default."

Defeasance

If interest on, and the principal or redemption premium (as the case may be) of all 2021A Bonds have been paid, or the required amount of money and Defeasance Obligations (which includes securities other than Government Obligations) have been deposited with the Bond Trustee to provide sufficient amounts to pay the principal of, premium, if any, and interest due and to become due on the 2021A Bonds on or prior to the redemption date or maturity date thereof, such 2021A Bonds shall be no longer deemed outstanding under the Trust Agreement. See in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – THE TRUST AGREEMENT – Defeasance."

Book-Entry-Only System

The 2021A Bonds are being issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), and beneficial interests in the book-entry bonds will be available in authorized denominations to purchasers under the book-entry-only system maintained by DTC. See "DTC'S BOOK-ENTRY-ONLY SYSTEM" in Appendix F hereto.

SECURITY AND SOURCES OF PAYMENT

General

The 2021A Bonds will be issued under and will be equally and ratably secured under the Trust Agreement. The proceeds of the 2021A Bonds will be loaned to the Corporation pursuant to the Loan Agreement. The principal of, premium, if any, and interest on the 2021A Bonds will be payable from moneys paid by the Corporation and any other Members of the Obligated Group pursuant to the Loan Agreement and Obligation No. 1. Obligation No. 1 will be secured by the Master Indenture and the Deed of Trust on a parity basis with the Direct Purchase Obligations and any other Master Obligation hereafter issued (except Subordinated Obligations and Subordinated Derivative Obligations).

Obligation No. 1 is a joint and several general obligation of each Obligated Group Member. Upon the issuance of the 2021A Bonds, the Corporation will be the sole Obligated Group Member.

The 2021B Bonds are not secured by the Trust Agreement; however, the 2021B Bonds are secured by Obligation No. 2. Obligation No. 2 and Obligation No. 3 are issued as Master Obligations under the Master Indenture on a parity basis with Obligation No. 1.

Limited Obligations

The 2021A Bonds will be limited obligations of the Commission. The Commission will not be obligated to pay debt service on the 2021A Bonds except from the revenues and other funds pledged or assigned therefor under the Trust Agreement, including moneys paid by the Obligated Group under Obligation No. 1. Neither the faith and credit nor the taxing power of the State or of any other political subdivision thereof is pledged as security for the 2021A Bonds.

Trust Agreement

Pursuant to the Trust Agreement, the Commission will assign to the Bond Trustee (1) its right, title and interest in and to Obligation No. 1, (2) its rights under the Master Indenture and the Deed of Trust as owner of Obligation No. 1, (3) its right, title and interest in and to the Loan Agreement, including the right to receive loan payments thereunder (except for certain reserved rights, including its rights to indemnification and the payment of certain expenses, its rights to give certain approvals and consents and its rights to receive certain documents, information and notices), and (4) all money and securities held by the Bond Trustee in the Bond Fund and the Redemption Fund and until applied in payment of the Cost of the Project, all money and securities in the Construction Fund, as security for the payment of the principal of, redemption premium, if any, and interest on the 2021A Bonds.

Loan Agreement

Pursuant to the Loan Agreement, the Corporation will agree to make loan payments to the Bond Trustee in such amounts as will pay, when due, the principal of, premium, if any, and interest on the 2021A Bonds. The Corporation's payment obligations with respect to the 2021A Bonds under the Loan Agreement will be a general obligation of the Corporation. Pursuant to the Trust Agreement the Commission has assigned to the Bond Trustee all of its rights, title and interest in and to, and remedies under, the Loan Agreement, except for certain reserved rights, including, but not limited to, its rights to indemnification and the payment of certain expenses, its rights to give certain approvals and consents and its rights to receive certain documents, information and notices.

Master Indenture and Deed of Trust

The Master Indenture is intended to provide assurance for the repayment of Master Obligations entitled to its benefits by imposing financial and operating covenants which restrict the Corporation and any other future Obligated Group Members and by the appointment of the Master Trustee to enforce such covenants for the benefit of the Holders of such Master Obligations. Obligation No. 1 and the Direct Purchase Obligations are the only Senior Obligations presently entitled to the benefits of the Master Indenture. With the exception of any Subordinated Obligations and Subordinated Derivative Obligations, the Holders of all Master Obligations entitled to the benefit of the Master Indenture will be on parity with respect to the benefits of the Master Indenture.

Pursuant to the Master Indenture, (a) the Corporation has pledged and granted, and any future Obligated Group Members will pledge and grant, to the Master Trustee (i) a security interest in all of the Gross Revenues of the Obligated Group, with certain limited exceptions, (ii) a security interest in all personal property owned or hereafter acquired by the Obligated Group, (iii) a security interest in the amounts on deposit in the Funds established under the Master Indenture, and (iv) a security interest in any other property from time to time subjected to the lien of the Master Indenture, and (b) the Corporation will execute and deliver the Deed of Trust in favor of individual trustees for the benefit of the Master Trustee. The lien and security interests created by the Master Indenture may become subject to additional Permitted Liens, as defined in Appendix D hereto. See Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – THE MASTER INDENTURE."

"Gross Revenues" means all receipts, revenues, rentals, income, insurance proceeds (including, without limitation, all Medicaid, Medicare and other third party payments), condemnation awards, Entrance Fees and other moneys received by or on behalf of any Obligated Group Member, including (without limitation) revenues derived from (a) the ownership, operation or leasing of any portion of the Facilities (including, without limitation, fees payable by or on behalf of residents of the Facilities) and all rights to receive the same (other than the right to receive Medicaid and Medicare payments), whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Obligated Group Member incurred in the financing, operation, maintenance or repair of any portion of the Facilities; *provided, however*, that there shall be excluded from Gross Revenues (i) any amounts received by an Obligated Group Member as a billing agent for another entity, except for fees received for serving as billing agent, (ii) gifts, grants, bequests, donations and contributions to an Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use as payments required under the Master Indenture, (iii) any moneys received by any Obligated Group Member from prospective residents or commercial tenants in order to pay for customized improvements to those Independent Living Units or other areas of the Facilities to be occupied or leased to such residents or tenants, and (iv) all deposits and/or advance payments made in connection with any leases of the Independent Living Units and received prior to receipt of a certificate of occupancy and any required licenses.

The Deed of Trust serves as security for (a) the prompt payment of the principal of, premium, if any and the interest on all Master Obligations, including Obligation No. 1, the Direct Purchase Obligations and any future Master Obligations outstanding from time to time and (b) the performance by each Obligated Group Member of its other obligations under the Master Indenture and the Deed of Trust. The Deed of Trust will create a lien on the Mortgaged Property. Obligation No. 1, the Direct Purchase Obligations, and any future Senior Obligations will be secured by the Deed of Trust on a parity basis. The lien and security interests created by the Deed of Trust may become subject to additional Permitted Liens, as defined in the

form of Master Indenture attached in Appendix D hereto. See Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – THE DEED OF TRUST."

Simultaneously with the delivery of the 2021A Bonds, the Corporation will deliver a mortgagee title insurance policy issued to the Master Trustee insuring that the Deed of Trust constitutes a first priority lien of record, subject to Permitted Liens, on the Mortgaged Property described therein. The Corporation has ordered a survey of the Mortgaged Property, which is expected to be finalized prior to the issuance of the 2021A Bonds, and expects that the title insurance policy will reflect the delivery of such survey. When the 2021A Bonds are issued, the stated amount of such policy, with endorsements, will be equal to the amount of all the Master Obligations currently outstanding.

The Master Obligations will constitute joint and several obligations of each Obligated Group Member. Currently, only the Corporation and the Master Trustee are parties to the Master Indenture and the Corporation is the only Obligated Group Member. The Corporation and each Obligated Group Member admitted in the future will be jointly and severally liable for the payment for all Master Obligations entitled to the benefits of the Master Indenture and will be subject to the financial and operating covenants thereunder. See Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – THE MASTER INDENTURE – Admission of Obligated Group Members" and "-Withdrawal of Obligated Group Members."

In addition to the covenants described below, the Master Indenture contains additional covenants relating to, among others, the maintenance of the Obligated Group's property, corporate existence, the maintenance of certain levels of insurance coverage, the incurrence of additional indebtedness, the sale or lease of certain property, and Permitted Liens. For a full description of these and other covenants, see Appendix D " FORMS OF PRINCIPAL LEGAL DOCUMENTS – THE MASTER INDENTURE."

Excluded Property

The Mortgaged Property does not include two acres of real property located at the southeast corner of the campus along Porters Neck Road, which will constitute Excluded Real Property under the Master Indenture, as described in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – MASTER INDENTURE".

Assignment of Contracts

Pursuant to an Assignment of Contracts, dated as of December 1, 2021 (the "Assignment"), from the Corporation to the Master Trustee, the Corporation will assign to the Master Trustee all of its respective rights, title and interests in certain contracts relating to the Project, including the architects agreement, a construction contract and any and all other documents, instruments and agreements, including any payment and performance bonds, whether now or hereafter existing, relating to the design, construction, renovation, installation and equipping of the Project; and all amendments, revisions, and modifications thereto, as security for (1) the payment of the principal of, premium, if any, and interest on all Master Obligations issued under the Master Indenture and (2) all costs and expenses incurred by the Master Trustee in connection with the administration or enforcement of the Master Indenture or the Assignment.

Covenants; Additional Indebtedness

The Members of the Obligated Group are subject to covenants under the Master Indenture relating to, among other things, a Debt Service Coverage Ratio, a Liquidity Requirement, Marketing Requirements, and Occupancy Requirements and restrictions related to the incurrence of Additional Indebtedness, existence of Liens on Property, consolidation and merger, transfers of assets, the addition of Obligated

Group Members, and the withdrawal of Obligated Group Members. See "FINANCING DOCUMENTS AND SELECTED COVENANTS" and in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – THE MASTER INDENTURE."

The Master Indenture permits each Obligated Group Member to issue or incur Additional Indebtedness evidenced by Master Obligations that will be secured on a parity basis with Obligation No. 1 and the Direct Purchase Obligations. Such additional Master Obligations will not be secured by the money or investments in any fund or account held by the Bond Trustee under the Trust Agreement as security for the 2021A Bonds. The circumstances under which such debt may be incurred under the terms of the Master Indenture are set forth in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – THE MASTER INDENTURE – Additional Indebtedness."

No Debt Service Reserve Fund

No debt service reserve fund will be established pursuant to the Master Indenture to secure payment of Obligation No. 1 and thereby the 2021A Bonds. The Obligated Group may establish debt service reserve funds under the Master Indenture in the future to secure additional Master Obligations issued under the Master Indenture, and such amounts will not serve as security for Obligation No. 1 or the 2021A Bonds.

Operating Reserves

Section 58-64-33 of the General Statutes of North Carolina, as amended, requires that all continuing care facilities, such as the Existing Facilities, maintain operating reserves equal to 50% of the total operating costs (as defined in Section 58-64-33) (or 25% of the total operating costs if such facilities maintain an occupancy level in excess of 90% and the North Carolina Commissioner of Insurance so approves) projected for the twelve-month period following the period covered by the most recent disclosure statement filed with the North Carolina Department of Insurance. Such operating reserves may only be released upon approval of the North Carolina Commissioner of Insurance. As such, the ability of the Master Trustee to enforce its security interest in any funds pledged under the Master Indenture held as operating reserves pursuant to Section 58-64-33 may be limited.

Additional Members of the Obligated Group

The Master Indenture provides that under certain conditions Persons that are not Members of the Obligated Group may, with the prior written consent of the then current Members of the Obligated Group, become Members of the Obligated Group. See in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – THE MASTER INDENTURE – Admission of Obligated Group Members."

Amendments to Trust Agreement

In general, the Trust Agreement permits amendments to be made thereto (except for certain amendments that do not require Bondholder consent) only with the consent of the holders of not less than a majority of the aggregate principal amount of all 2021A Bonds Outstanding. The Trust Agreement further provides that nothing therein contained shall permit, or be construed as permitting, any of the following:

- (a) An extension of the maturity of the principal amount of or the interest on any 2021A Bonds without the consent of the Holders of such 2021A Bonds;
- (b) A reduction in the principal amount of any 2021A Bonds or the redemption premium or the rate of interest thereon without the consent of the Holders of such 2021A Bonds;

(c) The creation of a pledge of receipts and revenues to be received by the Commission under the Loan Agreement superior to the pledge created by the Trust Agreement without the consent of the Holders of all 2021A Bonds Outstanding;

(d) A preference or priority of any 2021A Bond over any other 2021A Bond without consent of the Holders of all 2021A Bonds Outstanding; or

(e) A reduction in the aggregate principal amount of the 2021A Bonds required for consent to such supplemental trust agreement without the consent of the Holders of all Bonds Outstanding;

For additional information see in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT – Modification of Trust Agreement with Consent of Holders." See also "CERTAIN BONDHOLDERS' RISKS – Amendments to Financing Documents."

Amendments to Master Indenture

In general, the Master Indenture permits amendments to be made thereto (except for certain amendments that do not require the consent of the Holders of Master Obligations) only with the Consent of the Majority Holders, by Act of said Holders delivered to the Obligated Group Representative and the Master Trustee, and if any Commission Bonds are outstanding, the consent of the Commission. The Master Indenture further provides that without the Consent of the Holders of each Outstanding Master Obligation affected thereby, nothing therein contained shall permit, or be construed as permitting, any of the following:

(a) Change the Stated Maturity of the principal of, or any installment of interest on, any Master Obligations or any date for mandatory redemption thereof, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any Place of Payment where, or the coin or currency in which, any Master Obligations or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date), or

(b) Reduce the percentage in principal amount of the Outstanding Master Obligations the Consent of whose Holders is required for any such Supplemental Master Indenture or the Consent of whose Holders is required for any waiver (of compliance with certain provisions of this Master Indenture or certain defaults hereunder and their consequences) provided for in the Master Indenture, or

(c) Modify any of the provisions of the amendment section or the provisions of the Master Indenture dealing with the waiver of past defaults and future covenants, except to increase any such percentage or to provide that certain other provisions of the Master Indenture cannot be modified or waived without the Consent of the Holder of each Master Obligation affected thereby.

Notwithstanding the foregoing, during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in subsections (a), (b) and (c) above may be made with respect to an Outstanding Master Obligation with the consent of the holders of at least 80% in aggregate principal amount of all Outstanding Related Bonds related to such Master Obligation; provided, however, any such amendment shall not result in a preference or priority of any Master Obligation or Related Bonds over any other Master Obligation or Related Bonds (other than Subordinated Indebtedness and subordinated Related Bonds) and no such amendment described in subsections (a), (b) or (c) shall result in a disproportionate change, reduction or modification with respect to any Related Bonds. It shall not be

necessary for any Act of Holders of Master Obligations under this Section to approve the particular form of any proposed Supplemental Master Indenture, but it shall be sufficient if such Act shall approve the substance thereof.

For additional information see in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – MASTER INDENTURE – Supplements and Amendments." See "CERTAIN BONDHOLDERS' RISKS – Amendments to Financing Documents."

Funds and Accounts Held Under the Master Indenture and Bond Indenture

The 2021A Bonds are secured by funds and accounts held under the Master Indenture and the Bond Indenture, including the following:

Entrance Fee Fund

The Master Trustee will establish and maintain a separate fund to be known as the Entrance Fee Fund. All moneys received by the Master Trustee and held in the Entrance Fee Fund will be trust funds under the terms of the Supplemental Indenture and the Master Indenture for the benefit of all of the Outstanding Master Obligations (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Obligated Group Member. Such moneys will be held in trust and applied in accordance with the provisions of the Supplemental Indenture and the Master Indenture. While Project Initial Entrance Fees will secure all Master Obligations on a parity basis, they are not expected to be used to repay the 2021A Bonds.

(a) The Members of the Obligated Group agree that all Project Initial Entrance Fees received by the Members of the Obligated Group shall be transferred to the Master Trustee within five Business Days of receipt and the satisfaction of all conditions under applicable law and regulations for deposit into the Entrance Fee Fund.

(b) For so long as there shall not have occurred and be continuing an Event of Default under the Master Indenture, the Project Initial Entrance Fees deposited to the Entrance Fee Fund shall be applied by the Master Trustee in the following order of priority, as follows:

FIRST: Within two (2) Business Days of receipt, to the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Project Independent Living Unit. Such disbursements shall be made only upon receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds and directing the Master Trustee to make such payment.

SECOND: If there is no pending disbursement under FIRST, on last Business Day of each calendar month to the 2021B Lender to redeem the 2021B-2 Bonds in accordance with the terms of the Credit Agreement and the 2021B Trust Agreement. The deposit of the Project Initial Entrance Fees with the Master Trustee shall be deemed a direction from the Obligated Group Representative to the Master Trustee to so transfer such Project Initial Entrance Fees pursuant to this provision.

(c) For so long as an Event of Default has occurred and is continuing, the Project Initial Entrance Fees deposited to the Entrance Fee Fund shall be applied by the Master Trustee within two (2) Business Days of receipt in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Project Independent Living Units. Such disbursements shall be made only upon receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds and directing the Master Trustee to make such payment.

SECOND: If there is no pending disbursement under FIRST, to secure all outstanding Master Obligations on a pro rata basis.

(d) Once the 2021B-2 Bonds are no longer Outstanding, as certified in writing by the Obligated Group Representative or the Series 2021B Lender to the Master Trustee, and provided no Event of Default has occurred and is continuing, the Members of the Obligated Group shall no longer be obligated to deposit any Project Initial Entrance Fees into the Entrance Fee Fund. Upon delivery to the Master Trustee of an Officer's Certificate of the Obligated Group Representative stating the satisfaction of such conditions, any amounts on deposit in the Entrance Fee Fund not used for redemption of the 2021B-2 Bonds shall be remitted to the Obligated Group Representative and the Entrance Fee Fund shall be closed.

For additional information see in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – SUPPLEMENTAL INDENTURE – Entrance Fee Fund."

Revenue Fund

If an Event of Default under the Master Indenture occurs due to failure to pay any debt service on any Master Obligations when due and continues for a period of five days, the Master Trustee shall open a fund called the "Revenue Fund – Plantation Village Project" and each Obligated Group Member is required to deposit or cause to be deposited with the Master Trustee for deposit into the Revenue Fund all Gross Revenues of such Obligated Group Member and any set-off amounts from any Holder during each succeeding month, beginning on the first day thereof and on each day thereafter, until no payment default under the Master Indenture or in the payment of any other Master Obligations then exists.

On the fifth Business Day preceding the end of each month in which any Obligated Group Member has made payments to the Master Trustee for deposit into the Revenue Fund or such earlier date as directed by the Majority Holders, the Master Trustee will withdraw and pay or deposit from the amounts on deposit in the Revenue Fund the following amounts in the order indicated:

FIRST: To the payment of all Administrative Expenses;

SECOND: To the payment of refunds owed to residents of the Community, as demonstrated by an Officer's Certificate;

THIRD: To an operating account designated by the Obligated Group Representative (which shall not be subject to the lien of the Master Indenture), the amount necessary to pay the Expenses due or expected to become due in the month following the month in which such transfer is made, all as set forth in the then-current Annual Budget and including any rebate amounts due and to be deposited in any rebate fund established under any Related Bond Indenture; provided that if the principal of all the Master Obligations has been declared to be due and payable immediately, and if, as an alternative to payment under the preceding clause, in its sole discretion, the Master Trustee determines payment under this proviso is in the best interest of the Holders of the Outstanding Master Obligations or is directed by the Holders of not less than 25% of the principal

amount of the Outstanding Senior Obligations to proceed under this proviso, to pay the amounts required by paragraph FOURTH below;

FOURTH: To the payment of the amounts then due and unpaid upon the Senior Obligations for principal, premium, if any, and interest in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind (except as may otherwise be provided in a Supplemental Master Indenture with respect to withdrawals from the Debt Service Reserve Fund), according to the amounts due and payable on such Master Obligations for principal, premium, if any, and interest, respectively;

FIFTH: To restore any deficiency in a Debt Service Reserve Fund;

SIXTH: If the amounts then due and unpaid upon all Senior Obligations have been paid in full, to the payment of the amounts then due and unpaid upon any Subordinated Derivative Obligations, without preference or priority of any kind except as provided in the Supplemental Master Indenture pursuant to which such Subordinated Derivative Obligations were issued;

SEVENTH: If the amounts then due and unpaid upon all Master Obligations other than Subordinated Obligations have been paid in full, to the payment of the amounts then due and unpaid upon any Subordinated Obligations for principal, premium, if any, and interest, without preference or priority of any kind except as provided in the Supplemental Master Indenture pursuant to which such Subordinated Obligations were issued; and

EIGHTH: any amounts remaining shall be deposited in the Surplus Account of the Revenue Fund.

The moneys held in the Surplus Account (i) may be used to pay any of items FIRST through SEVENTH above and (ii) may be released to the Obligated Group so long as (A) there are no deficiencies in a Debt Service Reserve Fund, (B) the Obligated Group met the Debt Service Coverage Ratio covenant, the Liquidity Requirement, the Marketing Requirements, and the Occupancy Requirements, for the most recent Fiscal Year, to the extent that such covenants were being tested as of such Fiscal Year, and is in compliance with all Issuer regulations regarding the Obligated Group's liquidity position, if any, and (C) no Event of Default has then occurred and is continuing.

If the Revenue Fund is in effect and there are not sufficient funds to pay items FIRST through FOURTH, or if the Revenue Fund is not in effect and the Obligated Group does not have sufficient Revenues in its operating account to pay items FIRST through FOURTH, money will be withdrawn from a Debt Service Reserve Fund, if any.

For additional information see in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – MASTER INDENTURE – Revenue Fund."

[Remainder of page intentionally left blank]

ANNUAL DEBT SERVICE REQUIREMENTS*

The following table sets forth, for each Fiscal Year ending December 31, the amounts required to be paid by the Obligated Group in such Fiscal Year for the payment of principal of (whether at maturity or pursuant to mandatory redemption) and interest on the 2021A Bonds and the 2021B Bonds. In some cases, totals in the following table may not foot due to rounding.

Fiscal Year Ending December 31,	2021A Bonds		2021B-1 Bonds ¹		2021B-2 Bonds ²		Total Debt Service ³
	Principal	Interest	Principal	Interest	Principal	Interest	
2021			-	-	-	-	
2022			-	\$14,566	-	\$102,075	
2023			-	307,856	-	287,316	
2024			-	340,859	\$17,865,000	87,265	
2025			-	339,928	-	-	
2026			\$1,263,000	327,296	-	-	
2027			1,300,000	299,509	-	-	
2028			1,322,000	271,600	-	-	
2029			1,360,000	241,753	-	-	
2030			1,382,000	211,771	-	-	
2031			1,420,000	181,381	-	-	
2032			1,442,000	150,527	-	-	
2033			1,485,000	118,338	-	-	
2034			1,502,000	85,686	-	-	
2035			1,550,000	52,553	-	-	
2036			1,568,000	18,626	-	-	
2037			-	-	-	-	
2038			-	-	-	-	
2039			-	-	-	-	
2040			-	-	-	-	
2041			-	-	-	-	
2042			-	-	-	-	
2043			-	-	-	-	
2044			-	-	-	-	
2045			-	-	-	-	
2046			-	-	-	-	
2047			-	-	-	-	
2048			-	-	-	-	
2049			-	-	-	-	
TOTAL³			\$15,593,000	\$2,962,247	\$17,865,000	\$476,656	

¹ The 2021B-1 Bonds are draw down bonds and will bear interest at a rate of 2.15% per annum. Final maturity of the 2021B-1 Bonds is December 1, 2036.

² The 2021B-2 Bonds are draw down bonds and will bear interest at a rate of 1.60% per annum. The 2021B-2 Bonds are Qualifying Intermediate Term Indebtedness and, thus, the related principal and interest are not included in the Maximum Annual Debt Service calculation. The table shows anticipated repayment of the 2021B-2 Bonds from Project Initial Entrance Fee receipts prior to the stated maturity of the 2021B-2 Bonds.

³ Totals may not foot due to rounding.

* Preliminary, subject to change.

BONDHOLDERS' RISKS

General

Payment of the 2021A Bonds will depend primarily upon the Obligated Group's ability to generate revenues from the Existing Facilities and the Project (collectively, the "Facilities") sufficient to provide for payment of Obligation No. 1 while paying the operating expenses and other indebtedness of the Obligated Group, including the Direct Purchase Obligations.

The Obligated Group's ability to generate revenues and the overall financial condition of the Obligated Group may be adversely affected by a wide variety of future events and conditions, including changes in demand for facilities similar to those provided by the Obligated Group affecting the Obligated Group's ability to maintain full occupancy, fluctuations in public confidence both in the Obligated Group and the services it provides, changes in government licensing procedures and regulations and competition. The following are some of the factors that may affect the Obligated Group's operations and economic well-being and its ability to pay the 2021A Bonds.

Certain risks are inherent in the successful operation of facilities such as the Facilities. Such risks should be considered in evaluating the Obligated Group's ability to generate sufficient revenues from the operations of the Facilities to pay principal of, premium, if any, and interest on the 2021A Bonds when due. This section discusses some of these risks but is not intended to be a comprehensive listing of all risks associated with the operation of the Facilities or the payment of the 2021A Bonds.

Additions to the Obligated Group

The Corporation is currently the sole Obligated Group Member; however, the Master Indenture provides that under certain conditions Persons that are not Obligated Group Members may, with the prior written consent of the then current Obligated Group Members, become Obligated Group Members. See in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – MASTER INDENTURE – Admission of Obligated Group Members." Management of the Corporation currently has no plans to add additional Obligated Group Members. However, if and when new Members are added, the Obligated Group's financial situation and operations will likely be altered from that of the Obligated Group consisting only of the Corporation.

Actual Results May Differ from Historical and Projected Results

Certain audited and unaudited historical financial information regarding the Corporation is set forth in Appendices A and B. There can no assurance that the financial results achieved in the future will be similar to historical results. Such future results will vary from historical results, and the variations may be material. Therefore, the historical financial results cannot be taken as a representation that the Obligated Group will be able to fulfill its obligations under the Loan Agreement and Obligation No. 1, respectively.

Management's Forecast

Management's financial forecast contained in the Feasibility Study included in Appendix C hereto is based upon assumptions made by the management of the Corporation. As stated in such financial forecast, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. In addition, the financial forecast is only for the five years ending December 31, 2025 and consequently does not cover the whole period during which the 2021A Bonds may be outstanding. See the Feasibility Study included herein as Appendix C, which should be read in its entirety.

BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE, NO GUARANTEE CAN BE MADE THAT MANAGEMENT'S FINANCIAL FORECAST IN THE FEASIBILITY STUDY WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY UNCONTROLLABLE FACTORS, INCLUDING BUT NOT LIMITED TO INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES, EMPLOYEE RELATIONS, TAXES, GOVERNMENTAL CONTROLS, CHANGES IN APPLICABLE GOVERNMENTAL REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN THE RETIREMENT LIVING AND HEALTH CARE INDUSTRIES, AND GENERAL ECONOMIC CONDITIONS.

Limited Assets of the Obligated Group

The Obligated Group's sole business is expected to consist of the ownership and operation of the Facilities. Although it may seek donations from groups and individuals, the Obligated Group has no other sources of funds if revenues from operation of the Facilities are not sufficient to cover its expenses, including debt service on Obligation No. 1.

Construction Risks

Construction of the Project is subject to the usual risks associated with construction projects, including, but not limited to, delays in issuance of required building permits or other necessary approvals or permits, strikes, shortages of materials and adverse weather conditions. Such events could result in delaying occupancy of the Project and thus the revenue flow therefrom. Management of the Obligated Group anticipates that the utility permits not obtained to date will be obtained in due course. It is anticipated that the proceeds from the sale of the 2021 Bonds, together with anticipated investment earnings thereon and other equity of the Obligated Group will be sufficient to complete the construction and equipping of the Project based upon the guaranteed maximum price obtained from the contractor for the Project. However, cost overruns for projects of this magnitude may occur due to change orders and other factors. In addition, the date of substantial completion may be extended by reason of changes authorized by the Obligated Group, delays due to acts or neglect of the Obligated Group or by independent contractors employed by the Obligated Group or by labor disputes, fire, unusual delay in transportation, adverse conditions not reasonably anticipated, unavoidable casualties or any causes beyond the control of the contractors. Cost overruns could also result in the Obligated Group not having sufficient moneys to complete construction of the Project, thereby materially affecting the receipt of revenues needed to pay the 2021A Bonds.

For a discussion regarding the Project team, construction contract and the Project schedule see "THE PROJECT" in Appendix A hereto.

Construction Draws

The ability of the Corporation to receive disbursements from the Construction Account of the Construction Fund established under the Trust Agreement is subject to compliance by the Corporation with various requirements of the Disbursement Agreement. If the conditions to receipt of disbursements in the Disbursement Agreement are not met, construction draws may be temporarily suspended. A temporary suspension of funding might cause delay in completion and related cost overruns. Proceeds remaining in the Construction Fund together with other funds held under the Trust Agreement would not be sufficient to pay the principal of the 2021A Bonds upon acceleration.

2021B Bonds are Draw-Down Bonds

The 2021B Bonds are draw-down bonds held by the 2021B Lender.

At the closing of the issuance of 2021A Bonds, the outstanding principal amount of the 2021B Bonds shall be equal to the initial advance of approximately \$498,601*. From time to time, proceeds of the 2021B Bonds shall be drawn down in accordance with the provisions of the 2021B Trust Agreement and the Disbursement Agreement. See "PLAN OF FINANCING."

There are conditions precedent relating to making additional 2021B Advances, including compliance with the conditions of the Disbursement Agreement and the Credit Agreement. Additional 2021B Advances will be made only after the balance of the 2021A Bond proceeds in the Construction Fund under the Trust Agreement reaches \$5,000,000. The successful construction and development of the Project is dependent upon timely 2021B Advances in accordance with the Corporation's expected schedule of advances. No representation or warranty is made that such conditions will be satisfied on a timely basis or at all. A temporary or permanent suspension of additional 2021B Advances would likely adversely affect the construction of the Project and might result in an Event of Default on the 2021A Bonds. Such Event of Default may result in an investment loss for holders of the 2021A Bonds.

Initial Entrance Fees from the Project

The Corporation is required to deposit Project Initial Entrance Fees received by it with the Master Trustee for application in accordance with the terms of the Supplemental Indenture and the Master Indenture. Prior to an Event of Default and while the 2021B-2 Bonds are outstanding, the Project Initial Entrance Fees shall be used only to repay the 2021B-2 Bonds. The par amount of the 2021B-2 Bonds represents approximately 80.2% of the initial entrance fee pool for the Project. Only after an Event of Default under the Master Indenture can Project Initial Entrance Fees be used to redeem the 2021A Bonds in accordance with the Master Indenture. The ability of the Corporation to receive Project Initial Entrance Fees is subject to its ability to successfully market the Community and specifically the Project, and no assurance can be made that the Project Initial Entrance Fees received by the Corporation will be sufficient to fully repay the 2021B-2 Bonds.

Uncertainty of Full Occupancy and Fee Collection

Payment of Obligation No. 1 is dependent in part on the ability of the Obligated Group (a) to collect Entrance Fees from residents occupying residential units vacated by deceased residents or by permanent transfers from residential units to the Davis Community (see "HEALTH CARE" in Appendix A hereto) or by residents leaving the facility for other reasons and (b) to keep the Facilities occupied by residents who can pay both the Entrance Fees and the monthly fees.

The financial feasibility of the Facilities and payment, when due, of the 2021A Bonds is dependent on the continuing ability of the Obligated Group Members to maintain high levels of occupancy of the Facilities and to (i) fill those facilities that accept residents who purchase the right to live there by paying "entrance fees" ("Entrance Fees"), (ii) collect new Entrance Fees from residents occupying apartment units vacated by deceased residents, residents permanently transferred to personal care or nursing care facilities (see "THE COMMUNITY – Entrance Fees and Monthly Fees" and "– Entrance Fee Plan Types" in Appendix A) or residents leaving such facilities for other reasons, and (iii) keep the Facilities substantially occupied by residents who can pay the full amount of the Entrance Fees and/or monthly service fees. This depends to some extent on factors outside the Obligated Group Members' control, such as the residents'

* Preliminary, subject to change.

right to terminate their Residency Agreements in accordance with the terms of the Residency Agreements and by general economic conditions. In particular, a depressed housing market may prevent prospective residents from selling their homes and generating cash to pay Entrance Fees. If the Facilities fail to maintain a high level of occupancy, there may be insufficient funds to pay debt service on Obligation No. 1, any other Outstanding Master Obligations or other indebtedness. In addition, the economic feasibility of the Facilities also depends on the Obligated Group Members' ability to remarket units becoming available when residents die, withdraw, or are permanently transferred to a healthcare facility, skilled nursing facility or any other facility.

Moreover, if a substantial number of independent living unit residents live beyond their anticipated life expectancies or if admissions or transfers to the David Community or another health care facility (see "HEALTH CARE" in Appendix A hereto) are substantially less than anticipated by the Obligor, or if market conditions or market changes prevent an increase in the amount of the resident Entrance Fees payable by new residents of the Facilities or the monthly fees payable by all residents, the receipt of additional resident Entrance Fees and/or monthly fees would be curtailed or limited, with a consequent impairment of the Obligated Group Members' revenues. Such impairment would also result if the Obligated Group Member is unable to remarket independent living units becoming available when residents die, withdraw, or are permanently transferred to the health care components of the Facilities.

Management anticipates increases in monthly fees when necessary to offset increasing costs due primarily to inflation and other factors. There can be no assurance that such increases can or will be made in the future. In addition, since many of the residents will be living on fixed incomes, there can be no assurance that any such fee increases can be paid by residents or that such increases will not adversely affect the utilization of the Facilities. The Corporation may allow residents who unexpectedly become unable to pay full monthly fees to remain residents, even though the costs of caring for them could have an adverse effect on the financial condition of the Obligated Group. As a charitable Tax-Exempt Organization, the Corporation may be unwilling or unable to require residents unable to pay fees to leave the Facilities. See "ADMISSIONS AND RESIDENCY AGREEMENT PROVISIONS – Financial Assistance" in Appendix A. Additionally, the Corporation or other Members of the Obligated Group could possibly be required to accept additional residents unable to pay all fees in the future in order to maintain its tax-exempt status.

The current fee structure for the Facilities is described in "THE COMMUNITY – Entrance Fee and Monthly Fees" in Appendix A. The Corporation sets such fees based on, among other things, forecasts and actuarial tables. If the number of permanent transfers to the Davis Community (as described in "HEALTH CARE" in Appendix A) is less than assumed, the revenues of the Corporation could be adversely affected. If actual operating expenses are substantially different from that anticipated, the revenues of the Corporation could be less than needed. Should methods of payment other than Entrance Fees, including straight rental, become prevalent as the form of payment for elderly housing, the ability to charge resident entrance fees to potential future residents may decrease. If this should happen, the Corporation may be forced to alter its method of charging for elderly housing services and could encounter a significant cash flow problem.

The realization of future revenues and expenses are subject to, among other things, the capabilities of management of the Obligated Group Members, government regulation and future economic (including but not limited to availability of credit) and other conditions that are unpredictable and that may affect revenues and payment of principal of and interest on the 2021A Bonds. No representation or assurance can be made that revenues will be realized by the Obligated Group in amounts sufficient to make the required payments with respect to debt service on the 2021A Bonds.

Potential Refund of Entrance Fees

Under certain circumstances, the Corporation is obligated to refund all or a portion of a resident's Entrance Fee upon the resident's departure from the Facilities based on certain conditions and the Residency Agreement and as required by the State's statutes. The payment of such refunds could adversely affect the Corporation's ability to make payments required by the Loan Agreement and Obligation No. 1. See "ADMISSIONS AND RESIDENCY AGREEMENT PROVISIONS – Cancellation of Residency Agreement and Entrance Fee Refunds" in Appendix A

Issues Related to the Market of the Obligated Group

Sale of Personal Residences

It is anticipated that a number of prospective residents of the Existing Facilities and the independent living units which are part of the Project will need to sell their current homes in order to pay the Entrance Fee prior to occupancy or to meet other financial obligations under their Residency Agreements. Should prospective residents encounter difficulties in selling their current homes due to local or national economic conditions affecting the sale of residential real estate, such prospective residents may not have sufficient funds to pay the Entrance Fee or to meet other obligations under their Residency Agreements, thereby causing a delay in the remarketing of vacated units, either of which could have an adverse effect on the revenues of the Obligated Group.

Geographic Concentration

The Facilities are located in Wilmington, North Carolina. Accordingly, the occupancy rates in the Facilities may be adversely affected by regional and local economic conditions, competitive conditions, applicable local laws and regulations, and general real estate market conditions, including the supply and proximity of senior living communities in such area.

Nature of Incomes of the Elderly

A large percentage of the monthly income of some residents of the Facilities is fixed income derived from pensions and social security. If, due to inflation or otherwise, substantial increases in monthly fees are required to cover increases in operating costs, wages, benefits and other expenses, residents may have difficulty paying or may be unable to pay such increased monthly fees.

Financial Assistance

The Obligated Group Members may assist residents who become unable to pay fees and other charges of the Obligated Group by reason of circumstances beyond their control. The increased cost of care resulting from increased costs generally and financial assistance to a significant number of residents could adversely affect the financial condition of the Obligated Group. See "ADMISSIONS AND RESIDENCY AGREEMENT PROVISIONS – Financial Assistance" in Appendix A.

Existing Operations and Possible Increased Competition

The health care industry is highly competitive. The Obligated Group competes with a variety of other communities. Such competition may inhibit the extent to which the Obligated Group will be able to raise charges and maintain or increase admissions. Competing communities may offer newer or different centers or services and may thereby attract residents who are presently or potential residents of the Obligated Group's Facilities. The Obligated Group expects that it will face increasing levels of competition

with respect to its operations and the services it provides. The Obligated Group also competes with other businesses with respect to attracting and retaining high quality professional and non-professional employees and managers. The Facilities are located in areas where other facilities exist and they may face additional competition in the future as a result of the construction of new housing for the elderly or continuing care facilities or assisted living, skilled nursing or memory care facilities in their primary market areas. There may also arise in the future competition from other forms of housing for the elderly or nursing care facilities or from home care or home health providers, some of which may be designed to offer similar services at lower prices. See "Market Assessment" in Appendix C.

The Corporation has entered into a transfer agreement (the "Transfer Agreement") with the Davis Community for the temporary and permanent transfer of residents to assisted living beds or skilled nursing beds at the Davis Community. The Corporation does not itself currently provide any assisted living or skilled nursing services for residents. In the event either party to the Transfer Agreement exercises its rights to terminate the Transfer Agreement, such termination would not occur until three years from the time of notice. The Corporation would have such three year period to put into place alternative arrangements for the provision of assisted living and skilled nursing services for its residents, either through the provision of such services directly by the Corporation or through an arrangement with an alternate facility. See "HEALTH CARE" in Appendix A.

Affiliation, Merger, Acquisition and Divestiture

Significant numbers of affiliations, mergers, acquisitions and divestitures have occurred in the long-term care and health care industries recently. As part of its ongoing planning process, the Obligated Group may consider potential affiliations and acquisition of operations or properties which may become affiliated with or become part of the Obligated Group in the future. As a result, it is possible that the organizations and assets that currently comprise the Obligated Group may change from time to time. See in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – MASTER INDENTURE – Admission of Obligated Group Members."

Utilization Demand

Several factors could, if implemented, affect demand for services of the Facilities including: (i) efforts by insurers and governmental agencies to reduce utilization of skilled nursing home and long-term care facilities by such means as preventive medicine and home health care programs; (ii) advances in scientific and medical technology; (iii) a decline in the population, a change in the age composition of the population or a decline in the economic conditions of the service area of the Existing Facilities; and (iv) increased or more effective competition from retirement communities and long-term care facilities now or hereafter located in the service area of the Facilities.

Labor Relations

At the present time, none of the Obligated Group's employees are members of unions or receive union wages and benefits. Unionization of employees or a shortage of qualified professional personnel could cause an increase in payroll costs beyond those projected. The Obligated Group cannot control the prevailing wage rates in its service area and any increase in such rates will directly affect the costs of its operations.

Impact of Disruptions in the Credit Markets and General Economic Factors

The U.S. economy is unpredictable. Economic downturns and other unfavorable economic conditions have previously impacted the health care and senior care industries and health care and senior

care providers' business and financial condition. The Novel Coronavirus 2019 ("COVID-19") pandemic has had an adverse impact on global financial markets and economies. Access to credit and liquidity markets by borrowers in the health care, senior care, and other industries was, and may again be, adversely affected and costs of borrowing and liquidity facilities initially increased. The continued spread of COVID-19 and containment and mitigation efforts could have a material adverse effect on the operations of the members of the Obligated Group and on the State of North Carolina, national, and global economies.

Various states, including North Carolina, and local governments have issued orders and guidance that mandate or strongly encourage social distancing, face coverings and closed or limited non-essential business activities in an effort to slow the spread of COVID-19. Although most of these restrictions have been lifted in North Carolina, these actions have had, and are likely to continue to have, a material adverse impact on economic conditions throughout much of the world, including the United States and the State of North Carolina. The economic slowdown has resulted in reductions in consumer spending and dramatic increases in unemployment (including in North Carolina).

The U.S. Congress has passed a series of federal stimulus packages to address the COVID-19 crisis, including the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), as amended by the Paycheck Protection Program and Health Care Enhancement Act ("Enhancement Act"). The federal stimulus packages are designed to provide economic relief for individuals and various businesses, including hospitals and other health care providers. CARES Act and Enhancement Act provisions that may alleviate some of the financial strain on hospitals and other health care providers include, among others: (1) a \$175 billion "Public Health and Social Services Emergency Fund" created to reimburse eligible health care providers for "health care related expenses or lost revenues that are attributable to coronavirus" ("Provider Relief Fund") and (2) various Medicare and Medicaid policy changes that temporarily boost Medicare and Medicaid reimbursement or provide for additional flexibility in patient care during the COVID-19 emergency period. In March 2021, President Biden signed the American Rescue Plan Act of 2021, which provides a broad range of relief, including \$1.9 trillion in total spending. The timing, adequacy and other ultimate effects of any CARES Act, Enhancement Act, American Rescue Plan or other federal or state stimulus relief programs on the Obligated Group, or the economy generally, cannot be predicted at this time. The acceptance of funds from certain stimulus programs, including the Provider Relief Fund, is conditioned on eligibility and the acceptance of terms and conditions. Failure to comply with such requirements could result in recoupment or False Claims Act (discussed below) liability. See "– Covid-19 Pandemic or Other Infectious Disease Outbreak" below and "COVID-19 PANDEMIC" in Appendix A hereto for a discussion of the potential impacts on the Obligated Group of the current COVID-19 pandemic.

If general economic conditions further worsen as a result of COVID-19 virus and/or other causes, the Obligated Group may not be able to sustain future profitability, and its liquidity and ability to repay outstanding debt, including debt service on the 2021A Bonds, may be adversely affected. Other economic conditions that from time to time may adversely affect Obligated Group revenues and expenses, and consequently, its ability to make payments on Obligation No. 1, include but are not limited to: (1) an inability to access financial markets on acceptable terms at a desired time or increased borrowing costs, (2) significant investment portfolio losses, (3) increased business failures and consumer and business bankruptcies, (4) a reduction in the demand for health care or senior care services, (5) an increase in lawsuits and increased malpractice and casualty insurance expenses, (6) reduced availability or affordability of insurance, (7) increased operating costs, (8) a reduction in the receipt of grants and charitable contributions, (9) unfavorable demographic developments in the Obligated Group's service areas, (10) increased competition from other senior care or health care institutions, or (11) difficulties in extending existing or obtaining new liquidity facilities or in remarketing revenue bonds subject to tender. All or any of the foregoing conditions could be exacerbated by the COVID-19 pandemic.

Some of the challenges caused by the disruptions in the credit markets and general economic conditions are further highlighted below. These and other risks may adversely affect the Obligated Group and jeopardize its ability to generate revenues, make payments under the Loan Agreement and, consequently, make payments on the 2021A Bonds. There can be no assurance that the financial condition of the Obligated Group and/or the utilization of its Facilities will not be adversely affected by any of these circumstances.

COVID-19 Pandemic or Other Infectious Disease Outbreak

The COVID-19 pandemic, or another highly infectious disease outbreak in the Facilities or in the service areas of the Facilities, could materially adversely affect the Obligated Group's business or financial condition. The COVID-19 pandemic or such other highly infectious disease outbreak may affect the Obligated Group's operations and revenues in various ways, including but not limited to (1) reputational damage, (2) a quarantine or temporary shutdown, (3) professional or non-professional staff shortages or illness, or (4) failure to maintain occupancy or turnover due to potential residents choosing to defer or avoid senior care. Management cannot predict the impact on revenues or any costs associated with the COVID-19 pandemic or other highly infectious disease outbreak, but the impact of any costs or lost revenues could be material and adverse.

Governmental and commercial entity responses to the COVID-19 pandemic and resulting economic conditions may also directly or indirectly affect the Obligated Group's operations and revenues. For example, domestic or foreign governmental responses or commercial business responses to the COVID-19 pandemic or another highly infectious disease outbreak, such as shelter-in-place orders, sick-leave mandates or remote work policies, could (1) disrupt the production or supply of pharmaceuticals and medical supplies or increase the costs of such products, (2) result in significantly delayed payments from third party payors which may substantially decrease the Obligated Group's liquidity, (3) increase employee sick-leave expenses or other employee costs, or (4) otherwise materially adversely impact the Obligated Group's business in ways that are difficult to predict at this time. The extent to which business interruption insurance would be available in connection with any events resulting from the COVID-19 pandemic is dependent upon the specific facts of the events, and there can be no assurance that adequate business interruption insurance would be available to cover such losses. Management cannot predict the likelihood or severity of any of the aforementioned events upon the Obligated Group's business or financial condition, though such effect could be material and adverse. See "COVID-19 PANDEMIC" in Appendix A hereto for additional information regarding the Obligated Group's response to COVID-19 and its impact on the Obligated Group.

Management continues to monitor developments with respect to the COVID-19 pandemic and intends to follow any applicable requirements from the Centers for Disease Control, the Centers for Medicare and Medicaid Services ("CMS") or other federal, state and local regulatory agencies. See also, "– Impact of Disruptions in the Credit Markets and General Economic Factors" above for a discussion of other potential economic impacts of the COVID-19 pandemic.

Rights of Residents; State Regulation

Although under the current Residency Agreements residents have no special lien or claim against any property of the Obligated Group, there can be no certainty that residents could not successfully claim or otherwise restrict the use of the Obligated Group's property in a bankruptcy proceeding or other dispute.

Legislation regulating continuing care facilities in North Carolina, codified as Section 58-64-1 *et seq.* of the General Statutes of North Carolina, creates specific requirements for disclosure statements and contracts for continuing care, restricts the use of entrance fees, provides for civil liability for violations of

the disclosure requirements and criminal penalties for willful violations of the legislation. Section 58-64-45 of the General Statutes of North Carolina grants the State Commissioner of Insurance broad discretionary powers to supervise and, upon court order, to rehabilitate or liquidate any continuing care facility that becomes bankrupt or insolvent or otherwise fails to satisfy certain statutory standards. In addition, in the event of liquidation of the Corporation, under Section 58-64-60, residents' Residency Agreements are deemed preferred claims against all assets owned by the Corporation except secured claims.

The North Carolina General Assembly periodically studies the regulation of continuing care facilities. Although management of the Corporation is not aware of the introduction of any specific legislative proposals, legislation affecting continuing care facilities could be enacted in the future. Such legislation might limit the enforceability of and remedies provided under the Trust Agreement, the Loan Agreement, the Master Indenture or the Deed of Trust, thereby affecting the security for the 2021A Bonds.

State Delinquency Proceedings

Section 58-64-45 of the General Statutes of North Carolina, as amended, grants the North Carolina Commissioner of Insurance broad discretionary powers to supervise and, upon court order, to rehabilitate or liquidate any continuing care facility that becomes bankrupt or insolvent or otherwise fails to satisfy certain statutory standards. In the event that the North Carolina Commissioner of Insurance commences a delinquency proceeding against the Obligated Group Members pursuant to the provisions of Section 58-30-1 *et seq.* of the General Statutes of North Carolina, as amended, the North Carolina Commissioner of Insurance may be authorized by court order to take possession and control of all or a part of the property of the Obligated Group, including, without limitation, the Mortgaged Property, and the Master Trustee may be delayed, limited or precluded in the enforcement of remedies otherwise available to the Master Trustee under the terms of the Master Indenture and the Deed of Trust.

Tax Consequences to Residents

Section 7872 of the Internal Revenue Code of 1986, as amended (the "Code") provides that, in each year of a "below market loan," the lender will be treated as receiving taxable interest income calculated at the "applicable federal rate" in each year of the loan, even if the obligation to pay the loan does not provide for payment of any interest. The payment to the Obligated Group of the Entrance Fee, which must be refunded to such resident in certain circumstances in diminishing amounts for a period of time (see "ADMISSIONS AND RESIDENCY AGREEMENT PROVISIONS – Cancellation of Residency Agreement and Entrance Fee Refunds" in Appendix A), may be deemed to be a below market loan. If, however, the Obligated Group and the residents satisfy the conditions of Section 7872(h) of the Code dealing with certain payments to a "qualified continuing care facility" pursuant to a "continuing care contract," an Entrance Fee will not be treated as a "below market loan." No Treasury Regulations interpreting Section 7872(h) or the committee reports have been issued.

If a resident's payment of an Entrance Fee does not satisfy the conditions of Section 7872(h), then the prospect of a resident having to pay taxes on amounts not actually received will increase the resident's costs and may increase the time necessary to fill vacancies in the Existing Facilities. This, in turn, could adversely affect revenues of the Obligated Group. Section 7872 of the Code could have an adverse effect on the Obligated Group's ability to maintain current reservations or to market additional units of the Facilities.

Organized Resident Activity

The Obligated Group may, from time to time, be subject to pressure from organized groups of residents seeking, among other things, to raise the level of services or to maintain the level of monthly fees

with respect to the Facilities or other charges without increase. Moreover, the Obligated Group may be subject to conflicting pressures from different groups of residents, some of whom may seek an increase in the level of services while others wish to hold down monthly fees and other charges. No assurance can be given that the Obligated Group will be able satisfactorily to meet the needs of such resident groups.

State of North Carolina Tax Reform

The North Carolina General Assembly has in the past five years implemented various changes to the State's income and sales tax laws. Currently, charitable nonprofit entities such as the Corporation receive refunds for State and local sales taxes paid by such nonprofit entities; provided, however, that such refunds are limited to \$31,700,000 for State sales taxes and \$13,300,000 for local sales taxes per year. Although not adopted, several proposals have been introduced in the North Carolina General Assembly to decrease these sales tax refund limits. The Corporation can make no assurance that such refunds will not be decreased in the future. During the calendar year 2020, the Corporation received \$90,842 in such tax refunds.

In addition, other proposals, although not adopted, would have limited the amount of charitable contributions individuals could deduct for North Carolina state income tax purposes, which could have led to the Corporation receiving fewer charitable contributions. Also, a bill has been introduced to the North Carolina Senate which would limit sales tax refunds on purchases of food items by continuing care retirement communities; more specifically, as currently drafted, the bill would still allow tax refunds on food purchases by continuing care retirement communities used to feed nursing and assisted living residents, but would prohibit sales tax refunds for food provided to independent living residents. While the current bill would not result in a material adverse effect on the financial condition of the Obligated Group, there is no assurance such bill will pass in its current form. These and other tax reforms in the future may adversely affect the financial condition of the Obligated Group.

Federal Tax Matters

Change in Law

Future legislation (including changes in the individual and corporate tax rates), if enacted into law, or clarification of the Code, or court decisions, may cause interest on the 2021A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Purchasers should consult their own tax advisers regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Possible Changes in Corporation's Tax Status

The possible modification or repeal of certain existing federal income or state tax laws or other loss by the Obligated Group of the present advantages of certain provisions of the federal income or state tax laws could materially and adversely affect the status of the Obligated Group and thereby the revenues of the Obligated Group. The Corporation has obtained a determination letter from the Internal Revenue Service ("IRS") to the effect that it is exempt from federal income taxation under Section 501(a) of the Code by virtue of being an organization described in Section 501(c)(3) of the Code based on the representations it made to the IRS. In order to maintain such status, the Corporation is subject to a number of requirements affecting its operations in a manner consistent with representations previously made to the IRS and with current and future IRS regulations and rulings governing tax-exempt continuing care retirement facilities. The failure of the Corporation to remain a qualified tax exempt organization would affect the funds available to make payments under the Loan Agreement. Loss of tax-exempt status would likely have a significant adverse effect on the Obligated Group and its operations and could result in the

includability of interest on the 2021A Bonds in gross income for federal income tax purposes for owners of the 2021A Bonds retroactively to their date of issue.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of charitable organizations. There can be, however, no assurance that future changes in the laws and regulations of federal, state or local governments will not materially and adversely affect the operations and revenues of the Obligated Group by requiring it to pay income taxes.

Intermediate Sanctions

Section 4958 of the Code provides the Internal Revenue Service (the "IRS") with an "intermediate" tax enforcement tool to combat violations by tax-exempt organizations of the private inurement prohibition of the Code. Prior to the "intermediate sanctions law," the IRS could punish such violations only through revocation of an entity's tax-exempt status. Intermediate sanctions may be imposed where there is an "excess benefit transaction," defined to include a disqualified person (i.e., a director, officer or other related party) (1) engaging in a non-fair market value transaction with the tax-exempt organization; (2) receiving excessive compensation from the tax-exempt organization; or (3) receiving payment in an arrangement that violates the private inurement proscription. A disqualified person who benefits from an excess benefit transaction will be subject to a "first tier" penalty excise tax equal to 25% of the amount of the excess benefit. Organizational managers who participate in an excess benefit transaction knowing it to be improper are subject to a first-tier penalty excise tax of 10% of the amount of the excess benefit, subject to a maximum penalty of \$10,000. A "second tier" penalty excise tax of 200% of the amount of the excess benefit may be imposed on the disqualified person (but not the organizational manager) if the excess benefit transaction is not corrected in a specified time period.

Bond Audit

IRS officials have stated that more resources will be allocated to audits of tax-exempt bonds in the charitable organization sector. The 2021A Bonds may be subject to audit, from time to time, by the IRS. The Corporation believes that the 2021A Bonds properly comply with applicable tax laws and regulations. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the 2021A Bonds, as described under the heading "TAX TREATMENT." No ruling with respect to the tax-exempt status of the 2021A Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts and are not guarantees. There can be no assurance, therefore, that an audit of the 2021A Bonds will not adversely affect the tax-exempt status of the 2021A Bonds.

Other Tax Status Issues

The IRS has also issued Revenue Rulings dealing specifically with the manner in which a facility providing residential services to the elderly must operate in order to maintain its exemption under Section 501(c)(3). Revenue Rulings 61-72 and 72-124 hold that, if otherwise qualified, a facility providing residential services to the elderly is exempt under Section 501(c)(3) if the organization (1) is dedicated to providing, and in fact provides or otherwise makes available services for, care and housing to aged individuals who otherwise would be unable to provide for themselves without hardship, (2) to the extent of its financial ability, renders services to all or a reasonable proportion of its residents substantially below actual cost, and (3) renders services that minister to the needs of the elderly and relieve hardship or distress. Revenue Ruling 79-18 holds that a facility providing residential services to the elderly may admit only those tenants who are able to pay full rental charges, provided that those charges are set at a level that is within the financial reach of a significant segment of the community's elderly persons, and that the organization is committed by established policy to maintaining persons as residents, even if they become unable to pay the monthly charges after being admitted to the facility.

Other Legislation

In recent years the IRS and members of Congress have expressed concern about the need for more restrictive rules governing the tax-exempt status of 501(c)(3) organizations generally and of retirement and other senior living communities in particular. Legislation has been previously introduced restricting the ability of such organizations to utilize tax-exempt bonds unless they maintain a required percentage of low to moderate income residents. Although the Corporation has covenanted in the Loan Agreement to take all appropriate measures to maintain its tax-exempt status, compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the Obligated Group to charge and collect revenues at the level required by the Master Indenture, finance or refinance indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the 2021A Bonds.

Environmental Risks

On November 1, 2021, the Corporation obtained a Phase I environmental assessment with respect to the Mortgaged Property. The Phase I environmental assessment revealed no evidence of current recognized environmental conditions and the engineering consultant did not recommend any additional investigation at the time of the Phase I environmental assessment.

If any of the Mortgaged Property is determined at any time to be environmentally contaminated, the federal or State governments may require a clean-up of such Mortgaged Property and, as owner thereof, the Corporation could be required to pay all or a part of such clean-up costs. If the Corporation were unable to continue operations because of contamination on the Mortgaged Property or at the Facilities, the value of the Mortgaged Property at foreclosure may be reduced by the estimated cost of any required clean-up.

The Corporation is not aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants at the Mortgaged Property.

Certificate of Need

The Corporation currently does not provide assisted living beds or skilled nursing beds at its Facilities. See "HEALTH CARE" in Appendix A. In the event the Corporation decides to pursue the construction of facilities for the purpose of providing assisted living beds or skilled nursing beds, the Corporation would need to obtain a certificate of need ("CON").

Under the North Carolina Certificate of Need Law (the "CON Law"), the Obligated Group cannot, without obtaining a CON or an exemption from the requirement to so obtain a CON, among other things, make capital expenditures relating to health care exceeding \$2,000,000, increase the number of, or relocate, health care beds, including assisted living beds, effect a change of more than 15% of approved capital expenditures during development or within a year of completion of a project for which a CON has already been issued, change its nursing care or assisted living bed capacity or materially deviate from the proposed scope of an approved project or violate conditions imposed in the CON for such a project. The Corporation is contractually obligated to provide health care to its residents. To the extent the Transfer Agreement is terminated, the Corporation may need nursing care or assisted living beds, the ability to obtain such beds may be restricted by the CON law. See "HEALTH CARE" in Appendix A. Any failure to obtain a CON for needed beds would require the Corporation to continue contracting with outside providers for the required services.

Recently, some states have amended their CON laws to reduce or remove the restrictions imposed with respect to undertaking covered activities or expenditures related to health care facilities. In each of these states, there were substantial increases in the number of health care facilities providing services in

major urban areas. There have been increasing efforts in the North Carolina General Assembly to amend the CON Law in a similar manner.

In addition, the CON Law may be amended in the future to increase or decrease the regulatory restrictions and resulting costs.

Fair Housing and Anti-Discrimination Laws

There are a number of federal and state laws governing discrimination on the basis of age, disability, familial status, religion, race, and national origin, including the Age Discrimination Act of 1975, the Americans with Disabilities Act, the Fair Housing Amendments Act of 1989, and the Fair Housing Act of 1968. There are no assurances that the Members of the Obligated Group will not be subject to regulatory action to enforce these laws with respect to residents and the Facilities or legal action by residents to enforce their rights under these laws.

Licensure

The Corporation and its facilities, including the Project, are subject to various State and local licensing laws and regulations. The Corporation has all licenses needed to operate its Existing Facilities and anticipates receipt of all licenses to construct and operate the Project. Although the Corporation anticipates receipt of such licenses, there can be no assurance that the licenses will be granted. Additionally, the licensing laws and regulations may be changed in the future in ways that are adverse to the Corporation.

Insurance; Professional Liability Claims and Losses

The Master Indenture requires the Obligated Group to carry certain insurance. See Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – MASTER INDENTURE – Insurance." The Obligated Group maintains insurance policies with insurance companies for workers compensation, property and casualty coverage, flood insurance for applicable properties, general and professional liability, directors and officers coverage including employment practices, business interruption coverage and boiler and machinery coverage, among others. The Obligated Group maintains certain self-insurance reserves which it considers appropriate and which are in accordance with the requirements under the Master Indenture.

While the Obligated Group believes that it maintains adequate insurance coverage and reserves, there can be no assurance that future claims will not exceed insurance limits and available reserves. If such situation arose, it could adversely affect the financial condition of the Obligated Group.

Litigation may also arise from the corporate and business activities of the Obligated Group, including from its status as an employer. Many of these risks would be covered by insurance, but some might not be. For example, antitrust claims, claims arising from wrongful termination, business disputes and workers' compensation may not be covered by insurance or other sources and may, in whole or in part, be a liability of the Obligated Group if determined or settled adversely. The Obligated Group covenants to maintain professional liability insurance in the amount required under the Master Indenture. It is not possible at this time to determine either the extent to which such insurance coverage will continue to be available to the Obligated Group or the premiums at which such coverage can be obtained.

Transfers Out of the Obligated Group; Limitation on Liens

Under the terms of the Master Indenture, the Obligated Group, subject to certain restrictions, may transfer assets to organizations outside the Obligated Group. See Appendix D – "FORMS OF PRINCIPAL

LEGAL DOCUMENTS – MASTER INDENTURE – Permitted Transfers or Dispositions of Property" and "– Permitted Liens" hereto for a description of the provisions under which the Obligated Group may transfer cash and other liquid assets and dispose of the Mortgaged Property and other assets.

Limited Value at Foreclosure

The Existing Facilities have been, and the Project will be, specifically constructed for continuing care purposes and may not be practically suited for alternative uses. The number of entities that could be expected to purchase the Facilities at a foreclosure sale is limited, and thus the ability of the Master Trustee to realize funds from the sale of the Facilities, except as a continuing care facility, upon an event of default may be limited. Under State law, licenses to operate continuing care facilities are not transferable. Accordingly, an entity purchasing the Facilities at a foreclosure sale would need to obtain its own license to operate the Facilities as a continuing care facility. The Mortgaged Property is subject to various utility and other easements and certain other use restrictions which may affect its value at foreclosure.

It cannot presently be determined with certainty what the value of the Facilities would be in the event of foreclosure under the Deed of Trust. Further, the value of the Facilities at any given time will be directly affected by market and financial conditions which are not in the control of the parties involved in the 2021A Bonds transaction. Real property values can fluctuate substantially depending on a variety of factors. There is nothing associated with the Facilities to suggest that its value would remain stable or would not decrease if the general values of property in its local area were to decline.

Appraisal Matters

In connection with the issuance of the 2021B Bonds, the 2021B Lender obtained an appraisal. The appraisal determined that as of October 21, 2021, subject to certain assumptions and limiting conditions, the market value of the Community upon completion of the Project is valued to be \$130,200,000 and upon prospective stabilization is valued to be \$111,000,000. The intended use of the appraisal is for loan underwriting, and the intended user of the appraisal is solely the 2021B Lender and its participants. Holders of the 2021A Bonds are not entitled to rely on such appraisal. There can be no assurances that in a default scenario that such amount would be realized by the Master Trustee by exercising its right to foreclose.

Additional Indebtedness

The Master Indenture permits any Obligated Group Member to incur Additional Indebtedness, which may be equally and ratably secured with Obligation No. 1. Any such additional parity indebtedness would be entitled to share ratably with the Holders of Obligation No. 1, as set forth in the Master Indenture, in any money realized from the exercise of remedies in the event of a default under the Master Indenture. The issuance of additional parity indebtedness could impair the ability of the Obligated Group to maintain its compliance with certain covenants described in the proposed form of Master Indenture in Appendix D hereto. There is no assurance that, despite compliance with the conditions upon which Additional Indebtedness may be incurred at the time such debt is created, the ability of the Obligated Group to make the necessary payments to repay Obligation No. 1 may not be materially adversely affected upon the incurrence of Additional Indebtedness. See Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS."

Privately Held Bonds

Certain privately held indebtedness may expose the Obligated Group to "bank renewal risk" to the extent such indebtedness is not held to maturity or is subject to an optional or mandatory put. The Obligated

Group may issue variable rate indebtedness in the future which could expose the Obligated Group to "interest rate risk." These risks are more particularly described below:

- "bank renewal risk" – the risk that ownership of privately held bonds, not held to maturity or which is subject to an optional or mandatory put, will not be able to be renewed or replaced on reasonable terms; and
- "interest rate risk" – the risk that the interest rate on variable rate indebtedness will increase. The interest rate on variable rate indebtedness is subject to market rate fluctuation and the maximum interest rate may or may not be capped. In addition, if federal corporate tax rates decline, the interest rates on variable rate indebtedness could increase.

To manage bank renewal risk, the Obligated Group will seek to extend the holding periods as far in advance as is reasonable. There is no assurance that the Obligated Group will be able to extend the holding period or obtain bank facilities for such indebtedness on reasonable terms in the future.

The 2021B Bonds will be held by the 2021B Lender until maturity. The 2021B-1 Bonds have a final maturity date of December 1, 2036. The 2021B-2 Bonds have a final maturity date of December 1, 2028 assuming certain conditions are met by the Corporation, but no earlier than December 1, 2026 in any event. Both the 2021B-1 Bonds and the 2021B-2 Bonds will bear interest at a fixed rate. Although the 2021B Bonds will not expose the Corporation to bank renewal risk or interest rate risk, as described in "SECURITY AND SOURCES OF PAYMENT – Covenants; Additional Indebtedness," the Corporation may incur additional indebtedness in the future subject to the provisions of the Master Indenture. Such additional indebtedness may be publicly offered or privately held. In addition, such indebtedness may bear interest at a fixed rate or at a variable rate.

Enforcement of Remedies; Additional Covenants

The 2021B Lender is expected to be the Holder of approximately 50.7%* of the outstanding principal amount of all Master Obligations Outstanding under the Master Indenture (after the issuance of the 2021B Bonds and assuming the full amount of the 2021B Bonds are drawn). Under the Master Indenture, upon the occurrence and during the continuation of an Event of Default, the Holders of not less than 25% in principal amount of the Outstanding Senior Obligations or any Person properly exercising the right given to such Person under any Supplemental Master Indenture to require acceleration of a Master Obligation held by such Person that was issued pursuant to such Supplemental Master Indenture, may direct the Master Trustee to declare the principal of all of the Master Obligations to be due and payable immediately.

The financing documents related to the 2021B Bonds contain certain covenants of the Obligated Group that either are not contained in the Master Indenture and the Loan Agreement or that are similar but vary in some respects from the covenants contained in the Master Indenture and the Loan Agreement. The risks of having covenants that differ from those in the Master Indenture and the Loan Agreement is that the Obligated Group could be in default with respect to the 2021B Bonds but not the 2021A Bonds. A default under the Credit Agreement could result in a default under the Master Indenture.

The Master Trustee will be required to accelerate Obligation No. 1 if it accelerates the Obligation No. 2 and/or Obligation No. 3.

* Preliminary, subject to change.

Initial Entrance Fees for Independent Living Units of the Project

The Project Initial Entrance Fees for the independent living units being built as part of the Project will be deposited monthly by the Corporation into the Entrance Fee Fund held by the Master Trustee and then applied to pay down the principal amount of the 2021B-2 Bonds. Until applied to the payment of the 2021B-2 Bonds, such Entrance Fees will remain Gross Revenues and will be available for all Obligations if there is an Event of Default and an acceleration of the Master Obligations. See Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – THE SUPPLEMENTAL INDENTURE – Entrance Fee Fund."

Risk of Early Redemption

Purchasers of the 2021A Bonds, including those who purchase 2021A Bonds at a price in excess of their principal amount or who hold such bonds trading at a price in excess of par, should consider the fact that the 2021A Bonds are subject to optional and mandatory redemption at a redemption price equal to their principal amount plus accrued interest upon the occurrence of certain events. This could occur, for example, in the event that the 2021A Bonds are prepaid as a result of a casualty or condemnation award affecting the Facilities or there is a default under the Deed of Trust. See "THE 2021A BONDS – Optional Redemption" and "– Extraordinary Optional Redemption." Under such circumstances, a purchaser of the 2021A Bonds whose bonds are called for early redemption may not have the opportunity to hold such bonds for a time period consistent with such purchaser's original investment intentions and may lose any premium paid for the 2021A Bonds.

Risk of Loss Upon Redemption

The rights of Beneficial Owners to receive interest on the 2021A Bonds will terminate on the date, if any, on which such 2021A Bonds are to be redeemed pursuant to a call for redemption, notice of which has been given under the terms of the Trust Agreement, and interest on such 2021A Bonds will no longer accrue on and after such date of redemption. There can be no assurance that the Corporation will be able or will be obligated to pay for any amounts not available under the Trust Agreement. In addition, there can be no guarantee that present provisions of the Code or the rules and regulations thereunder will not be adversely amended or modified, thereby rendering the interest earned on the 2021A Bonds taxable for federal income tax purposes. Interest earned on the principal amount of the 2021A Bonds may or may not be subject to state or local income taxes under applicable state or local tax laws. Each prospective purchaser of Beneficial Ownership Interests in the 2021A Bonds should consult his or her own tax advisor regarding the taxable status of the 2021A Bonds in a particular state or local jurisdiction.

Bankruptcy

Title 11 of the United States Code (the "Bankruptcy Code") permits a bankruptcy court to modify the rights of a creditor holding a secured claim under certain circumstances. In the event of a bankruptcy proceeding involving any Obligated Group Member, by virtue of the Master Indenture, the Master Trustee should be treated under the Bankruptcy Code as one holding a secured claim to the extent provided in the Master Indenture; and by virtue of the Deed of Trust, the Master Trustee should be similarly treated to the extent provided in the Deed of Trust (as suggested by the legislative history of the Bankruptcy Code, although there is no direct authority on the point). The potential effects of bankruptcy of any Obligated Group Member could be, among other things, (1) to delay enforcement of remedies otherwise available to the Master Trustee and allow the bankruptcy court, under certain circumstances, to substitute other assets of any Obligated Group Member for collateral under the Master Indenture or the Deed of Trust, (2) to sell all or part of the collateral under the Master Indenture or the Deed of Trust without application of the proceeds to the payment of the Master Obligations, including Obligation No. 1, (3) to subordinate the rights and liens created by the Master Indenture and the Deed of Trust to liens securing borrowing approved by

the bankruptcy court, (4) to permit any Obligated Group Member to cure defaults and reinstate the Master Indenture and the Deed of Trust, (5) to compel release of the Deed of Trust or termination of the Master Indenture by payment of an amount determined by the bankruptcy court to be the value of the collateral thereunder (even though less than the total of the Master Obligations thereunder) or (6) to modify the terms of or payments due under the Master Obligations, including Obligation No. 1. For additional detail, reference is made to the Bankruptcy Code, 11 U.S.C. 101 *et seq.*

No Debt Service Reserve Fund

There is no specifically identified debt service reserve fund supporting payment of the 2021A Bonds and the purchasers of the 2021A Bonds should look to the Trust Estate and the Deed of Trust for payment.

The Obligated Group may establish debt service reserve funds under the Master Indenture in the future to secure additional Master Obligations issued under the Master Indenture, and such amounts will not serve as security for Obligation No. 1 or the 2021A Bonds.

Limitations on Security Interest in Gross Revenues and Other Personal Property Collateral

The security interest in the Personal Property Collateral and the proceeds thereof will be perfected to the extent, and only to the extent, that such security interest may be perfected by filing financing statements under the Uniform Commercial Code of the State (the "UCC"). Continuation statements with respect to such filings must be filed periodically as required by law to continue the perfection of such security interest. To the extent that the security interest in certain Personal Property Collateral cannot be perfected by filing a financing statement, the security interest in such Personal Property Collateral may not be enforceable against third parties unless such Personal Property Collateral is transferred to the Master Trustee (which is required only upon the occurrence of an Event of Default under the Master Indenture). In such event, the Master Trustee may not be able to compel certain third-party payors to make payment directly to the Master Trustee. The enforcement of the security interest in Personal Property Collateral may further be limited by the following: (a) statutory liens, (b) rights arising in favor of the United States of America or any agency thereof, (c) current or future prohibitions against assignment contained in any federal or State statutes or regulations, (d) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction and (e) federal bankruptcy laws, rights of the North Carolina Commissioner of Insurance to supervise, rehabilitate or liquidate certain continuing care facilities pursuant to the provisions of §58-64-45 of the General Statutes of North Carolina, State of North Carolina receivership or fraudulent conveyance laws or similar laws affecting creditors' rights that may affect the enforceability of the Master Indenture or the security interest in the Personal Property Collateral.

Pursuant to the Master Indenture, each Obligated Group Members that pledges its Gross Revenues under the Master Indenture covenants and agrees that, if an Event of Default involving a failure to pay any installment of interest or principal on a Master Obligation should occur and be continuing, it will deposit its Gross Revenues with the Master Trustee (except to the extent otherwise provided by or inconsistent with any instrument creating any Permitted Lien) during each succeeding month, beginning on the first day thereof and on each day thereafter until no such default exists.

It is unclear whether the covenant to deposit the proceeds of Gross Revenues with the Master Trustee is enforceable. In light of the foregoing and of questions as to limitations on the effectiveness of the security interest granted in such Gross Revenues, as described above, no opinion will be expressed by counsel to the Obligor as to enforceability of such covenant with respect to the required deposits.

Enforcement of Remedies

The remedies specified in the Loan Agreement, the Trust Agreement, the Master Indenture and the Deed of Trust may, in many respects, require judicial action of a nature that is often subject to discretion and delay. Under existing law, the remedies specified in the Loan Agreement, the Trust Agreement, the Master Indenture and the Deed of Trust may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in those documents. The various legal opinions to be delivered concurrently with the delivery of the 2021A Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies and by bankruptcy, fraudulent conveyance, reorganization and other laws affecting the enforcement of creditors' rights generally and by general equitable principles.

Upon an acceleration of the Master Obligations issued under the Master Indenture, after paying the expenses and other amounts due the Master Trustee, amounts available to pay the Master Obligations will be prorated among all Holders of Master Obligations without preference or priority of principal or premium over interest or of interest over principal or premium, or of any Master Obligation over any other Master Obligation. Upon the issuance of the 2021A Bonds, the principal amount of Obligation No. 1 will be approximately 49.3%* and Obligation No. 2 will be approximately 50.7%*, of the aggregate principal amount of all Master Obligations Outstanding under the Master Indenture. The Master Indenture permits the issuance of Additional Master Obligations under the circumstances specified therein, so the proportion of the principal amount of Obligation No. 1 to the principal amount of all Master Obligations at any time Outstanding under the Master Indenture is subject to change.

The obligations of the Corporation and any future Obligated Group Member with respect to Obligation No. 1 will be limited to the same extent as the obligations of debtors are typically affected by bankruptcy, insolvency and the application of general principles of creditors' rights and as additionally described below.

The accounts of the Corporation and any future Obligated Group Member will be combined for financial reporting purposes and will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the incurrence of Additional Indebtedness) are met, notwithstanding the uncertainties as to the enforceability of certain obligations of the Obligated Group contained in the Master Indenture which bear on the availability of the assets and revenues of the Obligated Group to pay debt service on Master Obligations, including Obligation No. 1, pledged under the related bond indenture as security for the related series of bonds. The obligations described herein of the Obligated Group to make payments of debt service on Master Obligations issued under the Master Indenture (including transfers in connection with voluntary dissolution or liquidation) may not be enforceable to the extent (1) enforceability may be limited by applicable bankruptcy, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights and by general equitable principles and (2) such payments (i) are requested with respect to payments on any Master Obligations issued by an Obligated Group Member other than the Obligated Group Member from which such payment is requested, issued for a purpose which is not consistent with the charitable purposes of the Obligated Group Member from which such payment is requested or issued for the benefit of a Obligated Group Member which is not a Tax-Exempt Organization; (ii) are requested to be made from any moneys or assets which are donor-restricted or which are subject to a direct or express trust which does not permit the use of such moneys or assets for such a payment; (iii) would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by the Obligated Group Member from which such payment is requested; or (iv) are requested to be made pursuant to any loan violating applicable usury laws. The extent to which the assets of any future Obligated Group Member may fall within the categories (ii) and (iii) above for the Master

* Preliminary, subject to change.

Obligations cannot now be determined. The amount of such assets which could fall within such categories could be substantial.

If there are additional Members in the future, an Obligated Group Member may not be required to make any payment on any Master Obligation, or portion thereof, the proceeds of which were not loaned or otherwise disbursed to such Obligated Group Member to the extent that such payment would render such Obligated Group Member insolvent or which would conflict with or not be permitted by or which is subject to recovery for the benefit of other creditors of such Obligated Group Member under applicable laws. There is no clear precedent in the law as to whether such payments from an Obligated Group Member in order to pay debt service on Obligation No. 1 may be voided by a trustee in bankruptcy in the event of bankruptcy of an Obligated Group Member, or by third-party creditors in an action brought pursuant to the State's fraudulent conveyance statutes. Under the United States Bankruptcy Code, a trustee in bankruptcy and, under the State's fraudulent conveyance statutes and common law, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases therefor, (1) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty and (2) the guaranty renders the guarantor insolvent, as defined in the United States Bankruptcy Code or the State's fraudulent conveyance statutes, or the guarantor is undercapitalized.

Application by courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. It is possible that, in an action to force an Obligated Group Member to pay debt service on a Master Obligation for which it was not the direct beneficiary, a court might not enforce such a payment in the event it is determined that such Obligated Group Member is analogous to a guarantor of the debt of the Obligated Group who directly benefited from the borrowing and that sufficient consideration for such Obligated Group Member's guaranty was not received and that the incurrence of such Master Obligation has rendered or will render the such Obligated Group Member insolvent.

Amendments to Financing Documents

Certain amendments to the Master Indenture, the Trust Agreement and the Loan Agreement may be made without notice to or the consent of all of the Holders of, with respect to the Master Indenture, the Master Obligations or, with respect to the Trust Agreement and Loan Agreement, the 2021A Bonds, and other amendments may be made with the consent of the Holders of a majority in aggregate principal amount of all outstanding Master Obligations or the 2021A Bonds, as applicable. Such amendments could affect the security for the Master Obligations or the 2021A Bonds, as applicable.

For a description of the manner in which the Trust Agreement or the Master Indenture can be amended see "SECURITY AND SOURCE OF PAYMENT – Amendment to Trust Agreement" and "– Amendment to Master Indenture" and Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – MASTER INDENTURE – Supplements and Amendments," "– TRUST AGREEMENT – Supplemental Trust Agreements" and "– LOAN AGREEMENT – Amendment of Agreement."

In addition, the Master Indenture specifically permits that, in connection with the initial offering and sale of any Related Bonds, the underwriters (or their representative) of such Related Bonds will be deemed to be the initial Holders thereof or, if such Related Bonds so provide, may be appointed as attorney-in-fact by the initial purchasers of such Related Bonds for the purpose of consenting to any request, direction, consent or other instrument to be signed and executed by the Holders. In connection with any future changes implemented with the issuance of future Related Bonds, Holders of the 2021A Bonds being issued hereby, as Holders of Obligation No. 1, may not get notice or a chance to vote with respect to any such changes. See in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – MASTER INDENTURE – Acts of Holders of Master Obligations."

Failure to Provide Ongoing Disclosure

Pursuant to the Loan Agreement, the Corporation will undertake certain continuing disclosure obligations pursuant to Rule 15c2-12 in connection with the issuance of the 2021A Bonds. Failure to comply with this continuing disclosure undertaking and additional disclosure obligations in the future may adversely affect the liquidity of the affected 2021A Bonds and their market price in the secondary market. See "CONTINUING DISCLOSURE AND ADDITIONAL DISCLOSURE" herein.

Secondary Market for Bonds

It is the present practice of the Underwriter to make a secondary market in the bond issues it offers. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular bond issue, these secondary marketing practices in connection with a particular bond issue are suspended or terminated. In addition, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially lower than the original purchase price. While there can be no guarantee or assurance that the Underwriter will always continue its present secondary marketing practices, the Underwriter presently intends to make a secondary market in the 2021A Bonds, subject to the foregoing limitations. Nevertheless, there can be no guarantee that there will be a secondary market for the 2021A Bonds or, if a secondary market exists, that the 2021A Bonds can be sold for any particular price. Any prospective purchaser of the 2021A Bonds should therefore undertake an independent investigation through its own advisors regarding the desirability and practicality of the investment in the 2021A Bonds. Any prospective purchaser should be fully aware of the long-term nature of an investment in the 2021A Bonds and should assume that it will have to bear the economic risk of its investment indefinitely. Any prospective purchaser of the 2021A Bonds that does not intend or that is not able to hold the 2021A Bonds for a substantial period of time is advised against investing in the 2021A Bonds.

Cybersecurity

Like many organizations, the Corporation is highly dependent on digital technologies. These systems necessarily hold large quantities of highly sensitive protected health information that is highly valued on the black market for such information. As a result, the electronic systems and networks of healthcare organizations, including the Corporation as described in the following paragraph, have been targeted and are considered likely future targets for cyber-attacks and other potential breaches of their systems. In addition to regulatory fines and penalties, the healthcare entities subject to the breaches may be liable for the costs of remediating the breaches, damages to individuals whose information has been breached, reputational damage and business loss, and damage to the information technology infrastructure. A cybersecurity breach could have a materially adverse impact on the Obligated Group.

Increased Risk of Natural Disasters

The Community is located in Wilmington, North Carolina on the coast near the Atlantic Ocean. Although the Project is not located in a flood plain, the Wilmington area in general faces an increased risk of natural disasters such as hurricanes and flooding because it is a low-lying area in close proximity to the ocean. See "OTHER – Hurricane Preparedness" in Appendix A. Additionally, the risk of such natural disasters may be increasing due to global climate changes. The occurrence of such natural disasters may damage the Corporation's facilities and the generation of revenues to the Corporation.

Other Possible Risk Factors

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the Obligated Group:

- (i) Reinstatement or establishment of mandatory governmental wage, rent or price controls;
- (ii) Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, given an inability to obtain corresponding increases in revenues from residents whose incomes will largely be fixed;
- (iii) Unionization, employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without a corresponding increase in revenues;
- (iv) Adoption of other federal, state or local legislation or regulations having an adverse effect on the future operating or financial performance of the Obligated Group;
- (v) The cost and availability of energy;
- (vi) Increased unemployment or other adverse economic conditions in the service area of the Obligated Group which would increase the proportion of residents who are unable to pay fully for the cost of their unit or services;
- (vii) Any increase in the quantity of indigent care provided which is mandated by law or required due to increased needs of the community in order to maintain the charitable status of the Obligated Group;
- (viii) Inflation or other adverse economic conditions;
- (ix) Changes in tax, pension, social security or other laws and regulations affecting the provisions of health care and other services to the elderly;
- (x) Inability to control the diminution of residents' assets or insurance coverage which could affect their ability to pay for their unit or services;
- (xi) The occurrence of natural disasters, including floods and earthquakes, which may damage the facilities of the Obligated Group, interrupt utility service to the facilities, or otherwise impair the operation and generation of revenues from said facilities; or
- (xii) Cost and availability of any insurance, such as malpractice, fire, automobile and general comprehensive liability, that organizations such as the Obligated Group generally carry.

FINANCING DOCUMENTS AND SELECTED COVENANTS

The Master Indenture, the Trust Agreement and the Loan Agreement contain certain covenants of the Obligated Group with respect to use and operation of the Facilities, incurrence of additional debt, disposition of assets, use of bond proceeds, maintenance of the Members of the Obligated Group's existence as a tax-exempt, nonprofit corporations and information reporting as described more fully in Appendix D. Below is a summary of certain covenants, including the rate covenant, liquidity covenant, marketing covenant, occupancy covenant, and the rating covenant contained in the Master Indenture and reference is made to the Master Indenture, for a complete statement of the rights, duties and obligations of the parties thereto.

Rate Covenant

The Master Indenture requires the Obligated Group to calculate the Debt Service Coverage Ratio for each fiscal quarter (on a rolling four quarter basis) and to maintain a Debt Service Coverage Ratio of at least 1.20 for each Fiscal Year, commencing with the first full Fiscal Year following the earlier of (1) December 31, 2026, or (2) the first full Fiscal Year during which Stable Occupancy occurs (the "Initial Testing Year"), based on audited financial statements and will deliver a copy of such calculation to the Persons to whom such report is required to be delivered under "FINANCIAL REPORTING AND CONTINUING DISCLOSURE – Financial Reporting" herein. The calculation of the Debt Service Coverage Ratio for any period prior to the Initial Testing Year and for the first three fiscal quarters of each Fiscal Year is for information purposes only.

The Debt Service Coverage Ratio means, for any period, the ratio of (a) Income Available for Debt Service received during such period to (b) Maximum Annual Debt Service, subject to certain adjustments as provided in the Master Indenture.

If the Debt Service Coverage Ratio as of the end of any Fiscal Year is less than 1.20 (but not less than 1.00), the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, engage a Management Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase the Debt Service Coverage Ratio to at least 1.20 in the future. A copy of the Management Consultant's report and recommendations, if any, shall be filed with each Member and each Required Information Recipient within 60 days after the date such Management Consultant is engaged.

Each Obligated Group Member shall use the recommendations of the Management Consultant applicable to it to the extent feasible (as determined in the judgment of the Governing Body of such Member) and to the extent permitted by applicable law. Maintaining the minimum Debt Service Coverage Ratio shall not be construed to prohibit any Member from serving indigent residents to the extent required for such Member to continue its qualification as a Tax-Exempt Organization or from serving any other class or classes of residents without charge or at reduced rates so long as such service does not prevent the Obligated Group from satisfying the other requirements hereof. The foregoing provisions notwithstanding, if the Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year does not meet the levels required above, (A) the Management Consultant engaged by the Obligated Group Representative to deliver the initial report and recommendations may be a third-party manager of the Facilities, and (B) the Obligated Group shall not be obligated to engage a Management Consultant to make such recommendations if a Management Consultant's report was prepared for the previous Fiscal Year (unless the Majority Holders request a new Consultant's report).

If the Obligated Group fails to achieve a Debt Service Coverage Ratio of 1.20, but achieves a Debt Service Coverage Ratio of at least 1.00 for any Fiscal Year, such failure shall not constitute an Event of Default under the Master Indenture so long as the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a report and adopting a plan and complies with the recommendations contained in such report to the extent feasible (as determined in the judgment of the Governing Body of the Obligated Group Representative) and to the extent permitted by law. The foregoing provisions notwithstanding, it shall constitute an Event of Default if either (i) the Debt Service Coverage Ratio for any two consecutive Fiscal Years is less than 1.00 or (ii) the Debt Service Coverage Ratio for any Fiscal Year is less than 1.00 and the Obligated Group has less than 150 Days' Cash on Hand as of the last day of such Fiscal Year.

Notwithstanding any other provisions of the Master Indenture and subject to the conditions set forth in the following paragraph, in the event that any Obligated Group Member incurs any Additional Indebtedness for any Capital Addition, the Debt Service on such Additional Indebtedness and the Revenues and Expenses relating to the Capital Addition financed with the proceeds of such Additional Indebtedness shall be excluded from the calculation of the Debt Service Coverage Ratio of the Obligated Group for the purposes of complying with the provisions above with respect to the Debt Service Coverage Ratio until the first full Fiscal Year following the earlier of (i) the estimated completion of the Capital Addition being paid for with the proceeds of such Additional Indebtedness provided that such completion occurs no later than six months following the completion date for such Capital Addition set forth in the Management Consultant's report or Officer's Certificate described in (A) in the paragraph below, or (ii) if the Capital Addition being paid for with the proceeds of such Additional Indebtedness includes independent living, assisted living, personal care or skilled nursing facilities, (1) the first full Fiscal Year in which Stable Occupancy is achieved, or (2) if sooner than (1), the end of the fifth full Fiscal Year after the incurrence of such Additional Indebtedness.

In order to apply the exclusion in the preceding paragraph, there shall be delivered to the Master Trustee a report or opinion of a Management Consultant (which shall be a part of any report provided to incur indebtedness under the Master Indenture) to the effect that the Debt Service Coverage Ratio for the first full Fiscal Year (taking into account the Additional Indebtedness to be incurred) following the later of (1) the estimated completion of the Capital Addition being paid for with the proceeds of such Additional Indebtedness, or (2) if the Capital Addition being paid for with the proceeds of such Additional Indebtedness includes independent living, assisted living, personal care or skilled nursing facilities, the first full Fiscal Year following the year in which Stable Occupancy is achieved, which Stable Occupancy shall be projected to occur no later than during the fifth full Fiscal Year following the incurrence of such Additional Indebtedness, will be not less than 1.20 after giving effect to the incurrence of such Additional Indebtedness and the application of the proceeds thereof; provided, however, that in the event a Management Consultant's report is not required to incur such Additional Indebtedness, the Obligated Group may deliver an Officer's Certificate to the Master Trustee in lieu of the Management Consultant's report described in this subsection.

Liquidity Covenant

The Master Indenture requires that the Obligated Group calculate the Days' Cash on Hand of the Obligated Group as of each June 30 and December 31 of each Fiscal Year, commencing June 30, 2022 (each such date being a "Liquidity Testing Date").

"Days' Cash on Hand" means 365 times (i) the aggregate unrestricted cash and unrestricted marketable securities (including board-designated funds and the operating reserve required to be maintained pursuant to Section 58-64-33 of the North Carolina General Statutes, as amended, or any successor statute) of the Obligated Group as of the date of computation, excluding cash and unrestricted marketable securities

attributable to indebtedness of the Obligated Group, divided by (ii) the total Operating Expenses of the Obligated Group for the immediately preceding Fiscal Year, excluding depreciation and amortization, as shown on the audited financial statements of the Obligated Group for such Fiscal Year. All securities shall be valued at fair market value for purposes of this definition.

"Operating Expenses" means, for a period, the aggregate of all expenses calculated under GAAP, including, without limitation, any accrual for taxes, assessments and insurance, incurred by the Person or group of Persons involved during such period, but excluding (a) depreciation and amortization, (b) extraordinary expenses, losses on the sale of assets other than in the ordinary course of business and losses on the extinguishment of debt or termination of pension plans, (c) any expenses resulting from a forgiveness of or the establishment of reserves against indebtedness of an Affiliate which does not constitute an extraordinary expense, (d) losses resulting from any reappraisal, revaluation or write down of assets other than bad debts, (e) non-cash expenses or losses and (f) any development, marketing, operating or management fees that have been deferred from the year in which they were originally due. If such calculation of Operating Expenses is being made with respect to the Obligated Group, any such expenses attributable to transactions between any Member and any other Member shall be excluded.

Each Obligated Group Member is required to conduct its business so that on each Liquidity Testing Date the Obligated Group shall have no less than 120 Days' Cash on Hand (the "Liquidity Requirement"). If the number of Days' Cash on Hand as of a Liquidity Testing Date is less than the Liquidity Requirement, the Obligated Group Representative shall, not later than 30 days after receipt of the financial statements disclosing such deficiency, deliver to the Master Trustee a management report setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth the steps to be taken to achieve the required Days' Cash on Hand by the second Liquidity Testing Date following the Liquidity Testing Date on which the Days' Cash on Hand was less than the Liquidity Requirement.

If the Obligated Group has not achieved the Liquidity Requirement by the second Liquidity Testing Date following the issuance of the management report, the Obligated Group Representative shall, not later than 60 days after receipt of the financial statements disclosing such deficiency, as applicable, obtain a Management Consultant's recommendations setting forth in detail the reasons for such deficiency and a specific plan setting forth the steps designed to achieve the Liquidity Requirement by the end of the second Liquidity Testing Date following the Liquidity Testing Date on which the Days' Cash on Hand was less than the Liquidity Requirement.

Notwithstanding any other provision of the Master Indenture to the contrary, failure of the Obligated Group to achieve the required Liquidity Requirement for any Liquidity Testing Date shall not constitute an Event of Default under the Master Indenture if the Obligated Group (i) takes all action necessary to comply with the procedures in the Master Indenture for retaining a Management Consultant if required and (ii) follows the recommendations of a management report or a Management Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law.

Marketing Covenant

Beginning with the fiscal quarter ending March 31, 2022, and ending at the beginning of the first full fiscal quarter following Stable Occupancy, the Obligated Group will use its best efforts to maintain the percentage of Project Independent Living Units that are Reserved (the "Percentage of Reserved Independent Living Units") at or above the applicable levels set forth in the table below, which determinations will be measured as of the last day of the applicable quarter (the "Marketing Requirements").

**Percentage of Reserved
Independent Living Units (%)**

Quarter Ending	# Units	Percent
March 31, 2022	28	64%
June 30, 2022	29	66
September 30, 2022	30	68
December 31, 2022	32	73
March 31, 2023	33	75
June 30, 2023	35	80
September 30, 2023	36	82
December 31, 2023 and thereafter	37	84

If the Percentage of Reserved Independent Living Units for any fiscal quarter is less than the applicable Marketing Requirement set forth above for that fiscal quarter, the Obligor is required to submit to the Master Trustee, within 30 days of the end of such fiscal quarter, a marketing report prepared by or on behalf of the Obligor (a "Management Marketing Report") that includes the following information: (a) the Percentage of Reserved Independent Living Units, including the number of reservations and cancellations of Project Independent Living Units during the immediately preceding fiscal quarter and on an aggregate basis; (b) a forecast, prepared by management of the Obligor, of the number of reservations of Project Independent Living Units expected in the fiscal quarter immediately succeeding the fiscal quarter with respect to which the Management Marketing Report is being prepared; and (c) a description of the sales and marketing plan of the Obligor.

If the Percentage of Reserved Independent Living Units is less than the Marketing Requirement for two successive fiscal quarters, the Obligor is required to retain a Marketing Consultant within 30 days thereafter to make recommendations regarding the actions to be taken to increase the Percentage of Reserved Independent Living Units to the Marketing Requirements set forth herein for future periods. Notwithstanding anything in the Master Indenture to the contrary, upon the first covenant breach the Obligor is not required to obtain a Marketing Consultant and instead may itself provide the recommendations provided for in the previous sentence. Within 60 days of retaining any such Marketing Consultant, the Obligor is required to cause a copy of the Marketing Consultant's report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member is required to follow each recommendation of the Marketing Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Board of such Member) and permitted by law. The Obligated Group will not be required to obtain a Marketing Consultant's report in any two consecutive fiscal quarters.

Failure of the Obligated Group to achieve the Marketing Requirements for any fiscal quarter will not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a Management Marketing Report or obtaining a Marketing Consultant's report and adopting a plan and follows each recommendation contained in such Marketing Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligor) and permitted by law.

Occupancy Covenant

Commencing with the first fiscal quarter that ends not less than 60 days following the issuance of the first certificate of occupancy for the first building containing Project Independent Living Units, and ending at the beginning of the first full fiscal quarter following Stable Occupancy (each an "Occupancy Quarter"), the Obligated Group will use its best efforts to have Occupied the percentage of the total number

of all Project Independent Living Units (the "Percentage of Units Occupied") at or above the requirements set forth in the table below, which levels are required to be measured as of the last day of the applicable Occupancy Quarter (the "Occupancy Requirements"):

Occupancy Requirements		
Occupancy Quarter	# Units	Percent
1	5	11%
2	10	23
3	15	34
4	21	48
5	26	59
6	31	70
7	36	82
8 and thereafter	37	84

If the Percentage of Units Occupied for any Occupancy Quarter is less than the Occupancy Requirement set forth above for that Occupancy Quarter, the Obligor is required to submit to the Master Trustee, within 30 days of the end of such fiscal quarter, (a) an occupancy report (a "Management Occupancy Report") that includes the following information: (i) the Percentage of Units Occupied and (ii) the number of reservations and cancellations of Project Independent Living Units during the immediately preceding fiscal quarter and on an aggregate basis; (b) a forecast, prepared by management of the Obligor, of the number of Project Independent Living Units expected to be Occupied in the fiscal quarter immediately succeeding the fiscal quarter with respect to which the Management Occupancy Report is being prepared; and (c) a description of the sales and marketing plan of the Obligor.

If the Percentage of Units Occupied for any two consecutive fiscal quarters is less than the Occupancy Requirement set forth above for those fiscal quarters, the Obligor is required to retain a Marketing Consultant within thirty (30) days thereafter to make recommendations regarding the actions to be taken to increase the Percentage of Units Occupied to the Occupancy Requirement set forth above for future periods. Notwithstanding anything in the Master Indenture to the contrary, the Obligor may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein. Within 60 days of retaining any such Marketing Consultant, the Obligor is required to cause a copy of the Marketing Consultant's report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member is required to follow each recommendation of the Marketing Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Board of such Member) and permitted by law. The Obligated Group will not be required to obtain a Marketing Consultant's report in any two consecutive fiscal quarters.

Failure of the Obligated Group to achieve the Occupancy Requirement for any Occupancy Quarter will not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a Management Occupancy Report or obtaining a Marketing Consultant's report and adopting a plan and follows each recommendation contained in such Marketing Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligor) and permitted by law.

Approval of Management Consultants and Marketing Consultants

If at any time the Obligated Group is required to engage a Management Consultant or a Marketing Consultant under the Master Indenture, such Consultant shall be engaged in the manner set forth below (as used below "Consultant" means only a Management Consultant or Marketing Consultant):

(i) Upon engaging a Management Consultant or a Marketing Consultant as required under the provisions of the Master Indenture, the Obligated Group will provide written notice to the Master Trustee and the Commission of such engagement. While any Commission Bonds are outstanding and if so provided in any Commission Loan Agreement, each Management Consultant and Marketing Consultant must be acceptable to the Commission. The Commission shall indicate acceptance of each such Consultant as soon as practicable, but in any case, no longer than five Business Days after receipt of notice, and such acceptance shall not be unreasonably withheld. The Master Trustee shall, as soon as practicable but in no case longer than five (5) Business Days after receipt of notice, send a copy of such notice to the Holders of all Master Obligations Outstanding under the Master Indenture. Such notice prepared by the Obligated Group shall (i) include the name of the Consultant and a brief description of such Consultant, (ii) state the reason that such Consultant is being engaged, including a description of the covenant(s) of the Master Indenture that require such Consultant to be engaged, and that the engagement of the Management Consultant is authorized by the Master Indenture, and (iii) state that the Holder of the Master Obligation will be deemed to have consented to the selection of such Consultant named in such notice unless such Holder submits an objection to the engaged Consultant in writing to the Master Trustee within 15 days of the date that the notice is sent to the Holders. No later than two (2) Business Days after the end of the 15-day objection period, the Master Trustee will notify the Obligated Group Representative of the number of any objections. If the Holders of 66.6% or more in aggregate principal amount of the Outstanding Master Obligations have consented or been deemed to have consented to the engagement of the Consultant or have not responded to the request for consent, the Obligated Group shall engage such Consultant within three (3) Business Days. If the Holders of 33.4% or more in aggregate principal amount of the Outstanding Master Obligations have objected to the Consultant engaged, the Obligated Group shall select another Consultant which may be engaged upon compliance with the procedures of this paragraph.

(ii) When the Master Trustee notifies the Holders of Master Obligations of such engagement, the Master Trustee will also request any Related Bond Trustee to send a notice containing the information required above to the owners of all of the Related Bonds outstanding. Such Related Bond Trustee shall, as the owner of a Master Obligation securing such Related Bonds, consent or object to the engagement of the Consultant in accordance with the response or deemed consent of the owners of such Related Bonds. If the owners of 66.6% or more in aggregate principal amount of the outstanding Related Bonds consent or have been deemed to have consented to the engagement of the Consultant or have not responded to the request for consent, the Related Bond Trustee, as the owner of a Master Obligation securing such Related Bonds, shall consent to the engagement of the Consultant. If the owners of 33.4% or more in aggregate principal amount of the outstanding Related Bonds have objected to the Consultant engaged, the Related Bond Trustee, as the owner of a Master Obligation securing such Related Bonds, shall object to the engagement of the Consultant.

(iii) The 15-day notice period described above may be extended upon written request of the Related Bond Trustee in order to permit each Related Bond Trustee to give the owners of the Related Bonds 15 days to respond to the notice given by the Related Bond Trustee.

Management Consultant's and Marketing Consultant's Reports

A copy of any recommendations of any Management Consultant or Marketing Consultant must be filed with the Master Trustee within ninety (90) days after the date the Management Consultant or

Marketing Consultant is selected unless the Master Trustee extends, with the prior written consent of the Majority Holders, the time within which such recommendations must be so filed. The Obligated Group shall cause each set of recommendations from a Management Consultant or Marketing Consultant to be posted on EMMA.

Engagement of New Management Consultant or New Marketing Consultant

Except as provided below, (1) the Obligated Group Members shall be required to retain a new independent Management Consultant if:

- (i) the Obligated Group fails to make any payment on the Master Obligations when due;
- (ii) the Obligated Group fails to maintain a Debt Service Coverage Ratio of at least 1.00 as shown on any two successive quarterly unaudited financial statements;
- (iii) the Obligated Group fails to meet the required Debt Service Coverage Ratio by the end of the second fiscal quarter following the date the Management Consultant's report is required; or
- (iv) the Obligated Group fails to meet the Liquidity Requirement by the second Liquidity Testing Date following the date a report and plan are required, and

(2) the Obligated Group Members shall be required to retain a new independent Marketing Consultant, if:

- (i) the Obligated Group fails to meet the Marketing Requirements by the end of the second fiscal quarter following the date the report and plan are required; or
- (ii) the Obligated Group fails to meet the Occupancy Requirements by the end of the second Occupancy Quarter following the date a report and plan are required.

Whenever the Obligated Group is required to retain a new Marketing Consultant, as described above, the Obligated Group Representative shall immediately retain a Consultant who shall, within 30 days of the event requiring appointment of a new Marketing Consultant, submit to the Master Trustee and Majority Holders, a list of two or more Persons experienced in marketing of continuing care retirement communities of a type and size similar to the Community. If the Obligated Group is required to retain a new Marketing Consultant under the circumstances described above, the Obligated Group shall retain as Marketing Consultant a Person from the list submitted by the Consultant. In the event that a new Marketing Consultant is appointed by the Obligated Group Representative at any time when the Debt Service Coverage Ratio or the Occupancy Requirements is less than the level required pursuant to the Master Indenture, the provisions of the Master Indenture shall not be applied to require the further appointment of another Marketing Consultant until the new Marketing Consultant has been employed for at least twelve months.

Notwithstanding the foregoing, the Obligated Group shall not be required to retain a new Marketing Consultant or Management Consultant, as applicable, if the Master Trustee receives, within 30 days of the event requiring appointment of a new Consultant:

- (i) the written or deemed consent of the Majority Holders to the continued retention of the existing Consultant;

(ii) a written report (prepared by a Consultant, but not by the existing Consultant) containing sufficient detail to support the conclusions made therein and concluding (a) that the failure of the Obligated Group to comply with the Debt Service Coverage Ratio covenant, the Occupancy Requirement, the Liquidity Requirement, and/or the Marketing Requirements is primarily due to factors outside the control of the present Marketing Consultant or Management Consultant, as applicable, or (b) that retaining a new Marketing Consultant or Management Consultant, as applicable, is not likely to materially improve the Obligated Group's ability to comply with such requirements; and

(iii) a certified copy of the Board Resolution of the Governing Body of each Obligated Group Member stating that the performance by such Consultant of its duties is satisfactory and setting forth the reasons supporting retention of the present Consultant.

Rating Solicitation Covenant

Under the Master Indenture the Obligated Group has covenanted that in the event the 2021A Bonds are no longer rated, it will seek a rating of the 2021A Bonds from any Rating Agency each year after a determination is made by the Obligor in consultation with the Initial Underwriter that an investment grade rating is reasonably obtainable, until achievement of an investment grade rating, provided that if during any such year the Obligor receives a preliminary indication from any Rating Agency that the 2021A Bonds will not be assigned an investment grade rating, the Obligor is required to withdraw any request for such year to have such Rating Agency assign a rating to the 2021A Bonds.

CONTINUING DISCLOSURE AND ADDITIONAL DISCLOSURE

Continuing Disclosure

Pursuant to the Loan Agreement, the Corporation will undertake, for the benefit of the beneficial owners of the 2021A Bonds, to provide to the Municipal Securities Rulemaking Board (the "MSRB"):

(a) by not later than 150 days after the end of each Fiscal Year of the Obligated Group, commencing with the Fiscal Year ending December 31, 2021, the Financial Statements for such Fiscal Year certified by an Accountant, if available, or, if such Financial Statements certified by an Accountant are not available by 120 days after the end of such Fiscal Year, the Unaudited Financial Statements (defined below) for such Fiscal Year to be replaced subsequently by the Financial Statements certified by an Accountant to be delivered within 15 days after such Financial Statements become available for distribution;

(b) by not later than 150 days after the end of each Fiscal Year, commencing with the Fiscal Year ending December 31, 2021, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information described in the tables (exclusive of footnotes) under "THE COMMUNITY – Entrance Fee Plan Types," "THE COMMUNITY – Rate Increases," "THE COMMUNITY – Occupancy," "THE COMMUNITY – Entrance Fee Turnover," "HEALTH CARE – The Davis Community," "HISTORICAL FINANCIAL PERFORMANCE – Selected Statement of Operations Sheet," "HISTORICAL FINANCIAL PERFORMANCE – Selected Balance Sheet Information," "HISTORICAL FINANCIAL PERFORMANCE – Days' Cash on Hand," and "HISTORICAL FINANCIAL PERFORMANCE – Debt Service Coverage Ratio" in Appendix A hereto;

(c) by not later than 150 days after the end of each Fiscal Year, commencing with the Fiscal Year ending December 31, 2021, the Debt Service Coverage Ratio for such Fiscal Year and the number of Days' Cash on Hand as of the end of such Fiscal Year, to the extent such items are not included in the Financial Statements provided pursuant to clause (a) above;

(d) in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the 2021A Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on any debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (v) substitution of any credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2021A Bonds, or other material events affecting the tax status of the 2021A Bonds;
- (vii) modification to the rights of the beneficial owners of the 2021A Bonds, if material;
- (viii) bond calls (other than mandatory sinking fund redemptions), if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of any property securing repayment of the 2021A Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of any Obligated Group Member, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for any Obligated Group Member in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of any Obligated Group Member, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of any Obligated Group Member;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any Obligated Group Member or the sale of all or substantially all of the assets of any Obligated Group Member, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional Bond Trustee or the change of name of the Bond Trustee, if material;

(xv) incurrence of a financial obligation (as defined below) of any Obligated Group Member, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of an Obligated Group Member, any of which affect the beneficial owners of the 2021A Bonds, if material;

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of any Obligated Group Member, any of which reflect financial difficulties; and

(e) in a timely manner, notice of a failure of the Corporation to provide required annual financial information described in (a), (b) or (c) above on or before the date specified.

The Corporation shall provide the documents referred to above to the MSRB in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. The Corporation may also discharge its undertaking described above by transmitting such information in any other manner subsequently authorized or required by the United States Securities and Exchange Commission.

"Financial obligation" means a debt obligation, a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or a guarantee of either. The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 (as defined below).

See in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – MASTER INDENTURE" for the definition of "Financial Statements." For the purposes of continuing disclosure, "Unaudited Financial Statements" has the same meaning as Financial Statements, except that such financial statements have not been audited and reported upon by an Accountant (or, in the case of any Obligated Group Member which is not an Affiliate, the accounts of such Obligated Group Member to be added to unaudited combining financial statements described above are not extracted from audited financial statements of such Obligated Group Member and its Affiliates, if any).

If the Corporation fails to comply with the undertaking described above, the Bond Trustee or any beneficial owner of the 2021A Bonds then Outstanding may take action to protect and enforce the rights of beneficial owners with respect to such undertaking, including an action for specific performance. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the 2021A Bonds.

The Corporation reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Corporation, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Obligated Group;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("Rule 15c2-12") as of the date of the Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners of the 2021A Bonds, as determined either by parties unaffiliated with the Corporation (such

as the Bond Trustee or bond counsel), or by approving vote of the registered owners of not less than a majority in principal amount of the 2021A Bonds then Outstanding pursuant to the terms of the Trust Agreement, as it may be amended from time to time.

The Corporation agrees that any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

By not later than one hundred twenty (120) days after the end of each Fiscal Year, the Corporation shall cause to be filed with the Commission, the Local Government Commission and the Bond Trustee an Officer's Certificate stating that the Corporation is in compliance with the provisions described hereunder.

The provisions described hereunder shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the 2021A Bonds.

If any Obligated Group Member engages a dissemination agent to distribute any notices or other information required to be filed in accordance with Rule 15c2-12, the Corporation hereby agrees that it will not engage, nor permit any other Obligated Group Member to engage, the Bond Trustee or the Master Trustee or any affiliate of either to serve as such dissemination agent.

The Corporation has no prior undertakings relating to continuing disclosure of information under Rule 15c2-12 during the five years preceding the date of this Official Statement.

Additional Disclosure

The Master Indenture requires that the Obligated Group provide to each Required Information Recipient (which includes the MSRB):

(i) A monthly statement of the Obligated Group as soon as practicable after the information is available but in no event more than 45 days after the completion of such month, including:

(A) Prior to the issuance of a certificate of occupancy for the first building containing Project Independent Living Units, (1) a calculation of the marketing levels for the Project Independent Living Units as of the end of such month, including the number of Project Independent Living Units that have been sold or cancelled during that month and on an aggregate basis; (2) a copy of the report prepared by the Construction Monitor; (3) a report by the Obligated Group on the progress of the construction, showing the dollar amount and percentage of completion for each stage of construction of the Project, comparing such amounts to the amounts estimated in the schedule of values and the construction progress schedule delivered at closing, estimating the amount of funds required to complete the Project, and certifying that the amount available in the Project Fund, together with anticipated investment earnings, will be sufficient to pay the costs of completing the Project; (4) unaudited financial reports on the development costs of the Project incurred during that month and on an aggregate basis showing a comparison to the development budget; (5) statements of the balances for each fund and account required to be established under the Master Indenture or under any Related Bond Indenture as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group; and (6) if such month is the last month of the fiscal quarter, a calculation of compliance with the Liquidity Requirement, for such

fiscal quarter, if required to be calculated under the Master Indenture, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative. Such report shall also include a calculation of the Debt Service Coverage Ratio for reporting purposes only.

(B) After the issuance of a certificate of occupancy for the first building containing Project Independent Living Units, (1) a calculation of the marketing levels for the Project Independent Living Units as of the end of such month, including the number of Project Independent Living Units that have been sold or cancelled during that month and on an aggregate basis; (2) occupancy levels of the Project as of the end of such month including the number of Independent Living Units that were occupied and vacated during that month and on an aggregate basis; (3) a summary statement on the status of construction of the Project until the issuance of the last certificate of occupancy for the Project; (4) unaudited financial reports on the development costs incurred during that month and on an aggregate basis until the issuance of the last certificate of occupancy for the Project; (5) an unaudited statement of revenues and expenses and statement of cash flows of the Obligated Group for such month and an unaudited balance sheet of the Obligated Group as of the end of such month, showing a comparison to the current Annual Budget; (6) statements of the balances for each fund and account required to be established under the Master Indenture or under any Related Bond Indenture as of the end of such month (obtained from the applicable Related Bond Trustee), all in reasonable detail and certified by an officer of the Obligated Group; and (7) a calculation of compliance with the Marketing Requirements, the Occupancy Requirements, and the Liquidity Requirement for such fiscal quarter, if required to be calculated under the Master Indenture, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative. Such report shall also include a calculation of the Debt Service Coverage Ratio for reporting purposes only.

The Obligated Group Representative does not need to deliver any monthly statement of the Obligated Group described in this subsection (i)(B) after Stable Occupancy.

(ii) (A) quarterly unaudited financial statements of the Obligated Group as soon as practicable after they are available but in no event more than 45 days after the completion of such fiscal quarter, including a combined or combining statement of operations and changes in net assets (deficit) and statement of cash flows of the Obligated Group during such period, a combined or combining balance sheet as of the end of each such fiscal quarter, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative.

Notwithstanding the foregoing, if the Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20 and the Days' Cash on Hand of the Obligated Group is less than the Liquidity Requirement for the most recent Testing Date as provided in the Master Indenture, the Obligated Group will deliver the financial information and the calculations described in paragraph (A) above on a monthly basis within 45 days of the end of each month until the Debt Service Coverage Ratio of the Obligated Group is at least 1.20 and the Days' Cash on Hand is at least equal to the applicable Liquidity Requirement.

(B) On or before the date of delivery of the financial reports referred to in subsection (ii) above, a management's discussion and analysis of results for the applicable fiscal period, together with an Officer's Certificate of the Obligated Group Representative

(A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or, if not, specifying all such defaults and the nature thereof, (B) calculating and certifying compliance with the Days' Cash on Hand, as of the end of such fiscal period, and (C) attaching (I) information about occupancy levels of the Community as of the end of such Fiscal Quarter across all levels of care, including a comparison to the prior year's occupancy, (II) the number of residents admitted to health care outside the Community, (III) net Entrance Fees received, (IV) turnover statistics with respect to the Independent Living Units, (V) changes in services offered at the Community, (VI) stating that the Community is in compliance with State of North Carolina regulations and statutes, and (VII) if Master Obligations have been issued in connection with any construction project, reports with respect to the progress of construction of such project.

(iii) Within 150 days after the end of each Fiscal Year, an annual audited financial report of the Obligated Group prepared by an Accountant, including a combined and combining balance sheet as of the end of such Fiscal Year and combined and combining statement of cash flows and changes in net assets (deficit) for such Fiscal Year (together with any required supplemental information), showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a separate written statement of the Accountant preparing such report (or another Accountant) containing calculations of the Obligated Group's Debt Service Coverage Ratio for such Fiscal Year and the Days' Cash on Hand at the end of such Fiscal Year, and a statement that such Accountant has no knowledge of any default under the Master Indenture insofar as it relates to accounting matters or to the Obligated Group's financial covenants, or if such Accountant shall have obtained knowledge of any such default or defaults, it shall disclose in such statement the default or defaults and the nature thereof (but such Accountant shall not be liable directly or indirectly to anyone for failure to obtain knowledge of any such default).

(iv) On or before the date of delivery of the annual financial reports referred to in subsection (iii) above, a management's discussion and analysis of results for such Fiscal Year, together with an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or, if not, specifying all such defaults and the nature thereof and (B) attaching (1) information about the fee structure for and the occupancy of the Independent Living Units in the Community, including a comparison to the prior year's occupancy, (2) the number of residents admitted to health care outside the Community, (3) net Entrance Fees received, (4) turnover statistics with respect to Independent Living Units, (5) changes in services offered at the Community, (6) stating that the Community is in compliance with State of North Carolina regulations and statutes, and (7) if Master Obligations have been issued in connection with any construction project, reports with respect to the progress of such construction project.

(v) No later than 30 days after the last day of each Fiscal Year, the Obligated Group Representative will prepare the Annual Budget (consisting of a statement of income and expenses) for the following Fiscal Year. If the Obligated Group Representative fails to prepare the Annual Budget for any Fiscal Year, the Annual Budget for the preceding Fiscal Year will continue until the Annual Budget is prepared for the remainder of the applicable Fiscal Year. The Annual Budget shall be provided to each Required Information Recipient no later than 30 days after the start of each Fiscal Year, and any material amendment to the Annual Budget shall be provided to each Required Information Recipient within 30 days after it becomes effective.

(vi) Copies of adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of any Obligated Group

Member as a Tax-Exempt Organization or with respect to the tax-exempt status of any Related Bonds, promptly upon receipt.

(vii) Subject to industry standards relating to the financing of facilities similar to the Community, the Obligated Group shall use its best efforts to make available one or more representatives for a quarterly telephone conference call if none of the Related Bonds are then rated by a Rating Agency and semiannual telephone conference call if any of the Related Bonds are then rated by a Rating Agency (or more frequently if requested by the holders of a majority of the Related Bonds) with the holders of the Related Bonds and the Master Trustee to discuss the financial results of the preceding period and such other matters as are relevant or are reasonably requested by the holders of the Related Bonds and the Master Trustee. The Obligated Group shall post notice of such calls to EMMA at least two weeks prior to the scheduled date of each call, and shall provide such notice to the Master Trustee.

(viii) Within 30 days after the incurrence of Long-Term Indebtedness that is not offered through an offering document available on EMMA, a summary of the material terms, including the applicable interest rate, amortization and maturity of such Long-Term Indebtedness and material differences in covenants set forth in the documents executed in connection with such Long-Term Indebtedness from those set forth in the Master Indenture where a failure to comply with such covenants could give rise to an event of default under the Master Indenture, and within 10 business days after the receipt by the Obligated Group from the lender of such Long-Term Indebtedness of any notice of event of default, reservation of rights letter or forbearance agreement, a notification that such notice, letter or agreement has been received. Such information will be filed on EMMA under the CUSIPs for all Related Bonds.

Capitalized terms set forth in this sub-heading shall have the meanings given such terms in Appendix D "FORMS OF PRINCIPAL LEGAL DOCUMENTS – MASTER INDENTURE" hereto.

Limited Information

The obligations of the Corporation described in this section will require the Corporation to provide only specified information at specified times and may not provide all the information necessary to value the 2021A Bonds at any given time.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the Commission, threatened against or affecting the Commission wherein an unfavorable decision, ruling or finding would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the 2021A Bonds, the Trust Agreement, the Loan Agreement or Obligation No. 1 or described in this Official Statement, or (2) the tax-exempt status of interest on the 2021A Bonds.

There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the Corporation, threatened against or affecting the Obligated Group wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition of the Obligated Group or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the 2021A Bonds, the Trust Agreement, the Loan Agreement, the Master Indenture, the Supplemental Indenture, Obligation No. 1, the Deed of Trust or the Contract of Purchase or described in this Official Statement or (2) the tax-exempt status of interest on the 2021A Bonds.

UNDERWRITING

The 2021A Bonds are being purchased by Herbert J. Sims & Co., Inc. (the "Underwriter"), as Underwriter for a purchase price of \$_____ (representing the par amount of the 2021A Bonds, [plus/less] [net] original issue [premium/discount] of \$_____, minus an underwriting discount of \$_____), pursuant to a Contract of Purchase between the LGC and the Underwriter and approved by the Commission and the Corporation (the "Contract of Purchase"). The Underwriter reserves the right to join with dealers and other underwriters in offering the 2021A Bonds to the public. The obligations of the Underwriter to accept delivery of the 2021A Bonds are subject to various conditions contained in the Contract of Purchase. The Contract of Purchase provides that the Underwriter will purchase all of the 2021A Bonds if any 2021A Bonds are purchased.

Herbert J. Sims & Co., Inc., the Underwriter for the 2021A Bonds, has also served as placement agent for the 2021B Bonds and will receive a placement agent fee for its services in placing the 2021B Bonds.

LEGAL MATTERS

Legal matters incident to the authorization and validity of the 2021A Bonds are subject to the approving opinion of Robinson, Bradshaw & Hinson, P.A., Charlotte, North Carolina, Bond Counsel. The proposed form of such opinion is contained in Appendix E. Certain legal matters will be passed on for the Corporation by Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, and for the Underwriter by McGuireWoods, LLP, Charlotte, North Carolina.

TAX TREATMENT

General

The opinion of Bond Counsel will state that under existing law:

- interest on the 2021A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, and
- interest on the 2021A Bonds is exempt from State of North Carolina income taxes.

In rendering the foregoing opinion, Bond Counsel will rely on the opinion of Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, counsel to the Corporation, with respect to the Corporation's status under Section 501(c)(3) of the Code. The tax exemption of interest on the 2021A Bonds is dependent upon, among other things, the Corporation's status as an organization described in Section 501(c)(3) of the Code, and therefore Bond Counsel's conclusion that interest is excludable from gross income for purposes of federal income tax exemption is dependent, in part, upon the opinion of Parker Poe Adams & Bernstein LLP.

Simultaneously with the issuance of the 2021A Bonds, the Commission intends to issue the 2021B Bonds. For federal income tax purposes, all such series of bonds (collectively, the "2021 Bonds") will be treated as a single issue.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the 2021A Bonds in order for interest on the 2021A Bonds to be and remain excludable from gross income for purposes of federal income taxation. Examples include: the requirement that the Corporation maintain its status as an organization exempt from federal income taxation by reason of being described in Section 501(c)(3) of the Code; the requirement that the Commission rebate

certain excess earnings on proceeds and amounts treated as proceeds of the 2021 Bonds to the United States Treasury; restrictions on investment of such proceeds and other amounts; and restrictions on the ownership and use of the facilities financed with proceeds of the 2021 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the Commission and the Corporation subsequent to the issuance of the 2021A Bonds to maintain the exclusion of interest on the 2021A Bonds from income for federal income taxation purposes. Failure to comply with certain of such requirements may cause interest on the 2021A Bonds to be included in gross income retroactively to the date of issuance of the 2021A Bonds. The Commission and the Corporation have covenanted to comply with these requirements. The opinion of Bond Counsel delivered on the date of issuance of the 2021A Bonds will be conditioned on the compliance by the Commission and the Corporation with such requirements, and Bond Counsel has not been retained to monitor compliance with requirements such as described above subsequent to the issuance of the 2021A Bonds.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to revise or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

Other Tax Consequences

Prospective purchasers of the 2021A Bonds should be aware that ownership of the 2021A Bonds may result in collateral federal, state or local tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2021A Bonds. Bond Counsel expresses no opinion regarding any such collateral tax consequences. Prospective purchasers of the 2021A Bonds should consult their tax advisors regarding collateral tax consequences.

Original Issue Discount

The original issue discount in the selling price of each 2021A Bond maturing on January 1, 20__ and 20__, to the extent properly allocable to each owner of such 2021A Bond, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such 2021A Bond over its initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the 2021A Bonds of such maturity were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to any owner of a 2021A Bond during any accrual period generally equals (i) the issue price of such 2021A Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such 2021A Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any interest payable on such 2021A Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered

to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such 2021A Bond. Purchasers of any 2021A Bond at an original issue discount should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such 2021A Bonds.

Premium 2021A Bonds

The 2021A Bonds maturing on January 1, 20__ to 20__, inclusive, and 20__, have been sold at initial public offering prices that are in excess of the amount payable at maturity. An amount equal to the excess of the purchase price of a 2021A Bond over its stated redemption price at maturity constitutes premium on such 2021A Bond. Purchasers must amortize any premium over such 2021A Bond's term using constant yield principles, based on the 2021A Bond's yield to maturity. As premium is amortized, a purchaser's basis in such 2021A Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of such 2021A Bond prior to its maturity. Even though a purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of a 2021A Bond at a premium, whether at the time of initial issuance or after initial issuance, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such 2021A Bonds.

RATING

Fitch Inc. has assigned the 2021A Bonds a rating of "BBB" with a stable outlook. Any desired explanation of the significance of such rating should be obtained from the rating agency.

Certain information and materials not included in this Official Statement were furnished to the rating agency. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. The Underwriter has undertaken no responsibility either to bring to the attention of the holders of the 2021A Bonds any proposed revision or withdrawal of the rating of the 2021A Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of the rating could have an adverse effect on the market price of the 2021A Bonds.

LEGALITY FOR INVESTMENT

The 2021A Bonds are legal investments for all public officers and bodies of the State of North Carolina and its political subdivisions and all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries in the State of North Carolina.

FINANCIAL STATEMENTS

The financial statements of the Corporation, included in Appendix B to this Official Statement, as of and for the years ended December 31, 2020 and 2019 have been audited by Dixon Hughes Goodman LLP, independent accountants, as stated in their reports thereon, which appear in Appendix B hereto.

RELATIONSHIP OF PARTIES

Robinson, Bradshaw & Hinson, P.A., Bond Counsel, has represented, continues to represent or expects to represent in the future the Underwriter in unrelated matters. Parker Poe Adams & Bernstein LLP, counsel to the Corporation, has represented, continues to represent or expects to represent in the future the Underwriter, the 2021B Lender and the Commission in unrelated matters. McGuireWoods, LLP, counsel to the Underwriter, has represented, continues to represent or expects to represent in the future the Commission, the 2021B Lender, and the Bond Trustee in unrelated matters. Herbert J. Sims & Co., Inc., the Underwriter for the 2021A Bonds, has also served as placement agent for the 2021B Bonds.

MISCELLANEOUS

The Corporation has furnished all information herein relating to the Obligated Group. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. The Commission and its staff assume no responsibility for the accuracy or completeness of any representation or statement in this Official Statement except for material with respect to them included under the sections entitled "THE COMMISSION" and "LITIGATION." Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the owner of any of the 2021A Bonds.

The Commission has deemed this Preliminary Official Statement "final" as of its date within the meaning of the Rule, except for the omission of certain pricing and other information permitted to be omitted by the Rule.

**NORTH CAROLINA MEDICAL CARE
COMMISSION**

By: _____
Vice-Chairman

Approved:

PLANTATION VILLAGE, INC.

By: _____
President

APPENDIX A
CERTAIN INFORMATION CONCERNING
THE CORPORATION

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

	<u>Page</u>
THE OBLIGOR.....	1
Mission and Vision.....	1
Affiliations.....	1
History of the Existing Community.....	1
Health Care Services	1
Project and Series 2021 Bonds	2
Use of this Appendix A	2
GOVERNANCE AND MANAGEMENT.....	3
Board of Directors	3
Obligor’s Senior Management Team.....	4
Life Care Services (“LCS”).....	5
Resident Council.....	7
THE COMMUNITY.....	8
General	8
Entrance Fee and Monthly Fees	8
Entrance Fee Plan Types	8
Rate Increases	11
Occupancy	11
Entrance Fee Turnover	12
Waitlist	12
Primary Market Area and Competition	12
HEALTH CARE.....	13
General	13
Transfer Agreement.....	13
Health Care Benefit.....	13
Resident Care Center.....	14
The Davis Community.....	15
ADMISSIONS AND RESIDENCY AGREEMENT PROVISIONS.....	15
Admissions Criteria	15
Reservation Agreement; Entrance Fee Deposit.....	16
Residency Agreement.....	16
Payment of Monthly Fee	16
Financial Assistance	17
Provisions for New Second Resident; Resident Marrying	17
Cancellation of Residency Agreement and Entrance Fee Refunds	17
THE PROJECT	19
Project Summary	19
Project Timeline	19
The Project Manager	20
The Architect.....	22
The Construction Manager and Construction Agreement.....	23
The Construction Monitor	24
Regulatory Permits and Approvals.....	24

COVID-19 PANDEMIC	24
The Community	24
The Davis Center	25
Historical Financial Performance.....	25
Financial Statements.....	25
Summary Financial Information.....	25
Selected Statement of Operations Sheet.....	26
Selected Balance Sheet Information.....	27
Days' Cash on Hand.....	28
Debt Service Coverage Ratio	28
Management's Discussion of Financial Performance	29
Investment Guidelines	29
Budgeting	30
OTHER.....	31
Management Strategy, Future Plans	31
Employees and Benefits	31
Environmental Matters	31
Hurricane Preparedness	31
Insurance.....	32
Litigation	32
Cybersecurity.....	32

THE OBLIGOR

Plantation Village, Inc. (the “Obligor”) is a North Carolina non-profit corporation. The Obligor operates a continuing care retirement community on approximately 56 acres in Wilmington, North Carolina, providing housing, healthcare, and other related services to residents on a campus currently operating two independent living cottages (the “Existing Independent Living Cottages”), 66 independent living duplex homes (the “Existing Independent Living Duplexes”), 48 independent living villas (the “Existing Independent Living Villas”) and 129 independent living apartments (the “Existing Independent Living Apartments” and together with the Existing Independent Living Cottages, the Existing Independent Living Duplexes and the Existing Independent Living Villas, the “Existing Independent Living Units”) together with more than 25,500 square feet of common space (collectively, the “Existing Community”). The Obligor welcomes senior adults regardless of race, color, creed, sex or national origin.

Mission and Vision

The Obligor’s mission is to be a welcoming village for stimulating and secure life with superior services and its vision is to the community of choice for seniors in Coastal Carolina.

Affiliations

The Obligor is not affiliated with any religious, charitable or other not-for-profit organization. It is a member of LeadingAge and LeadingAge North Carolina.

History of the Existing Community

The Obligor was formed in 1982 and is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). No other organization is obligated to make payment on the Series 2021 Bonds or other obligations of the Obligor. For a complete description of the operations of the Obligor, see “THE COMMUNITY” herein.

The Existing Community opened in 1988 with 108 independent living apartments in three apartment buildings. In 1989, construction was completed on a 25,757 square foot commons building containing administrative area, dining room, library, great room, salon, craft room and a separate woodworking area. Eight quadraplex buildings were also added in 1989 on the east side of the Existing Community, adding 32 independent living units. In 2001, 28 duplex and four quadraplex buildings were added, adding 72 independent living units. In 2005, three duplexes were completed, adding six independent living units. Renovations to the commons building were made in 2015, including additions of 1,475 square feet of dining space, a 8,860 square foot auditorium, and an addition of 10,010 square feet to the wellness area. An additional three-story apartment building was also completed in 2015, adding 27 independent living units.

In 1988, the Obligor retained Life Care Services LLC (“LCS”) to manage the Community. For more information concerning LCS, see “GOVERNANCE AND MANAGEMENT—Life Care Services” herein.

Health Care Services

Since opening in 1988, assisted and skilled nursing services for the residents have been provided through a transfer agreement (the “Transfer Agreement”) between the Obligor and Cornelia Nixon Davis, Inc. (the “HC Provider”) which operates The Davis Community (the “Davis Community”), a non-related healthcare provider adjacent to the Existing Community. The Davis Community has an 123 bed assisted living component called “Champions Assisted Living” and a 179 bed skilled nursing component called the

“Davis Health Care Center.” At this time, the Transfer Agreement shall continue as an open-ended contract subject to termination by either party with three years written notification of such termination. The Transfer Agreement may be terminated upon mutual agreement of the parties effective 180 days after the mailing of written notice of such termination.

In addition, the Obligor provides health care in a resident care center (part of the Existing Community), which is staffed by a licensed nurse 24-hours a day, seven days a week. The resident care center responds to emergency calls, provides temporary nursing care and outpatient service to residents of the Community. See “HEALTH CARE” herein.

Project and Series 2021 Bonds

The Obligor will use the proceeds of the 2021A Bonds, together with certain other moneys (including the proceeds of the 2021B Bonds, which will be purchased by the 2021B Lender), to (i) to construct four new independent living apartment buildings which will contain a total of 44 new independent living apartments (the “Project Independent Living Apartments”); expand and renovate the existing community building; adding amenities including new dining (indoor and outdoor), a game room, meeting/board room space, a cinema and a new arts studio; renovate the existing auditorium; upgrade informational technology systems throughout the Existing Community; and relocate certain other buildings (the “Project” and collectively with the Existing Community, the “Community”); (ii) pay a portion of the interest on the Series 2021 Bonds; (iii) refinance certain taxable indebtedness that was used to pay for an expansion of the Existing Community, including the addition of 27 independent living apartments, a new wellness center and indoor pool, a new auditorium, and renovation of the main common areas and dining room; and (iv) pay certain costs of issuance. See “THE PROJECT” herein and the “PLAN OF FINANCING” in the forepart of this Official Statement for additional information.

As of the date of issuance of the Series 2021 Bonds, the Obligor is the only member of an obligated group (the “Obligated Group”) established under the Master Trust Indenture dated as of December 1, 2021 (the “Master Indenture”), by and between the Obligor and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”). As the only Member of the Obligated Group, the Obligor is the only entity currently obligated to pay the principal of and interest on the Series 2021 Bonds, the Series 2021 Obligations, and any other Obligations issued under the Master Indenture. For a description of the Master Indenture see “SECURITY AND SOURCES OF PAYMENT” in the forepart of this Official Statement.

Use of this Appendix A

This Appendix A is intended to provide information about the Obligor, the Project and the Community that is not presented elsewhere in this Official Statement. For additional information about the Obligor, potential investors should refer to the audited financial statements for the fiscal years ended December 31, 2019 and 2020 attached as APPENDIX B hereto. Additional information about Obligor, the Project and the Community can be found in the “FINANCIAL FEASIBILITY STUDY” which is included as Appendix C to this Official Statement. The materials included in this Appendix A and the other appendices to this Official Statement should be read in their entirety.

Capitalized terms used and not otherwise defined herein have the meanings assigned to such terms in the Master Indenture, the Trust Agreement or the Loan Agreement in Appendix D – “PROPOSED FORMS OF PRINCIPAL LEGAL DOCUMENTS”

GOVERNANCE AND MANAGEMENT

Pursuant to the Obligor’s bylaws (the “Bylaws”), the Obligor is managed under the direction of a Board of Directors (the “Board”) consisting of 8 to 15 volunteer members of which two members are Community residents (such Board members are herein defined as “Directors”). All Directors other than the Community residents are appointed by the sitting Directors. The Directors who are Community residents are the current president of the resident council and the immediate past president of the resident council. The Bylaws provide for the Board to meet monthly or at such other times as the Board may from time to time determine.

Directors, other than resident Directors, are elected by the Board at its meeting in November and take office at the annual meeting of the Board the following January. A Director is elected to a three-year term and elected Directors may not serve more than two consecutive three-year terms. The Board may, from time to time, elect a person who, in their opinion, has made an outstanding contribution to the Community and the Board to the position of Director Emeritus, a non-voting position.

The Bylaws provide for the following committees: Executive Committee, Finance Committee, Board Development Committee, Audit Committee and Facilities Committee. The Executive Committee is composed of the President, the Vice President, the Secretary, the Treasurer and two other Directors at the discretion of the President. Except for limited circumstances, the Executive Committee has and may exercise all of the powers of the Board when the Board is not in session.

Board of Directors

The 15 current members of the Board, their term of office and their affiliation are set forth below:

Name	Board Terms	Affiliation/Occupation	Committee Assignments
Charles L. Earney, President	2	Managing Partner, CPA	Executive, Finance, Nominating
Robert Mitchell, Secretary	2	Vice President & Treasurer	Executive, Finance, Memorial Fund, Strategic Planning, Aging Well
Joanne Rockness, Treasurer	2	Professor, CPA	Executive, Finance
Rhonda Bellamy	1	Executive Director of the Arts Council of Wilmington and New Hanover County	Diversity & Inclusion sub- committee
Barbara Biehner	2	Health Care Management	Aging Well
Virginia Carter	2	Attorney	Compliance, Strategic Planning
Tolga Cankurtaran	1	Senior Director, Operations of the NC State Ports Authority	Strategic Planning, Aging Well
Ron Foster	Resident Council Past President		Finance

Name	Board Terms	Affiliation/Occupation	Committee Assignments
Anne Glass	1	Professor and Gerontology Program Coordinator in the College of Health and Human Services	Aging Well, Strategic Planning
Mary Beth Hardy	1	Retired Healthcare	Aging Well, Strategic Planning
Robert Porter	Resident Council President		Finance, Strategic Planning
Jeff Turpin	1	Retired CPA	Finance
Eric Bergman	1	CPA	Finance
Tom Walsh	1	Vice President – Network Facilities and Support Service of NHRMC	Special Projects
Dr. Audrey Surak	Medical Director (non-voting)	Physician	Aging Well

Obligor’s Senior Management Team

Jolynn Kae Whitten (47) Executive Director. Ms. Whitten started as Executive Director at the Obligor on October 11, 2021. She started with LCS in 2005 and served Vantage House in Columbia, Maryland as Health Center Administrator, becoming Associate Executive Director there in 2007. Ms. Whitten then served as Executive Director at Sandhill Cove in Palm City, Florida from December 2008 to February 2018. She served as Executive Director at Hillside Village Keene in Keene, New Hampshire before becoming Executive Director at the Obligor. Ms. Whitten received a bachelor of arts degree in Health Services Administration at Marywood College and then a Master’s degree in Health Finance and Management from Johns Hopkins University.

Cara Arrans (36), Director of Accounting, joined the Obligor in September of 2015, stepping in as the director of accounting in June of 2018. Ms. Arrans began her career in Chicago at a trading firm where she was responsible for budgeting and forecasting as well as monthly management reporting. Ms. Arrans currently serves as the Board Treasurer for Canines for Service, a nonprofit organization that provides veterans from all conflicts with service-connected mobility limitations, post-traumatic stress disorder, and traumatic brain injury with highly trained service dogs at no cost or promotional consideration. She holds a bachelor of business administration degree with a focus in finance and accounting from Western Michigan University. She is currently pursuing her master of accounting at the University of North Carolina Greensboro.

Johnna Dodrill (58), Director of Facilities Services, joined the Obligor in 2015, and brings with her 17 years of experience in construction after working for Clancy and Theys as a project superintendent. Ms. Dodrill worked on various multifamily communities as well as North Carolina Aquariums at Fort Fisher, Pine Knolls Shores and Manteo. Ms. Dodrill also was the superintendent over the construction of Plantation Place area of the Community. She is also a trained facilitator in CPR and First Aid, OSHA 500 and LEED for new construction.

Life Care Services (“LCS”)

General

Management of the Community has been performed by LCS since the Community’s opening in 1988 and is under contract with the Obligor. LCS’ responsibilities include: recruiting and employing the Executive Director; supervising the licensing, equipping, and staffing of the Community; preparing annual budgets; establishing and operating a system of financial controls for the Community, including comparative analyses with other facilities; and overseeing the food service and quality accommodations provided by the Community.

As the nation’s second largest operator of senior living communities, LCS serves more than 40,000 seniors in more than 140 communities. With nearly 50 years of service, LCS has developed expertise in nearly every facet of senior living management. For more information, visit LCS’ website: <https://www.lcsnet.com/>.

Below is a list of LCS managed communities in North Carolina and its neighboring states in addition to the Community:

GA, Evans—Brandon Wilde	GA, Savannah—The Marshes of Skidaway Island
GA, Stone Mountain—Park Spring	NC, Chapel Hill—The Cedars of Chapel Hill
NC, Charlotte—The Cypress of Charlotte	NC, Durham—Croasdaile Village
NC, Greensboro—Whitestone	NC, Greenville—Cypress Glen Retirement Community
NC, Lumberton – Wesley Pines Retirement Community	NC, Raleigh—Cypress of Raleigh
SC, Greenville—Rolling Green Village	SC, Hilton Head—Bayshore on Hilton Head Island
SC, Hilton Head—The Cypress of Hilton Head	TN, Brentwood—The Heritage at Brentwood
TN, Hendersonville—Clarendale at Indian Lake	TN, Memphis—Heritage at Irene Woods
TN, Nashville—Clarendale at Bellevue Place	VA, Fairfax—The Virginian
VA, Gainesville—Heritage Village Assisted Living and Memory Care	VA, Virginia Beach—Atlantic Shores

No manager of LCS (i) has been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable or enjoined in a civil action by final judgment for a felony or civil action involving fraud, embezzlement, fraudulent conversion or misappropriation of property; or (ii) is subject to a currently effective injunction or restrictive court order, or within the past five years has 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 relative to the business activity of health care, including actions affecting a license to operate an assisted living facility, nursing home, retirement home, home for aged or facility subject to Section 58-64, North Carolina General Statutes, or similar law in another state. LCS is not financially responsible for any of the Obligor’s contractual obligations or other obligations, including the Series 2021 Bonds. The Obligor retains the ultimate responsibility for hiring managers and monitoring the operating costs, wages, salaries, expenses, fees, and overall fiscal viability of the Community.

LCS’ Senior Management

Joel Nelson is President and Chief Executive Officer of LCS. He is responsible for executing the business strategy across all business lines in the LCS family of companies. He provides leadership and direction for business growth, service excellence, and enhancing LCS’s stability and value among financial

partners, property owners, and other stakeholders in the senior living field. Joel joined LCS in 1986 and has held several executive roles. He is responsible for the oversight of serving more than 40,000 seniors in more than 140 communities. Joel serves on the board of managers for Life Care Companies, on the board of directors for LCS Holdings, and is a member of the Life Care Companies audit committee. He also serves on the Hexagon (insurance captive) board of directors and is a trustee for LCS's 401(k) benefits program. Outside of the organization, Mr. Nelson serves as co-chair of Argentum's public policy committee and sits on the National Investment Center (NIC) operator advisory board. He is past chair and current board member of ChildServe, Inc. and serves on the health services advisory board at Simpson College, Indianola, Iowa. Mr. Nelson holds a bachelor's degree in business management and health care administration from Simpson College.

Diane Bridgewater is Executive Vice President and Secretary for LCS. Ms. Bridgewater directs all financial aspects and operating infrastructure to ensure corporate, field and community team members have the resources necessary to provide exceptional customer satisfaction to residents. She is responsible for directing all financial and business operations in addition to overseeing LCS's insurance business line, information technology, compliance, regulatory and legal matters. In her executive leadership role, she helps to drive strategy development and execution resulting in strong financial performance and growth. She serves on the board of managers for Life Care Companies LLC; board of directors for LCS Holdings, Inc.; audit committee for Life Care Companies LLC; 401K administrative committee, investment committee and enterprise risk management committee. Outside the organization, Ms. Bridgewater is a member of the Argentum – CFO Roundtable. In addition, she sits on Casey's General Stores board, audit committee and compensation committee. She is also a member of the board and audit committee at Guide One Insurance. She holds bachelor's degrees in accounting and French from the University of Northern Iowa.

Rick Exline is the Executive Vice President/Senior Managing Director of LCS. He leads a team of highly skilled professionals dedicated to elevating senior living experience. With over four decades of knowledge and expertise, Mr. Exline oversees the company's life plan community management services, national marketing and sales, and the health care group. Collaborating with the leadership team, he identifies growth strategies that maximize market opportunities for single site, affiliated, and third-party managed communities. Mr. Exline's team developed and launched the next generation opportunity platform for third-party managed life plan communities. This innovation transformed the regional operations support model by relocating regional and corporate support staff. He serves on the board of managers for Life Care Companies LLC; the board of directors for LCS Holdings, Inc.; and the executive leadership and senior living management teams. Mr. Exline is also a trustee for the company's 401(k) benefits program. Outside the organization, he serves on the Simpson College board of trustees and is a board member for Above & Beyond Cancer. He holds dual bachelor's degrees in business administration and health care leadership.

Jason Victor is Senior Vice President, Controller and Treasurer of LCS. He joined LCS in 2007. In this role, he provides oversight and direction for the organization's financial matters, ensuring its consistent and efficient fiscal performance. Mr. Victor has responsibility for the organization's corporate accounting, corporate payroll, community payroll, treasury and tax departments. He oversees all aspects of general accounting, cash management, billing and receivables, accounts payable, payroll, consolidations, and financial reporting. In addition, he provides oversight and guidance related to audits, internal controls, technical accounting, tax, and financial management systems. Also, he serves on Hexagon (insurance captive) board of directors and is a trustee for the company's frozen ESOP. He began his career in 1991 with Ernst & Young in Des Moines, and later worked 10 years for a Fortune 500 organization. Mr. Victor holds a bachelor's degree in accounting and is a Certified Public Accountant with an active license in the State of Iowa.

Management Agreement with LCS

The Obligor and LCS have most recently entered into its most recent Management Agreement, effective as of January 1, 2021 (the “Management Agreement”), pursuant to which the Obligor has engaged LCS to manage, operate, and maintain the Community as agent of the Obligor. Under the Management Agreement, LCS is responsible for recruiting and employing the Executive Director to manage the day-to-day operations of the Community; supervising the licensing, equipping, and staffing of the Community; preparing annual budgets; establishing and operating a system of financial controls for the Community including comparative analyses with other facilities; and overseeing the food service and quality accommodations provided by the Community. In addition, LCS is expected to facilitate the Obligor’s use of the Life Care Services Leads Management System for relevant marketing efforts, provide training for the Obligor’s marketing personnel, regularly monitor the occupancy level of the Community, make specific recommendations with regard to marketing procedures and promotions, and arrange for a regular review of the Community marketing program by LCS’s marketing specialists.

For services provided under the Management Agreement, the Obligor is obligated to pay LCS the following fees:

- a monthly management fee of the greater of (a) \$45,000 or (b) 3.6%, 3.7%, 3.8%, 3.9%, and 4.0% of total gross operating revenue per month for fiscal years 2021, 2022, 2023, 2024, and 2025, respectively;
- a flat standard services fee to reimburse miscellaneous expenses incurred by LCS of 0.53%, 0.52%, 0.51%, 0.50%, and 0.49% of total gross operating revenue per month for fiscal years 2021, 2022, 2023, 2024, and 2025, respectively, and
- an incentive fee of 0.90%, 0.80%, 0.70%, 0.60%, and 0.50% of total gross operating revenue per month for fiscal years 2021, 2022, 2023, 2024, and 2025, respectively, if the following criteria are met: (1) favorable responses to a resident satisfaction survey or an employee engagement survey; (2) expense goal set forth in the Obligor’s budget is achieved; (3) monthly occupancy goal set forth in the Obligor’s budget is achieved; and (4) extraordinary performance by LCS for the Community as determined by a vote of the Obligor’s Board of Directors.

The Management Agreement has a term of five years, unless sooner terminated. The Obligor can terminate the Management Agreement for cause if LCS (1) breaches any material term of the Management Agreement and such breach is not cured within sixty days’ of written notice of such breach from the Obligor, (2) the Obligor sells the Community in which case the termination is effective sixty days after delivery of notice of the sale to LCS, or (3) LCS files for receivership or bankruptcy which has not been dismissed within thirty days of such filing. LCS can terminate the Management Agreement for cause if the Obligor (1) fails to pay any amount due to LCS under the Management Agreement or fails to provide funds to LCS to operate the Community and pay Community expenses and such breach is not cured within ten days’ written notice, (2) fails to maintain insurance as required by the Management Agreement, (3) materially breaches any other term of the Management Agreement and such breach is not cured within 60 days’ notice, or (4) files for receivership or bankruptcy which has not been dismissed within thirty days of such filing. Additionally, both the Obligor and LCS can terminate the Management Agreement without cause by giving six months’ written notice.

Resident Council

The Obligor’s administration assisted residents in establishing a Resident Council and its bylaws. The residents annually elect a council of representatives (the “Resident Council”), which, in turn, forms

committees in various areas of concern to inform administration. Monthly meetings are held to facilitate communication among residents, administration, and the Board. The Resident Council has no formal role in management/policy except insofar that certain members are members of the Board.

THE COMMUNITY

General

The Community is located on an approximately 56 acre campus in Wilmington, North Carolina. It is 20 minutes from downtown Wilmington and is adjacent to low-density residential housing as well as two Tom Fazio golf courses. The Community is located near the intracoastal waterway. The Existing Community currently contains two Existing Independent Living Cottages, 66 Existing Independent Living Duplexes, 48 Existing Independent Living Villas and 129 Existing Independent Living Apartments. The Existing Community currently has more than 25,500 square feet of common space.

In addition to the primary intent of the Obligor, which is to assure the residents of continuing care throughout their retirement years, the Community is designed to create an environment that will enrich the lives of the people who live and work there. The design of the main commons facility provides areas for dining and meetings without detracting from the homelike environment of the Community. The Community also contains solarium lounges equipped with small libraries, personal laundry facilities, a main lobby/lounge with fireplace, administrative offices, a main dining room overlooking Blue Heron Pond, a private dining room, private storage, a resident care center, an arts and crafts room, a library, a beauty/barber salon, and a large auditorium and a large patio area that overlooks Blue Heron Pond. Other common areas include an indoor pool, exercise room, woodworking shop, outdoor areas for gardening, and nature pathways.

The Obligor operates the Existing Community on the continuing care concept, which recognizes the changing needs of the aged along a continuum from independent residence to increased dependence as healthcare needs increase.

Entrance Fee and Monthly Fees

Under the terms of the resident's residence and services agreement (a "Residency Agreement"), residents pay an initial entrance fee ("Entrance Fee") and monthly fees ("Monthly Fees"), in exchange for the right to occupy a unit at the Existing Community and a comprehensive range of services. The current Entrance Fees and Monthly Fees for the Existing Community are set forth below. Currently, there are second person Entrance Fees and Monthly Fees for the Existing Independent Living Units.

Entrance Fee Plan Types

The Obligor currently offers three Entrance Fee plan types: (i) the 90% Percent Return of Capital™ Plan (the "90% Plan"), (ii) the 50% Percent Return of Capital Plan™ Plan (the "50% Plan") and (iii) on a limited basis, the Traditional Residency Agreement (the "Traditional Plan"). Under the Residency Agreement for the 90% Plan, the resident or resident's estate will be eligible for a partial reimbursement of up to 90% of the Entrance Fee. Under the Residency Agreement for the 50% Plan, the resident or resident's estate will be eligible for a partial reimbursement of up to 50% of the Entrance Fee. Under the Residency Agreement for the Traditional Plan, the Entrance Fee paid by the resident will reduce at a rate of 2% per month of occupancy (or portion thereof) and after 50 months of occupancy, no refund will be paid. Reimbursements and refunds are paid only after receipt of the Entrance Fees paid by the new resident.

The following table shows the refund type mix for the fiscal years ended December 31, 2017 through December 31, 2020 and for the nine-month period ended September 30, 2021.

Plan Type	Fiscal Year				As of
	2017	2018	2019	2020	September 30, 2021⁽¹⁾
90% Refundable	78	78	72	57	46
50% Refundable	178	184	190	183	154
Traditional	9	9	12	12	13

⁽¹⁾ Reflects the total number of primary residents, which excludes six residents who are currently depositors.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The rate structure, effective January 1, 2021, for Entrance Fees and Monthly Fees by type of Existing Independent Living Units is as follows:

Existing Independent Living Units						
Independent Living Unit Type	Available Units	Square Footage	Traditional Plan Entrance Fee	50% Return of Capital Entrance Fee Plan	90% Return of Capital Entrance Fee Plan	Monthly Fee
<i>Apartments</i>						
Studio	4	521	\$ 83,150	\$105,450	\$ 159,400	\$ 2,810
<i>One-Bedroom Units:</i>						
One Bedroom Traditional	36	721	105,050	133,300	201,900	3,113
One Bedroom Deluxe	21	856	123,750	156,350	236,350	3,406
One Bedroom Elmwood	3	917	n/a	228,500	291,600	3,413
One Bedroom Ashland	3	941-942	n/a	235,050	299,650	3,482
<i>Two-Bedroom Units:</i>						
Two Bedroom Traditional	15	996	142,500	180,800	272,900	3,711
Two Bedroom Lakeside	17	1,023	150,700	193,050	290,600	3,812
Two Bedroom Combo	1	1,300	159,250	201,900	304,000	3,900
Two Bedroom Deluxe	6	1,250	159,500	204,100	307,350	4,006
Two Bedroom Classic	2	1,325	162,300	206,350	310,600	4,415
Two Bedroom Ingleside	4	1,180	n/a	272,450	348,100	3,719
Two Bedroom Oatland	2	1,256	n/a	279,050	356,200	3,838
Two Bedroom Orton	6	1,359	n/a	348,350	444,950	4,369
Two Bedroom Woodlawn	3	1,397	n/a	336,250	428,800	4,339
Two Bedroom Waverly	1	1,450	n/a	353,150	451,400	4,546
Two Bedroom Carlisle	3	1,488	n/a	373,650	477,300	4,575
Two Bedroom Covington	2	1,491	n/a	336,500	467,550	4,605
Total Apartments/wtd Averages	129	960	\$126,014	\$191,329	\$273,840	\$3,582
<i>Cottages/Homes/Villas:</i>						
Ashton Cottage	1	1,720	n/a	\$349,450	\$482,000	\$5,546
Baywater Cottage	1	1,690	n/a	337,350	470,000	5,417
Vista	4	1,260	196,650	251,950	380,000	4,784
Regency	4	1,375	205,950	263,950	398,950	4,795
Vista II	9	1,440	210,200	268,750	406,250	4,953
Regency II	9	1,460	218,600	279,600	420,700	4,984
Royale	5	1,480	225,700	288,150	436,300	5,024
Grande	5	1,510	229,550	294,150	443,600	5,088
Royale II	13	1,620	241,100	308,600	465,350	5,248
Grande II	13	1,690	245,900	314,650	473,700	5,343
Duplex A Meadowlark	2	1,720	n/a	343,300	476,050	5,546
Duplex B Meadowlark	2	1,690	n/a	331,300	464,000	5,417
Deluxe Villa	24	1,250	170,250	218,200	333,200	4,110
Custom/Traditional Villa	16	1,260-1,350	192,000	245,900	370,050	4,281-4,707
Villa Special	8	1,433	213,250	272,450	412,250	4,806
Total Cottages/Homes/Villas/wtd Averages	116	1,435	\$208,553	\$270,684	\$407,010	\$4,780
Total/wtd Averages	245	1,188	\$168,841	\$228,901	\$336,892	\$4,163

Rate Increases

The Board reviews Entrance Fee options annually, raising fees when appropriate for reasons ranging from inflation to covering certain identifiable expenses necessary to successfully operate the Community. Rate changes for Entrance Fees and Monthly Fees are typically established by the Board and become effective annually. However, increases in Monthly Fees can be approved by the Board at any time upon 60 days' written notice to the residents and will be increased only if it necessary (i) to meet the financial needs of the Community, (ii) to provide services to the residents, (iii) to maintain the premises and residences, (iv) to maintain reserve funds required pursuant to financing or State statutory or regulatory requirements and (v) for prudent management of the Obligor. The following table shows the average changes in the Monthly Fee for the fiscal years ended December 31, 2017 through December 31, 2021. All changes during this period occurred once per year on January 1, including Monthly Fees.

	Average Entrance Fees Increases				
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
One Occupant (\$'s per month)	\$5,920	\$4,873	\$5,516	\$7,551	\$6,759
Two Occupants (\$'s per month)	0	0	0	0	0
Approximate Percentage Increase	2.97%	2.00%	2.40%	3.28%	2.90%

	Average Monthly Fees Increases				
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
One Occupant (\$'s per month)	\$103	\$108	\$122	\$127	\$121
Two Occupants (\$'s per month)	37	37	41	0	42
Approximate Percentage Increase	2.85%	2.75%	3.00%	3.00%	3.00%

Occupancy

The following table summarizes the average historical occupancy of the Existing Community in number of units and average occupancy for Existing Independent Living Units for fiscal years ended December 31, 2017 through December 31, 2020 and for the eight-month period ended August 31, 2021.

Plan Type	Fiscal Year				As of
	2017	2018	2019	2020	August 31, 2021
Number Occupied	229.0	232.0	231.9	226.3	216.3
Percentage Occupied	93.1%	94.3%	94.3%	92.1%	88.3%

Entrance Fee Turnover

The following table sets forth an Entrance Fee turnover analysis for the Existing Independent Living Units for fiscal years ended December 31, 2017 through December 31, 2020 and for the eight-month period ended August 31, 2021.

	Fiscal Year				As of August 31, 2021*
	2017	2018	2019	2020*	
Beginning Occupancy	228	230	228	231	220
Transfers	13	20	23	9	3
Death/Move Out	24	22	10	23	12
Move In	30	31	23	18	9
Entry Fees Received (Net of Refunds)	\$3,514,888	\$2,914,901	\$2,716,669	\$815,222	\$476,311

* Entrance Fee turnover was affected by the COVID-19 pandemic during these periods. In addition, there have been fewer full Entrance Fees paid as residents are moving within the Community and in anticipation of the full master plan as set forth in “OTHER--Management Strategy, Future Plans” herein.

Payment of an Entrance Fee assures a resident a place in the Community for life and lifetime access to Champions Assisted Living or the Davis Health Care Center (or in alternate facilities which the Obligor may own or with which the Obligor may contract to provide these health care services) as long as the resident complies with the Residency Agreement (see “HEALTH CARE” herein). Upon acceptance, the resident will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee Deposit to the Community. The balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 120 days after the Residency Agreement is executed by the resident.

Waitlist

Prospective residents who financially qualify to be a resident at the Community can deposit \$10,000 to request a specific type of residence and be placed on a waitlist. When the requested type of residence becomes available, the prospective resident is given first priority, after current residents on an internal waitlist. They must decide within five business days whether they would like to reserve the specific type of residence selected. If they decide to move in to the residence, the \$10,000 deposit is credited to the Entrance Fee Deposit. If they decide not to move in or the five business day period expires, the available room for that unit type is offered to the next person on the waitlist. While on the waitlist, prospects are permitted 3 meals a month in the dining room, access to the wellness center, and can attend one Community event each month, all subject to current COVID-19 restrictions. The Obligor currently has a waitlist of 26 people that have each paid the \$10,000 deposit.

Primary Market Area and Competition

Please see Appendix C hereto regarding the Community’s primary market area and its competition.

HEALTH CARE

General

The Obligor does not currently provide assisted living or health care services at the Community. The Obligor currently contracts with the HC Provider pursuant to the Transfer Agreement for the provision of such services to the Community's residents. Under the Transfer Agreement, the Obligor does have the right to use other facilities for health care services but it doesn't do so presently. In the event the Transfer Agreement were terminated the Obligor would contract with another community or explore options to obtain the necessary licenses to provide such services to the Community. The description below describes the provision of assisted living and health care services with the Davis Community. If the Obligor contracts with another facility in the future there is no guarantee such terms would be the same.

Transfer Agreement

Pursuant to a Nursing Care Agreement entered into on October 3, 1984, as amended and restated by a Restated Nursing Care Agreement, dated March 14, 1986 (as further amended from time to time, the "Transfer Agreement"), between the Obligor and the HC Provider, the HC Provider provides priority access to a private one-bedroom suite in the case of assisted living or a semi-private nursing bed in the case of skilled nursing. Additional fees for other services will be the responsibility of the residents. When appropriate, the HC Provider will look to Medicare, third party insurance, resident and Obligor to satisfy uncovered charges.

The HC Provider permanently reserves one semi-private bed in the Davis Health Care Center for Community residents. With regard to the Davis Health Care Center, fees will be paid by the Obligor for room, board and nursing care at standard published rates for the unoccupied private room, but charges will not be made if the room is unavailable. If occupancy at the Davis Health Care Center is below 95%, the Obligor is only charged 50% of the bed hold rate. In addition, Community residents have wait-list priority at Champions Assisted Living for suite choice, suite upgrades, and special care units, secondary to existing Champions Assisted Living residents.

Pursuant to the Residency Agreement, if no beds are available at the Davis Community, the Obligor will provide access to an alternate skilled nursing facility (in a semi-private room, unless a private room is medically necessary) or assisted living facility (in a private suite, unless a semi-private suite is requested), as applicable, of the Obligor's choice. The Obligor is responsible for charges associated with the alternate accommodations to the extent the Obligor would have been responsible for the resident's care and accommodations at the Davis Community (i.e. the Health Care Benefit). If the resident decides to go to a different alternate facility than the one the Obligor selects, there is no obligation to the Obligor for such charges. The resident must relocate to the Davis Community once a unit becomes available. Community residents will continue to be responsible for Monthly Fees until their unit is vacated.

At this time, the Transfer Agreement shall continue as an open-ended contract subject to termination by either party with three years written notification of such termination. The Transfer Agreement may be terminated upon mutual agreement of the parties effective 180 days after the mailing of written notice of such termination.

Health Care Benefit

A resident may be temporarily or permanently assigned to an assisted living bed or skilled nursing bed at the Davis Community if the resident is determined to need such care. See "Transfer Agreement" above for more information on the transfer of residents to the Davis Community. Accommodations at the

Davis Community may be a private one-bedroom suite in the case of assisted living or a semi-private nursing bed in the case of skilled nursing. If the resident wishes to occupy a larger suite, the resident is assessed the incremental fee for the larger unit. The Obligor covers the charges for temporary assisted living or nursing care for up to 30 calendar days for each resident each fiscal year (the "Health Care Benefit"). If there are two residents under the Residency Agreement, the Community allows the residents to combine the Health Care Benefit to be used by only one resident. During such time, the resident continues to pay the Monthly Fee for their residence at the Community (first and second person as applicable), pays the charges for additional meals per day not covered by the Monthly Fee, and pays the charges for any additional services and supplies incurred by the resident. Any unused Health Care Benefit days are not carried over to the next year. If the resident utilizes more than the Health Care Benefit during a temporary stay, then they are responsible for paying the full daily rate charged by the Davis Community, as well as the Monthly Fee for their residence at the Community (first and second person as applicable) and the charges for any additional services and supplies incurred by the Resident.

If a resident is permanently assigned to the Davis Community, or another contracted facility, the resident no longer qualifies for the Health Care Benefit and they are required to vacate and release their residence at the Community. The Monthly Fee continues until removal of the resident's personal property from the residence. Typically, a resident is considered permanently assigned to assisted living after 30 consecutive days of care and to skilled nursing after 90 consecutive days of care. However, a resident may be considered permanently assigned prior to those time frames if the Obligor determines that long-term care is needed.

Once the resident is permanently assigned to the Davis Community the resident pays a monthly or a per diem charge to the Obligor in lieu of the Monthly Fee, in an amount equal to 75% of the monthly or daily semi-private pay rate then being charged by the Davis Community (the "HC Charge"). The Obligor is obligated to pay such fees to the HC Provider and the resident is then obligated to pay such fees to the Obligor.

In the case of couples, if only one resident requires permanent care at the Davis Community, the other resident would continue to occupy the residence at the Community under the terms of the Residency Agreement and pay the first person Monthly Fee. The resident at the Davis Community, would pay the Obligor the HC Charge, plus the charges for any additional services and supplies. If the resident in the Community residence dies, the resident at the Davis Community will pay the Obligor the HC Charge, as well as the first person Monthly Fee for the residence until the removal of the personal property from the residence and from any storage unit. If both residents are permanently assigned to the Davis Community, they will each pay the Obligor the HC Charge and are required to vacate and release their residence at the Community.

Resident Care Center

The Community provides health services in the "Resident Care Center," which is staffed by a licensed nurse 24-hours a day, seven days a week. The Resident Care Center is utilized to respond to resident's emergency calls and to provide temporary nursing care and outpatient services. Outpatient services are provided by a nurse during regularly scheduled office hours. The nurse is available for routine consultations and checks of weight, blood pressure or other preventive care services. Some routine outpatient services are included in the Monthly Fee; provided, however, special services such as injections and medication management are governed by State regulations and are subject to an additional charge. Delivery service from several pharmacies to the Resident Care Center is provided for the residents' convenience. Other Resident Care Center services are available for an extra charge.

The Davis Community

The HC Provider owns and operates the Davis Center, which is adjacent to the Community’s campus. The Davis Community has an 123 bed assisted living component called “Champions Assisted Living” and a 179 bed skilled nursing component called the “Davis Health Care Center.” The first Davis Health Care Center opened in 1966 and the Champions Assisted Living was completed in 2000. Construction began in 2012, to completely renovate the Davis Health Care Center to ten households where residents and staff operate as a family unit. Two of such freestanding houses opened in 2013 and the remainder in 2015 (including two dedicated to short-term rehabilitation). Each house has a unique décor, working fireplaces, courtyards, dining room, living room and family room spaces. In addition, in 2010, a rehabilitation and wellness pavilion was added to provide seniors with a state-of-the-art fitness center, outpatient therapies and short-term inpatient care.

When residents are permanently transferred to the Davis Community, the Obligor pays 100% of the such fees to the HC Provider and the resident then reimburses the Obligor 75% of such fees.

The following table sets forth the rate increases at the Davis Community for the years ended September 30, 2017 through 2022 (such rate increases become effective on October 1).

	Fiscal Year					
	2017	2018	2019	2020	2021	2022
Champions AL	8.0%	3.0%	3.5%	3.5%	3.0%	5.0%
Davis SNF	6.0%	3.0%	3.5%	3.5%	3.1%	5.0%

The following table sets forth the historical average assisted living beds and skilled nursing beds utilized by Obligor residents for the December 31, 2017 through December 31, 2020 and the actual utilization at August 31, 2021.

	Fiscal Year				As of
	2017	2018	2019	2020	August 31, 2021*
Assisted Living Beds	17.0	23.3	28.8	25.6	22.0
Skilled Nursing Beds	21.5	19.5	17.4	14.2	9.3
Total	38.5	42.8	46.2	39.8	31.3

ADMISSIONS AND RESIDENCY AGREEMENT PROVISIONS

Admissions Criteria

To be eligible for admission at the Community, prospective residents must (1) be at least 62 years old (in the case of double occupancy, at least one of the prospective residents must be at least 62 years old) at the time of execution of the Residency Agreement, (2) meet certain health qualifications to live independently at the Community (with or without reasonable accommodation or reasonable modification), and (3) have sufficient financial resources to pay the Entrance Fee, Monthly Fees, and any extra charges incurred under the Residency Agreement.

To determine a prospective resident’s health qualifications to live independently in a residence, applicants will provide their insurance and health information by completing a Confidential Data Application and Resident Health Information Form. The applicant will also undergo a memory health

assessment, which is administered by the Obligor, and a confidential history and health examination, which is completed by the prospective resident's physician.

Evaluation of a resident's ability to meet their financial obligations under the Residency Agreement is dependent upon two factors – net worth and average monthly income. Generally, a prospective resident should have a minimum net worth equal to two times the amount of the Entrance Fee (prior to payment of the Entrance Fee) and a minimum monthly income range of one and one-half to two times the Monthly Fee (including second person fees when applicable) in effect at the time of residence. The stability and certainty of continued income are also a factor in the evaluation process.

Reservation Agreement; Entrance Fee Deposit

As part of their application and to reserve residence, a prospective resident must execute a reservation agreement (the "Reservation Agreement"), disclose their finances, and place a deposit equal to 10% of the Entrance Fee (the "Entrance Fee Deposit") on the selected residence. The remaining 90% of the Entrance Fee is due upon the earlier of (i) the date of occupancy (the "Occupancy Date") or (ii) 120 days after the Residency Agreement is executed by the resident. The Reservation Agreement reserves the right of the prospective resident to choose their residence and indicate their intent to execute the Residency Agreement.

Residency Agreement

Upon meeting the admissions criteria and being accepted as a resident of the Community, the Obligor enters into a Residency Agreement with each resident. The Residency Agreement indicates which unit is reserved by the applicable resident and the amount of the Entrance Fee to be paid. When the resident pays the Entrance Fee and the ongoing Monthly Fees, the resident is entitled to occupy their assigned unit and to receive certain services and amenities, including:

- One full meal per day in the dining room or delivery service of lunch or dinner;
- Weekly housekeeping and flat linen service;
- Utilities, including air conditioning, heating, electricity, water, sewer, and trash disposal;
- Cable television, local and long-distance telephone service, and internet access;
- Building and grounds maintenance;
- Scheduled local transportation;
- 24-hour security and emergency response system;
- Storage;
- Planned social, educational, cultural, spiritual, and recreational activities;
- Use of the common areas; and
- Up to 30 annual days of care at the Davis Community or comparable healthcare facility. See "**HEALTH CARE**" herein for more information.

Certain services are available to residents for an additional charge. These services include, but are not limited to additional meals (including guest meals), guest accommodations, beauty/barber shop services, personal laundry service, additional outpatient services and special services, and extended home care services.

Payment of Monthly Fee

Residents are required to pay a Monthly Fee to the Obligor. A pro rata portion of the first month's Monthly Fee is required to be paid on or before the Occupancy Date or within 120 days of the date the resident executes the Residency Agreement. Thereafter, the resident must pay the Monthly Fee by the fifth

business day of each month. Monthly Fees are intended to be used to fund all on-going costs of operating the Community.

The Monthly Fee is stated in the Residency Agreement at the time the Residency Agreement is executed. Total Monthly Fees are higher when a second person shares a residence with the resident. The Monthly Fee may be changed upon 60 days' written notice to the residents and will be increased only if necessary (1) to meet the financial needs of the Obligor, (2) to provide services to the residents, (3) to maintain the premises and residences, (4) to maintain reserve funds required pursuant to a financing or State statutory or regulatory requirements, and (5) for prudent management of the Community.

Financial Assistance

If a resident encounters financial difficulties after becoming a resident and is unable to pay the Monthly Fee, the Monthly Fee may be reduced or deferred based on the resident's ability to pay. The resident will be permitted to remain at the Community if this does not impair the Obligor's ability to operate the Community on a sound financial basis. Financial assistance is not available to the resident if the resident has impaired their ability to meet their financial obligations by making unapproved gifts or other transfers or by not maintaining adequate insurance coverage. If the resident needs assisted living or nursing care after experiencing financial difficulty, the resident will receive such care in an assisted living or health care center as appropriate. The resident is required to apply for any public assistance programs to receive financial assistance. In fiscal years 2019 and 2020, the Obligor provided financial assistance in the aggregate amounts of \$205,056 and \$239,923, respectively.

Provisions for New Second Resident; Resident Marrying

If a resident chooses to share occupancy of their residence with a person who is not already a resident of the Community, the non-resident occupant may become a resident if they meet all the Obligor's requirements for admission, enter into a Residency Agreement with the Obligor, and pay an Entrance Fee equal to the then-current second person Entrance Fee. The resident and the non-resident occupant will pay the second person Monthly Fee. If the non-resident occupant does not meet the Obligor's requirements for admission as a resident, they will not be permitted to occupy the residence for more than 30 days (except with the Obligor's written approval) and the resident may terminate the Residency Agreement as provided below, or the non-resident occupant may be approved for admission under special circumstances as agreed to in writing by the Obligor and the resident.

Should a resident marry a non-resident, the non-resident spouse's acceptance will be in accordance with the Obligor's residency policy governing all other admissions. A second person Entrance Fee will be paid upon residency and a second person Monthly Fee will be paid. If the resident's spouse does not meet the residency requirements, they will not be permitted to occupy the residence for more than 30 days (except with the Obligor's express written approval), and the resident may cancel the Residency Agreement. Should the resident marry a person who is also a resident of the Community and should they decide to occupy one residence, they must declare which residence will be occupied and which residence will be released (or they may choose to release both of their residences and occupy a new residence). The Entrance Fees paid by the residents may or may not be adjusted, depending on the residences occupied and released. The Monthly Fee will be adjusted to the then-current first and second person Monthly Fee in effect for the occupied residence.

Cancellation of Residency Agreement and Entrance Fee Refunds

The following sets forth the manner in which Residency Agreements may be cancelled and Entrance Fees refunded to residents.

Resident's Cancellation Before Occupancy; Right of Rescission. Under North Carolina law, a resident has the right to rescind the Residency Agreement within 30 days (the "Rescission Period") following the later of (i) their execution of the Residency Agreement; or (ii) the receipt of a disclosure statement that meets the requirements of N.C.G.S. § 58-64-20. The resident may, but is not required to, move into the Community before the expiration of the 30-day rescission period.

The Entrance Fee Deposit is refundable before occupancy if (i) the resident is not accepted for residency, (ii) the resident provides written notice of rescission as set forth above within 30 days, (iii) the resident becomes unable to occupy their residence due to change of condition, such as death, illness, injury or incapacity, or (iv) resident elects to cancel the Residency Agreement because of a substantial change in the resident's physical, mental or financial condition. The Obligor will refund all amounts paid by the resident, without interest, less those costs incurred by the Obligor pursuant to resident's written request, within 60 days following cancellation.

The resident may also terminate a Residency Agreement after the Rescission Period and prior to the Occupancy Date upon 30 days' written notice to the Obligor. In such event, the resident will receive a refund of all amounts paid, less a non-refundable fee equal to \$2,500, which will be reduced from the Entrance Fee refund, and less costs incurred by the Obligor pursuant to resident's written request, within 60 days following the receipt of written notice of such termination.

Resident's Cancellation After Occupancy. After moving into the Community, the resident may cancel a Residency Agreement at any time by giving the Obligor 120 days' written notice. If the Residency Agreement is cancelled after occupancy, or if the resident dies, the resident or resident's estate will receive a refund based on the type of Residency Agreement the resident selected. If the resident entered into the 90% Plan or the 50% Plan, the Obligor will refund 90% and 50% of the Entrance Fee, respectively. If the resident selected the Traditional Plan, the amount of the Entrance Fee eligible to be refunded to the resident is reduced by 2% per month of occupancy (or portion thereof). After 50 months of occupancy under the Traditional Plan, the Entrance Fee is no longer refundable.

Refunds, if any, are paid within 30 days following the date the residence is reoccupied by a new resident and upon the Obligor's receipt of the proceeds of the full Entrance Fee paid by the new resident. The Entrance Fee refund is reduced by any fees or charges owed to the Obligor under the Residency Agreement. All second person Entrance Fees are nonrefundable.

Obligor's Cancellation. The Obligor may only cancel a Residency Agreement after it has been executed for just cause: (1) the resident does not comply with the terms of the Residency Agreement or the published operating procedures, covenants rules, regulations, and policies for residents of the Community, (2) nonpayment of fees, (3) the resident's health status or behavior constitutes a substantial threat to the health or safety of the resident, other residents, and others, or would result in physical damage to the property of others or the Obligor, or (4) there is a major change in the resident's physical or mental condition, and said condition cannot be cared for in the Davis Community (or alternate facilities) within the limits of its licenses.

Before canceling a Residency Agreement, the Obligor must provide the resident with written notice of the reasons for the cancellation and give the resident 30 days to correct the problem. However, if it is determined that the 30 day waiting period is detrimental to the resident or other residents or staff of the Obligor, the waiting period is not required. If the Obligor cancels the Residency Agreement for just cause, the resident is entitled to receive a refund of a portion of the Entrance Fee as described in "**Cancellation of Residency Agreement and Entrance Fee Refunds** – *Resident's Cancellation After Occupancy*" above.

THE PROJECT

Project Summary

The Obligor wishes to position the Community for growth and ongoing service to its senior-aged residents and the surrounding community by renewing, renovating, and expanding its existing structures and by creating new independent living units and infrastructure. The Project is expected to improve and modernize common gathering spaces and dining areas.

The Obligor will use a portion of the proceeds of the 2021A Bonds and the 2021B Bonds to finance, or reimburse the costs of, improvements to the Community including, but not limited to, (a) the renovation and expansion of the Obligor’s existing community building, including the addition of amenities such as new indoor and outdoor dining areas, a game room, a meeting room, a cinema, and an arts studio, and improvements to the existing auditorium, (b) the relocation of the existing maintenance building and construction of a new maintenance building/area for storage, (c) the construction of new outdoor amenities including a dog park, community gardens, walking paths, and a restructured pond, (d) the construction, furnishing and equipping of approximately 44 new independent living apartment units (the “Project Independent Living Apartments”) to be located in four apartment buildings, (e) upgrading informational technology systems throughout the Community and (f) other associated site work and development (collectively, the “Project”). The Project will position the Community to attract new residents with a wide range of income providing distinct offerings for seniors.

Upon completion of the Project, the Community is expected to include 290 total independent living units, consisting of 2 cottages, 66 duplex homes, 48 villas, and 174 apartments, together with common facilities that serve the entire Community. The following table highlights the number of units by type of unit at the Community before and after completion of the Project:

Unit Type	Current Mix	Added	Mix Upon Completion
Cottages	2	0	2
Duplex Homes	66	0	66
Villas	48	0	48
Apartments	<u>129</u>	<u>44</u>	<u>173</u>
Total	245	44	289

Project Timeline

The following table illustrates the anticipated timeline for construction completion and fill-up of the Project.

Anticipated Project Timeline	
Obtain permanent financing	December 2021
Construction commences on the Project	December 2021
Project Independent Living Apartments available for occupancy ⁽¹⁾	December 2022
Project Independent Living Apartments expected to achieve stabilized occupancy of 93%	November 2023

⁽¹⁾ The New Independent Living Units are to be available in phases beginning in December 2022 through April 2023.

The Project Manager

General. The Obligor entered into a Development Agreement (the “LCS Development Agreement”) with LCS Development, LLC (“LCS Development”) effective July 25, 2019 pursuant to which LCS Development was engaged to provide development consulting services during the planning and development of the Project and to provide support for the marketing of the Project Independent Living Apartments. LCS Development specializes in providing planning, development, marketing, management and strategic consulting services related to all areas critical to the senior housing and services business. Pursuant to the terms of the LCS Development Agreement, LCS Development is responsible for planning and development, assisting with obtaining financing for the Project, providing marketing and sales support for initial occupancy development efforts, arranging for and overseeing design and construction services, and handling certain bookkeeping functions. LCS Development will also train and supervise the marketing and sales staff for the Project. See “LCS Development Agreement” below.

LCS Development Experience. LCS Development is a privately-owned limited liability company organized and existing under the laws of the State of Iowa. LCS Development started in 1971 as a subsidiary of a Des Moines, Iowa-based general contractor, The Weitz Company, and is one of six companies comprising the LCS family. LCS Development provides services for the development, expansion and repositioning of life plan communities (CCRCs) and other senior living communities.

LCS Development provides services for every phase of senior living development: planning, design, sales and construction. LCS Development helps build community occupancy, drive presales and conversion sales, manage buyer retention, assist with resident move-in, and develop marketing and sales budgets. Specifically, LCS Development provides the following services to its clients: market research; new development site selection and planning; team-building and planning; financial feasibility and modeling; analysis of financing alternatives; program development; long-range planning; construction management; design management; construction management site planning; comprehensive management of the development process; master planning services; occupancy development; and redevelopment.

A representative list of retirement communities for which LCS Development has provided development consulting services over the past three years includes the following:

<u>Community</u>	<u>Location</u>	<u>Community</u>	<u>Location</u>
Arbol	Santa Rosa, CA	Green Hills Retirement Community	Ames, IA
Atlantic Shores	Virginia Beach, VA	Greenwood Village South	Greenwood, IN
Blakehurst	Towson, MD	Heritage at Brentwood	Brentwood, TN
Blakehurst Mission Helpers	Towson, MD	Jewish Fed of South Palm Beach County	Boca Raton, FL
Broadview	Purchase, NY	Lake Park	Oakland, CA
Burcham Hills	Lansing, MI	Lake Port Square	Leesburg, FL
Capital Manor	Salem, OR	Laurel Circle	Bridgewater, NJ
Casa de Las Campanas	San Diego, CA	Marquette	Indianapolis, IN
Clare, The	Chicago, IL	Monarch Landing	Naperville, IL
Croasdaile	Durham, NC	Plantation Village	Wilmington, NC
Cypress Glen	Greenville, NC	Regency Oaks	Clearwater, FL
Dallas Retirement Village	Dallas, OR	RMR Diversified Healthcare Trust	Delaware
Delaney - Bridgewater	Bridgewater, NJ	Rolling Green Village	Greenville, SC
Delaney - Green	Florham Park, NJ	Sagewood	Phoenix, AZ
Delaney - Vale	Woburn, MA	Sedgebrook	Lincolnshire, IL
Eastcastle Place	Milwaukee, WI	Sierra Winds	Peoria, AZ
Embassy Manor	Edison, NJ	Sinai Residences – Boca Raton	Boca Raton, FL

<u>Community</u>	<u>Location</u>	<u>Community</u>	<u>Location</u>
Forum of Rancho San Antonio	Cupertino, CA	Trillium Woods	Plymouth, NC
Freedom Plaza	Sun City Center, FL	Village at Gleannloch Farms	Spring, TX
Freedom Point at the Villages	The Villages, FL	Wesley Pines Retirement Community	Lumberton, SC
Friendship Village – Kalamazoo	Kalamazoo, MI	Westminster	Austin, TX
Friendship Village - Tempe	Tempe, AZ	Whitestone	Greensboro, NC
Galleria Woods	Birmingham, AL	Wyndemere	Wheaton, IL
Glenview	Naples, FL		

Leadership. *Nick Herrick* is a Director of Development at LCS Development. In his role at LCS Development, Mr. Herrick is responsible for creating and executing on master plans designed to drive revenue through increased occupancy for senior living communities. As director of development, he works closely with market researchers, architects, regulatory officials, sponsoring boards, attorneys, lenders, interior design firms, construction companies and operations management to identify community needs that enrich the resident experience. By leading a team of project managers to oversee every detail in the development process, Mr. Herrick has successfully collaborated with many senior living community owners to create new and exciting spaces for residents to enjoy. Under his leadership, LCS Development received the Senior Housing News Architecture and Design Award for best Renovation/Repositioning. Mr. Herrick holds a bachelor’s degree in construction management and a minor in real estate from the University of Northern Iowa. He served on the LCS United Way Committee for three years and is involved in his community’s youth sports programs.

Lucas Schall is a Project Development Manager with LCS and is responsible for full project oversight of assigned projects. His responsibilities include oversight from project inception through construction completion and occupancy, including working with market research, finance, design, sales, operations, and construction teams. He has over 15 years in development and project management, with the last 5 years focused on senior living. He has successfully completed multiple senior living projects on schedule and under-budget. Mr. Schall graduated from Brown College in the Twin Cities with degrees in broadcasting and communications before finding a path in development and project management.

Joel Bleeker is the VP/Director of Design for LCS Development and has been with LCS Development since 1991. Mr. Bleeker, who has nearly 35 years of design experience, is a licensed architect with undergraduate degrees and an masters in business administration from Iowa State University. He currently leads the design management group within LCS Development, where his team sets standards for project design criteria, directs the design process of each project, and oversees the individual project designs and performance of the design teams and more. During his time with the company, he has been involved with master planning and or/repositioning projects at more than 30 communities as well as more than a dozen green-field continuing care retirement communities across the nation.

Jason Reis is a Senior Design Manager for LCS Development. Mr. Reis has over 20 years of professional experience in architecture and is responsible for managing the design activities for development projects across the country ensuring an aesthetically pleasing design while maintaining optimum functionality that supports operational goals and objectives. He works closely to assist with design programming, scheduling the entire design process, and maintaining the design within the established budget. He graduated with a bachelor of architecture degree from Iowa State University. He is an active member of American Institute of Architects and has his Architectural Registration in the State of Iowa.

Rob Lang is a Finance Manager for LCS Development. He is responsible for financial oversight of LCS Development. Mr. Lang’s focus areas include budgeting, reporting, forecasting, and analysis. He also partners with project development managers and leadership to aid in business decisions of LCS

Development. He has 5 years of experience with LCS, with roles focusing on financial planning and analysis. Mr. Lang graduated with a bachelor of science in accounting & finance from Bethel University in St. Paul, MN. He is currently pursuing his masters in business administration from the University of Iowa.

LCS Development Agreement. The LCS Development Agreement calls for LCS Development to provide the following services, among others: (a) all necessary planning to implement the development plan approved by the Obligor, including any revisions thereto; (b) preparation of detailed budgets for each phase of development activity, which are to be submitted for approval by Obligor; (c) assistance in obtaining all necessary governmental approvals required for the development and construction of the Project; (d) assistance with selection of design consultants and a pre-construction consultant, and coordination of submission of plans and specifications to the Obligor for Obligor’s approval; (e) development and supervision of the marketing plan for the Project to prospective independent living residents; (f) assistance in securing permanent financing for the Project; (g) assistance in overseeing and coordinating the work of contractors in connection with the architectural and construction program for the Project; (h) overseeing the design, procurement, and installation of furniture, fixtures, and equipment, and (i) preparation of monthly cost reports.

As compensation for development consulting services rendered pursuant to the LCS Development Agreement, the Obligor will pay LCS Development a development fee (the “Development Fee”) equal to 4.25% of the capital costs associated with the Project incurred by the Obligor, including financing costs, currently estimated to be approximately \$2,311,000. The Development Fee will be paid in installments upon achievement of various project milestones (see page C-16 in Appendix C regarding project milestone payments).

The Architect

The Obligor has engaged CJMW Architecture, PA (“CJMW”) as the architect for the Project. The firm is the successor to a continuous series of partnerships dating back to 1906. Currently a 40+ person architecture and interior design firm with offices in North Carolina and Virginia, CJMW is directed by 8 principals, several of whom have led the firm for more than 30 years. Designing for senior living organizations has been a key focus for over 40 years, and CJMW has received national recognition for the quality of its design work for the elderly from key groups such as SAGE (Society for the Advancement of Gerontological Environments), LeadingAge, and the AIA. Prior projects have included continuing care retirement communities, independent living units, nursing care units, assisted living units, and special care units for Alzheimer’s care. In addition, CJMW’s expertise includes design for healthcare, hospitality, cultural and corporate clients.

A representative list of the CJMW’s senior housing projects in North Carolina includes the following:

- Aldersgate, Charlotte, North Carolina
- The Cedars of Chapel Hill, Chapel Hill, North Carolina
- Covenant Village, Gastonia, North Carolina
- The Forest at Duke, Durham, North Carolina
- Galloway Ridge at Fearrington, Pittsboro, North Carolina
- Glenaire, Cary, North Carolina
- Penick Village, Southern Pines, North Carolina
- River Landing, High Point, North Carolina
- St. Joseph of the Pines, Southern Pines, North Carolina
- Salemtowne Retirement Community, Winston-Salem, North Carolina
- Village at Brookwood, Burlington, North Carolina
- Well Spring A Life Plan Community, Greensboro, North Carolina
- WhiteStone, Greensboro, North Carolina

The Construction Manager and Construction Agreement

Construction Manager. Frank L. Blum Construction Company (“Blum”) has been engaged to provide pre-construction services for the Project. Headquartered in Winston-Salem, North Carolina, Blum will have primary responsibility for pre-construction services, including estimating, scheduling analysis, and design constructability reviews. Incorporated in 1923, Blum provides construction management “at risk,” general contracting, pre-construction and design-build services to clients in the athletic facilities, biotechnology and research facilities, financial institutions, healthcare facilities, K-12 and higher education, hospitality, manufacturing, mission critical data centers/power plants, multi-family, museum, galleries and performing arts, not-for-profits, corporate, religious facilities, and senior living community markets.

A representative list of Blum’s senior housing projects in North Carolina includes the following:

- Aldersgate, Charlotte, North Carolina
- Arbor Acres, Winston-Salem, North Carolina
- Brookridge, Winston-Salem, North Carolina
- Carolina Village, Hendersonville, North Carolina
- Croasdaile Village, Durham, North Carolina
- Cross Road, Asheboro, North Carolina
- Covenant Village, Gastonia, North Carolina
- Givens Estates, Asheville, North Carolina
- Givens Highland Farms, Black Mountain, North Carolina
- Glenaire, Cary, North Carolina
- Penick Village, Southern Pines, North Carolina
- River Landing, Colfax, North Carolina
- Salemtowne, Winston-Salem, North Carolina
- WhiteStone, Greensboro, North Carolina

Construction Agreement. The Obligor and Blum have entered into a Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of Work Plus a Fee with a Guaranteed Maximum Price, dated April 3, 2020 with a Guaranteed Maximum Price Amendment, dated October 20, 2021 (as amended to date, the “Construction Contract”) establishing a Guaranteed Maximum Price of \$37,982,643 (the “Guaranteed Maximum Price”) which includes a 1% construction contingency. The Construction Agreement provides for construction to commence on December 6, 2021 and for a different substantial completion date for each component of the Project (each a “Substantial Completion Date”) as set forth in the table below. Blum is liable for liquidated damages that vary for each component of the Project commencing 31 days after the respective Substantial Completion Date until the date of actual completion in the amounts forth in the table below. In addition, at closing, Blum will provide a payment and performance bond in the full amount of the Guaranteed Maximum Price from Travelers Casualty and Surety Company of America.

Portion of Work	Substantial Completion Date	Liquidated Damages (per diem)
Maintenance/Hobby Building	August 2, 2022	N/A
Apartment Building A	November 30, 2022	\$909.80
Apartment Building B-3	March 21, 2023	\$1,364.69
Apartment Building B-2	March 28, 2023	\$1,364.69
Apartment Building B-1	March 30, 2023	\$1,364.69
Community Building Renovation	May 2, 2023	\$1,300.00

The Construction Monitor

The construction consulting firm of Alcala Construction Management, Inc. (“ALCALA CM”), a full-service national construction consulting company founded in 2007 that specializes in the senior living industry, has been selected and retained by the Corporation to review construction progress, quality, and contractor requisition requests on a monthly basis for the Project during the construction period. In addition, ALCALA CM has provided the pre-construction consulting services described in the next paragraph. ALCALA CM has developed the unique and proprietary, industry-specific due-diligence, construction consulting and facility assessment services to fulfill financial institutions’ requirements for start-up, expansion and renovation projects.

Prior to construction, ALCALA CM’s responsibilities included conducting a review of the scope, including engineering designs, project budgets, drawings, specifications, permits, construction contracts and fees, and issuing a Pre-Construction Document Review Report.

During the construction process, ALCALA CM will be responsible for the following actions in connection with the construction of the Project: (i) reviewing and certifying all disbursement requests for the payment of expenses incurred for work, labor, materials and equipment furnished by or on behalf of the Construction Manager under the Construction Contract; and (ii) monitoring such items as change orders, budget amendments, updates to the construction schedule, releases of liens, governmental approvals and the final as-built survey.

Regulatory Permits and Approvals

The Obligor has received all approvals and permits necessary for the Obligor to construct the Project.

COVID-19 PANDEMIC

The Community

On March 11, 2020, the World Health Organization declared the highly contagious respiratory disease named “coronavirus disease 2019” (“COVID-19”) to be a pandemic, and on March 13, 2020, a national emergency was declared in the United States. From the time when COVID-19 was first identified in the United States, the Obligor has proactively worked to ensure that all residents and employees at the Community were protected against COVID-19.

Below is a list of several of the precautions taken at the Community:

- Closed the Community to visitors in the beginning of the crisis and set up no-contact visitation stations for visitors
- Shut down the dining room and delivered meals daily
- Implemented a screening checkpoint for all vehicles entering the Community (associates, visitors, vendors and residents). The Community now has advanced entry biometric screening for all associates and vendors
- Installed no-touch wall thermometers at every entrance for residents to self-screen
- Streamed exercise and meditation classes on the Community’s inhouse TV channel along with streaming weekly call-in bingo
- Set up virtual classes, tours, doctor visits and video calls with family for residents
- Held a vaccine clinic for residents, associates and vendors in February and March and vaccinated 99.5% of residents

- Opened a market within the Community to limit the need for residents to leave the Community for certain essential goods
- Installed needlepoint bipolar ionization units on all common area HVAC units
- Installed touchless faucets and door openers in common areas
- Followed all CDC and state/local guidelines in regards to masks, capacities, quarantines, distancing etc.
- Mandated that all associates have their first dose of the COVID-19 vaccine by October 15, 2021 and be fully vaccinated or receive an approved exemption by November 15, 2021. As of October 26, 2021, all associates have received their first dose of the vaccine except for three approved exemptions.

The Obligor obtained funds under the Paycheck Protection Program (“PPP”) from a participating bank created under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), as amended by the Paycheck Protection Program Flexibility Act of 2020 (the “Flexibility Act”). The PPP, a loan program administered by the Small Business Administration, provides loans to qualifying businesses for the resources they need to maintain their payroll, hire back employees who may have been laid off, and cover applicable overhead. Additionally, loans originated under this program may be forgiven, in whole or in part, if certain criteria are met. In April 2020, the Obligor was successful in obtaining funding through the PPP in the amount of \$792,600. The Obligor was notified on March 22, 2021 that the loan had been forgiven in full by the Small Business Administration.

The Davis Center

Management not aware of any reports of any serious COVID-19 issues at the Davis Center from either Community residents who have been admitted therein or from media reports.

HISTORICAL FINANCIAL PERFORMANCE

Financial Statements

The Obligor maintains its financial records on the basis of a fiscal year ending December 31. The audited financial statements of the Obligor and related disclosures for the two fiscal years ended December 31, 2019 and 2020, together with the independent auditors’ report thereon, are set forth in Appendix B to this Official Statement.

Summary Financial Information

The following summary statements of operations and changes in unrestricted net assets of the Obligor for the fiscal years ended December 31, 2017 to 2020 have been derived from the financial statements of the Obligor. The unaudited financial information for the eight-months ended August 31, 2020 and 2021 has been derived from unaudited financial statements and reflects all adjustments and normal recurring accruals that management considers necessary for a fair and comparable presentation of revenues and expenses for these periods.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Selected Statement of Operations Sheet

	Fiscal Year (audited)				Eight-Months ended August 31, 2020	Eight-Months ended August 31, 2021
	2017	2018	2019	2020	(unaudited)	(unaudited)
Revenue, gains and other support:						
Resident services	\$13,336,013	\$13,903,040	\$14,597,412	\$14,354,001	\$ 9,728,415	\$ 9,202,630
Amortization of advance fees	2,317,286	1,913,328	1,715,950	2,663,129	1,728,102	1,600,725
Insurance proceeds	-	2,153,982	828,875	-	0	0
Grant revenue	-	-	-	792,600	0	0
Other operating revenue	405,807	510,691	892,675	577,163	376,269	354,807
Total revenue, gains and other support	<u>\$16,059,106</u>	<u>\$18,481,041</u>	<u>\$18,034,912</u>	<u>\$18,386,893</u>	<u>\$11,832,786</u>	<u>\$11,158,162</u>
Operating expenses:						
Resident care	\$4,309,853	\$4,544,943	\$4,937,865	\$4,723,003	\$3,328,531	\$2,729,397
Dietary	2,050,451	2,010,947	2,145,603	2,148,130	1,455,637	1,428,195
Housekeeping	721,983	721,070	761,152	784,613	531,769	570,780
Plant facility costs	1,906,343	1,957,809	2,070,834	2,180,653	1,431,766	1,499,331
General and administrative	2,809,765	3,008,570	3,146,216	3,279,004	2,114,618	2,327,938
Marketing Costs-New Development	-	-	-	-	-	245,474
Hurricane loss	-	2,848,794	355,586	-	-	-
Depreciation	2,098,082	2,154,284	2,209,700	2,228,598	1,482,769	1,527,598
Interest	371,690	387,632	391,806	320,832	222,740	190,913
Total operating expenses	<u>\$14,268,167</u>	<u>\$17,634,049</u>	<u>\$16,018,762</u>	<u>\$15,664,833</u>	<u>\$10,567,830</u>	<u>\$10,519,626</u>
Operating income	<u>\$ 1,790,939</u>	<u>\$ 846,992</u>	<u>\$ 2,016,150</u>	<u>\$ 2,722,060</u>	<u>\$ 1,264,956</u>	<u>\$ 638,536</u>
Non-operating Income:						
Investment income	\$ 686,559	\$ (358,052)	\$ 1,321,536	\$ 1,613,489	\$ 856,984	\$ 1,117,719
Excess of revenues over expenses	<u>\$ 2,477,498</u>	<u>\$ 488,940</u>	<u>\$ 3,337,686</u>	<u>\$ 4,335,549</u>	<u>\$2,121,940</u>	<u>\$ 1,756,255</u>
Net assets, beginning of year	<u>\$(2,236,146)</u>	<u>\$ 241,352</u>	<u>\$ 730,292</u>	<u>\$ 4,067,978</u>	<u>\$4,067,978</u>	<u>\$ 8,403,527</u>
Net assets, end of year	<u>\$ 241,352</u>	<u>\$ 730,292</u>	<u>\$ 4,067,978</u>	<u>\$ 8,403,527</u>	<u>\$6,189,918</u>	<u>\$10,159,782</u>

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Selected Balance Sheet Information

	Fiscal Year (audited)				Eight-Months ended August 31, 2020	Eight-Months ended August 31, 2021
	2017	2018	2019	2020	(unaudited)	(unaudited)
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 7,617,175	\$ 9,090,454	\$ 9,412,938	\$ 9,227,510	\$ 9,600,431	\$ 7,284,321
Assets limited as to use, current portion	896,245	801,468	1,109,830	1,457,117	880,666	2,247,627
Accounts receivable	183,832	336,784	193,805	249,040	309,429	214,470
Entrance fees receivable	558,282	647,392	284,960	324,395	140,975	33,785
Hurricane funds receivable	-	1,453,634	250,000	-	-	-
Prepaid expenses and other	384,919	408,144	522,199	683,503	613,376	683,349
Total current assets	\$ 9,640,453	\$12,737,876	\$11,773,732	\$11,941,565	\$11,544,877	\$10,463,552
Assets limited as to use, noncurrent portion						
Property and equipment, net	\$ 7,223,684	\$ 7,594,843	\$10,551,663	\$11,834,262	\$11,997,766	\$13,833,167
	42,060,276	41,849,808	41,625,120	42,242,478	42,061,012	43,828,250
Total assets	\$58,924,413	\$62,182,527	\$63,950,515	\$66,018,305	\$65,603,655	\$68,124,969
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable	\$ 1,340,750	\$ 1,400,664	\$ 185,429	\$ 461,370	\$ 490,135	\$ 976,451
Accrued expenses	-	291,552	333,254	365,199	412,114	432,970
Hurricane related payable	-	1,697,809	329,590	-	-	-
Refunds payable	-	-	700,377	2,322,365	2,476,818	2,234,190
Deposits and advanced payments	320,438	362,968	428,404	399,489	377,910	1,606,158
Long-term debt, current maturities	369,529	381,160	392,124	405,500	369,529	369,529
Total current liabilities	\$ 2,030,717	\$ 4,134,153	\$ 2,369,178	\$ 3,953,923	\$ 4,126,506	\$ 5,619,298
Refundable fees	3,462,642	3,946,212	4,452,165	3,111,350	3,604,464	2,910,667
Refundable entrance fees	28,659,230	28,956,710	28,751,752	27,472,131	27,417,108	26,710,972
Deferred revenue from entrance fees	12,275,680	11,893,265	12,793,751	12,012,642	12,217,644	11,938,245
Long-term debt, less current maturities	12,254,792	12,521,895	11,515,691	11,064,732	12,048,015	10,786,005
Total liabilities	\$58,683,061	\$61,452,235	\$59,882,537	\$57,614,778	\$59,413,737	\$57,965,187
Net assets without donor restrictions	241,352	730,292	4,067,978	8,403,527	6,189,918	10,159,782
Total liabilities and net assets	\$58,924,413	\$62,182,527	\$63,950,515	\$66,018,305	\$65,603,655	\$68,124,969

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Days' Cash on Hand

	Fiscal Year (unaudited)				Eight-Months ended August 31, 2020 (unaudited)	Eight-Months ended August 31, 2021 (unaudited)
	2017	2018	2019	2020		
Cash and Cash equivalents	\$ 7,617,175	\$ 9,090,454	\$ 9,412,938	\$ 9,227,510	\$ 9,600,431	\$ 7,284,321
Assets limited as to use	8,119,929	8,396,311	11,661,493	13,291,379	12,878,432	16,080,794
Less resident funds	-	(70,353)	(80,426)	-	-	-
Less hurricane funds	-	-	(2,330,371)	-	-	-
Less development funds	-	-	0	(22,000)	-	(1,241,852)
	<u>\$15,737,104</u>	<u>\$17,416,412</u>	<u>\$18,663,634</u>	<u>\$22,496,889</u>	<u>\$22,478,863</u>	<u>\$22,123,263</u>
Operating expenses	\$14,268,167	\$17,634,049	\$16,018,762	\$15,664,833	\$10,567,830	\$10,519,626
Less depreciation	(2,098,082)	(2,154,284)	(2,209,700)	(2,228,598)	(1,482,769)	(1,527,598)
Less hurricane loss	-	(2,848,794)	(355,586)	-	-	-
	<u>\$12,170,085</u>	<u>\$12,630,971</u>	<u>\$13,453,476</u>	<u>\$13,436,235</u>	<u>\$ 9,085,061</u>	<u>\$ 8,992,028</u>
Daily operating expenses/365 or 244	33,343	34,605	36,859	36,812	37,234	37,004
Days Cash on Hand	472	503	506	611	604	598

Debt Service Coverage Ratio

	Fiscal Year (unaudited)				Eight-Months ended August 31, 2020 (unaudited)	Eight-Months ended August 31, 2021 (unaudited)
	2017	2018	2019	2020		
Total Excess of Revenues over Expenses, Net of Hurricane Impact	\$2,477,498	\$1,183,752	\$2,864,397	\$4,335,549	\$2,121,940	\$1,756,255
+ Interest, Depreciation & Amortization Expenses	2,469,772	2,541,916	2,601,506	2,549,430	1,705,509	1,718,511
- Amortization of Deferred Revenue	2,317,286	1,913,328	1,715,950	2,663,129	1,728,102	1,600,725
+ Net Proceeds from Entrance Fees	3,514,888	2,914,901	2,716,669	815,222	700,827	476,311
Funds Available for Debt Service	6,144,872	4,727,241	6,466,622	5,037,072	2,800,174	2,350,352
÷						
Annual Debt Service	758,415	758,415	758,415	758,415	505,610	505,610
Debt Service Coverage Ratio	8.10	6.23	8.53	6.64	5.54	4.65
Debt Service Coverage Ratio- Revenues Only	3.47	2.39	4.94	5.57	4.15	3.71

Note: For purposes of calculating Funds Available for Debt Service, Net Proceeds from Entrance Fees equals Proceeds from non-refundable advance fees and deposits plus Proceeds from refundable entrance fees less Refunds of entrance fees plus Refunds payable.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Management's Discussion of Financial Performance

The following paragraphs discuss the results of operations for the fiscal years ended December 31, 2018 to 2020 and for the eight-month period ended August 31, 2021.

Fiscal year ended December 31, 2018. In the fiscal year ended December 31, 2018, average occupancy of independent living units was 94.3%, the average census at Champions Assisted Living was 23.3 residents and the average census at Davis Health Care Center nursing was 19.5. The Obligor increased its Monthly Fees by 2.75% and Entrance Fees were increased 2%. Unrestricted revenues increased approximately 15.1%, while total operating expenses increased approximately 23.6% due to Hurricane Florence, which hit Wilmington, North Carolina in September 2018, which resulted in a decrease in operating income over the prior fiscal year. Change in net assets was approximately \$489,000. The Obligor had approximately \$2.85 million in hurricane expenses, and collected \$2.15 million in insurance proceeds in 2018 with another \$829 thousand collected in 2019.

Fiscal year ended December 31, 2019. In the fiscal year ended December 31, 2019, average occupancy of independent living units was 94.26%, the average census at Champions Assisted Living was 28.8 residents and the average census at the Davis Health Care Center was 17.4. The Obligor increased its Monthly Fees by 3% and Entrance Fees were increased by 2.4%. Unrestricted revenues decreased approximately 2.4%, while operating expenses decreased approximately 9.2%, which resulted in an increase in operating income over the prior fiscal year. Change in net assets increased by \$3.34 million. Hurricane Dorian hit Wilmington in September of 2019. The Obligor had expenses of approximately \$356,000 in hurricane expenses and, \$250,000 of that was recouped in insurance proceeds. Also included in the 2019 revenues was approximately \$829,000 of insurance proceeds from Hurricane Florence.

Fiscal Year ended December 31, 2020. In the fiscal year ended December 31, 2020, average occupancy of independent living units was 92.1%, the average census at Champions Assisted Living was 25.6 residents and the average census at the Davis Health Care Center was 14.2. See “COVID-19 PANDEMIC” herein for a discussion of the Obligor’s response to the COVID-19 pandemic and its impact on occupancy rates. The Obligor increased its Monthly Fees by 3% and Entrance Fees were increased by 3.28%. Unrestricted revenue increased approximately 1.95%, while operating expenses decreased approximately 2.21%, which resulted in an increase in operating income over the prior fiscal year. Change in net assets was approximately \$4.3 million.

Eight-month period ended August 31, 2021. In the eight-month period ended August 31, 2021, average occupancy of independent living units was 88.3%, the average census at Champions Assisted Living was 22 residents and the average census at the Davis Health Care Center was 9.3. The lower Davis Health Care Center census figures were primarily due to COVID-19 and the resulting transition to home care. See “COVID-19 PANDEMIC” herein for a discussion of the Obligor’s response to the COVID-19 pandemic and its impact on occupancy rates. Effective January 1, 2021, the Corporation increased its Monthly Fees by 3% and Entrance Fees by 2.9%. Unrestricted revenues decreased approximately 5.7% due to lower independent living census, while department operating expenses remained relatively flat. Change in net assets increased by \$1.8 million, of which \$1.2 million was attributed to deposits for new construction.

Investment Guidelines

The Obligor’s current investments are managed by the Board’s finance committee and an investment advisor.

Investment Objectives and Time Horizon.

The Obligor's major investment objectives are to maintain (i) the purchasing power of the current assets and all future contributions and (ii) an appropriate asset allocation based on total return policy that is compatible with the investment guidelines and risk profile. The Obligor's investment guidelines are based on an investment horizon of greater than five years.

Performance Expectations and Risk Tolerance.

In general, the Obligor expects the funds to achieve the following objectives over a five-year moving time period: (i) the portfolio's total return net of all fees should exceed the increase in the Consumer Price Index plus 3%; (ii) returns should exceed the return of a broad market index and/or style index comprised of securities of a nature similar to the manager's style over a full market cycle; and (iii) it will be the objective of the portfolio to meet these goals over full market cycles, which tend to range from 3 to 5 years. The Obligor recognizes and acknowledges some risk must be assumed in order to achieve the long-term investment objectives of the portfolio. In establishing the risk tolerances for the respective funds, the ability to withstand short- and intermediate-term variability are considered.

Asset Allocation.

The Obligor recognizes that the strategic allocation of portfolio assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long term investment returns and portfolio asset value stability. The Obligor expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Obligor wishes to retain flexibility with respect to making periodic changes to the portfolio's asset allocation, it expects to do so only in the event of material changes to the fund, to the assumptions underlying fund spending policies, and/or to the capital markets and asset classes in which the portfolio invests. The Obligor recently changed its allocation policy such that fund assets will be managed as a balanced portfolio composed of two major components: an equity portion of 65% and a fixed income portion of 35%. The role of equity investments will be to maximize the long term real growth of portfolio assets, while the role of fixed income investments will be to generate current income, provide more stable periodic returns, and provide some protection against a prolonged decline in the market value of portfolio equity investments. Cash investments will be considered as temporary portfolio holdings and will be used for liquidity needs while generating a return that is in excess of that offered by money market funds or other short term alternatives. At September 30, 2021, the value of the Obligor's investments was \$13,409,400, with the asset mix being 67.2% equities and 32.8% fixed income.

Budgeting

Annually, the Obligor's management team prepares a budget for the following fiscal year. The assumptions used are based on industry trends, best practices and management experience. The Director of Accounting, with the assistance of LCS, compiles the budget for review by the Executive and Finance Committee. The Executive and Finance Committee recommends that the budget be accepted by the Board.

OTHER

Management Strategy, Future Plans

Management of the Obligor continually monitors opportunities to improve the Community. The Obligor's current master plan is separated into three phases, Phase 1 of which is the Project. Phase 2 will consist of replacing eight quad buildings with five eight-plex buildings that will contain 70 new independent living units, constructing a new 30 unit independent living building, and replacing the current independent living "Building C" of the Community with a new 22-unit independent living building. Phase 3 will consist of replacing independent living "Buildings A and B" in the Community with a new 53-unit independent living building. The time of such Phases 2 and 3 will be determined upon completion of the Project.

The Board is currently considering changing the Obligor's name. Special consideration will be given to the focus group findings, legal implications, cost and timing of a potential change, all of which are being carefully explored. However, the Board has deferred further examination of a name change until the Project is successfully marketed.

Employees and Benefits

Currently, the Obligor employs approximately 139 employees, and it does not have any employees represented by a union. Current employee benefits include health insurance, dental insurance, vision insurance, life and AD&D insurance, short- and long-term disability, voluntary life insurance, flexible spending accounts, supplemental insurance plans, emergency travel assistance, scholarships with Cape Fear Community College, and a 403b retirement plan.

Environmental Matters

The Obligor is subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations which address, among other things, health care operations, facilities and properties owned and operated by health care providers. On November 1, 2021, the Obligor obtained a Phase I environmental assessment with respect to the Mortgaged Property. The Phase I environmental assessment revealed no evidence of current recognized environmental conditions and the engineering consultant did not recommend any additional investigation at the time of the Phase I environmental assessment. In addition, at the present time, management of the Obligor is not aware of any pending environmental matters or threatened claims, investigations, or enforcement actions regarding such matters which, if determined adversely to the Obligor, would have a material adverse effect on its operations of financial conditions.

Hurricane Preparedness

The Obligor is a National Oceanic and Atmospheric Administration ("NOAA") Weather-Ready Ambassador and regularly receives guidance and information on emergency preparedness for extreme weather, water, and climate events from NOAA. In preparation for hurricane season each year, the Obligor secures additional food, water, and medical supplies; ensures that they have at least 72 hours of fuel for generators; confirms with the Davis Community that residents in need of assistance with daily activities of living have access to their facilities; confirms access to three convention center evacuation sites, based on the track of the storm; and secures transportation for residents to the evacuation sites, if necessary. The Executive Director is responsible for determining when evacuation of residents is necessary based on three criteria: (1) whether the storm is a Category 3 or higher, (2) whether the storm has a 40% or greater chance of a direct impact on the Community, and (3) the predicted duration of the storm. The Obligor also provides staff with hurricane preparedness training and frequently provides residents with information on the

Community's emergency procedures and hurricane preparedness awareness. For example, prior to and during Hurricane Florence, Community residents were bused to and stayed in hotel space in Greensboro.

Insurance

The Corporation is a member of the Life Care Services Advantage Insurance Program, which provides consistency and continuity at a reasonable cost. The Corporation maintains insurance coverage for a variety of risks, including replacement of real and personal property, commercial general liability, professional liability, business interruption, crime, and auto. Commercial general and professional liability limits are \$1,000,000 per incident and \$3,000,000 aggregate. The Corporation also maintains an Umbrella Liability policy of \$10,000,000 per incident and \$50,000,000 aggregate. The Workers' Compensation policy contains statutory limits of \$500,000.

Litigation

There is currently no litigation pending or, to the knowledge of the Obligor, threatened which in the opinion of the Obligor's management will materially adversely affect the financial conditions or operations of the Obligor.

Cybersecurity

The Obligor relies on a large and complex technology environment to conduct its operations and faces multiple cybersecurity threats involving, but not limited to, hacking, phishing viruses, malware and other attacks on its computing and other digital networks and systems. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Obligor (1) invests in multiple forms of cybersecurity and operational safeguards, (2) carries a cyber insurance policy, (3) conducts an audit of its systems every other year, and (4) provides monthly online trainings to employees with access to their systems. To date, the Obligor has not been the victim of a cybersecurity breach.

APPENDIX B
FINANCIAL STATEMENTS OF
THE CORPORATION

[THIS PAGE INTENTIONALLY LEFT BLANK]



Plantation Village, Inc.

Financial Statements

Years Ended December 31, 2020 and 2019



Table of Contents

Independent Auditors' Report..... 1

Financial Statements:

 Balance Sheets..... 3

 Statements of Operations and Changes in Net Assets 4

 Statements of Cash Flows 5

 Notes to Financial Statements..... 6



Independent Auditors' Report

Board of Directors
Plantation Village, Inc.
Wilmington, NC

We have audited the accompanying financial statements of Plantation Village, Inc. (the "Community"), which comprise the balance sheets as of December 31, 2020 and 2019 and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

Raleigh, NC
April 29, 2021

Plantation Village, Inc.
Balance Sheets
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,227,510	\$ 9,412,938
Assets limited as to use, current portion	1,457,117	1,109,830
Accounts receivable	249,040	193,805
Entrance fees receivable	324,395	284,960
Hurricane funds receivable	-	250,000
Prepaid expenses and other	683,503	522,199
	<u>11,941,565</u>	<u>11,773,732</u>
Total current assets	11,941,565	11,773,732
Assets limited as to use, noncurrent portion	11,834,262	10,551,663
Property and equipment, net	42,242,478	41,625,120
	<u>66,018,305</u>	<u>63,950,515</u>
Total assets	\$ 66,018,305	\$ 63,950,515
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 461,370	\$ 185,429
Accrued expenses	365,199	333,254
Hurricane related payable	-	329,590
Refunds payable	2,322,365	700,377
Deposits and advanced payments	399,489	428,404
Long-term debt, current maturities	405,500	392,124
	<u>3,953,923</u>	<u>2,369,178</u>
Total current liabilities	3,953,923	2,369,178
Refundable fees	3,111,350	4,452,165
Refundable entrance fees	27,472,131	28,751,752
Deferred revenue from entrance fees	12,012,642	12,793,751
Long-term debt, less current maturities	11,064,732	11,515,691
	<u>57,614,778</u>	<u>59,882,537</u>
Total liabilities	57,614,778	59,882,537
Net assets without donor restrictions	8,403,527	4,067,978
	<u>66,018,305</u>	<u>63,950,515</u>
Total liabilities and net assets	\$ 66,018,305	\$ 63,950,515

See accompanying notes.

Plantation Village, Inc.
 Statements of Operations and Changes in Net Assets
 Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue, gains and other support:		
Resident services	\$ 14,354,001	\$ 14,597,412
Amortization of advance fees	2,663,129	1,715,950
Insurance proceeds	-	828,875
Grant revenue	792,600	-
Other operating revenue	577,163	892,675
	<u>18,386,893</u>	<u>18,034,912</u>
Total revenue, gains and other support		
Operating expenses:		
Resident care	4,723,003	4,937,865
Dietary	2,148,130	2,145,603
Housekeeping	784,613	761,152
Plant facility costs	2,180,653	2,070,834
General and administrative	3,279,004	3,146,216
Hurricane loss	-	355,586
Depreciation	2,228,598	2,209,700
Interest	320,832	391,806
	<u>15,664,833</u>	<u>16,018,762</u>
Total operating expenses		
Operating income	<u>2,722,060</u>	<u>2,016,150</u>
Non-operating income:		
Investment income	1,613,489	1,321,536
	<u>4,335,549</u>	<u>3,337,686</u>
Excess of revenues over expenses		
Net assets, beginning of year	<u>4,067,978</u>	<u>730,292</u>
Net assets, end of year	<u>\$ 8,403,527</u>	<u>\$ 4,067,978</u>

Plantation Village, Inc.
 Statements of Cash Flows
 Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flow from operating activities:		
Excess of revenues over expenses	\$ 4,335,549	\$ 3,337,686
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Proceeds from non-refundable advance fees and deposits	2,482,363	3,620,457
Amortization of advance fees	(2,663,129)	(1,715,950)
Net realized gains	(1,016,017)	(113,864)
Net unrealized gains	(392,375)	(969,266)
Depreciation	2,228,598	2,209,700
Changes in assets and liabilities:		
Accounts receivable	(55,235)	142,979
Hurricane receivable / payable	(79,590)	(164,585)
Prepaid expenses and other	(161,304)	(114,055)
Accounts payable	275,941	(514,858)
Accrued expenses	31,945	41,702
Refunds payable	1,621,988	-
Net cash provided by operating activities	<u>6,608,734</u>	<u>5,759,946</u>
Cash flows from investing activities:		
Net changes in assets limited as to use	112,417	(1,884,654)
Purchase of property and equipment	<u>(2,845,956)</u>	<u>(1,985,012)</u>
Net cash used by investing activities	<u>(2,733,539)</u>	<u>(3,869,666)</u>
Cash flows from financing activities:		
Proceeds from refundable entrance fees	1,719,054	1,284,254
Refunds of entrance fees	(5,008,183)	(2,188,042)
Payments on long-term debt	<u>(437,583)</u>	<u>(366,610)</u>
Net cash used by financing activities	<u>(3,726,712)</u>	<u>(1,270,398)</u>
Net change in cash and cash equivalents	148,483	619,882
Cash, cash equivalents, and restricted cash, beginning of year	<u>10,130,644</u>	<u>9,510,762</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 10,279,127</u>	<u>\$ 10,130,644</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest, including capitalized interest	<u>\$ 320,832</u>	<u>\$ 391,806</u>
Notes receivable received for entrance fees	<u>\$ 675,122</u>	<u>\$ 1,204,783</u>

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Organization

Plantation Village, Inc. (the “Community”) is a nonprofit organization which principally provides housing, health care, and other related services to residents through the operation of a continuing care retirement community in Wilmington, North Carolina containing 273 living units, of which 116 are villas, duplexes, and cottages.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Community maintains deposits with high credit quality financial institutions, of which the balances at each institution exceeds the federally insured amount.

Cash and Cash Equivalents

The Community’s operating cash is placed with high credit quality institutions. The funds on deposit are in excess of federally insured amounts. Restricted cash is included with cash and cash equivalents in the statements of cash flows.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheets that sum to the total amounts shown in the statements of cash flows.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 9,227,510	\$ 9,412,938
Assets whose use is limited:		
Deposits and advanced payments	985,280	654,793
Resident funds	<u>66,337</u>	<u>62,913</u>
Total cash, cash equivalents and restricted cash shown in statements of cash flows	<u>\$ 10,279,127</u>	<u>\$ 10,130,644</u>

Assets Limited As To Use

Assets limited as to use consists of cash, money market, mutual funds, and exchange-traded funds. The use of these assets are restricted or limited under terms of certain agreements or by the designation of the Community's Board of Directors. Money market funds, mutual funds, and exchange-traded funds are carried at fair value in the balance sheets. Investment income, including unrealized and realized gains and losses, are included in excess of revenues over expenses. Amounts required for current liabilities are classified as current assets.

Accounts Receivable

Accounts receivable are carried at their original billed amounts. The Community has experienced few uncollectible accounts in the past as any past due receivables can be applied against refunds due to the resident from their initial investment in the Community.

Accounts receivable are considered past due if any portion of the receivable balance is outstanding for more than 60 days. Interest is charged on accounts receivable outstanding for more than 90 days and is recognized as it is charged.

Entrance Fees Receivable

Entrance fees receivable consist of short-term promissory notes from current residents related to the payment of the final installment of their entrance deposit. If the resident pays the note on or before the agreed upon due date, no interest is charged.

Property and Equipment, Net

Property and equipment, including construction in progress, is stated at cost less accumulated depreciation. Donated property is initially recorded at its estimated fair value at the date of receipt, which is then treated as cost. Depreciation is computed on the straight-line method based on the following estimated useful service lives:

Buildings	25 - 40 years
Land improvements	20 years
Equipment, furniture, and fixtures	5 - 10 years
Vehicles	5 years

The Community assesses long-lived assets for impairment when events or circumstances exist that indicate the carrying amount of these assets may not be recoverable. At December 31, 2020 there were no impaired long-lived assets.

Deferred Revenue From Entrance Fees

A residency agreement is required of all residents. The Community has historically provided two alternative residency agreements: traditional or return-of-capital plans. The traditional contract includes contract terms that 2 percent of contract total becomes nonrefundable per month for the first 50 months and thereafter 100 percent is nonrefundable. The Community currently offers either 90 percent or 50 percent return-of-capital plans. Each agreement provides for payment of an advance (entrance) fee and monthly service fees, each of which are subject to periodic increases. Return-of-capital residency agreements also provide for partial refunds of entrance fees upon termination of the agreement, but only upon re-occupancy of the unit and the collection of a new entrance fee.

Nonrefundable entrance fees are deferred and amortized to income by the straight-line method over the average expected remaining life of each resident beginning on the date of closing and are recalculated annually.

Refundable Entrance Fees

Entrance fees payable are refundable advance fees that are recorded at the amount indicated by the contract.

Refundable Fees

Refundable fees related to residents who have been permanently assigned at a skilled nursing facility or assisted living facility are classified as noncurrent liabilities due to the indeterminable timing of the ultimate payment.

Obligation to Provide Future Services

The Community annually calculates the present value of the net estimated cost of future services and use of facilities to be provided to current residents and compares that amount to the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities, discounted at 1.92 percent, exceeds the deferred revenue from advance fees, a liability would be recorded (obligation to provide future services) with a corresponding charge to income. To date, deferred revenue from advance fees has exceeded the present value of the net estimated cost of future services and use of facilities.

Net Assets

The accompanying financial statements present information regarding the Community's financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, through the conclusion of a stipulated time restriction or accomplishment of a purpose restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions. There were no net assets with donor restrictions at December 31, 2020 and 2019.

Resident Services Revenue

Resident services revenue is recorded at established rates monthly. Resident services revenue includes health care revenue for residents under residency agreements, consisting of monthly fees for persons permanently assigned to a nearby unrelated health center and charges for supplies and meals. The monthly fees equal 75 percent of the nearby, unrelated nursing facility's stated per diem rate. Assisted living care residents pay 75 percent of the stated per diem of a nearby unrelated assisted living facility. The costs to the Community of the residents assigned to the health center or assisted living facility are included in resident care expenses.

Grant Revenue

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (“CARES”) Act provides for the establishment of the Paycheck Protection Program (“PPP”), a new loan program under the Small Business Administration’s 7(a) program providing loans to qualifying businesses. Additionally, loans originated under this program may be forgiven, in whole or in part, if certain criteria are met.

The Community received \$792,600 under the PPP. Subsequent to yearend, a forgiveness calculation was prepared and submitted to the Community’s lender indicating that the full amount of the loan qualifies for forgiveness as the Community believed it had substantially met the conditions and requirements under the program. On March 22, 2021, the Small Business Administration sent a notice of PPP forgiveness of \$792,600 and related interest. Prior to forgiveness, the Community elected to account for the receipt of these funds as a government grant by analogy to ASC 958-605. These funds were recognized as a refundable advance when received and classified in accordance with the scheduled maturity outlined in the PPP loan agreement assuming a ten-month deferral of payments from the end of the Community’s covered period. Grant revenue under this method of accounting may only be recognized when the conditions attached to the grant have been substantially met. The Community has fully utilized the proceeds of the loan for qualifying expenses under the PPP and the Community’s covered period was closed as of the balance sheet date. Grant revenue has been recognized in the statement of operations and changes in net assets in the grant revenue line item.

Advertising Expenses

All advertising expenses other than qualifying direct-response advertising costs associated with the initial occupancy of units are expensed in the year in which they are incurred. Advertising expenses were approximately \$360,000 and \$441,000 in 2020 and 2019, respectively.

Excess of Revenues Over Expenses

The statements of operations and changes in net assets include excess of revenues over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenues over expenses, consistent with industry practice, would include net assets released from restriction for purchase of property and equipment, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Income Taxes

The Community has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501 (c)(3) of the Internal Revenue Code (“IRC”) and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. Similar provisions apply to state income taxes in the North Carolina law. In the opinion of management, the Community has no uncertain tax positions.

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to the presentation of the 2020 financial statements. Changes in net assets previously reported for 2019 were not affected by these reclassifications.

Subsequent Events

The Community has evaluated its subsequent events (events occurring after December 31, 2020), through April 29, 2021, which represents the date the financial statements were available to be issued.

2. Fair Value Measurements

Under U.S GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Community uses various methods including market, income, and cost approaches. Based on these approaches, the Community often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Community utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Community is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1:** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2:** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3:** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Community's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Assets Measured at Fair Value on a Recurring Basis

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy. Level 1 investments include money market funds, mutual funds, and exchange-traded funds which are valued based on prices readily available in the active markets in which those securities are traded, and money market funds which are based on their transacted value.

The Community does not have any financial assets or liabilities measured on a recurring basis categorized as Level 2 or Level 3, and there were no transfers in or out of Level 3 for years ended December 31, 2020 and 2019. There were no changes during 2020 or 2019 to the Community's valuation techniques used to measure asset fair values on a recurring basis.

Plantation Village, Inc.
Notes to Financial Statements

The tables below present the balances of assets measured at fair value on a recurring basis.

	December 31, 2020			Total
	Level 1	Level 2	Level 3	
Mutual funds	\$ 1,036,139	\$ -	\$ -	\$ 1,036,139
Exchange-traded funds	11,412,930	-	-	11,412,930
Total	<u>\$ 12,449,069</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,449,069</u>

The Community had \$10,069,820 of cash and cash equivalents included within cash and cash equivalents and assets limited as to use on the balance sheets which are not included in the fair value hierarchy.

	December 31, 2019			Total
	Level 1	Level 2	Level 3	
Mutual funds	\$ 10,505,340	-	-	\$ 10,505,340
Exchange-traded funds	430,957	-	-	430,957
Total	<u>\$ 10,936,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,936,297</u>

The Community had \$10,130,644 and \$7,490 of cash and cash equivalents and accrued interest, respectively, included within cash and cash equivalents and assets limited as to use on the balance sheets which are not included in the fair value hierarchy.

3. Assets Limited as to Use

The components of assets limited as to use consist of the following:

	2020	2019
Current portion:		
Deposits and advanced payments	\$ 985,280	\$ 654,793
Resident funds	66,337	62,913
By Board for debt repayment	405,500	392,124
	<u>1,457,117</u>	<u>1,109,830</u>
Noncurrent portion:		
Resident funds	91,678	80,426
Under regulatory requirement, operating reserve (Note 7)	3,460,000	3,365,500
By Board for future asset replacement	2,228,598	2,209,700
By Board for return of capital	1,555,675	2,226,083
By Board for future operations	4,498,311	2,669,954
	<u>11,834,262</u>	<u>10,551,663</u>
	<u>\$ 13,291,379</u>	<u>\$ 11,661,493</u>

Plantation Village, Inc.
Notes to Financial Statements

In 2017, the Board of Directors designated amounts to fund current maturities of long-term debt, to fund one year of depreciation based on immediate capital expenditure needs, and 50 percent of the refundable fee balance for residents permanently assigned to a long-term care facility. These amounts may be invested in investment accounts and other cash and cash equivalent accounts. The Board of Directors may modify its policy for designated amounts from time to time.

The Community invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could affect the amounts reported in the balance sheet.

A summary of net investment income for the years ended December 31 follows:

	<u>2020</u>	<u>2019</u>
Interest income	\$ 205,097	\$ 238,406
Net realized gains	1,016,017	113,864
Net unrealized gains	<u>392,375</u>	<u>969,266</u>
Net investment income	<u>\$ 1,613,489</u>	<u>\$ 1,321,536</u>

4. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 517,935	\$ 517,935
Land improvements	1,994,822	1,902,799
Buildings	65,146,679	63,990,436
Fixed and movable equipment	2,442,992	2,385,939
Furniture and fixtures	1,709,355	1,688,683
Vehicles	<u>415,931</u>	<u>415,931</u>
	72,227,714	70,901,723
Less accumulated depreciation	<u>32,003,005</u>	<u>29,773,854</u>
	40,224,709	41,127,869
Construction-in-progress	<u>2,017,769</u>	<u>497,251</u>
Total property and equipment	<u>\$ 42,242,478</u>	<u>\$ 41,625,120</u>

5. Debt

Long-term debt at December 31, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
Note payable to bank at 3.09%, due in 83 monthly installments including interest beginning September 5, 2017, and consecutive interest payments beginning September 5, 2013, due August 2023, collateralized by real estate.	\$ 7,815,998	\$ 8,079,755
Note payable to bank at 1.10% above one-month LIBOR, not to exceed 5.99% (1.22% at December 31, 2020), due in 83 monthly installments including interest beginning September 5, 2017, and consecutive interest payments beginning September 5, 2013, due August 2023, collateralized by real estate.	<u>3,654,234</u>	<u>3,828,060</u>
	11,470,232	11,907,815
Less current maturities	<u>405,500</u>	<u>392,124</u>
	<u>\$ 11,064,732</u>	<u>\$ 11,515,691</u>

The proceeds of the above two notes are due in 2023, were used to finance the Phase II Facility Expansion, which was completed in January 2016. The original construction loan agreements provided for two interest only loans during construction. The combined balances were limited to 70% of the appraised value of the property collateralized by the loans. One loan was up to \$13,175,000 at the 3.09% fixed rate and the other was up to \$6,000,000 at the LIBOR variable rate shown above.

The construction loans include certain affirmative covenants regarding financial information provided to the lender bank. The Community was in compliance with all of the covenants as of December 31, 2020.

Aggregate maturities required on long-term debt as of December 31, 2020, are due in future years as follows:

2021	\$ 405,500
2022	418,264
2023	<u>10,646,468</u>
	<u>\$ 11,470,232</u>

6. Management Agreement

The Community operates under a management agreement with Life Care Services, LLC ("LCS"). Under this agreement, LCS coordinates the ongoing project management of the Community. In consideration for these services, the Community pays LCS a base monthly management fee and an additional incentive fee based upon achieving prescribed operating criteria. The management fee is subject to annual adjustment for cost-of-living increases or facility expansion. Management fees, incentive fees and miscellaneous charges under agreements with LCS totaled approximately \$790,000, and \$814,000 for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, approximately \$58,000 and \$50,000, respectively, were included in accounts payable on the balance sheets to LCS for various fees and charges under the agreement. The Community renewed their management agreement with LCS for five years beginning January 1, 2017.

7. Regulatory Matters

Continuing care retirement communities located in North Carolina are licensed and monitored by the State Department of Insurance under Article 64 of Chapter 58 of the North Carolina General Statutes. The Commissioner of Insurance has the authority to revoke or restrict the license of, or impose additional requirements on, any continuing care facility under certain circumstances specified in General Statute 58-64-10.

North Carolina General Statute 58-64-33 requires that continuing care retirement communities with occupancy levels in excess of 90 percent maintain an operating reserve equal to 25 percent of total operating costs forecasted for the twelve-month period following the most recent annual statement filed with the Department of Insurance upon approval of the Commissioner, unless otherwise instructed by the Commissioner. Continuing care retirement communities with less than 90 percent occupancy are required to maintain an operating reserve equal to 50 percent of forecasted total operating costs. Total operating costs shall include budgeted operating expenses plus debt service less depreciation and amortization expense and revenue associated with non-contractual expenses. The Community's occupancy was above 90 percent in 2020 and 2019. At December 31, 2020 and 2019, the Board of Directors had specifically designated \$3,460,000 and \$3,365,500, respectively, for the purpose of meeting this requirement (Note 3).

The operating reserve can only be released upon the submittal of a detailed request from the Community and must be approved by the North Carolina Department of Insurance.

8. Retirement Plan

The Community provides a retirement plan under Section 403(b) of the Internal Revenue Code. The Community matches 50 percent of the first 6 percent of employee contributions for a maximum match of 3 percent an employee's annual salary. Employees are eligible to participate in the plan after 90 days of service. An employee is eligible for the employer match after one year of service during which he or she has worked at least 1,000 hours (an average of 20 hours per week) and is at least age 21. Employees are subject to a six-year vesting schedule for the Community's contributions. For the years ended December 31, 2020 and 2019, the Community contributed approximately \$22,000 and \$20,000, respectively.

9. Liquidity and Availability

Financial assets available for general expenditures in the next 12 months, classified as current assets were \$11,484,092 and \$11,251,533 as of December 31, 2020 and 2019, respectively.

The Community operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures, debt service, and budgeted capital expenditures. The accompanying statement of cash flows on page 5, which identifies sources and uses of cash, indicates net cash provided by operating activities in 2020 and 2019. As explained in Note 3 at December 31, 2020 and 2019, \$11,742,584 and \$10,471,237, respectively, of noncurrent assets limited as to use is generally not available due to board designation and regulatory requirements but could be released to fund operations with appropriate Board and regulatory approval. The Community regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

10. Hurricane Loss

On September 5, 2019 Hurricane Dorian made landfall as a Category 1 hurricane at Wrightsville Beach, North Carolina. Wrightsville Beach, North Carolina is a barrier island contiguous to Wilmington, North Carolina. The winds and heavy rain caused widespread damage at the Community.

Total hurricane expense of \$355,586 are included in the Statement of Operations and Changes in Net Assets for the year ended December 31, 2019, which is the incurred costs of repairs resulting from the hurricane. At December 31, 2020 all related expenditures have been reimbursed by insurance proceeds.

11. Schedule of Expenses by Natural Category and Function

The costs of providing the Community's program and other activities have been summarized on a functional basis below. Expenses that can be identified with a specific program or support service are charged directly to the program or support service. Costs common to multiple functions have been allocated using an objective basis, such as time spent, salaries, square feet, and other basis.

	Expenses for year ended December 31, 2020			
	Health Care Services	Resident Services	General & Administration	Total
Salaries and benefits	\$ 1,151,807	\$ 2,679,462	\$ 650,240	\$ 4,481,509
Dietary	-	785,810	-	785,810
Housekeeping	-	13,535	-	13,535
Plant facility costs	-	982,013	-	982,013
Supplies	20,639	360,446	55,164	436,249
Utilities	-	556,318	-	556,318
General and administrative	3,243,104	490,093	2,075,283	5,808,480
Hurricane loss	-	-	51,489	51,489
Depreciation	3,113	2,195,059	30,426	2,229,598
Interest	-	-	320,832	320,832
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total operating expenses	<u>\$ 4,418,663</u>	<u>\$ 8,062,736</u>	<u>\$ 3,183,434</u>	<u>\$ 15,664,833</u>

	Expenses for year ended December 31, 2019			
	Health Care Services	Resident Services	General & Administration	Total
Salaries and benefits	\$ 969,169	\$ 2,515,069	\$ 665,649	\$ 4,149,887
Dietary	-	794,071	-	794,071
Housekeeping	-	50,491	-	50,491
Plant facility costs	-	961,844	-	961,844
Supplies	7,769	303,289	35,540	346,598
Utilities	-	596,996	-	596,996
General and administrative	3,669,767	602,669	1,889,347	6,161,783
Hurricane loss	-	-	355,586	355,586
Depreciation	3,421	2,172,819	33,460	2,209,700
Interest	-	-	391,806	391,806
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total operating expenses	<u>\$ 4,650,126</u>	<u>\$ 7,997,248</u>	<u>\$ 3,371,388</u>	<u>\$ 16,018,762</u>

Plantation Village, Inc.
Notes to Financial Statements

General and administrative expense include those costs that are not directly identifiable with any specific program, but which provide for all the overall support of the Community. General and administrative activities include those that provide governance, oversight, business management, financial recordkeeping, budgeting, legal services, human resources management, and similar activities that ensure an adequate working environment and an equitable employment program. Resources expended for fundraising from the general public are not significant.

Plantation Village, Inc.

Financial Statements

Years Ended December 31, 2019 and 2018

Table of Contents

Independent Auditors' Report 1

Financial Statements:

 Balance Sheets 3

 Statements of Operations and Changes in Net Assets 4

 Statements of Cash Flows..... 5

 Notes to Financial Statements 6



Independent Auditors' Report

Board of Directors
Plantation Village, Inc.
Wilmington, North Carolina

We have audited the accompanying financial statements of Plantation Village, Inc. (the "Community"), which comprise the balance sheets as of December 31, 2019 and 2018 and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Change in Accounting Principles

As described in Note 1 to the financial statements, the Community adopted several Accounting Standards Updates ("ASU's") in 2019. The primary impacts of adopting these ASU's are further described in Note 1. Our opinion is not modified with respect to this matter.

Dixon Hughes Goodman LLP

**Raleigh, North Carolina
April 28, 2020**

Plantation Village, Inc.
Balance Sheets
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,412,938	\$ 9,090,454
Assets limited as to use, current portion	1,109,830	801,468
Accounts receivable	193,805	336,784
Entrance fees receivable	284,960	647,392
Hurricane funds receivable	250,000	1,453,634
Prepaid expenses and other	522,199	408,144
	<u>11,773,732</u>	<u>12,737,876</u>
Assets limited as to use, noncurrent portion	10,551,663	7,594,843
Property and equipment, net	41,625,120	41,849,808
	<u>63,950,515</u>	<u>62,182,527</u>
Total assets	<u>\$ 63,950,515</u>	<u>\$ 62,182,527</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 885,806	\$ 1,400,664
Accrued expenses	333,254	291,552
Hurricane related payable	329,590	1,697,809
Deposits and advanced payments	428,404	362,968
Long-term debt, current maturities	392,124	381,160
	<u>2,369,178</u>	<u>4,134,153</u>
Total current liabilities	<u>2,369,178</u>	<u>4,134,153</u>
Refundable fees	4,452,165	3,946,212
Refundable entrance fees	28,751,752	28,956,710
Long-term debt, less current maturities	11,515,691	11,893,265
Deferred revenue from entrance fees	12,793,751	12,521,895
	<u>59,882,537</u>	<u>61,452,235</u>
Total liabilities	<u>59,882,537</u>	<u>61,452,235</u>
Net assets without donor restrictions	<u>4,067,978</u>	<u>730,292</u>
Total liabilities and net assets	<u>\$ 63,950,515</u>	<u>\$ 62,182,527</u>

See accompanying notes.

Plantation Village, Inc.
Statements of Operations and Changes in Net Assets
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue, gains and other support:		
Resident services	\$ 14,597,412	\$ 13,903,040
Amortization of advance fees	1,715,950	1,913,328
Insurance proceeds	828,875	2,153,982
Other operating revenue	<u>892,675</u>	<u>510,691</u>
Total revenue, gains and other support	<u>18,034,912</u>	<u>18,481,041</u>
Operating expenses:		
Resident care	4,937,865	4,544,943
Dietary	2,145,603	2,010,947
Housekeeping	761,152	721,070
Plant facility costs	2,070,834	1,957,809
General and administrative	3,146,216	3,008,570
Hurricane loss	355,586	2,848,794
Depreciation	2,209,700	2,154,284
Interest	<u>391,806</u>	<u>387,632</u>
Total operating expenses	<u>16,018,762</u>	<u>17,634,049</u>
Operating income	<u>2,016,150</u>	<u>846,992</u>
Non-operating income (loss):		
Investment income (loss)	<u>1,321,536</u>	<u>(358,052)</u>
Excess of revenues over expenses	3,337,686	488,940
Net assets, beginning of year	<u>730,292</u>	<u>241,352</u>
Net assets, end of year	<u>\$ 4,067,978</u>	<u>\$ 730,292</u>

See accompanying notes.

Plantation Village, Inc.
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018 As Adjusted
Cash flow from operating activities:		
Excess of revenues over expenses	\$ 3,337,686	\$ 488,940
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Proceeds from non-refundable advance fees and deposits	3,620,457	2,552,802
Amortization of advance fees	(1,715,950)	(1,913,328)
Net realized gains	(113,864)	(160,088)
Net unrealized (gains) losses	(969,266)	729,000
Depreciation	2,209,700	2,154,284
Changes in assets and liabilities:		
Accounts receivables	142,979	(152,952)
Hurricane receivable / payable	(164,585)	244,175
Prepaid expenses and other	(114,055)	(23,225)
Accounts payable	(514,858)	316,124
Accrued expenses	41,702	35,342
Net cash provided by operating activities	<u>5,759,946</u>	<u>4,271,074</u>
Cash flows from investing activities:		
Net changes in assets limited as to use	(1,884,654)	(845,294)
Purchase of property and equipment	(1,985,012)	(1,943,816)
Net cash used by investing activities	<u>(3,869,666)</u>	<u>(2,789,110)</u>
Cash flows from financing activities:		
Proceeds from refundable entrance fees	1,284,254	3,410,563
Refunds of entrance fees	(2,188,042)	(3,048,464)
Payments on long-term debt	(366,610)	(370,784)
Net cash used by financing activities	<u>(1,270,398)</u>	<u>(8,685)</u>
Net change in cash and cash equivalents	619,882	1,473,279
Cash, cash equivalents, and restricted cash, beginning of year	<u>9,510,762</u>	<u>8,037,483</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 10,130,644</u>	<u>\$ 9,510,762</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest, including capitalized interest	<u>\$ 391,806</u>	<u>\$ 387,632</u>
Notes receivable received for entrance fees	<u>\$ 1,204,783</u>	<u>\$ 736,865</u>

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Organization

Plantation Village, Inc. (the "Community") is a nonprofit organization which principally provides housing, health care and other related services to residents through the operation of a continuing care retirement community in Wilmington, North Carolina containing 273 living units, of which 116 are villas, duplexes and cottages.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Community maintains deposits with high credit quality financial institutions, of which the balances at each institution exceeds the federally insured amount.

Cash and Cash Equivalents

The Community's operating cash is placed with high credit quality institutions. The funds on deposit are in excess of federally insured amounts. Restricted cash is included with cash and cash equivalents in the statements of cash flows.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheets that sum to the total amounts shown in the statements of cash flows.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 9,412,938	\$ 9,090,454
Assets whose use is limited:		
Deposits and advanced payments	654,793	362,968
Resident funds	<u>62,913</u>	<u>57,340</u>
Total cash, cash equivalents and restricted cash shown in statements of cash flows	<u>\$ 10,130,644</u>	<u>\$ 9,510,762</u>

Assets Limited As To Use

Assets limited as to use consists of (1) cash accounts, (2) cash equivalents, consisting of money market accounts, and (3) mutual funds. The use of these assets is restricted or limited under terms of certain agreements or by the designation of the Community's Board of Directors. Money market funds and mutual funds are carried at fair value in the balance sheets. Investment income, including unrealized and realized gains and losses, are

Plantation Village, Inc.
Notes to Financial Statements

included in excess revenues over expenses. Amounts required for current liabilities are classified as current assets.

Accounts Receivable

Accounts receivable are carried at their original billed amounts. The Community has experienced few uncollectible accounts in the past as any past due receivables can be applied against refunds due to the resident from their initial investment in the Community.

Accounts receivable are considered past due if any portion of the receivable balance is outstanding for more than 60 days. Interest is charged on accounts receivable outstanding for more than 90 days and is recognized as it is charged.

Entrance Fees Receivable

Entrance fees receivable consist of short-term promissory notes from current residents related to the payment of the final installment of their entrance deposit. If the resident pays the note on or before the agreed upon due date, no interest is charged.

Property and Equipment, Net

Property and equipment, including construction in progress, is stated at cost less accumulated depreciation. Donated property is initially recorded at its estimated fair value at the date of receipt, which is then treated as cost. Depreciation is computed on the straight-line method based on the following estimated useful service lives:

Buildings	25 - 40 years
Land improvements	20 years
Equipment, furniture, and fixtures	5 - 10 years
Vehicles	5 years

The Community assesses long-lived assets for impairment when events or circumstances exist that indicate the carrying amount of these assets may not be recoverable. At December 31, 2019 there were no impaired long-lived assets.

Deferred Revenue From Entrance Fees

A residency agreement is required of all residents. The Community has historically provided two alternative residency agreements: traditional or return-of-capital plans. The traditional contract includes contract terms that 2 percent of contract total becomes nonrefundable per month for the first 50 months and thereafter 100 percent is nonrefundable. The Community currently offers either 90 percent or 50 percent return-of-capital plans. Each agreement provides for payment of an advance (entrance) fee and monthly service fees, each of which are subject to periodic increases. Return-of-capital residency agreements also provide for partial refunds of entrance fees upon termination of the agreement, but only upon re-occupancy of the unit and the collection of a new entrance fee.

Nonrefundable entrance fees are deferred and amortized to income by the straight-line method over the average expected remaining life of each resident beginning on the date of closing and are recalculated annually.

Refundable Entrance Fees

Entrance fees payable are refundable advance fees that are recorded at the amount indicated by the contract.

Refundable Fees

Refundable fees related to residents who have been permanently assigned at a skilled nursing facility or assisted living facility are classified as noncurrent liabilities due to the indeterminable timing of the ultimate payment.

Obligation to Provide Future Services

The Community annually calculates the present value of the net estimated cost of future services and use of facilities to be provided to current residents and compares that amount to the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities, discounted at 1.92 percent, exceeds the deferred revenue from advance fees, a liability would be recorded (obligation to provide future services) with a corresponding charge to income. To date, deferred revenue from advance fees has always exceeded the present value of the net estimated cost of future services and use of facilities.

Net Assets

The accompanying financial statements present information regarding the Community's financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, through the conclusion of a stipulated time restriction or accomplishment of a purpose restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions. There were no net assets with donor restrictions at December 31, 2019 and 2018.

Resident Services Revenue

Resident services revenue is recorded at established rates monthly. Resident services revenue includes health care revenue for residents under residency agreements, consisting of monthly fees for persons permanently assigned to a nearby unrelated health center and charges for supplies and meals. The monthly fees equal 75 percent of the nearby, unrelated nursing facility's stated per diem rate. Assisted living care residents pay 75 percent of the stated per diem of a nearby unrelated assisted living facility. The costs to the Community of the residents assigned to the health center or assisted living facility are included in resident care expenses.

Advertising Expenses

All advertising expenses other than qualifying direct-response advertising costs associated with the initial occupancy of units are expensed in the year in which they are incurred. Advertising expenses were approximately \$441,000 and \$439,000 in 2019 and 2018, respectively.

Excess of Revenues Over Expenses

The statements of operations and changes in net assets include excess of revenues over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenues over expenses, consistent with industry practice, would include unrealized gains and losses on investments other than equity and investments classified as trading securities, net assets released from restriction for purchase of property and equipment, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Income Taxes

The Community has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501 (c)(3) of the Internal Revenue Code ("IRC") and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. Similar provisions apply to state income taxes in the North Carolina law. In the opinion of management, the Community has no uncertain tax positions.

New Accounting Pronouncements

During 2019, the Community adopted Financial Accounting Standards Board (“FASB”) Accounting Standard Update (“ASU”) No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*. The primary impact of adopting ASU No. 2016-01 is the requirement to measure certain classes of investments at fair value with changes in fair value to be recognized in the performance indicator. The Community has prospectively adopted the guidance in ASU No. 2016-01 to the 2019 financial statement information and disclosures.

Effective January 1, 2019, the Community has adopted Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends existing accounting standards for revenue recognition. Resident services revenue for recurring and routine monthly services are generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining, along with the assisted living and nursing care stated above from a nearby, unrelated nursing facility's, and these performance obligations are earned each month. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

During 2019, the Community adopted FASB ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This guidance is intended to improve the classification and presentation of changes in restricted cash on the statements of cash flows and will provide more consistent application of U.S. GAAP by reducing diversity in practice. The ASU also requires an entity to disclose information about the nature of restricted cash. The statement of cash flows for the year ended December 31, 2018 has been adjusted to reflect retrospective application of the new accounting guidance. Total beginning cash presented on the statement of cash flows as of December 31, 2019 increased from \$9,090,454, presented as total ending cash on the statement of cash flows as of December 31, 2018 (exclusive of restricted cash and restricted cash equivalents) to \$9,510,762 (inclusive of restricted cash and restricted cash equivalents). Total beginning cash presented on the statement of cash flows as of December 31, 2018 increased from \$7,617,175 to \$8,037,483 (inclusive of restricted cash and restricted cash equivalents).

During 2019, the Community adopted FASB ASU. No 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU intended to clarify and improve current accounting guidance to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The Community adopted ASU-2018-08 on January 1, 2019, using a modified-prospective basis. The adoption of ASU 2018-08 did not have a material impact on the financial statements.

Subsequent Events

The Community has evaluated its subsequent events (events occurring after December 31, 2019), through April 28, 2020, which represents the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the highly contagious respiratory disease named “coronavirus disease 2019” (“COVID-19”) to be a pandemic, and on March 13, 2020, a national emergency was declared in the United States of America. Many state and local governments, including Wilmington, North Carolina, have imposed strict measures to curtail certain aspects of public life in an effort to contain COVID-19 as U.S. cases have risen sharply, and such curtailments have resulted in significant disruption of the U.S. economy and financial markets. On March 18, 2020, the Centers for Medicare and Medicaid Services (“CMS”) announced that all elective and non-essential medical, surgical, and dental procedures should be delayed during the COVID-19 outbreak.

The Community is currently operating pursuant to its infectious disease protocols and emergency preparedness plan. Management has activated plans to address risks associated with the impact of COVID-19, including various cost savings measures and an evaluation of available sources of liquidity and other resources. It is not currently possible to predict the impact on the Community associated with COVID-19, and therefore the

Plantation Village, Inc.
Notes to Financial Statements

accompanying financial statements do not reflect any adjustment as a result of this uncertainty. The Community's financial condition, liquidity, and results of operations could be adversely affected from the impact of COVID-19, and such impact could be material.

On March 27, 2020 the federal Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law, which is intended to provide economic relief and emergency assistance for individuals, families, and businesses affected by COVID-19. In addition to the CARES Act, the Community received approximately \$793,000 under the Paycheck Protection Program. Various state governments are also taking action to provide economic relief and emergency assistance. The impact on the Community and its operations from these new measures is currently uncertain.

2. Fair Value Measurements

Under U.S GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Community uses various methods including market, income, and cost approaches. Based on these approaches, the Community often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Community utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Community is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1:** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2:** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3:** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Community's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Assets Measured at Fair Value on a Recurring Basis

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy. Level 1 investments include money market funds, mutual funds, and exchange-traded funds which are valued based on prices readily available in the active markets in which those securities are traded, and money market funds which are based on their transacted value.

The Community does not have any financial assets or liabilities measured on a recurring basis categorized as Level 2 or Level 3, and there were no transfers in or out of Level 3 for years ended December 31, 2019 and 2018. There were no changes during 2019 or 2018 to the Community's valuation techniques used to measure asset fair values on a recurring basis.

Plantation Village, Inc.
Notes to Financial Statements

The tables below present the balances of assets measured at fair value on a recurring basis.

	December 31, 2019			Total
	Level 1	Level 2	Level 3	
Mutual funds:				
Fixed income	\$ 5,857,664	\$ -	\$ -	\$ 5,857,664
Equity	<u>4,647,676</u>	<u>-</u>	<u>-</u>	<u>4,647,676</u>
Total mutual funds	<u>10,505,340</u>	<u>-</u>	<u>-</u>	<u>10,505,340</u>
Exchange-traded funds	<u>430,957</u>	<u>-</u>	<u>-</u>	<u>430,957</u>
Total	<u>\$ 10,936,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,936,297</u>

The Community had \$10,130,644 and \$7,490 of cash and cash equivalents and accrued interest, respectively, included within cash and cash equivalents and assets limited as to use which are not included in the fair value hierarchy.

	December 31, 2018			Total
	Level 1	Level 2	Level 3	
Equity mutual funds	\$ 8,194,598	\$ -	\$ -	\$ 8,194,598
Money market funds	<u>131,360</u>	<u>-</u>	<u>-</u>	<u>131,360</u>
Total	<u>\$ 8,325,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,325,958</u>

The Community had \$9,160,807 of cash and cash equivalents included within cash and cash equivalents and assets limited as to use which are not included in the fair value hierarchy.

3. Assets Limited as to Use

The components of assets limited as to use consist of the following:

	2019	2018
Current portion:		
Deposits and advanced payments	\$ 654,793	\$ 362,968
Resident funds	62,913	57,340
By Board for debt repayment	<u>392,124</u>	<u>381,160</u>
	<u>1,109,830</u>	<u>801,468</u>
Noncurrent portion:		
Resident funds	80,426	70,353
Under regulatory requirement, operating reserve (Note 7)	3,365,500	3,397,100
By Board for future asset replacement	2,209,700	2,154,284
By Board for return of capital	2,226,083	1,973,106
By Board for future operations	<u>2,669,954</u>	<u>-</u>
	<u>10,551,663</u>	<u>7,594,843</u>
	<u>\$ 11,661,493</u>	<u>\$ 8,396,311</u>

In 2017, the Board designated amounts to fund current maturities of long-term debt, to fund one year of depreciation based on immediate capital expenditure needs, and 50% of the refundable fee balance for residents permanently assigned to a long-term care facility. These amounts may be invested in investment accounts and other cash and cash equivalent accounts. The Board may modify its policy for designated amounts from time to time.

Plantation Village, Inc.
Notes to Financial Statements

The Community invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could affect the amounts reported in the balance sheet.

A summary of net investment income for the years ended December 31 follows:

	<u>2019</u>	<u>2018</u>
Interest income	\$ 238,406	\$ 210,860
Net realized gains	113,864	160,088
Net unrealized gains (losses)	<u>969,266</u>	<u>(729,000)</u>
Net investment income (loss)	<u>\$ 1,321,536</u>	<u>\$ (358,052)</u>

4. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 517,935	\$ 503,935
Land improvements	1,902,799	1,766,300
Buildings	63,990,436	62,693,720
Fixed and movable equipment	2,385,939	2,219,172
Furniture and fixtures	1,688,683	1,679,267
Vehicles	<u>415,931</u>	<u>415,931</u>
	70,901,723	69,278,325
Less accumulated depreciation	<u>29,773,854</u>	<u>27,572,410</u>
	41,127,869	41,705,915
Construction-in-progress	<u>497,251</u>	<u>143,893</u>
Total property and equipment	<u>\$ 41,625,120</u>	<u>\$ 41,849,808</u>

5. Debt

Long-term debt at December 31, 2019 and 2018, consist of the following:

	<u>2019</u>	<u>2018</u>
Note payable to bank at 3.09%, due in 83 monthly installments including interest beginning September 5, 2017, and consecutive interest payments beginning September 5, 2013, due August 2023, collateralized by real estate.	\$ 8,079,755	\$ 8,336,617
Note payable to bank at 1.10% above one-month LIBOR, not to exceed 5.99% (2.75% at December 31, 2019), due in 83 monthly installments including interest beginning September 5, 2017, and consecutive interest payments beginning September 5, 2013, due August 2023, collateralized by real estate.	<u>3,828,060</u>	<u>3,937,808</u>
	11,907,815	12,274,425
Less current maturities	<u>392,124</u>	<u>381,160</u>
	<u>\$ 11,515,691</u>	<u>\$ 11,893,265</u>

Plantation Village, Inc.
Notes to Financial Statements

The proceeds of the above notes were used to finance the Phase II Facility Expansion, which was completed in January 2016. The original construction loan agreements provided for two interest only loans during construction. The combined balances were limited to 70% of the appraised value of the property collateralized by the loans. One loan was up to \$13,175,000 at the 3.09% fixed rate and the other was up to \$6,000,000 at the LIBOR variable rate shown above.

Aggregate maturities required on long-term debt as of December 31, 2019, are due in future years as follows:

2020	\$	392,124
2021		405,500
2022		418,264
2023		<u>10,691,927</u>
	\$	<u>11,907,815</u>

The construction loans include certain affirmative covenants regarding financial information provided to the lender bank. The Community was in compliance with all of the covenants as of December 31, 2019.

6. Management Agreement

The Community operates under a management agreement with Life Care Services, LLC ("LCS"). Under this agreement, LCS coordinates the ongoing project management of the Community. In consideration for these services, the Community pays LCS a base monthly management fee and an additional incentive fee based upon achieving prescribed operating criteria. The management fee is subject to annual adjustment for cost of living increases or facility expansion. Management fees, incentive fees and miscellaneous charges under agreements with LCS totaled approximately \$814,000, and \$771,000 for the years ended December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018, approximately \$50,000 and \$40,000, respectively, were included in accounts payable to LCS for various fees and charges under the agreement. The Community renewed their management agreement with LCS for five years beginning January 1, 2017.

7. Regulatory Matters

Continuing care retirement communities located in North Carolina are licensed and monitored by the State Department of Insurance under Article 64 of Chapter 58 of the North Carolina General Statutes. The Commissioner of Insurance has the authority to revoke or restrict the license of, or impose additional requirements on, any continuing care facility under certain circumstances specified in General Statute 58-64-10.

North Carolina General Statute 58-64-33 requires that continuing care retirement communities with occupancy levels in excess of 90 percent maintain an operating reserve equal to 25 percent of total operating costs forecasted for the twelve-month period following the most recent annual statement filed with the Department of Insurance upon approval of the Commissioner, unless otherwise instructed by the Commissioner. Continuing care retirement communities with less than 90 percent occupancy are required to maintain an operating reserve equal to 50 percent of forecasted total operating costs. Total operating costs shall include budgeted operating expenses plus debt service less depreciation and amortization expense and revenue associated with non-contractual expenses. The Community's occupancy was above 90 percent in 2019 and 2018. At December 31, 2019 and 2018, the Board of Directors had specifically designated \$3,365,500 and \$3,397,100, respectively, for the purpose of meeting this requirement (Note 3).

The operating reserve can only be released upon the submittal of a detailed request from the Community and must be approved by the North Carolina Department of Insurance.

8. Retirement Plan

The Community provides a retirement plan under Section 403(b) of the Internal Revenue Code. The Community matches 50 percent of the first 6 percent of employee contributions for a maximum match of 3 percent an employee's annual salary. Employees are eligible to participate in the plan after 90 days of service. An employee is eligible for the employer match after one year of service during which he or she has worked at least 1,000 hours (an average of 20 hours per week) and is at least age 21. Employees are subject to a six-year vesting schedule for the Community's contributions. For the years ended December 31, 2019 and 2018, the Community contributed approximately \$20,000 in 2018 and 2019.

9. Liquidity and Availability

Financial assets available for general expenditures in the next 12 months, classified as current assets were \$11,251,533 and \$12,329,732 as of December 31, 2019 and 2018, respectively.

The Community operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures, debt service and budgeted capital expenditures. The accompanying statement of cash flows on page 5, which identifies sources and uses of cash, indicates net cash provided by operating activities in 2019 and 2018. As explained in Note 3 at December 31, 2019 and 2018, \$10,471,237 and \$7,524,490, respectively, of noncurrent assets limited as to use is generally not available due to board designation and regulatory requirements but could be released to fund operations with appropriate Board and regulatory approval. The Community regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

10. Hurricane Florence

On September 14, 2018, Hurricane Florence made landfall as a Category 1 hurricane at Wrightsville Beach, North Carolina. On September 5, 2019 Hurricane Dorian made landfall as a Category 1 hurricane at Wrightsville Beach, North Carolina. Wrightsville Beach, North Carolina is a barrier island contiguous to Wilmington, North Carolina. The winds and heavy rain caused widespread damage at the Community.

Total hurricane expense of \$355,586 and \$2,848,794 are included in the Statement of Operations and Changes in Net Assets for the years ended December 31, 2019 and 2018, respectively, which are the incurred costs of repairs resulting from the hurricanes. Evaluation of hurricane repairs are in process and are being prioritized based on available funds and urgency.

Management anticipates that the hurricane related expenditures will be reimbursed by insurance proceeds subject to deductibles and limits of the policies. However, since the final amounts to be realized from insurance cannot be determined with certainty until collected, such proceeds are not recorded until collected. At December 31, 2019 and 2018, the Community recognized \$828,875 and \$2,153,982, respectively, in insurance proceeds in the Statement of Operations and Changes in Net Assets of which \$250,000 and \$1,453,634 were receivables on the Balance Sheets at December 31, 2019 and 2018, respectively, and were both collected subsequent to yearend.

Although the Community's operations and cash flows were impacted by the storm, in the opinion of management, there will be no permanent long-term effect on the operations of the Community.

Plantation Village, Inc.
Notes to Financial Statements

11. Schedule of Expenses by Natural Category and Function

The costs of providing the Community's program and other activities have been summarized on a functional basis below. Expenses that can be identified with a specific program or support service are charged directly to the program or support service. Costs common to multiple functions have been allocated using an objective basis, such as time spent, salaries, square feet, and other basis.

	<u>Expenses for year ended December 31, 2019</u>			
	<u>Health Care Services</u>	<u>Resident Services</u>	<u>General & Administration</u>	<u>Total</u>
Salaries and benefits	\$ 969,169	\$ 2,515,069	\$ 665,649	\$ 4,149,887
Dietary	-	794,071	-	794,071
Housekeeping	-	50,491	-	50,491
Plant facility costs	-	961,844	-	961,844
Supplies	7,769	303,289	35,540	346,598
Utilities	-	596,996	-	596,996
General and administrative	3,669,767	602,669	1,889,347	6,161,783
Hurricane loss	-	-	355,586	355,586
Depreciation	3,421	2,172,819	33,460	2,209,700
Interest	-	-	391,806	391,806
Total operating expenses	<u>\$ 4,650,126</u>	<u>\$ 7,997,248</u>	<u>\$ 3,371,388</u>	<u>\$ 16,018,762</u>

	<u>Expenses for year ended December 31, 2018</u>			
	<u>Health Care Services</u>	<u>Resident Services</u>	<u>General & Administration</u>	<u>Total</u>
Salaries and benefits	\$ 829,831	\$ 2,466,830	\$ 639,955	\$ 3,936,616
Dietary	-	732,003	-	732,003
Housekeeping	-	33,782	-	33,782
Plant facility costs	-	775,309	-	775,309
Supplies	7,826	325,506	32,843	366,175
Utilities	-	552,365	-	552,365
General and administrative	3,381,850	575,626	1,889,613	5,847,089
Hurricane loss	-	2,848,794	-	2,848,794
Depreciation	3,421	2,117,400	33,463	2,154,284
Interest	-	-	387,632	387,632
Total operating expenses	<u>\$ 4,222,928</u>	<u>\$ 10,427,615</u>	<u>\$ 2,983,506</u>	<u>\$ 17,634,049</u>

General and administrative expense include those costs that are not directly identifiable with any specific program, but which provide for all the overall support of the Community. General and administrative activities include those that provide governance, oversight, business management, financial recordkeeping, budgeting, legal services, human resources management, and similar activities that ensure an adequate working environment and an equitable employment program. Resources expended for fundraising from the general public are not significant.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C
FINANCIAL FEASIBILITY STUDY

[THIS PAGE INTENTIONALLY LEFT BLANK]

Plantation Village, Inc.
Financial Feasibility Study
For the Five Years Ending December 31, 2025

Plantation Village, Inc.

Financial Feasibility Study

Five Years Ending December 31, 2025

TABLE OF CONTENTS

Independent Accountants' Examination Report	C-1
Forecasted Financial Statements:	
Forecasted Statements of Operations and Changes in Net Assets	C-4
Forecasted Statements of Cash Flows	C-5
Forecasted Balance Sheets	C-6
Forecasted Financial Ratios.....	C-8
Summary of Significant Forecast Assumptions and Rationale:	
Basis of Presentation.....	C-9
Background	C-9
The Community.	C-9
The Project.	C-11
COVID-19 Pandemic.....	C-13
Significant Agreements.....	C-14
Summary of Financing.....	C-17
Residency Agreement.	C-19
Characteristics of the Market Area	C-23
Description and Utilization of Independent Living	C-34
Independent Living Penetration Analysis.....	C-45
Marketing the New Independent Living Units	C-49
Assisted Living Communities and Nursing Homes Near the Community	C-55
Summary of Significant Accounting Policies.....	C-57
Summary of Revenue and Entrance Fee Assumptions	C-60
Summary of Operating Expense Assumptions	C-64
Assets Limited as to Use.....	C-65
Property and Equipment and Depreciation Expense	C-66
Long-Term Debt and Interest Expense	C-66
Current Assets and Current Liabilities.....	C-68
Independent Accountants' Report on Supplemental Information	C-69
Supplemental Information	C-70

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

Board of Directors
Plantation Village, Inc.
Wilmington, North Carolina

We have prepared a financial feasibility study of the plans of Plantation Village, Inc. (the "Corporation"), a North Carolina non-profit corporation which principally provides housing, health care, and other related services to residents through the operation of a retirement community known as "Plantation Village" (the "Community"), located in Wilmington, North Carolina.

The Community is located on approximately 56 acres and currently consists of 245 independent living units, including 129 apartments, 48 villas, two cottages, 66 duplex homes and common areas. Life Care Services, LLC (the "Manager"), a wholly-owned subsidiary of Life Care Companies, LLC ("LCS"), provides management services for the Community.

Management of the Corporation and the Manager (collectively, "Management") are planning a renovation and expansion project at the Community which is expected to include the expansion and construction of various amenities and 44 new independent living apartment units (the "Project" or "New Independent Living Units"). The Corporation has retained LCS Development LLC ("LCS Development") to assist in the planning and development of the Project.

The financial feasibility study was undertaken to evaluate the Corporation's ability to generate sufficient funds to meet its operating expenses, working capital needs and other financial requirements, including the debt service requirements associated with \$65,978,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021 (the "Series 2021 Bonds").

As provided by the Corporation's underwriter, Herbert J. Sims & Company, Inc. (the "Underwriter"), the Series 2021 Bonds are assumed to consist of:

- \$32,520,000 of tax-exempt rated fixed rate revenue bonds, assumed to be issued at an original issue premium, consisting of varying maturities over a term of 30 years, with a final maturity of January 1, 2052 and an assumed average coupon rate of 4.0 percent per annum (the "Series 2021A Bonds");
- \$15,593,000 of long-term, tax-exempt, direct purchase bank revenue bonds, to be advanced on a draw-down basis, with a final maturity of December 1, 2036 and an assumed interest rate of 2.15 percent per annum (the "Series 2021B-1 Bonds"); and
- \$17,865,000 of short-term, tax-exempt, direct purchase bank revenue bonds, to be advanced on a draw-down basis, with an assumed interest rate of 1.60 percent per annum (the "Series 2021B-2 Bonds", collectively with the Series 2021B-1 Bonds, the "Series 2021B Bonds"). The Series 2021B-2 Bonds are anticipated to be redeemed in full by October 1, 2024 with initial entrance fees from the New Independent Living Units.

The proceeds from the Series 2021 Bonds are assumed to be used as follows:

- To pay, or reimburse the Corporation for costs for the Project, including development and construction costs;
- To repay outstanding long-term bank debt (the “Existing Debt”);
- To fund interest on a portion of the Series 2021A Bonds for a period of approximately 24 months and to fund interest on the Series 2021B Bonds for a period of approximately 24 months; and
- To pay costs of issuance associated with the Series 2021 Bonds.

Our procedures included analysis of:

- The Corporation’s history, objectives, timing, and financing;
- Future demand for the Corporation’s services, including consideration of:
 - Socioeconomic and demographic characteristics of the defined market area;
 - Locations, capacities, and competitive information pertaining to other existing and planned facilities in the market area; and
 - Forecasted occupancy and utilization levels.
- Debt service requirements and estimated financing costs;
- Staffing requirements, salaries and wages, related benefits, and other operating expenses;
- Anticipated entrance fees, monthly fees, and per diem fees for residents of the Community;
- Sources of other operating and non-operating revenues;
- Revenue/expense/volume relationships; and
- Depositor files.

The accompanying financial forecast for each of the years in the five-year period ending December 31, 2025 is based on assumptions that were provided by, or reviewed with and approved by, Management. The financial forecast includes the following financial statements and the related summary of significant forecast assumptions and rationale:

- Forecasted Statements of Operations and Changes in Net Assets;
- Forecasted Statements of Cash Flows;
- Forecasted Balance Sheets; and
- Forecasted Financial Ratios.

We have examined the accompanying forecast of the Corporation, based on the guidelines for the presentation of a forecast by the American Institute of Certified Public Accountants (“AICPA”). Management is responsible for preparing and presenting the forecast in accordance with the guidelines for the presentation of a forecast established by the AICPA. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the AICPA, in all material respects. An examination involves performing procedures to obtain evidence about the forecast. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the forecast, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Legislation and regulations at all levels of government have affected and may continue to affect the operations of continuing care retirement communities. The financial forecast is based upon legislation and regulations currently in effect. If future legislation or regulations related to the Corporation's operations are subsequently enacted, such legislation or regulations could have a material effect on future operations.

The highly contagious respiratory disease named "coronavirus disease 2019" ("COVID-19") and associated pandemic has resulted in disruption of the U.S. economy and financial markets, increased demands for health care services and safety protocols and has curtailed certain aspects of public life. What, if any, long-term impact of COVID-19 on the economy, the senior living industry, and the Corporation is unknown as the date of this report. The financial forecast is based on Management's assumptions that, while there are impacts to the Corporation for the year ending December 31, 2021, there will not be any long-term impact to the Corporation as a result of COVID-19.

Management's financial forecast is based on the achievement and maintenance of occupancy levels and re-occupancy of units vacated by residents. We have not been engaged to evaluate the effectiveness of Management, and we are not responsible for future marketing efforts and other Management actions upon which actual results will depend.

The assumed interest rates, principal payments and other financing assumptions are described in the section entitled "Summary of Significant Forecast Assumptions and Rationale." If actual interest rates or principal payments are different from those assumed in this study, the amount of the Series 2021 Bonds and associated debt service requirements would need to be adjusted accordingly from those indicated in the forecast. If such interest rates and principal payments are lower than those assumed, such adjustments would not adversely affect Management's forecast.

Our conclusions are presented below:

- In our opinion, the accompanying financial forecast is presented, in all material respects, in accordance with guidelines for presentation of a financial forecast established by the AICPA.
- In our opinion, the underlying assumptions are suitably supported and provide a reasonable basis for Management's forecast. However, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.
- The accompanying financial forecast indicates that sufficient funds could be generated to meet the Corporation's operating expenses, working capital needs and other financial requirements, including the debt service requirements associated with the proposed Series 2021 Bonds, during the forecast period. However, the achievement of any financial forecast is dependent upon future events, the occurrence of which cannot be assured.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Dixon Hughes Goodman LLP

Atlanta, Georgia
November 3, 2021

Plantation Village, Inc.

Forecasted Statements of Operations and Changes in Net Assets For the Years Ending December 31, (In Thousands)

	2021	2022	2023	2024	2025
Revenue, gains and other support					
Amortization of earned entrance fees	\$ 2,726	\$ 2,980	\$ 3,281	\$ 4,073	\$ 4,848
Independent living revenue-Existing Independent Living Units	11,969	12,421	12,712	13,051	13,399
Independent living revenue-New Independent Living Units	-	12	1,838	2,971	3,020
Assisted living revenue	1,198	1,430	1,552	1,620	1,842
Skilled nursing revenue	715	791	905	959	1,122
Home health revenue	494	509	524	540	556
Other	13	14	14	15	15
Investment income	342	311	374	470	537
Total revenues, gains, and other support	\$ 17,457	\$ 18,468	\$ 21,200	\$ 23,699	\$ 25,339
Expenses					
General and administrative	2,482	2,633	2,899	3,010	3,101
Project marketing costs	513	367	-	-	-
Plant and operations	2,115	2,176	2,401	2,538	2,610
Assisted living	1,562	1,907	2,070	2,160	2,456
Skilled nursing	1,099	1,195	1,364	1,430	1,653
Home health	616	666	686	707	728
Clinic	507	517	532	548	564
Dietary	2,236	2,330	2,906	3,063	3,147
Environmental	867	891	1,141	1,178	1,213
Resident services	373	402	465	485	499
Insurance	686	743	840	865	891
Management Fee	719	762	879	958	996
Interest expense:					
Existing Debt	333	-	-	-	-
Series 2021A Bonds	18	315	1,301	1,301	1,301
Series 2021B-1 Bonds	-	14	322	343	343
Series 2021B-2 Bonds	-	24	280	70	-
Amortization of deferred financing costs	37	74	74	74	74
Amortization of original issue premium	(47)	(187)	(187)	(187)	(187)
Depreciation	2,291	2,656	3,941	4,049	4,103
Total expenses	\$ 16,407	\$ 17,485	\$ 21,914	\$ 22,592	\$ 23,492
Change in net assets	1,050	983	(714)	1,107	1,847
Net assets, beginning of year	8,404	9,454	10,437	9,723	10,830
Net assets, end of year	\$ 9,454	\$ 10,437	\$ 9,723	\$ 10,830	\$ 12,677

**See accompanying Summary of Significant Forecast Assumptions and Rationale and
Independent Accountants' Examination Report**

Plantation Village, Inc.

Forecasted Statements of Cash Flows For the Years Ending December 31, (In Thousands)

	2021	2022	2023	2024	2025
Cash flows from operating activities					
Change in net assets	\$ 1,050	\$ 983	\$ (714)	\$ 1,107	\$ 1,847
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	2,291	2,656	3,941	4,049	4,103
Amortization of deferred financing costs	37	74	74	74	74
Amortization of original issue premium	(47)	(187)	(187)	(187)	(187)
Amortization of earned entrance fees	(2,726)	(2,980)	(3,281)	(4,073)	(4,848)
Entrance fees received-attribution (non-refundable)	1,726	1,856	2,446	2,201	2,357
Changes in current assets and current liabilities	(1,550)	2	(25)	(20)	1
Changes in accrued interest	105	583	8	(17)	(1)
Resident deposits	1,448	(978)	(220)	-	-
Net cash provided by operating activities	\$ 2,334	\$ 2,009	\$ 2,042	\$ 3,134	\$ 3,346
Cash flows from investing activities					
Routine capital additions	(1,461)	(1,505)	(1,550)	(1,621)	(1,684)
Project costs	(3,386)	(39,662)	(7,553)	-	-
Capitalized interest expense	(87)	(1,102)	-	-	-
Change in assets whose use is limited	(3,022)	(407)	2,286	(164)	(291)
Net cash used in investing activities	(7,956)	(42,676)	(6,817)	(1,785)	(1,975)
Cash flows from financing activities					
Initial entrance fees received	-	1,880	18,334	470	-
Existing Debt principal payments	(11,471)	-	-	-	-
Proceeds - Series 2021A Bonds	32,520	-	-	-	-
Proceeds - Series 2021B-1 Bonds	240	7,507	7,846	-	-
Proceeds - Series 2021B-2 Bonds	262	17,340	263	-	-
Payments - Series 2021B-2 Bonds	-	-	-	(17,865)	-
Series 2021A Bonds original issue premium	1,868	-	-	-	-
Cost of issuance	(1,097)	-	-	-	-
Entrance fees received-attribution (refundable)	3,428	4,451	5,529	4,937	5,276
Entrance fees refunded	(4,293)	(2,801)	(3,139)	(3,498)	(3,739)
Net cash provided by (used in) financing activities	21,457	28,377	28,833	(15,956)	1,537
Change in cash, cash equivalents, and restricted cash	\$ 15,835	\$ (12,290)	\$ 24,058	\$ (14,607)	\$ 2,908
Change in cash, cash equivalents, and restricted cash, beginning of year	10,279	26,114	13,824	37,882	23,275
Cash, cash equivalents, and restricted cash, end of year	\$ 26,114	\$ 13,824	\$ 37,882	\$ 23,275	\$ 26,183
Cash, cash equivalents, and restricted cash reconciliation:					
Cash and cash equivalents	\$ 7,582	\$ 10,481	\$ 17,417	\$ 23,025	\$ 25,933
Resident deposits, current portion	1,448	470	250	250	250
Construction Fund	15,336	-	-	-	-
Entrance Fee Fund	-	1,880	20,215	-	-
Funded Interest Fund	1,748	993	-	-	-
Total cash, cash equivalents, and restricted cash	\$ 26,114	\$ 13,824	\$ 37,882	\$ 23,275	\$ 26,183

**See accompanying Summary of Significant Forecast Assumptions and Rationale and
Independent Accountants' Examination Report**

Plantation Village, Inc.

Forecasted Balance Sheets
At December 31,
(In Thousands)

	2021	2022	2023	2024	2025
Assets					
Current assets					
Cash and cash equivalents	\$ 7,582	\$ 10,481	\$ 17,417	\$ 23,025	\$ 25,933
Accounts receivable, net	239	248	289	318	326
Other accounts receivable	324	324	324	324	324
Prepaid expenses and other current assets	755	799	887	928	979
Current portion of assets limited as to use	1,448	470	900	929	1,034
Total current assets	10,348	12,322	19,817	25,524	28,596
Assets limited as to use:					
Bond fund-Series 2021 Bonds	-	-	650	679	784
Construction Account	15,336	-	-	-	-
Entrance Fee Fund	-	1,880	20,215	-	-
Funded Interest Account	1,748	993	-	-	-
Board designated investments	6,053	6,053	6,053	6,053	6,053
Board designated asset replacement fund	2,229	2,229	2,229	2,229	2,229
Resident trust fund	92	92	92	92	92
Operating Reserve Fund	6,888	7,295	4,359	4,494	4,680
Resident deposits	1,448	470	250	250	250
Less: current portion	(1,448)	(470)	(900)	(929)	(1,034)
Total assets limited as to use	32,346	18,542	32,948	12,868	13,054
Property and equipment	79,179	121,448	130,551	132,172	133,856
Less: accumulated depreciation	(34,293)	(36,949)	(40,890)	(44,939)	(49,042)
Property and equipment, net	44,886	84,499	89,661	87,233	84,814
Total assets	\$ 87,580	\$ 115,363	\$ 142,426	\$ 125,625	\$ 126,464

**See accompanying Summary of Significant Forecast Assumptions and Rationale and
Independent Accountants' Examination Report**

Plantation Village, Inc.

Forecasted Balance Sheets (continued)
At December 31,
(In Thousands)

	2021	2022	2023	2024	2025
Liabilities and Net Assets					
Current liabilities					
Accounts payable	\$ 528	\$ 560	\$ 621	\$ 650	\$ 685
Accrued expenses and other current liabilities	377	400	443	464	489
Accrued interest-Series 2021A Bonds	105	650	650	650	650
Accrued interest-Series 2021B-1 Bonds	-	14	29	29	28
Accrued interest-Series 2021B-2 Bonds	-	24	17	-	-
Refunds payable	756	756	756	756	756
Wait list and other deposits, current	399	399	399	399	399
Current portion - Series 2021B-1 Bonds	-	-	-	-	1,263
Current portion - Series 2021B-2 Bonds	-	-	17,865	-	-
Total current liabilities	2,165	2,803	20,780	2,948	4,270
Long-term debt, net of current portion					
Series 2021A Bonds	32,520	32,520	32,520	32,520	32,520
Series 2021B-1 Bonds	240	7,747	15,593	15,593	14,330
Series 2021B-2 Bonds	262	17,602	-	-	-
Deferred financing costs, net of amortization	(1,060)	(986)	(912)	(838)	(764)
Original issue premium	1,821	1,634	1,447	1,260	1,073
Total long-term debt, net of current portion	33,783	58,517	48,648	48,535	47,159
Resident deposits	1,448	470	250	250	250
Refundable fees	4,542	4,587	4,633	4,679	4,726
Refundable entrance fees	26,343	29,255	34,575	35,515	36,367
Deferred revenue from entrance fees	9,845	9,294	23,817	22,868	21,015
Total liabilities	78,126	104,926	132,703	114,795	113,787
Net assets, without donor restrictions	9,454	10,437	9,723	10,830	12,677
Total liabilities and net assets	\$ 87,580	\$ 115,363	\$ 142,426	\$ 125,625	\$ 126,464

**See accompanying Summary of Significant Forecast Assumptions and Rationale and
Independent Accountants' Examination Report**

Plantation Village, Inc.

Forecasted Financial Ratios For the Years Ending December 31, (In Thousands, Except for Ratios)

Debt Service Coverage Ratio	2024	2025
Change in net assets	\$ 1,107	\$ 1,847
Less:		
Amortization of earned entrance fees	(4,073)	(4,848)
Entrance fee refunded	(3,498)	(3,739)
Add:		
Entrance fees received from re-occupancy (non-refundable)	2,201	2,357
Entrance fees received from re-occupancy (refundable)	4,937	5,276
Depreciation	4,049	4,103
Amortization	(113)	(113)
Interest expense	1,714	1,644
Income Available for Debt Service	\$ 6,324	6,527
Maximum Annual Debt Service ^(a)	2,904	2,904
Debt Service Coverage Ratio	2.18 x	2.25 x

Days' Cash on Hand	2021	2022	2023	2024	2025
Unrestricted cash					
Cash and cash equivalents	\$ 7,582	\$ 10,481	\$ 17,417	\$ 23,025	\$ 25,933
Board designated investments	6,053	6,053	6,053	6,053	6,053
Board designated asset replacement fund	2,229	2,229	2,229	2,229	2,229
Operating Reserve Fund	6,888	7,295	4,359	4,494	4,680
Unrestricted cash available	22,752	26,058	30,058	35,801	38,895
Annual operating expenses	\$ 16,407	\$ 17,485	\$ 21,914	\$ 22,592	\$ 23,492
Deduct:					
Depreciation	(2,291)	(2,656)	(3,941)	(4,049)	(4,103)
Amortization	10	113	113	113	113
Expenses, net	\$ 14,126	\$ 14,942	\$ 18,086	\$ 18,656	\$ 19,502
Daily operating expenses ^(b)	\$ 39	\$ 41	\$ 50	\$ 51	\$ 53
Days' Cash on Hand	588	637	607	700	728

(a) Forecasted maximum annual debt service for the years ending December 31, 2024 and December 31, 2025 is equal to the maximum annual debt service on the Series 2021A Bonds and the Series 2021B-1 Bonds.

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

**See accompanying Summary of Significant Forecast Assumptions and Rationale and
Independent Accountants' Examination Report**

Plantation Village, Inc.

Summary of Significant Forecast Assumptions and Rationale

Basis of Presentation

The accompanying financial forecast presents, to the best of the knowledge and belief of Plantation Village, Inc. (the “Corporation”) and the Corporation’s third party manager, Life Care Services, LLC (the “Manager”) (collectively, “Management”), the Corporation’s forecasted results of operations, cash flows, and financial position as of and for each of the five years ending December 31, 2025. Accordingly, the financial forecast reflects the judgment of Management as of November 3, 2021, the date of this forecast, of the expected conditions and its expected course of action during the forecast period. However, there will usually be differences between the forecast and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Background

The Corporation is a North Carolina non-profit corporation organized for the purpose of owning and operating a retirement community known as “Plantation Village” (the “Community”). The Corporation was incorporated on September 22, 1982, as a non-profit charitable entity under Section 501(c)(3) of the Internal Revenue Code.

The Corporation is governed by an eight to 15 volunteer member Board of Directors which currently consists of 15 members (the “Directors”), including two residents of the Community and one non-voting Medical Director. A Director is elected to a three year-term and elected Directors may not serve more than two consecutive three-year terms.

The Community

The Community, which opened in 1988, is located on approximately 56 acres and currently consists of 245 independent living residences, including 129 apartments, 48 villas, 2 cottages and 66 duplex homes (collectively the “Existing Independent Living Units”), along with two guest apartments and common areas. The Existing Independent Living Units were constructed and completed in multiple phases in 1989, 2001, 2005, and 2015.

Common areas in the Community include a main lobby/lounge with fireplace dining areas, solarium lounges, personal laundry facilities, private storage, arts and crafts room, library, beauty/barber salon, auditorium, indoor pool, exercise room, woodworking shop, outdoor areas for gardening, nature pathways and administrative offices.

The following table summarizes the type, number, approximate square footage, monthly fees (“Monthly Fees”) and entrance fees (“Entrance Fees”) for the Existing Independent Living Units.

See Independent Accountants’ Examination Report

Table 1
Existing Independent Living Units

Independent Living Unit Type	Available Units	Square Footage	Traditional Plan Entrance Fee ⁽¹⁾⁽²⁾⁽⁴⁾	50% Return of Capital Entrance Fee Plan ⁽¹⁾⁽²⁾⁽⁵⁾	90% Return of Capital Entrance Fee Plan ⁽¹⁾⁽²⁾	Monthly Fee ⁽²⁾
<i>Apartments:</i>						
Studio	4	521	\$83,150	\$105,450	\$159,400	\$2,810
<i>One-Bedroom Units:</i>						
One Bedroom Traditional	36	721	\$105,050	\$133,300	\$201,900	\$3,113
One Bedroom Deluxe	21	856	\$123,750	\$156,350	\$236,350	\$3,406
One Bedroom Elmwood	3	917	n/a	\$228,500	\$291,600	\$3,413
One Bedroom Ashland	3	941 – 942	n/a	\$235,050	\$299,650	\$3,482
<i>Two-Bedroom Units:</i>						
Two Bedroom Traditional	15	996	\$142,500	\$180,800	\$272,900	\$3,711
Two Bedroom Lakeside	17	1,023	\$150,700	\$193,050	\$290,600	\$3,812
Two Bedroom Combo	1	1,300	\$159,250	\$201,900	\$304,000	\$3,900
Two Bedroom Deluxe	6	1,250	\$159,500	\$204,100	\$307,350	\$4,006
Two Bedroom Classic	2	1,325	\$162,300	\$206,350	\$310,600	\$4,415
Two Bedroom Ingleside	4	1,180	n/a	\$272,450	\$348,100	\$3,719
Two Bedroom Oatland	2	1,256	n/a	\$279,050	\$356,200	\$3,838
Two Bedroom Orton	6	1,359	n/a	\$348,350	\$444,950	\$4,369
Two Bedroom Woodlawn	3	1,397	n/a	\$336,250	\$428,800	\$4,339
Two Bedroom Waverly	1	1,450	n/a	\$353,150	\$451,400	\$4,546
Two Bedroom Carlisle	3	1,488	n/a	\$373,650	\$477,300	\$4,575
Two Bedroom Covington	2	1,491	n/a	\$366,500	\$467,550	\$4,605
Total Apartments ⁽³⁾	129	960	\$126,014	\$191,329	\$273,840	\$3,582
<i>Cottages/Homes/Villas:</i>						
Ashton Cottage	1	1,720	n/a	\$349,450	\$482,000	\$5,546
Baywater Cottage	1	1,690	n/a	\$337,350	\$470,000	\$5,417
Vista	4	1,260	\$196,650	\$251,950	\$380,000	\$4,784
Regency	4	1,375	\$205,950	\$263,950	\$398,950	\$4,795
Vista II	9	1,440	\$210,200	\$268,750	\$406,250	\$4,953
Regency II	9	1,460	\$218,600	\$279,600	\$420,700	\$4,984
Royale	5	1,480	\$225,700	\$288,150	\$436,300	\$5,024
Grande	5	1,510	\$229,550	\$294,150	\$443,600	\$5,088
Royale II	13	1,620	\$241,100	\$308,600	\$465,350	\$5,248
Grande II	13	1,690	\$245,900	\$314,650	\$473,700	\$5,343
Duplex A Meadowlark	2	1,720	n/a	\$343,300	\$476,050	\$5,546
Duplex B Meadowlark	2	1,690	n/a	\$331,300	\$464,000	\$5,417
Deluxe Villa	24	1,250	\$170,250	\$218,200	\$333,200	\$4,110
Custom/Traditional Villa	16	1,260 – 1,350	\$192,000	\$245,900	\$370,050	\$4,281 – 4,707
Villa Special	8	1,433	\$213,250	\$272,450	\$412,250	\$4,806
Cottages/Homes/Villas	116	1,435	\$208,553	\$270,684	\$407,010	\$4,780
Total/Wtd Averages	245	1,188	\$168,841	\$228,901	\$336,892	\$4,163

Source: Management n/a = not applicable

- (1) Entrance Fees, and Monthly Fees are effective January 1, 2021.
- (2) The second person Monthly Fee is an additional \$1,451 for an Existing Independent Living Unit. The second person Entrance Fee is an additional non-refundable \$20,000.
- (3) According to Management, there are 132 total Existing Independent Living Unit apartments at the Community. However, two apartments are currently utilized as guest rooms and one apartment is utilized as a sales center and are not currently available for occupancy.
- (4) The traditional Entrance Fee plan is not offered in certain unit types.
- (5) Approximately 70 percent of residents have selected the 50% Return of Capital Entrance Fee Plan.

See Independent Accountants' Examination Report

Assisted living and skilled nursing services for residents of the Community (the “Residents”) are provided through a Transfer Agreement (hereinafter defined) between the Corporation and Cornelia Nixon Davis, Inc. (the “HC Provider”) which operates The Davis Community (the “Davis Community”), a non-related healthcare provider adjacent to the Community. The Davis Community consists of Champions Assisted Living, an assisted living community with 123 assisted living units (“Champions”), and the Davis Health Care Center, a skilled nursing facility with 179 skilled nursing beds (“Davis HCC”).

Resident Care Center

Management provides health services in the resident care center (the “Resident Care Center”), which is staffed by a licensed nurse 24-hours a day, seven days a week. The Resident Care Center is utilized to respond to Resident's emergency calls and to provide temporary nursing care and outpatient services. Outpatient services are provided by a nurse during regularly scheduled office hours. The nurse is available for routine consultations and checks of weight, blood pressure and other preventive care services.

The Project

The Corporation is planning a renovation and expansion project at the Community including, (a) new indoor and outdoor dining areas, a game room, a meeting room, a cinema, an arts studio, and improvements to the existing auditorium, (b) the relocation of the existing maintenance building and construction of a new maintenance building, (c) a dog park, community gardens, walking paths, and a restructured pond, (d) upgrades to information technology systems, and (e) 44 two-bedroom independent living apartments and related common spaces, to be located in four apartment buildings (the “New Independent Living Units”) (collectively, the “Project”).

The New Independent Living Units are to be located in three three-story buildings known as Magnolia Walk I, Magnolia Walk II, Magnolia Walk III and one two-story building known as Heron Cove.

The Corporation has engaged LCS Development LLC (the “Developer”) to provide Project development and marketing services.

The following table summarizes the planned type, number, approximate square footage, Entrance Fees and Monthly Fees for the New Independent Living Units.

Table 2
New Independent Living Unit Configuration

Independent Living Unit Type	Unit Count	Square Footage	50% Return of Capital Entrance Fee Plan ⁽¹⁾	90% Return of Capital Entrance Fee Plan ⁽¹⁾	Monthly Fees ⁽¹⁾
<i>Heron Cove</i>					
Sand Dollar	4	1,400	\$367,300	\$468,200	\$4,481
Juniper	4	1,484	\$375,600	\$478,500	\$4,687
<i>Magnolia Walk I, II, and III</i>					
Indigo	18	1,526	\$435,900	\$555,800	\$4,893
Sagewood	12	1,643	\$460,000	\$586,700	\$5,382
Figure Eight	6	1,919	\$535,200	\$684,500	\$5,871
Total/Weighted Averages – All	44	1,596	\$447,295	\$566,786	\$5,104
Second Person Fees			\$20,000	\$20,000	\$1,451

Source: Management

- (1) The Entrance Fees and Monthly Fees shown for the New Independent Living Units are in 2021 dollars and those currently being marketed to potential residents. Upon financing of the Series 2021 Bonds (hereinafter defined), Entrance Fees and Monthly Fees are anticipated to increase 3.0 percent and 3.0 percent, respectively.

The Existing Independent Living Units and New Independent Living Units are collectively defined as the “Independent Living Units”.

Project Timeline

The anticipated timeline for financing, construction completion and fill-up of the Project is shown below.

Table 3
Anticipated Project Timeline

Close on Series 2021 Bonds	December 2021
Construction commences on the Project	December 2021
New Independent Living Units available for occupancy ⁽¹⁾	December 2022
New Independent Living Units achieve stabilized occupancy of 93%	November 2023

Source: Management and the Developer

- (1) The New Independent Living Units are to be available in phases beginning in December 2022 through April 2023.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the highly contagious respiratory disease named “coronavirus disease 2019” (“COVID-19”) to be a pandemic, and on March 13, 2020, a national emergency was declared in the United States. The Centers for Disease Control and Prevention has confirmed the spread of COVID-19 to the United States, including North Carolina. In response, the federal government, and a large number of state governments, including North Carolina, have imposed measures to curtail certain aspects of public life in an effort to contain COVID-19.

In addition to the direct impact to the health care industry, national and global investment and financial markets have experienced substantial volatility attributed to COVID-19 concerns and associated economic impacts of the curtailment of public life described above. In December 2020, the U.S. Food and Drug Administration issued emergency use authorization of vaccines for prevention of COVID-19. Management has implemented a COVID-19 vaccine plan, with essentially all Residents and the majority of employees having been vaccinated.

During fiscal year 2020, the Corporation obtained approximately \$793,000 under the Paycheck Protection Program (“PPP”) from a participating bank created under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), as amended by the Paycheck Protection Program Flexibility Act of 2020 (the “Flexibility Act”). The PPP, a loan program administered by the Small Business Administration (“SBA”) provides loans to qualifying businesses for the resources they need to maintain their payroll, hire back employees who may have been laid off, and cover applicable overhead. Additionally, loans originated under this program may be forgiven, in whole or in part, if certain criteria are met. On March 22, 2021, the Corporation received notification of full forgiveness from the SBA of approximately \$800,000, including interest, for the Corporation’s PPP.

For purposes of the forecast, Management assumes an increased level of personal protective equipment and other supplies with no additional impact of COVID-19 on operating revenues and expenses during the forecast period.

Significant Agreements

Transfer Agreement

Payment of an Entrance Fee assures a resident of the Community for lifetime access to the Davis Community or an alternate facility which the Corporation may own or contract with to provide health care services. Assisted living and skilled nursing services for Residents are provided through a transfer agreement dated March 14, 1986, as amended from time to time, between the Corporation and the Davis Community, a non-related healthcare provider, with healthcare facilities located adjacent to the Community (the “Transfer Agreement”). At this time, the Transfer Agreement shall continue as an open-ended contract subject to termination by either party with three years written notification of such termination. For purposes of the forecast, the Transfer Agreement is assumed to remain in effect throughout the forecast period.

Pursuant to the Transfer Agreement, the Corporation pays the Davis Community the current monthly fee for a one-bedroom suite at Champions (the “Champions Monthly Fee”) for each Resident transferring to an assisted living unit at Champions (“Assisted Living Bed”). The Corporation pays the current daily fee for a shared suite at Davis HCC (the “Davis HCC Daily Fee”) for each Resident transferring to a skilled nursing bed at Davis HCC (“Skilled Nursing Bed”). The Corporation also pays a Davis HCC Daily Fee to hold one additional Skilled Nursing Bed on an ongoing basis. In addition, Residents have wait-list priority at Champions for suite choice, suite upgrades, and special care units, secondary to existing Champions residents.

With regard to Davis HCC, the Corporation pays for room, board, and nursing care at standard published rates for a Skilled Nursing Bed. Additional fees for other services shall be the responsibility of the Residents. Davis HCC shall determine eligibility and bill Medicare, third party insurance, the Resident, and the Corporation, accordingly, to satisfy all charges.

Management Agreement

The Corporation and the Manager have entered into a Management Agreement (the “Management Agreement”), dated January 1, 2021, renewable every five years. However, the Corporation or the Manager can terminate the Management Agreement without cause six months after formal notice is given. For purposes of the forecast, Management assumes the Management Agreement shall renew and be in effect throughout the forecast period.

Under the Management Agreement, the Manager is responsible for recruiting and employing the executive director; supervising the licensing, equipping, and staffing of the Community; preparing annual budgets; establishing and operating a system of financial controls for the Community including comparative analyses with other facilities; and overseeing the food service and quality accommodations provided by the Community. In addition, the Manager is expected to facilitate the Corporation’s use of the Manager’s Leads Management System (“LMS”) for relevant marketing efforts, provide training for the Corporation’s marketing personnel, regularly monitor the occupancy level of the Community, make specific recommendations with regard to marketing procedures and promotions, and arrange for a regular review of the Community marketing program by the Manager’s marketing specialists.

For services provided under the Management Agreement, the Corporation is obligated to pay the Manager the following fees:

- a monthly management fee of the greater of \$45,000 or as a percentage of total revenues per month, excluding amortization of earned Entrance Fees and investment income (“Monthly Revenues”) (the “Base Management Fee”);
- a flat standard services fee to reimburse miscellaneous expenses incurred by the Manager as a percentage of Monthly Revenues per month (the “Standard Services Fee”); and
- an incentive fee based on a percentage of Monthly Revenues per month (the “Incentive Fee”) if the following criteria are met: 1) favorable responses to a Resident satisfaction survey or an employee engagement survey; 2) expense goal set forth in the Corporation’s budget is achieved; 3) monthly occupancy goal set forth in the Corporation’s budget is achieved; and 4) extraordinary performance by the Manager for the Community as determined by a vote of the Board of Directors.

The following table summarizes the Base Management Fee, Standard Services Fee, and the Incentive Fee as percentages of Revenues during the forecast period.

Fees	2021	2022	2023	2024	2025
Base Management Fee	3.60%	3.70%	3.80%	3.90%	4.00%
Standard Services Fee	0.53%	0.52%	0.51%	0.50%	0.49%
Incentive Fee	0.90%	0.80%	0.70%	0.60%	0.50%
Total Management Fee	5.03%	5.02%	5.01%	5.00%	4.99%

Source: Management Agreement

The Base Management Fee, the Standard Services Fee, and the Incentive Fee are collectively defined as the “Management Fee”.

Development Agreement

The Corporation and the Developer entered into a development agreement dated July 25, 2019 (the “Development Agreement”) under which the Developer is expected to provide development consulting services related to the Project. Pursuant to the Development Agreement, the Developer is responsible for the initial occupancy development program, up to 90 percent occupancy, for the Project. For its services under the Development Agreement, the Corporation is obligated to pay the Developer a development fee of 4.25 percent of the capital costs associated with the Project or approximately \$2,311,000 (the “Development Fee”). The Development Fee is to be earned and paid as follows:

- (1) \$50,000 to be payable during the feasibility stage of the development plan (the “Feasibility Stage”);
- (2) Five percent of the Development Fee upon the completion of the early schematic design documents as defined in the architectural agreement less the \$50,000 Feasibility Stage fees;
- (3) Ten percent of the Development Fee upon the completion of the final schematic design documents as defined in the architectural agreement;
- (4) Five percent of the Development Fee upon commencement of taking Entrance Fee deposits for the New Independent Living Units;
- (5) Five percent of the Development Fee upon the completion of the design development documents, as defined in the architectural agreement;
- (6) Five percent of the Development Fee upon obtaining twenty-five percent sales reservations of the New Independent Living Units;
- (7) Five percent of the Development Fee upon obtaining fifty percent sales reservations of the New Independent Living Units;
- (8) Twenty percent of the Development Fee upon the earlier of (i) the issuance of a notice to proceed with certain construction activities, or (ii) closing of construction financing;
- (9) Thirty percent of the Development Fee payable proportionate with the progress of construction as determined by the documentation prepared by the architect;
- (10) Ten percent of the Development Fee upon initial closing of 90 percent of the New Independent Living Units on pro-rata basis; and
- (11) Five percent of the Development Fee at completion of close-out services during the close-out phase of the Project.

An overview of the total Development Fees assumed to be paid to the Developer in association with the development of the Project is presented in the following table.

Table 5
Anticipated Development Fees
(In Thousands)

Prior to closing on Series 2021 Bonds (35% of Development Fee)	\$ 809
Upon closing of Series 2021 Bonds (20% of Development Fee)	462
Monthly commensurate with construction of the Project (45% of Development Fee)	1,040
Total Development Fees	\$ 2,311

Source: Development Agreement

See Independent Accountants’ Examination Report

Summary of Financing

Total financial requirements to complete the Project and refinance the Corporation's existing debt (the "Existing Debt") are assumed to be funded primarily through the issuance of \$65,978,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021 (the "Series 2021 Bonds"). Management has assumed the following sources and uses of funds in preparing the financial forecast based on information provided by Herbert J. Sims & Company (the "Underwriter").

Table 6
Sources and Uses of Funds
(In Thousands)

Sources of Funds:	
Series 2021A Bonds ⁽¹⁾	\$ 32,520
Series 2021B-1 Bonds ⁽¹⁾	15,593
Series 2021B-2 Bonds ⁽¹⁾	17,865
Total Series 2021 Bonds	\$ 65,978
Original issue premium-2021A Bonds ⁽²⁾	1,868
Total Sources of Funds	\$ 67,846
Uses of Funds:	
Direct construction costs ⁽³⁾	\$ 39,535
Marketing costs ⁽⁴⁾	1,197
Design fees ⁽⁵⁾	3,764
Furniture, fixtures, and equipment ⁽⁶⁾	3,070
Miscellaneous costs ⁽⁷⁾	853
Development Fee ⁽⁸⁾	2,311
Contingency ⁽⁹⁾	2,425
Total Project related costs	\$ 53,155
Repayment of Existing Debt ⁽¹⁰⁾	11,134
Funded interest ⁽¹¹⁾	2,460
Cost of issuance ⁽¹²⁾	1,097
Total Uses of Funds	\$ 67,846

Source: Management, the Developer, and the Underwriter

Notes:

- (1) The Series 2021 Bonds are assumed to consist of \$32,520,000 of tax-exempt rated fixed rate bonds (the “Series 2021A Bonds”); \$15,593,000 of tax-exempt fixed rate direct purchase bank revenue bonds, (the “Series 2021B-1 Bonds”); and \$17,865,000 of tax-exempt fixed rate direct purchase bank revenue bonds, anticipated to be repaid with initial Entrance Fees from the New Independent Living Units (the “Series 2021B-2 Bonds”, collectively with the Series 2021B-1 Bonds, the “Series 2021B Bonds”).
- (2) The Series 2021A Bonds are assumed to be issued at an original issue premium of approximately \$1,868,000.
- (3) Construction, site work and other costs related to the construction of the Project are assumed to approximate \$39,535,000, based on a guaranteed maximum price construction contract (the “GMP Contract”) totaling approximately \$37,983,000 which includes a contractor’s contingency of approximately \$369,000 (1 percent) as provided by construction manager, Frank L. Blum Construction Company and owner-controlled construction budgets and contingencies of approximately \$1,552,000.
- (4) Marketing costs are assumed to approximate \$1,197,000.
- (5) The design fees associated with the Project are estimated to approximate \$3,764,000.
- (6) Furniture, fixtures, and equipment costs are assumed to approximate \$3,070,000.
- (7) Miscellaneous costs are assumed to approximate \$853,000 and consists of legal fees, filing fees, impact fees, and other costs.
- (8) The Development Fee associated with the development of the Project is estimated to approximate \$2,311,000.
- (9) Management and the Developer have included a Project contingency of approximately \$2,425,000.
- (10) Proceeds of the Series 2021A Bonds are assumed to repay \$11,134,000 for the Existing Debt.
- (11) Funded interest is assumed to approximate \$2,460,000 and is anticipated to fund a portion of the interest on the Series 2021A Bonds for approximately 24 months and to fund interest on the Series 2021B Bonds for approximately 24 months.
- (12) Cost of issuance for the Series 2021 Bonds are assumed to approximate \$1,097,000.

Residency Agreement

To be accepted for admission to an Independent Living Unit, a prospective Resident must be at least 62 years of age (in the case of double occupancy, at least one of the prospective Residents must be 62 years of age or older) at the time residency is established, meet health qualifications to live independently at the Community and exhibit an ability to meet their financial obligations as a Resident of the selected Independent Living Unit.

Reservation Agreement

To reserve an Independent Living Unit, a prospective Resident is required to execute a reservation agreement (the "Reservation Agreement"), provide self-disclosure of his or her finances and place a deposit equal to 10 percent of the first-person Entrance Fee on the selected Independent Living Unit (the "Entrance Fee Deposit"). The remaining 90 percent of the Entrance Fee is due on or before the occupancy date of the Independent Living Unit (the "Occupancy Date"). The Reservation Agreement reserves the right of the prospective Resident to choose the selected Independent Living Unit (the "Residence") and indicate his or her intent to execute a residence and services agreement (the "Residency Agreement").

It is assumed that upon approval to collect reservation deposits for the New Independent Living Units, prospective Residents would sign a reservation agreement (the "Reservation Agreement") and pay the applicable deposit amount ("Depositors"), which shall be held in an escrow account on behalf of Residents in accordance with North Carolina General Statute §58-64-35, earn market rate interest and is fully refundable, including the interest earned. Depositors for the New Independent Living Units would execute a Residency Agreement upon payment of the Entrance Fee at or prior to the Occupancy Date.

Residency Agreement

The Residency Agreement is a contract under which the Corporation is obligated, upon payment by the Resident of an Entrance Fee and ongoing payments of the Monthly Fee, to provide certain services to the Resident of the Independent Living Unit. Payment of the Entrance Fee and Monthly Fee entitles the Resident to occupy the Residence and receive the following services and amenities:

- One full meal per day in the dining room or delivery service of lunch or dinner to Residence;
- Weekly housekeeping and flat linen service;
- Utilities, including air conditioning, heating, electricity, water, sewer, and trash disposal;
- Cable television, local and long-distance telephone service, and internet access;
- Building and grounds maintenance;
- Scheduled local transportation;
- 24-hour security and emergency response system;
- Storage;
- Planned social, educational, cultural, spiritual, and recreational activities;
- Use of the common areas; and
- Up to 30 days of care each fiscal year at the Davis Community.

Certain services are available to Residents for an additional charge. These services include, but are not limited to additional meals (including guest meals); guest accommodations, beauty/barber shop services; personal laundry service; additional outpatient services and special services; and extended home care services.

Entrance Fee Plan

The Corporation offers three Entrance Fee plans under the Residency Agreement. The Entrance Fee options, and related amortization schedules are as follows:

Refund Options	Amortization Schedule
Traditional Plan (Non-Refundable) ⁽¹⁾	If the Resident terminates the Residency Agreement prior to occupancy, the Resident is reimbursed the Entrance Fee, less a non-refundable fee. After occupancy, the Entrance Fee decreases two percent per month for 50 months.
50% Return-of-Capital Plan	If the Resident terminates the Residency Agreement prior to occupancy, the Resident is reimbursed the Entrance Fee, less a non-refundable fee. If the Resident terminates the Residency Agreement after occupancy, the Resident is reimbursed 50 percent of the Entrance Fee.
90% Return-of-Capital Plan	If the Resident terminates the Residency Agreement prior to occupancy, the Resident is reimbursed the Entrance Fee, less a non-refundable fee. If the Resident terminates the Residency Agreement after occupancy, the Resident is reimbursed 90 percent of the Entrance Fee.

Source: Management

(1) The Traditional Plan is not offered in certain unit types for the Existing Independent Living Units and not anticipated to be offered for the New Independent Living Units.

The following table summarizes the assumed Entrance Fee Plans and Refund utilization.

Table 7
Utilization of Entrance Fee Options

Contract Type	Existing Independent Living Units		New Independent Living Units	
	Number of Residents⁽¹⁾	Percent of Residents	Number of Depositors⁽²⁾	Percent of Depositors⁽³⁾
Traditional Contract (Non-Refundable)	13	6.1%	–	0.0%
50% Return-of-Capital Contract	154	72.3%	17	54.8%
90% Return-of-Capital Contract	46	21.6%	14	45.2%
Total Occupied	213	100.0%	31	100.0%

Source: Management

(1) Resident information as of September 30, 2021. As of September 30, 2021, 219 of the Existing Independent Living Units were occupied. The total number of primary Residents excludes six Residents who are currently Depositors.

(2) Depositor information as of October 31, 2021.

(3) For purposes of the forecast, Management has assumed 50 percent of the Residents of the New Independent Living Units would select the 50% Return-of-Capital Contract and 50 percent would select the 90% Return-of-Capital Contract.

See Independent Accountants' Examination Report

Terminations Prior to Occupancy Date

The Resident may terminate the Residency Agreement within thirty (30) days written notice of execution of the Residency Agreement or the receipt of a Disclosure Statement that meets the requirements of N.C.G.S. § 58-64-20 (the "Rescission Period"). The portion of the Entrance Fee paid to date is to be paid by the Corporation, without interest, less costs incurred by the Corporation, within 30 days following the receipt of written notification of such termination. In the event the Resident occupies the Independent Living Unit during the Rescission Period, any money transferred to the Corporation is to be refunded, without interest, less costs incurred by the Corporation, within 60 days following the receipt of written notification of such termination.

The Resident may terminate the Residency Agreement after the Rescission Period and prior to the Occupancy Date upon 30-days written notice of such termination. Any such refund paid will equal the portion of the Entrance Fee paid by the Resident less (i) a non-refundable fee equal to \$2,500 and (ii) any costs specifically incurred by the Corporation at the Resident's request. Any such refunds as described above will be paid by the Corporation within 60 days following the receipt of written notification of such termination.

Terminations After Occupancy Date

Following expiration of the Rescission Period and after the Occupancy Date, the Residency Agreement may be terminated at any time upon 120-days written notice of such termination. Any refund due would be made within 30 days following the date a new Entrance Fee for the same Independent Living Unit reoccupied by a new resident and the receipt of the new Entrance Fee by the Corporation.

Health Care Benefit

A Resident may be temporarily or permanently assigned to the Davis Community, if the Resident is determined to need such care. Accommodations provided at the Davis Community shall be in a private one-bedroom suite or shared suite, depending on the level of care required by the Resident. If the Resident wishes to occupy a larger suite, the Resident shall be assessed the incremental fee for the larger unit.

The Corporation covers the charges for temporary assisted living or nursing care for up to 30 calendar days for each Resident each fiscal year (the "Health Care Benefit"). If there are two Residents under the Residency Agreement, the Community allows the Residents to combine the Health Care Benefit to be used by only one Resident. During such time, the Resident shall continue to pay the Monthly Fee for their Independent Living Unit (first and second person as applicable), the charges for additional meals per day not covered by the Monthly Fee, and the charges for any additional services and supplies incurred by the Resident.

If the Resident utilizes more than the Health Care Benefit during a temporary stay, then they shall be responsible for paying the full daily rate charged by the Davis Community, as well as the Monthly Fee for their Independent Living Unit (first and second person as applicable) and the charges for any additional services and supplies incurred by the Resident.

See Independent Accountants' Examination Report

Once permanently assigned to the Davis Community, the Resident no longer qualifies for the Health Care Benefit and he or she shall be required to vacate and release the Independent Living Unit. Any unused Health Care Benefit days shall not be carried over to the next year. The Monthly Fee shall continue until removal of the Resident's personal property from the Independent Living Unit. The Resident shall pay the applicable monthly or per diem charge to the Corporation (the "HC Charge"), in an amount equal to 75 percent of the monthly or daily semi-private pay rate then being charged.

In the case of couples, should only one Resident require permanent care at the Davis Community, the other Resident would continue to occupy the Residence under the terms of the Residency Agreement and pay the first-person Monthly Fee. The Resident at the Davis Community would pay the HC Charge, plus the charges for any additional services and supplies.

Characteristics of the Market Area

Assumptions for the current and future utilization of the Community were developed by Management based on analysis of the following factors that may affect the demand for the Community's accommodations and services:

- Site description and general area analysis;
- Defined primary market area for the Community;
- Demographic and socioeconomic characteristics of the defined primary market area;
- Estimated age- and income-qualified households within the defined primary market area;
- Description and utilization of existing and proposed comparable retirement communities, within the defined primary market area;
- Management's ability to market the Independent Living Units;
- Penetration rates for independent living services; and,
- Description of assisted living and nursing communities near the Community.

Each of the above factors and the resulting assumed utilization of the Community are described in the following sections.

Site Description

The Community is located at 1200 Porters Neck Road on approximately 56 acres of land in Wilmington, New Hanover County, the State of North Carolina ("North Carolina"). The Community, bordered by single family homes to the north, Porters Neck Road to the south, Porter's Neck Country Club to the east and The Davis Community to the west, is less than one-half mile west of the Intracoastal Waterway and seven miles northeast of downtown Wilmington.

General Area Analysis

Highways

The Community is accessible to U.S. Route 17 ("US-17") via Porters Neck Road. US-17, also known as the Coastal Highway, is a north-south highway that travels along the southeastern coastline from Virginia to Florida. US-17 provides access to Interstate-40, which is a major east-west interstate commencing in Wilmington which travels through Raleigh, North Carolina, and points across the United States to the west coast.

Airports

Wilmington International Airport ("ILM"), approximately 15 miles southwest of the Community, served over one million passengers in 2019 and currently provides service through three major airlines including American Airlines, Delta Air Lines and United Airlines.

Employment Trends

The unemployment trends for the City of Wilmington, New Hanover County, Pender County, North Carolina, and the United States are shown in the following table.

	2018	2019	2020	2021 ⁽¹⁾
City of Wilmington	4.1%	3.7%	7.7%	4.6%
New Hanover County	3.9%	3.5%	7.4%	4.3%
Pender County	4.3%	3.9%	6.7%	4.4%
North Carolina	4.0%	3.8%	7.4%	4.9%
United States	3.9%	3.7%	8.1%	5.9%

Source: U.S. Department of Labor, Bureau of Labor Statistics Data

(1) Unemployment data is through August 2021.

According to Wilmington Business Development, major employers in New Hanover County include New Hanover Regional Medical Center, New Hanover County Public Schools, University of North Carolina at Wilmington (“UNC-Wilmington”), PPD Development LLC and New Hanover County.

Hospitals and Medical Centers

The following table provides information regarding the hospitals and medical centers that serve the area surrounding the Community.

Hospital Name	Location	Driving Distance from the Community (Miles)	Type	Number of Staffed Beds
New Hanover Regional Medical Center Orthopedic Hospital ⁽¹⁾	Wilmington 28403	10.5	Short Term Acute Care	94
New Hanover Regional Medical Center ⁽¹⁾⁽²⁾	Wilmington 28401	13.4	Short Term Acute Care	706
Wilmington Treatment Center	Wilmington 28401	14.1	Short Term Acute Care	92

Source: American Hospital Directory, September 2021.

(1) New Hanover Regional Medical Center Orthopedic Hospital and New Hanover Regional Medical Center are part of Novant Health.

(2) Includes the Betty H. Cameron Women’s and Children’s Hospital, the New Hanover Regional Medical Center Rehabilitation Hospital and the New Hanover Regional Medical Center Behavioral Health Hospital.

Shopping/Recreation/Cultural

The Community is approximately two miles east of Market Street (also known as US-17), which provides access to shopping, dining, and services. The Oak Landing Shopping Center, located at the intersection of Market Street and Porters Neck Road, offers a Harris Teeter, Walgreens, and restaurants. Porters Neck Center, across the street from Oak Landing Shopping Center, is a retail and office center which offers shopping, services and restaurants and anchored by a Food Lion and Lowes.

Golf courses near the Community include Porters Neck Country Club, a private club adjacent to the Community, and Eagle Point Golf Club, a private club approximately one mile southeast of the Community. Beaches near the Community include Figure Eight Island, a private beach approximately five miles east of the Community; Wrightsville Beach, a public beach approximately 10 driving miles south of the Community; and Topsail Beach, a public beach approximately 25 driving miles north of the Community.

Downtown Wilmington offers various shopping, dining and cultural opportunities divided into seven districts. The River District offers a two-mile Riverwalk along Cape Fear River which includes markets, boutiques, art galleries and restaurants. The World War II Battleship North Carolina, which is a memorial for 11,000 North Carolinians who died during the war, is across the river from the Riverwalk. The National Register Historic District offers Victorian-era architecture at the Bellamy Mansion, Burgwin-Wright House, and Latimer House. The Brooklyn Arts District is anchored by the Brooklyn Arts Center at St. Andrews, which is an old school building completed in 1910 and has been refurbished as an event venue for live music and concerts, weddings, art shows and vintage flea markets. Midtown offers 67 acres of gardens and lakes, including a 500-year-old oak tree; Jungle Rapids Family Fun Park; Wilmington Municipal Golf Course, which is an 18-hole golf course; and Mayfaire Town Center, which is an outdoor mall including 90 shops and restaurants as well as a movie theater. The South Front District, Castle Street Arts & Antique District and Cargo District offer various restaurants and boutiques.

UNC-Wilmington is a public university with over 18,000 students pursuing baccalaureate, masters and doctoral programs which consistently ranks among the top 10 public universities in the south. UNC-Wilmington offers a 1,000 seat auditorium which provides events and performances through the year. Other colleges in Wilmington include Miller-Motte College and Cape Fear Community College, which are both two-year colleges.

Primary Market Area of the Community

The primary market area for senior living services is typically defined as the geographic area from which the majority of prospective residents are assumed to reside prior to moving into a senior living community. As of September 30, 2021, 219 of the 245 Existing Independent Living Units were occupied (89 percent occupancy). In addition, as of October 31, 2021, 31 of the 44 New Independent Living Units were reserved by 31 Depositors, representing approximately 71 percent of the total New Independent Living Units.

Based on the zip code origin of the Residents and Depositors, discussions with existing senior living providers in the area and experience with similar communities, Management has defined the primary market area to be a 10-zip code area surrounding the Community primarily in New Hanover and Pender Counties (with portions in Brunswick and Onslow Counties), spanning approximately 25 miles east to west and approximately 43 miles north to south, at its widest and longest points, respectively (the “PMA”). The PMA includes the 10 zip codes shown in the following table.

Table 10
Independent Living Resident and Depositor Data

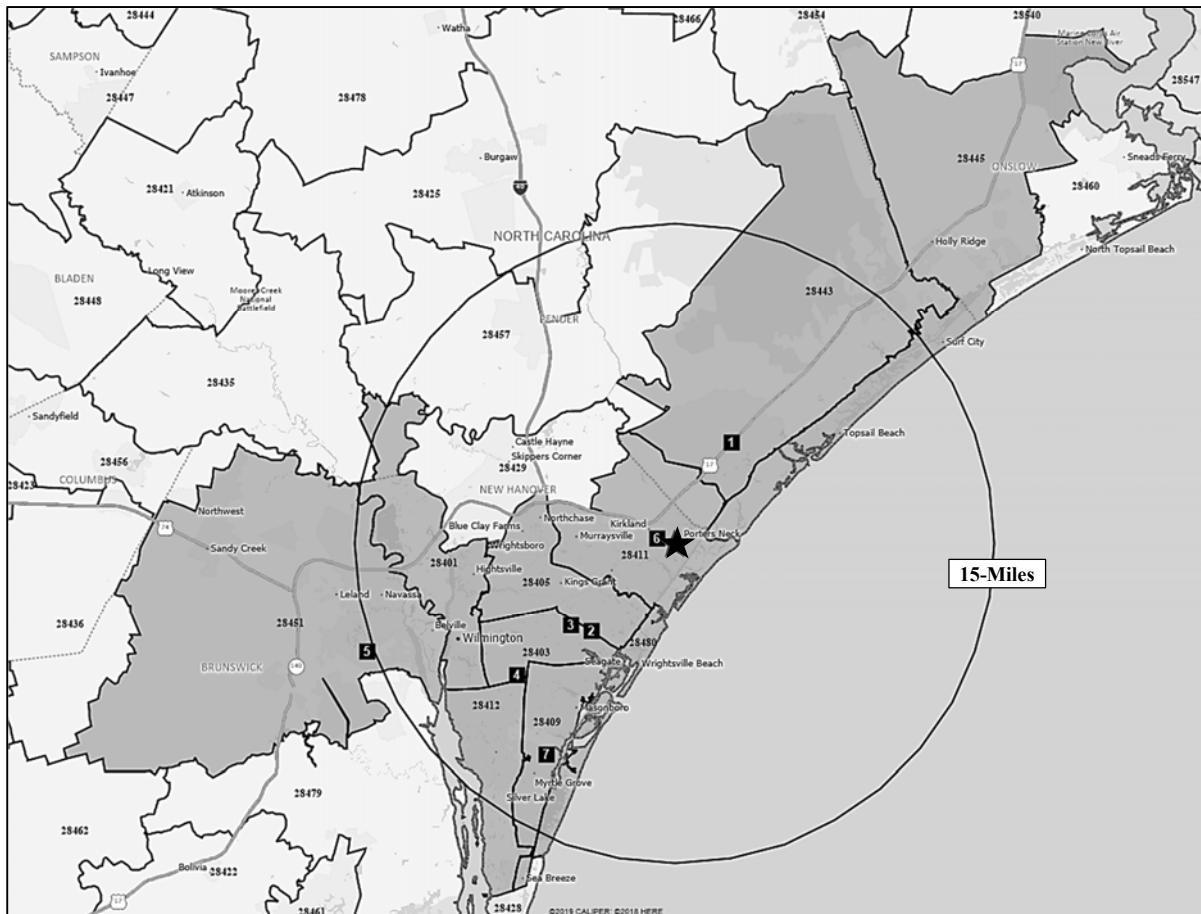
Zip Code	City/Town	Residents		Depositors		Total	
		Number ⁽¹⁾	Percentage of Total	Number ⁽¹⁾	Percentage of Total	Number	Percentage of Total
28411 ⁽²⁾	Wilmington	46	21.6%	7	22.6%	53	21.7%
28443	Hampstead	24	11.3%	1	3.2%	25	10.3%
28405	Wilmington	20	9.4%	3	9.7%	23	9.4%
28412	Wilmington	12	5.6%	–	0.0%	12	4.9%
28403	Wilmington	7	3.3%	1	3.2%	8	3.3%
28409	Wilmington	7	3.3%	–	0.0%	7	2.9%
28451	Leland	4	1.9%	1	3.2%	5	2.1%
28445	Surf City	2	0.9%	–	0.0%	2	0.8%
28401	Wilmington	2	0.9%	–	0.0%	2	0.8%
28480 ⁽³⁾	Wrightsville Beach	–	0.0%	–	0.0%	–	0.0%
Total IL PMA Zip Codes		124	58.2%	13	41.9%	137	56.2%
Other North Carolina areas		41	19.3%	12	38.7%	53	21.7%
Out of State		48	22.5%	6	19.4%	54	22.1%
Total		213⁽⁴⁾	100.0%	31	100.0%	244	100.0%

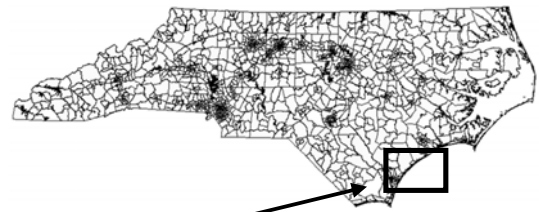
Source: Management

- (1) Reflects total number of Residents and Depositors as of September 30, 2021 and October 31, 2021, respectively.
- (2) The Community is located in zip code 28411.
- (3) Zip code 28480 is included for contiguity purposes.
- (4) As of October 31, 2021, six Depositors were Residents and have been included as Depositors for purposes of the PMA analysis.

Plantation Village, Inc.

The following map depicts the Community, the PMA, existing comparable independent living communities located within the PMA, and communities under construction within the PMA.



<p>Legend</p> <p>■ PMA ★ The Community</p> <p>Comparable IL Communities in the PMA</p> <p>1 – Arbor Landing at Hampstead 2 – Cambridge Village of Wilmington 3 – Carolina Bay at Autumn Hall 4 – Brightmore of Wilmington 5 – Arbor Landing at Compass Point</p> <p>IL Communities Under Construction in the PMA</p> <p>6 – Davis Community 7 – Trinity Landing</p>	<p>North Carolina</p>  <p>PMA</p> <p>Source: Caliper Maptitude and MapInfo</p>
---	---

Population

The age distribution of the population in a geographic area is a key factor in the determination of an area's retirement housing needs. The U.S. Census Bureau has collected demographic data based on the 2010 census figures. Claritas, Inc., a firm that specializes in the analysis of demographic data, has extrapolated the 2010 census information to derive the estimated 2021 figures and projected statistics for 2026. The following table presents population data by age cohort and the anticipated average annual compounded percentage change between 2010 and 2021 and 2021 and 2026 in the PMA, North Carolina and the United States.

Table 11
Historical, Estimated and Projected Populations in the
PMA, North Carolina, and United States

	2010 Population (Census)	2021 Population (Estimated)	2026 Population (Projected)	Compounded Annual Percentage Change 2010 – 2021	Compounded Annual Percentage Change 2021 – 2026
<u>PMA</u>					
Total Population	239,575	295,680	316,158	1.9%	1.3%
Age 65 to 74 Population	18,973	35,344	43,142	5.8%	4.1%
Age 75 to 84 Population	10,348	15,623	17,877	3.8%	2.7%
Age 85 plus Population	4,180	5,856	6,640	3.1%	2.5%
Total 65 Plus	33,501	56,823	67,659	4.9%	3.6%
Total 75 Plus	14,528	21,479	24,517	3.6%	2.7%
<u>North Carolina</u>					
Total Population	9,535,483	10,644,954	11,161,182	1.0%	1.0%
Age 65 to 74 Population	697,567	1,117,660	1,343,106	4.4%	3.7%
Age 75 to 84 Population	389,051	531,302	609,921	2.9%	2.8%
Age 85 plus Population	147,461	195,249	218,111	2.6%	2.2%
Total 65 Plus	1,234,079	1,844,211	2,171,138	3.7%	3.3%
Total 75 Plus	536,512	726,551	828,032	2.8%	2.6%
<u>United States</u>					
Total Population	308,745,538	330,940,040	340,574,349	0.6%	0.6%
Age 65 to 74 Population	21,713,429	33,408,314	39,512,957	4.0%	3.4%
Age 75 to 84 Population	13,061,122	16,368,076	18,402,423	2.1%	2.4%
Age 85 plus Population	5,493,433	6,668,294	7,129,280	1.8%	1.3%
Total 65 Plus	40,267,984	56,444,684	65,044,660	3.1%	2.9%
Total 75 Plus	18,554,555	23,036,370	25,531,703	2.0%	2.1%

Source: Claritas, Inc.

The following table presents the percentage of total population by age group for the targeted age population in the PMA, North Carolina, and the United States.

Table 12			
Percentage of Total Population by Age Cohort			
	2010 (Census)		
	PMA	North Carolina	United States
<u>Age Groupings</u>			
65 plus	14.0%	12.9%	13.0%
75 plus	6.1%	5.6%	6.0%
85 plus	1.7%	1.5%	1.8%
	2021 (Estimated)		
	PMA	North Carolina	United States
<u>Age Groupings</u>			
65 plus	19.2%	17.3%	17.1%
75 plus	7.3%	6.8%	7.0%
85 plus	2.0%	1.8%	2.0%
	2026 (Projected)		
	PMA	North Carolina	United States
<u>Age Groupings</u>			
65 plus	21.4%	19.5%	19.1%
75 plus	7.8%	7.4%	7.5%
85 plus	2.1%	2.0%	2.1%

Source: Claritas, Inc.

Estimated Income Qualified Households within the PMA

In order to qualify for residency in the Independent Living Units, a prospective resident must be at least 62 years of age and demonstrate sufficient financial resources to pay the Entrance Fee, required Monthly Fee and other expenses related to independent living services not provided for in the Residency Agreement. Management utilizes the FinAid system to financially evaluate a prospective resident's net worth and monthly income. FinAid projects income for prospective residents based on their financial assets and income sources and compares this revenue to projected expenses such as monthly fees, personal expenses, and income taxes.

For purposes of quantifying the number of income qualified households in the PMA, households age 75 or older are considered to be the most likely to establish residency in an Independent Living Unit. The age composition of Depositors as of October 31, 2021 is described in the table below.

Table 13
Depositor Age Composition upon Move-In to the Community

Age Upon Move-in	Number of Depositors ⁽¹⁾	Percent of Depositors
Under 75	4	12.9%
75 and older	27	87.1%
Total	31	100.0%

Source: Management

(1) Includes age information for the 31 primary Depositors when the New Independent Living Units open for occupancy in 2022.

In addition, the following three annual household income scenarios are presented for estimating the number of income-qualified households in the PMA:

- Annual household income approximately \$50,000 or more based on the minimum monthly fee of the smallest one-bedroom Existing Independent Living Unit (approximately \$3,100 per month in 2021 dollars);
- Annual household income approximately \$75,000 or more based on the Monthly Fee for the smallest New Independent Living Unit (approximately \$4,350 per month in 2021 dollars); and
- Annual household income approximately \$100,000 or more based on the Monthly Fee of the smallest cottage at the Community (approximately \$5,500 per month in 2021 dollars).

In addition, of the Depositors who reported their financial information, the median income is approximately \$90,000 and the median assets are approximately \$3,547,000, based on self-reported Depositor information provided by Management as of October 31, 2021. The average age of Depositors (first persons) approximates 80 years of age when the New Independent Living Units open in 2022.

The following tables illustrate the 2021 estimated and the 2026 projected household income distribution for householders age 65 to 74 and 75 or over in the PMA.

Table 14			
Income Eligible Households for Independent Living Services Within PMA			
	2021 (Estimated)		
	65 – 74	75+	Total
Total Households:	22,011	14,029	36,040
<u>Household Income</u>			
Under \$50,000	9,129	8,471	17,600
<u>\$50,000 and over</u>			
\$50,000 – \$74,999	4,479	2,542	7,021
\$75,000 – \$99,999	2,638	1,095	3,733
\$100,000 – \$149,999	2,878	1,112	3,990
\$150,000 plus	2,887	809	3,696
Total \$50,000 and over	12,882	5,558	18,440
Percentage of Income Eligible Households to Total Households – \$50,000 and over	58.5%	39.6%	51.2%
Total \$75,000 and over	8,403	3,016	11,419
Percentage of Income Eligible Households to Total Households – \$75,000 and over	38.2%	21.5%	31.7%
Total \$100,000 and over	5,765	1,921	7,686
Percentage of Income Eligible Households to Total Households – \$100,000 and over	26.2%	13.7%	21.3%
	2026 (Projected)		
	65 – 74	75+	Total
Total Households:	26,420	15,759	42,179
<u>Household Income</u>			
Under \$50,000	10,324	9,226	19,550
<u>\$50,000 and over</u>			
\$50,000 – \$74,999	5,161	2,826	7,987
\$75,000 – \$99,999	3,181	1,266	4,447
\$100,000 – \$149,999	3,780	1,379	5,159
\$150,000 plus	3,974	1,062	5,036
Total \$50,000 and over	16,096	6,533	22,629
Percentage of Income Eligible Households to Total Households – \$50,000 and over	60.9%	41.5%	53.6%
Total \$75,000 and over	10,935	3,707	14,642
Percentage of Income Eligible Households to Total Households – \$75,000 and over	41.4%	23.5%	34.7%
Total \$100,000 and over	7,754	2,441	10,195
Percentage of Income Eligible Households to Total Households – \$100,000 and over	29.3%	15.5%	24.2%

Source: Claritas, Inc.

The following table estimates the number of age- and income-qualified households in the PMA as estimated in 2021, interpolated in 2023 (the year the majority of New Independent Living Units are to be occupied), and projected in 2026 based on the 2010 Census.

	2021	2023	2026
Total \$50,000 and over	5,558	5,948	6,533
Percentage of Income Eligible Households to Total Households – \$50,000 and over	39.6%	40.4%	41.5%
Total \$75,000 and over	3,016	3,292	3,707
Percentage of Income Eligible Households to Total Households – \$75,000 and over	21.5%	22.4%	23.5%
Total \$100,000 and over	1,921	2,129	2,441
Percentage of Income Eligible Households to Total Households – \$100,000 and over	13.7%	14.5%	15.5%

Source: Claritas, Inc.

The following table compares the percentage of income-qualified households to total households for the \$50,000, \$75,000, and \$100,000 income qualification level for age 75 and above households within the PMA, North Carolina, and the United States, projected in 2026 based on the 2010 Census.

	PMA	North Carolina	United States
Percentage of Income Qualified Households to Total Households – \$50,000	41.5%	39.2%	41.7%
Percentage of Income Qualified Households to Total Households – \$75,000	23.5%	23.3%	26.0%
Percentage of Income Qualified Households to Total Households – \$100,000	15.5%	15.1%	17.6%

Source: Claritas, Inc.

Market Area Real Estate

The ability of potential residents to sell their home prior to assuming occupancy at a community may have an impact on the ability of residents to move into the community. Often, entrance fees are paid with funds received through the sale of a prospective resident's home. Home values fluctuate over time and vary regionally based upon economic conditions.

The following table summarizes real estate statistics for New Hanover County and Pender County.

Table 17
Market Area Real Estate Trends

	2019	2020	2021 ⁽¹⁾
New Hanover County			
Number of Homes Sold	4,151	4,704	3,170
Average Sales Price	\$358,631	\$399,853	\$451,472
Days on the Market	56	52	30
Pender County			
Number of Homes Sold	1,170	1,514	1,072
Average Sales Price	\$324,207	\$362,751	\$414,451
Days on the Market	76	70	39

Source: Landmark Sotheby's International Realty

(1) Information through August 31, 2021.

The following table depicts the number of homes sold, average sales prices of homes and average days on market by zip code for the PMA.

Table 18
Market Area Real Estate Trends for PMA Zip Codes⁽¹⁾

Zip Code ⁽³⁾	2019			2020			2021 ⁽²⁾		
	Number of Homes Sold	Average Sales Price	Average Days on Market	Number of Homes Sold	Average Sales Price	Average Days on Market	Number of Homes Sold	Average Sales Price	Average Days on Market
28411 – Wilmington ⁽²⁾	917	\$377,370	57	1,205	\$406,371	56	795	\$446,993	25
28443 – Hampstead	804	\$313,282	81	949	\$342,636	69	795	\$390,350	36
28405 – Wilmington	670	\$324,479	56	819	\$358,524	51	679	\$451,357	28
28412 – Wilmington	1,097	\$263,828	50	1,170	\$281,917	47	985	\$323,136	26
28403 – Wilmington	638	\$272,899	50	624	\$311,493	39	533	\$331,323	25
28409 – Wilmington	837	\$369,269	61	956	\$406,904	51	744	\$472,156	29
28451 – Leland	1,195	\$267,909	64	1,403	\$283,361	64	1,187	\$322,266	38
28445 – Surf City	618	\$305,536	64	844	\$357,554	74	708	\$426,039	33
28401 – Wilmington	462	\$197,035	54	550	\$267,445	44	484	\$295,294	40
Total/Weighted Avg.	7,238	\$302,285	60	8,520	\$336,633	56	6,910	\$382,839	31

Source: Landmark Sotheby's International Realty

(1) Data is through October 14, 2021.

(2) The Community is located in zip code 28411.

(3) Zip code 28480, which is included in the PMA for purposes of contiguity, is not included in the real estate table since no Residents or Depositors originated from the zip code.

Description and Utilization of Independent Living (“IL”)

Continuing Care Regulatory Requirements

In North Carolina, CCRCs are licensed and regulated by the North Carolina Department of Insurance (the “Department”) under Chapter 58, Article 64 of the North Carolina General Statutes (the “General Statutes”) and under Title 11 of the North Carolina Administrative Code. The General Statutes define continuing care as “the furnishing to an individual other than an individual related by blood, marriage, or adoption to the person furnishing the care, of lodging together with nursing services, medical services, or other health related services, under an agreement effective for the life of the individual or for a period longer than one year.”

A CCRC is required to obtain a license from the Department prior to entering into continuing care contracts. Registration must include a disclosure statement, including financial statements and other information required by the Department, which is required to be updated each year subsequent to initial registration (the “Disclosure Statement”). The provider is also required to deliver a Disclosure Statement to prospective residents upon or prior to execution of a residency agreement or collection of a deposit. In addition, CCRCs are required to maintain certain minimum levels of operating reserves to provide security to residents that the community will be able to meet its contractual obligations to provide continuing care.

Comparable Retirement Communities

Comparable communities include those offering independent living units and access to at least one level of healthcare services, such as assisted living and/or nursing care for age restricted seniors. Independent living units may be apartments, cottages, and/or free-standing homes where residents have access to on-site amenities, which typically include a choice of dining venues, library, lounge areas, fitness facilities, banking, game room, multi-purpose room, arts and crafts area, hair salon, a chapel, and more. Services typically include a dining program or allowance, housekeeping services, most utilities except telephone, scheduled transportation, activities program, emergency call system in each residence, 24-hour security, interior and exterior maintenance, maintenance of grounds.

Management has defined comparable facilities as those facilities that: (i) include independent living services; (ii) provide one or more other levels of care such as assisted living, memory support and/or nursing care services; (iii) offer similar services and amenities as the Community; and/or (iv) compete for similar age- and income-qualified residents.

Senior living communities may provide a variety of contracts to residents. Generally, the major distinction in contract types relates to the healthcare benefit and payment of an entrance fee. The most common contract types are as follows:

Extensive or Life Care Contract (“Type A”) – Under a Type A contract, a resident typically pays an upfront entrance fee and an ongoing monthly fee in exchange for the right to lifetime occupancy of an independent living unit with certain services and amenities. Residents of independent living who require assisted living or nursing care may transfer to the appropriate level of care and continue to pay essentially the same monthly fee they had been paying for in their residence, or upon permanent transfer, the fee may be adjusted to the weighted average of all monthly service fees.

Modified Life Care Contract (“Type B”) - Under a Type B contract, the resident also generally pays an upfront entrance fee and an ongoing monthly fee for the right to lifetime occupancy of an independent living unit with certain services and amenities. However, under a Type B contract, the CCRC typically provides assisted living or skilled nursing care to residents either (a) at a discounted rate on the per diem, e.g., 20 percent discount; (b) a certain number of days per year or per lifetime, e.g., 60-90 days; or, (c) a combination of the two. The Community offers a Type B contract.

Fee-for-Service Contract (“Type C”) – Type C contracts also generally require an upfront entrance fee and an ongoing monthly fee for the right to lifetime occupancy of an independent living unit with certain services and amenities. However, under the fee-for-service contract, residents who require assisted living or nursing care do not receive any discount on assisted living or skilled nursing services.

Rental Contract (“Rental”) – Under a Rental contract, the resident signs a lease for the independent living unit selected and pays for various additional services utilized (including assisted living, memory support or nursing) on a monthly basis at prevailing market rates. The resident is not required to pay an entrance fee and the contract term is typically on a month-to-month basis.

The following tables profile the Community, the Project, and five comparable existing retirement communities in the PMA.

Table 19
Comparable Independent Living Communities within the PMA

	The Community	The Project	Arbor Landing at Hampstead
Location and Zip Code	Wilmington 28411	Wilmington 28411	Hampstead 28443
Miles from the Community	–	–	7.0
Sponsor/Developer	The Corporation	The Corporation	Ridge Care Senior Living
Year Opened	1982	2022	2018
Type of Contract	Type B	Type B	Rental
For-Profit/Not-for-Profit	Not-for-Profit	Not-for-Profit	For-Profit
Unit Configuration			
<i>Independent Living Units (ILUs)</i>			
Studios	4	–	12
One-bedroom apartments	63	–	51
Two-bedroom apartments	62	44	8
Homes/Cottages/Villas	116	–	–
Total ILUs	245	44	71
<i>Assisted Living/Memory Care Units</i>	–	–	19 MC
<i>Nursing Care Beds</i>	–	–	–
Independent Living			
<i>Square Footage</i>			
Studios	521	–	468 – 541
One-bedroom apartments	721 – 942	–	618
Two-bedroom apartments	996 – 1,491	1,400 – 1,919	811
Homes/Cottages/Villas	1,250 – 1,720	–	–
<i>Entrance Fees</i>			
Studios	\$159,400	–	–
One-bedroom apartments	\$201,900 – 299,650	–	–
Two-bedroom apartments	\$272,900 – 467,550	\$468,200 – 684,500	–
Homes/Cottages/Villas	\$333,200 – 482,000	–	–
2 nd Person Entrance Fee	\$20,000	\$20,000	–
<i>Monthly Fees</i>			
Studios	\$2,810	–	\$3,195
One-bedroom apartments	\$3,113 – 3,482	–	\$3,495
Two-bedroom apartments	\$3,711 – 4,605	\$4,481 – 5,871	\$3,995
Homes/Cottages/Villas	\$4,110 – 5,546	–	–
2 nd Person Monthly Fee	\$1,451	\$1,451	\$750
<i>Refund Options</i>	0%, 50%, 90% (shown)	50%, 90% (shown)	–
Assisted Living			
<i>Entrance Fee</i>	–	–	–
<i>Monthly Fee</i>	–	–	–
Memory Care			
<i>Entrance Fee</i>	–	–	\$6,995
<i>Monthly Fee</i>	–	–	–
Nursing Care			
<i>Daily Rate</i>	–	–	–
Occupancy Rate			
<i>Independent Living</i>	87%	–	94%
<i>Assisted Living</i>	–	–	100%
<i>Nursing Care</i>	–	–	–

Source: Management and competitor surveys conducted by Dixon Hughes Goodman LLP (“DHG”) through October 2021.

Table 19 (continued)
Comparable Independent Living Communities within the PMA

	Cambridge Village of Wilmington	Carolina Bay at Autumn Hall	Brightmore of Wilmington	Arbor Landing at Compass Pointe
Location and Zip Code	Wilmington 28405	Wilmington 28403	Wilmington 28403	Leland 28451
Miles from the Community	8.4	8.6	12.0	18.9
Sponsor/Developer	Cambridge Living	Liberty Senior Living	Liberty Senior Living	Ridge Care Senior Living
Year Opened	2015	2015	1990	2021
Type of Contract	Rental	Rental	Type C / Rental	Rental
For-Profit/Not-for-Profit	For-Profit	For-Profit	For-Profit	For-Profit
Unit Configuration				
<i>Independent Living Units (ILUs)</i>				
Studios	44	—	4	—
One-bedroom apartments	110	74	74	52
Two-bedroom apartments	66	72	58	48
Homes/Cottages/Villas	—	—	—	—
Total ILUs	220	146	136	100
<i>Assisted Living/Memory Care Units</i>	—	52 AL / 24 MC	157 AL/ 43 MC	—
<i>Nursing Care Beds</i>	—	30	—	—
Independent Living				
<i>Square Footage</i>				
Studios	459 – 571	—	539	—
One-bedroom apartments	581 – 1,068	702 – 1,191	612 – 750	818 – 867
Two-bedroom apartments	827 – 1,233	1,025 – 1,900	929 – 1,160	1,133
Homes/Cottages/Villas	—	—	—	—
<i>Entrance Fees</i>				
Studios	—	—	\$18,900	—
One-bedroom apartments	—	—	\$22,800 – 36,500	—
Two-bedroom apartments	—	—	\$38,000 – 56,000	—
Homes/Cottages/Villas	—	—	—	—
2nd Person Entrance Fee	—	—	—	—
<i>Monthly Fees</i>				
Studios	\$2,920 – 3,700	—	\$2,300	—
One-bedroom apartments	\$3,500 – 5,460	\$4,177 – \$5,726	\$2,500 – 3,000	\$3,695
Two-bedroom apartments	\$4,095 – 5,825	\$5,130 – 8,220	\$2,600 – 4,100	\$3,995
Homes/Cottages/Villas	—	—	—	—
2nd Person Monthly Fee	\$800	\$695	\$575	\$750
<i>Refund Options</i>	—	—	0%	—
Assisted Living				
<i>Monthly Fee</i>	—	\$5,989 – 6,559	\$4,698	—
<i>Level of Care Fees</i>	—	\$470 – 940	\$613 – \$3,036	—
Memory Care				
<i>Monthly Fee</i>	—	\$7,399 – 7,969	\$6,850	—
<i>Level of Care Fees</i>	—	\$470 – 940	\$423 – 1,041	—
Nursing Care				
<i>Daily Rate</i>	—	\$290	—	—
Occupancy Rate				
<i>Independent Living</i>	99%	98%	82%	See note
<i>Assisted Living/Memory Care</i>	—	100%	83%	—
<i>Nursing Care</i>	—	100%	—	—

Source: Management and competitor surveys conducted by DHG through October 2021.

Notes to Table:**The Community**

- (1) Entrance Fee and Monthly Fee pricing is effective as of January 1, 2021.
- (2) Residents receive 30 days of care at the Davis Community each fiscal year at no additional cost. After a Resident utilizes more than the 30 days during a temporary stay each fiscal year, the Resident is then responsible for paying the full daily rate charged by the Davis Community. Once a Resident is permanently assigned to the Davis Community, the Resident would pay a discounted rate, currently 75 percent of the published per diem charges at the Davis Community.
- (3) Entrance Fees shown in the table reflect the 90 percent refundable contract. A 50 percent refundable and a traditional, non-refundable contract are also offered. The Entrance Fees for the 50 percent refundable contract range from \$105,450 to \$373,500 for apartment units and range from \$218,200 to \$349,450 for cottages, homes, and villas. The Entrance Fees for the traditional, non-refundable contract range from \$83,150 to \$162,300 and range from \$170,250 to \$245,900 for cottages, homes, and villas. The traditional, non-refundable contract is not offered for every unit type. Monthly Fees are the same for all Entrance Fee plans.

The Project

- (1) Entrance Fees and Monthly Fees shown are in 2021 dollars.
- (2) In addition to the 90 percent refundable plan shown above, Management offers a 50 percent refundable plan for the New Independent Living Units with Entrance Fees ranging from \$367,300 to \$535,200.

Arbor Landing at Hampstead (“Arbor Landing – Hampstead”)

- (1) A one-time non-refundable community fee equal to one month’s rent is required upon move-in.
- (2) The independent living units shown for Arbor Landing – Hampstead are registered as Multi-Unit Assisted Housing with Services (“MAHS”) and can be utilized as assisted living units. Arbor Landing – Hampstead partners with Summit Care at Home, a licensed home care agency managed by a full-time, on-site registered nurse to provide assistance to residents. According to management of Arbor Landing – Hampstead, approximately 25 percent of the units at Arbor Landing – Hampstead (18 units) are occupied by assisted living residents and are not included in the following penetration rate analysis. Monthly fees for the assisted living services through the on-site home agency are as follows: Level I is \$455, Level II is \$755, Level III is \$1,155 and Level IV is \$1,555.
- (3) The monthly fee for a memory care companion suite is \$5,495. The monthly fee is all-inclusive.

Cambridge Village of Wilmington (“Cambridge Village”)

- (1) Cambridge Village was built in phases. The first phase opened in 2015 and included 108 independent living units. The second phase opened in 2017 and included 114 independent living units of which 106 units are registered as MAHS. On-site primary care services are provided by NeighborHealth. According to management of Cambridge Village, approximately 10 percent of the units at Cambridge Village (22 units) are currently utilized as assisted living units as part of a designated enhanced care unit and are not included in the following penetration rate analysis.
- (2) A one-time non-refundable community fee equal to one month’s rent is required upon move-in.
- (3) Cambridge Fitness, located on the same campus of Cambridge Village, offers physical, occupational and speech therapy services. Located above Cambridge Fitness is Davis Health and Wellness Center at Cambridge Village, a 20-bed skilled nursing facility. Residents of Cambridge Village have priority access to Davis Health and Wellness Center.

Carolina Bay at Autumn Hall (“Carolina Bay”)

- (1) A one-time non-refundable community fee equal to one month’s rent is required upon move-in.
- (2) Twenty-four new independent living units (known as garden flats) opened in May 2020, which are included in the total number of two-bedroom apartments. Square footages for the garden flats range from 1,580 to 1,900 square feet with monthly fees ranging from \$7,020 to \$8,220.
- (3) The second person monthly fee for the apartments is \$695 and is \$450 for the garden flats.
- (4) Eighteen of the 76 assisted living beds and 12 of the 30 nursing beds are closed beds reserved for independent living residents of Carolina Bay. Of the 18 closed assisted living beds, six are designated for memory care. Independent living residents under a continuing care contract received an annual, non-cumulative discount of 10 percent off the then current direct admission rate during the first 30 days of residency in the closed beds.

*Notes to Table (continued)***Brightmore of Wilmington (“Brightmore”)**

- (1) The entrance fee amortizes over a three-year period. After three years there is no refund. A rental plan is offered with monthly fees ranging from \$2,700 for the studio apartments, \$3,000 to \$3,900 for the one-bedroom apartments and \$3,450 to \$5,400 for the two-bedroom apartments. Approximately 70 percent of the independent living residents have selected the rental option.
- (2) Brightmore residents receive priority access to nursing care at Carolina Bay and at Liberty Commons Rehabilitation Center, both Liberty Senior Living communities.
- (3) Brightmore has two assisted living communities on the campus: The Kempton (64 units), which provides catered support, and The Commons, which provides moderate to substantial support (100 units) and also offers a dedicated memory care unit (23 units).
- (4) The assisted living monthly fee shown in the above table is for a private room at The Commons. In addition to the base rate shown, five additional levels of care are offered in the assisted living units for the following monthly fees: Level I is \$613, Level II is \$1,213, Level III is \$1,824, Level IV is \$2,430 and Level V is \$3,036. Deluxe suites are available for an additional cost of \$922 per month.
- (5) Companion suites are available in the assisted living units at The Commons for \$3,271 per month
- (6) The base monthly fee for a companion suite in memory care is \$5,349 with two additional levels of care with the following monthly fees: Level I is \$443 and Level II is \$1,053.
- (7) The monthly fees for the assisted living services at The Kempton range from \$4,812 to \$6,588 depending on the unit type selected. There are two levels of care with a monthly fee of \$541 and \$1,082. The second person fee is \$971.

Arbor Landing at Compass Pointe (“Arbor Landing – Compass Pointe”)

- (1) Arbor Landing – Compass Pointe opened on October 15, 2021. According to management of the community, 22 of the 100 apartments have been reserved (approximately 20 percent).
- (2) A one-time non-refundable community fee equal to one month’s rent is required upon move-in.
- (3) Arbor Landing – Compass Pointe offers assisted living services through its on-site home agency, Summit Care at Home. There are four levels of care with the following monthly fees: Level I is \$455, Level II is \$755, Level III is \$1,155 and Level IV is \$1,555.

Non-Comparable Independent Living Units in the PMA

Two independent living communities are located within the PMA that are not considered to be comparable to the Community due to limited or lack of healthcare services, unit sizes and/or pricing structure. These communities are described below for informational purposes only and are not included in the following penetration rate analysis.

The Woods at Holly Tree, approximately 12 miles southwest of the Community, is a Hawthorn Senior Living community with 115 studio, one-bedroom, and two-bedroom rental independent living apartments. The apartments range in size from 341 to 1,056 square feet with monthly fees ranging from \$2,420 to \$4,200. The apartments include kitchenettes with three meals a day included in the monthly fee. The monthly fee also includes scheduled transportation, activities, and weekly housekeeping. An on-site home care agency is available to provide medication reminders and/or minimal assistance with activities of daily living for an additional fee under a separate contract. According to management of The Woods at Holly Tree, the independent living units are approximately 93 percent occupied.

Lake Shore Commons, located approximately 14 miles southwest of the Community, is a Holiday Retirement community with 117 independent living apartments and eight cottages for a total of 125 rental units. The apartments consist of studios, one-bedroom and two-bedroom units and range in size from 310 to 935 square feet and include a kitchenette. The cottages range in size from 616 to 1,026 square feet. Monthly fees for the apartments and cottages range from \$2,500 to 3,900. Current occupancy is approximately 95 percent. Services included in the monthly fee include three meals daily (one meal per daily for cottage residents), utilities, weekly housekeeping and linen service, and scheduled transportation.

Comparable Retirement Communities Planned or Under Construction within the PMA

Based on discussions with representatives of the local planning and permitting agencies, other than the Project, there are two comparable communities under construction, three comparable planned communities, and three non-comparable independent living projects planned in or near the PMA. The independent living units described have been included in the following penetration rate analysis unless otherwise described.

Comparable Communities Under Construction

The Davis Community

The Davis Community, which includes Champions and Davis HCC and is located adjacent to the Community, is undergoing an expansion on its existing campus which includes 141 rental independent living apartments in a four-story building and 32 rental independent living duplexes (for a total of 173 independent living units) as well as a one-story wellness and amenity center. The independent living duplexes are expected to open in early 2022 and the independent living apartments and wellness center are expected to open in spring 2023. Approximately 12 of the 32 duplexes have been reserved.

Trinity Landing

Trinity Landing, located approximately 16 miles southwest of the Community at 4853 Masonboro Loop Road in Wilmington, is an independent living community currently under construction by Lutheran Services for the Aging. Trinity Landing is to include 124 independent living apartments and 60 independent living villas for a total of 184 independent living units in its first phase. Residents of Trinity Landing are to receive healthcare services at Trinity Grove, a sister Lutheran Services Carolinas property with 100 nursing beds approximately three driving miles southwest of the Trinity Landing site, through a Type C contract.

Trinity Landing is approximately 90 percent reserved and is expected to open for occupancy in summer 2022. A second phase consisting of four two-story villa buildings with six units each (for a total of 24 units) is being planned. Construction schedules for the second phase have not been finalized; however, construction is not anticipated to begin until after the first phase opens for occupancy.

The following table provides a comparison of the planned independent living units at the Project to the Davis Community and Trinity Landing.

Table 20
Comparable Independent Living Communities Under Construction

	The Project	Davis Community	Trinity Landing
Location and Zip Code	Wilmington 28411	Wilmington 28411	Wilmington 28412
Miles from the Community	–	0.7	16.1
Sponsor/Developer	The Corporation	The Davis Community	Lutheran Services for the Aging
Assumed Year of Opening	2022	2022	2022
Type of Contract	Type B	Rental	Type C
For-Profit/Not-for-Profit	Not-for-Profit	Not-for-Profit	Not-for-Profit
Unit Configuration			
<i>Independent Living Units (ILUs)</i>			
One-bedroom apartments	–	35	52
Two-bedroom apartments	44	106	72
Homes/Cottages/Villas	–	32	60
Total ILUs	44	173	184
Independent Living			
<i>Square Footage</i>			
One-bedroom apartments	–	620 – 864	870 – 1,070
Two-bedroom apartments	1,370 – 1,930	904 – 1,538	1,310 – 1,640
Homes/Cottages/Villas	–	1,585 – 1,781	1,165 – 1,675
<i>Entrance Fees</i>			
One-bedroom apartments	–	–	\$278,068 – 373,428
Two-bedroom apartments	\$468,200 – 684,500	–	\$456,117 – 587,145
Homes/Cottages/Villas	–	–	\$459,236 – 721,814
2 nd Person Entrance Fee	\$20,000	–	\$20,262
<i>Monthly Fees</i>			
One-bedroom apartments	–	\$3,250 – 4,200	\$2,940 – 3,554
Two-bedroom apartments	\$4,481 – 5,871	4,500 – 6,500	\$4,038 – 4,673
Homes/Cottages/Villas	–	\$6,150 – 6,750	\$3,759 – 4,860
2 nd Person Monthly Fee	\$1,451	\$800	\$935
<i>Refund Options</i>	50%, 90% (shown)	Rental	0%, 50%, 90% (shown)

Source: Management and competitor surveys conducted by DHG through October 2021.

Notes to Table:

The Project

- Entrance Fees and Monthly Fees shown are in 2021 dollars.
- In addition to the 90 percent refundable plan shown above, a 50 percent refundable plan is available at the Project.

The Davis Community

- Upon reserving and selecting an independent living unit at The Davis Community, a \$10,000 deposit is required. Of the \$10,000, \$5,000 is applied towards a community fee and the remaining \$5,000 is applied towards the first month's rent.

Trinity Landing

- Entrance fees shown are those currently being marketed to potential residents. Monthly fees have been deflated three percent from 2022 monthly fees currently published. In addition to the 90 percent plan shown above, Trinity Landing offers a non-refundable plan with entrance fees ranging from \$154,224 to \$401,008 and a 50 percent refundable plan with entrance fees ranging from \$223,999 to \$581,462. The second person entrance fee for the non-refundable and 50 percent refundable plans are \$11,257 and \$16,322, respectively. Monthly fees are the same for all refund plans.

Planned Independent Living Projects*Comparable Independent Living Projects*

Liberty Futch Creek, to be located on approximately 30 acres at 8704 Market Street in Wilmington near the northern terminus of I-140, is a proposed senior living community under development by Liberty Senior Living. Liberty Futch Creek, approximately two miles northwest of the Community, is expected to include 186 independent living apartments, 52 independent living cottages (for a total of 238 rental independent living units) and 110 assisted living units. Liberty Senior Living submitted a master planned development application with the New Hanover County Department of Planning and Land Use (“New Hanover Planning”) in July 2020 which included a request to rezone the property from a residential use to an urban mixed use zoning district. The rezoning request was approved by New Hanover Planning in August 2020 and the New Hanover County Board of Commissioners in September 2020. Liberty Senior Living is resolving sewer issues and then plans to begin the design phase of the project. No additional permits or applications have been filed with New Hanover Planning since the September 2020 approval.

Carolina Bay, an existing Liberty Senior Living community located approximately nine miles southwest of the Community, is considering future expansion plans to include the construction of up to 100 rental independent living apartments and up to 30 additional rental garden flats. The additional apartments and garden flats are to be constructed based on consumer demand. The timing for future expansion projects is uncertain at this time. *Due to the uncertainty in timing, the proposed independent living units at Carolina Bay have been disclosed for information purposes only and are not included in the following penetration rate analysis.*

Inspire at Brunswick Forest, to be located between the Brunswick Forest Veterinary Hospital and US-17 in the master planned community of Brunswick Forest in Leland, is a proposed rental senior living community under development by Liberty Senior Living. Inspire at Brunswick Forest, approximately 25 miles west of the Community, is to include 151 independent living units and 16 independent living townhome units (for a total of 167 independent living units) and a second phase option for additional independent living apartments, assisted living units and memory care. According to the Town of Leland, a building permit has been approved and, according to Liberty Senior Living, construction is anticipated to begin in fall 2022.

Blake Farm, to be located approximately four miles north of the Community, is a proposed 1,300-acre mixed-use development which is expected to include multi-family garden apartments, event center with hotel, YMCA with fields and fieldhouse, restaurant and market, and convenience store. In addition, a 200-unit senior living community is proposed as part of the project. Pender County approved the project in 2010, approved revised plans in 2014 and most recently approved the construction of water wells on the property in 2020. The long-planned development has been in litigation between the developer and investors/property owners. *Due to the uncertainty of the project, the proposed independent living units at Blake Farm have been disclosed for information purposes only and are not included in the following penetration rate analysis.*

Non-Comparable Independent Living Projects

Three planned affordable independent living projects have been identified in the PMA and disclosed for informational purposes only. All three projects are not expected to offer on-site healthcare and will require residents to meet certain income requirements based on a percent of the area median income. The following information describes the non-comparable projects in the PMA.

- *Residence at Canopy Pointe*, to be located on approximately five acres at 205 Middle Sound Loop Road in Wilmington approximately five miles southwest of the Community, is a proposed community under development by Blue Ridge Atlantic Development, a real estate development firm. Canopy Pointe is expected to include 72 affordable independent living apartments.
- *Estrella Landing*, to be located at 4615 Gordon Road in Wilmington approximately eight miles southwest of the Community, is a proposed community under development by Norco Management Holding, Incorporated and Terroir Development, LLC. Estrella Landing is expected to include 84 affordable independent living units.
- *Covenant Senior Housing*, to be located near New Beginning Christian Church on Blue Clay Road in Castle Hayne approximately 10 miles west of the Community, is a proposed community under development by East Carolina Community Development Inc. Covenant Senior Housing is expected to include 68 affordable independent living units.

Summary of Independent Living Units

The following table provides a summary of existing and planned comparable independent living units within the PMA.

Comparable Retirement Communities	Existing	Planned	Total Existing & Planned
<u>Existing Communities</u>			
Arbor Landing – Hampstead ⁽¹⁾	53	–	53
Cambridge Village ⁽²⁾	198	–	198
Carolina Bay	146	–	146
Brightmore	136	–	136
Arbor Landing – Compass Pointe	100	–	100
Total Existing Units	633	–	633
<u>Planned Communities</u>			
The Davis Community ⁽³⁾	–	173	173
Trinity Landing ⁽³⁾	–	184	184
Liberty Futch Creek ⁽⁴⁾	–	238	238
Inspire at Brunswick Forest ⁽⁴⁾	–	167	167
Total Planned Units		762	762
The Community/The Project	245	44	289
Total Existing & Planned Units in the PMA (including the Community/Project)	878	806	1,684

Source: Management and detailed competitor surveys conducted by DHG through October 2021.

- (1) All independent living units at Arbor Landing – Hampstead are registered as MAHS units and therefore, can be utilized as assisted living units. According to management of Arbor Landing – Hampstead, approximately 75 percent (53 units) are utilized for independent living. The remaining 25 percent of the units at Arbor Landing – Hampstead (18 units) are utilized for assisted living residents and not included in the following penetration rate analysis.
- (2) Cambridge Village has a total of 220 independent living units, of which 106 are registered as MAHS units. According to management of Cambridge Village, approximately 90 percent (198 units) are utilized for independent living. The remaining 10 percent of the units at Cambridge Village (22 units) are utilized for assisted living residents and not included in the following penetration rate analysis.
- (3) The Davis Community and Trinity Landing are currently under construction and anticipated to open for occupancy in 2023 and 2022, respectively.
- (4) Liberty Futch Creek and Inspire at Brunswick Forest are not anticipated to open by the opening year of the Project (2023). Therefore, these units have only been included in the following gross market penetration rate analysis.

Independent Living Penetration Analysis

Penetration rates are one measure of the degree to which the PMA is either under-served or saturated. As penetration rates increase, units may become more difficult to fill. However, higher penetration rates may not necessarily be an indication of the difficulty in achieving expected occupancy levels. Some markets may have a higher acceptance level for senior living housing options and may support higher penetration rates. Three penetration rate calculations are shown in the following tables:

Project Penetration Rate – The Project Penetration Rate is the percentage of age- and income-qualified households in the PMA that the **Project** is expected to capture in order to achieve stabilized occupancy in the year of opening. The Project Penetration Rate is calculated by dividing the number of New Independent Living Units by the number of age- and income-qualified households in the PMA. Seniors currently living in competitive independent living units in the PMA are subtracted from the pool of age- and income-qualified households. Calculations are based on demographics interpolated for the year the majority of New Independent Living Units are expected to be occupied (2023).

Net Market Penetration Rate (Absorption Rate) – The Net Market Penetration Rate is the percentage of age- and income-qualified households that the **available units in the market** are expected to capture in order for the entire market to achieve stabilized occupancy in the year of opening. The Net Market Penetration Rate is calculated by dividing the number of available independent living units in the PMA by the number of age- and income-qualified households in the PMA. Available units include the New Independent Living Units, proposed units at other communities and units becoming available due to attrition. This calculation is of particular significance when more than one project is entering the market during the same timeframe. Calculations are based on demographics interpolated for the year the majority of New Independent Living Units are expected to be occupied (2023).

Gross Market Penetration Rate – The Gross Market Penetration Rate is the percentage of age- and income-qualified households that the **total market** must absorb for the entire market to achieve stabilized occupancy. Market penetration is calculated by dividing the total number of existing and planned independent living units in the PMA by the number of age- and income-qualified households in the PMA. Calculations are based on demographics for the current year (2021) and projected year (2026).

In all three calculations, the total independent living units are adjusted to reflect assumptions about the percentage of units expected to be filled from qualified households in the PMA and occupancy.

These rates should be considered in conjunction with each other and other market factors such as occupancy levels at existing communities within and near the PMA, the number of proposed facilities in the PMA, the design of the units and community spaces at the Community, alternatives for potential residents, and marketing plans and efforts of Management.

The following table represents the Project Penetration Rates which represent the percentage of age- and income-qualified households in the PMA the New Independent Living Units are expected to capture upon opening in order to achieve stabilized occupancy, assuming annual household incomes of \$75,000 and over and \$100,000 and over, based upon demographic projections for 2023.

Table 22
Project Penetration Rates – 2023

Age 75 and Above	Income \$75,000 and Above	Income \$100,000 and Above
Planned units at the Project	44	44
Percentage of units to be filled from the PMA ⁽¹⁾	55%	55%
Planned units to be filled from the PMA	24	24
Percentage of units to be filled by age 75 and older ⁽¹⁾	85%	85%
Planned units to be filled by age 75 and older	20	20
Total units at the Project to be filled at 93% occupancy⁽²⁾ (a)	19	19
Number of age- and income-qualified households ⁽³⁾	3,292	2,129
Less: Existing inventory of available comparable units ⁽⁴⁾	(1,173)	(1,173)
Net number of age- and income-qualified households (b)	2,119	956
Project Penetration Rates (a/b)	0.9%	2.0%

Source: Management and Claritas, Inc.

- (1) Based upon Resident and Depositor information provided by Management as of September 30, 2021 and October 31, 2021, respectively.
- (2) Reflects the 93 percent forecasted stabilized occupancy of the New Independent Living Units.
- (3) Interpolated using 2021 estimated and 2026 projected population statistics as provided by Claritas, Inc.
- (4) Reflects the 878 existing independent living units (including the Community) and the 357 planned independent living units for occupancy at the Davis Community and Trinity Landing at 95 percent occupancy (1,173 units) to be available for occupancy by 2023.

The following table presents the Net Market Penetration Rates for the year of the New Independent Living Units are planned to open, and indicate the percentage of the age- and income-qualified households in the PMA that must be absorbed in order to fill the available units during that year, based upon demographic projections for 2023.

Table 23
Net Market Penetration Rates – 2023

Age 75 and Above	Income \$50,000 and Above	Income \$75,000 and Above
Planned units in the PMA:		
The Project	44	44
Other planned units ⁽¹⁾	357	357
Total planned units	401	401
Percent of units to be occupied by age 75 and older ⁽²⁾	85%	85%
Total planned units to be occupied by age 75 and older	341	341
Total planned units to be occupied at 95% occupancy from the PMA	324	324
Unoccupied existing comparable units to be filled within the PMA ⁽³⁾	86	86
Total existing units available due to attrition ⁽⁴⁾	165	165
Total units to be occupied	575	575
Percent of units to be occupied from the PMA ⁽²⁾	55%	55%
Total units to be occupied from within the PMA by 75 and older (a)	316	316
Estimated number of age- and income-qualified households ⁽⁵⁾	5,948	3,292
Less: Existing inventory of available comparable units ⁽⁶⁾	(1,173)	(1,173)
Estimated number of age- and income-qualified households (b)	4,775	2,119
Net Market Penetration Rates (a/b)	6.6%	14.9%

Source: Management and Claritas, Inc.

- (1) In addition to the New Independent Living Units, there are 357 planned independent living units in the PMA at Trinity Landing and at the Davis Community to be available for occupancy by 2023.
- (2) Based upon Resident and Depositor information provided by Management as of September 30, 2021 and October 31, 2021, respectively.
- (3) Based on the occupancy of the existing independent living units at the existing providers in the PMA (including the Community), 86 additional existing units would need to be filled to achieve 95 percent occupancy at comparable existing communities in the PMA.
- (4) Reflects the 245 existing entrance fee units at the Community and 41 entrance fee units at Brightmore at 95 percent occupancy, assuming 13.1 percent attrition (36 units) and 592 rental units in the PMA at 95 percent occupancy, assuming 22.9 percent attrition (129 units) for a total of 165 units. (Source: State of Seniors Housing, 2012).
- (5) Interpolated using 2021 estimated and 2026 projected population statistics as provided by Claritas, Inc.
- (6) Reflects the 878 existing independent living units (including the Community) and the 357 planned independent living units at the Davis Community and Trinity Landing at 95 percent occupancy (1,173 units) to be available for occupancy by 2023.

The following table presents the Gross Market Penetration Rates, which represent the percentage of age- and income-qualified households in the PMA that the entire market is expected to capture when the entire market has reached stabilized occupancy, based upon demographic projections for 2021 and 2026.

Table 24
Gross Market Penetration Rates
Age 75 and Above

	Income \$50,000 and Above		Income \$75,000 and Above	
	2021	2026	2021	2026
Market inventory of retirement communities:				
The Community	245	245	245	245
The Project	–	44	–	44
Comparable retirement communities				
Existing units	633	633	633	633
Proposed units ⁽¹⁾	–	762	–	762
Total units in the PMA	878	1,684	878	1,684
Percent of units to be occupied from the PMA ⁽²⁾	55%	55%	55%	55%
Total units to be occupied from the PMA	483	926	483	926
Total units to be filled at 95% occupancy (a)	459	880	459	880
Number of age- and income-eligible households (b)	5,558	6,533	3,016	3,707
Gross Market Penetration Rates (a/b)	8.3%	13.5%	15.2%	23.7%

Source: Management and Claritas, Inc.

(1) Reflects 173 planned units at the Davis Community, 184 planned units at Trinity Landing, 238 planned units at Liberty Futch Creek and 167 planned units at Inspire at Brunswick Forest (for a total of 762 planned units).

(2) Based upon Resident and Depositor information provided by Management as of September 30, 2021 and October 31, 2021, respectively.

Marketing the New Independent Living Units

The success of the Community is dependent, in part, on Management's ability to achieve specified pre-sales, fill-up rates and turnover rates for the New Independent Living Units. Management began accepting \$1,000 non-binding priority deposit agreements for the New Independent Living Units in November 2020 and began converting priority deposits to Entrance Fee Deposits in April 2021.

As of October 31, 2021, 31 Depositors had reserved 31 New Independent Living Units (net of cancellations) out of a total of 44 New Independent Living Units, or approximately 71 percent of the total New Independent Living Units.

The following table presents the total number of New Independent Living Units reserved by month reported by Management, as of October 31, 2021.

Table 25
Marketing of the New Independent Living Units

Year	Number of Units Reserved	Number of Cancellations/ Refunds	Net Reservations for Month	Cumulative Units Reserved	Cumulative Percentage of Total Units
2021:					
April ⁽¹⁾	14	—	14	14	31.8%
May	2	—	2	16	36.4%
June	2	—	2	18	40.9%
July	3	—	3	21	47.7%
August	4	—	4	25	56.8%
September	2	—	2	27	61.4%
October ⁽²⁾	4	—	4	31	70.5%
Total⁽³⁾	31	—	31	31	70.5%

Source: Management

(1) Conversion of priority list to Depositors began April 2021.

(2) Information as of October 31, 2021.

(3) Six Residents are currently Depositors.

The following table presents the total number and type of New Independent Living Units available in relation to the New Independent Living Units reserved with an Entrance Fee Deposit as of October 31, 2021.

Unit Type	Square Footage	Total Units	Number of Units Sold	Percentage of Available Units Sold
Heron Cove				
Sand Dollar	1,400	4	3	75.0%
Juniper	1,484	4	4	100.0%
Magnolia Walk I, II and III				
Indigo	1,526	12	6	50.0%
Sagewood	1,643	18	12	66.7%
Figure Eight	1,919	6	6	100.0%
Total New Independent Living Units		44	31	70.5%

Source: Management

Independent Depositor Confirmation

An independent confirmation process was performed by DHG through an electronic survey to the 31 Depositors (reserving 31 New Independent Living Units). Depositor surveys were distributed beginning on September 15, 2021. As of November 1, 2021, 30 of the 31 Depositors (97 percent) had responded to the survey. The following information was compiled for the 30 completed questionnaires.

- 30 (100 percent) of the respondents indicated that they had paid an Entrance Fee Deposit for their New Independent Living Unit.
- 25 (83 percent) indicated they intend to reside in a New Independent Living Unit and five (17 percent) indicated they were unsure whether they would reside in a New Independent Living Unit.
- Nine (30 percent) indicated that they expect to reside alone and 21 (70 percent) indicated that they expect to reside with a spouse, relative or friend.
- 24 (80 percent) indicated that they currently own their home and 18 (75 percent) of the 24 respondents who own their home indicated that they expect to use the proceeds from the sale of their home to pay the balance of their Entrance Fee upon moving into a New Independent Living Unit.

Seven (23 percent) of the respondents indicated they had reserved an independent living unit or were on a waiting list at one or more other retirement communities. The following table indicates which communities the respondents have placed a deposit as well as the amount of the deposit.

Table 27
Deposits at Other Communities

Community	Location	Number of Respondents	Amount of Deposit			
			Less than \$1,000	\$1,000 to \$2,000	\$15,000 or Greater	Not specified
Davis Community	Wilmington	2	–	2	–	–
Carolina Bay	Wilmington	1	–	1	–	–
Trinity Landing	Wilmington	1	–	–	1	–
Deerfield	Asheville	1	–	1	–	–
Glenaire	Cary	1	–	–	1	–
Carolina Village	Hendersonville	1	–	1	–	–
Hayes Barton Place	Raleigh	1	–	1	–	–
The Cardinal	Raleigh	1	–	–	1	–
Out of State	Multiple locations	3	–	–	3	–
Total ⁽¹⁾		12	–	6	6	–

Source: Questionnaire responses

(1) Two respondents indicated they have deposits at three other communities and one respondents indicated he or she has deposits at two other communities.

See Independent Accountants' Examination Report

The following table indicates how respondents intend to pay the balance of their Entrance Fee:

	Number of Responses⁽¹⁾	Percentage of Respondents
Using proceeds from the sale of home	18	60.0%
Using cash reserves or savings	12	40.0%
Using proceeds from the sale of investments	10	33.3%
Other	2	6.7%

Source: Questionnaire responses

(1) Respondents were given the option of choosing more than one method of paying the balance of their Entrance Fee.

Respondents indicated the following as to how soon they intend to move into their New Independent Living Unit after it becomes available:

	Number of Respondents	Percentage of Respondents
1 – 30 days	8	26.7%
31 – 60 days	6	20.0%
61 – 90 days	1	3.3%
After the sale of home	11	36.7%
Other	4	13.3%
Total	30	100.0%

Source: Questionnaire responses

Respondents indicated their primary reason(s) for choosing the Community as follows:

Table 30
Project Suitability

	Number of Responses⁽¹⁾	Percentage of Respondents
Reputation of Plantation Village	24	80.0%
Access to healthcare	17	56.7%
Social activities	17	56.7%
Geographic location	17	56.7%
Proximity to friends and relatives	9	30.0%
Other	4	13.4%

Source: Questionnaire responses

(1) Respondents were given the option of choosing more than one reason for choosing a New Independent Living Unit.

Depositor File Vouching

DHG read Management's policies and procedures for accepting Depositors and confirmed that each Depositor met Management's criteria. DHG performed the following procedures regarding the 31 Depositors (31 New Independent Living Units) for the New Independent Living Units:

- Confirmed 100 percent to have a Residency Agreement executed by the Depositor(s);
- Confirmed 100 percent to include copies of a deposit check equal to the Entrance Fee Deposit for the selected New Independent Living Unit and plan;
- Confirmed 100 percent that the amount of the Entrance Fee and the Monthly Fee matched the New Independent Living Unit and plan selected; and
- Based on reported income and asset levels, confirmed that 100 percent of the Depositors either met Management's asset and income qualification test, or displayed sufficient financial resources as approved by Management.

In addition to the above, DHG reconciled the Entrance Fee Deposits to an escrow account statement through September 30, 2021.

The following table presents information regarding the self-reported net worth (including home values) before payment of the Entrance Fee and estimated annual income of the 31 Depositors as of October 31, 2021.

Table 31
Reported Annual Income and Net Worth of Depositors

Annual Income	Net Worth				Total	Percent of Total
	Less than \$1,500,000	\$1,500,000 to \$2,499,999	\$2,500,000 to \$4,999,999	\$5,000,000 and greater		
Less than \$50,000	2	1	–	1	4	12.9%
\$50,000 to \$74,999	3	1	2	–	6	19.4%
\$75,000 to \$124,999	1	4	2	2	9	29.0%
\$125,000 and greater	–	2	7	3	12	38.7%
Total ⁽¹⁾	6	8	11	6	31	100.0%
Percent of Total	19.4%	25.8%	35.4%	19.4%	100.0%	

Source: Depositor applications

- (1) The median net worth amount of the 31 Depositors who reported their financial information is approximately \$3,547,000 and the median annual income amount is approximately \$90,000.

Assisted Living Communities and Nursing Homes Near the Community

The Community does not offer assisted living or nursing care on-site. Healthcare services for Residents of the Community are provided by the Davis Community in which Residents receive up to 30 days of care at the Davis Community each fiscal year. Once the Resident uses 30 days each fiscal year, the Resident receives a 25 percent discount off the monthly or the daily fee at the Davis Community.

The following table provides a list of the five closest providers assisted living communities to the Community and summarizes information regarding driving distance from the Community, year opened, profit status and number of assisted living and memory care units for informational purposes only.

Table 32
Assisted Living Communities near the Community

Facility Name	Miles from the Community	Year Opened	Profit Status	Number of Assisted Living Units	Number of Memory Care Units
Champions ⁽¹⁾	0.7	2000	NFP	97	26
Arbor Landing at Hampstead ⁽²⁾	7.0	2018	FP	See note	19
Liberty Commons Rehabilitation Center	8.0	1995	FP	20	–
Carolina Bay at Autumn Hall	8.6	2015	FP	52	24
Brightmore ⁽³⁾	12.0	2003	FP	167	23

Source: DHHS, October 2021

FP = For Profit NFP = Not for Profit

- (1) Residents receive assisted living and memory care services at Champions through the Residency Agreement.
- (2) Arbor Landing at Hampstead offers 71 independent living units which are registered as MAHS, allowing these units to be utilized as assisted living units. The community partners with Summit Care at Home, a licensed home care agency managed by a full-time, on-site registered nurse, to provide assistance to residents.
- (3) Brightmore has two assisted living buildings on campus: The Kempton (67 assisted living units), which provides catered support, and The Commons (100 assisted living units and 23 memory care units), which provides moderate to substantial support and also offers a dedicated memory care unit.

The following table provides a list of the five closest nursing homes to the Community and summarizes information regarding driving distance from the Community, year opened, profit status, number of nursing beds and Medicare star rating for informational purposes.

Table 33
Nursing Homes Near the Community

	Miles from the Community	Year Opened	Profit Status	Number of Nursing Beds	Overall Medicare Star Rating ⁽¹⁾
Davis HCC ⁽²⁾	0.8	1976	FP	179	3 Stars
Liberty Commons Rehabilitation Center ⁽³⁾	8.0	1995	FP	82	3 Stars
Bradley Creek Health Center ⁽⁴⁾	8.3	2016	FP	30	4 Stars
Davis Health and Wellness Center at Cambridge Village ⁽⁵⁾	8.4	2015	NFP	20	3 Stars
NorthChase Nursing and Rehabilitation Center	10.1	1980	FP	140	1 Star

Source: DHHS and Medicare.gov through October 2021

FP = For Profit NFP = Not for Profit

- (1) The Medicare Nursing Home Five Star Quality Rating System is an annual rating based on the combined results of the health inspection, staffing and quality measures completed during each nursing homes' annual survey, and the maximum score is
- (2) Residents of the Community receive nursing services at Davis HCC and receive up to 30 days of care at Davis HCC each fiscal year. Once a Resident uses 30 days each fiscal year, the Resident shall receive a 25 percent discount off of the daily rate for a semi-private room.
- (3) In addition to the nursing beds shown, Liberty Commons Rehabilitation Center offers 20 adult care home units (40 beds).
- (4) In addition to the nursing beds shown, Bradley Creek Health Center offers 52 assisted living beds.
- (5) Davis Health and Wellness Center at Cambridge Village is located on the Cambridge Village campus. Residents of Cambridge Village have priority access to nursing services at Davis Health and Wellness Center at Cambridge Village.

Summary of Significant Accounting Policies

Basis of Accounting – The Corporation maintains its accounting and financial records according to the accrual basis of accounting.

Use of Estimates – The preparation of prospective 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 amounts reported in the prospective financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents includes cash on hand, amounts on deposit in banks and highly liquid debt instruments with a maturity of 90 days or less when purchased, excluding amounts whose use is limited.

Restricted Cash – The Corporation has adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU” No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end of period total amounts shown on the forecasted statements of cash flows.

Assets Limited as to Use – Assets limited as to use represent funds required by the Corporation’s bond documents or other regulatory requirements to be held by a trustee (the “Trustee”) and include a statutory operating fund, and various bond interest accounts. Management assumes no material changes in fair values that would result in material net realized or unrealized gains or losses during the projection period. North Carolina General Statute Section 58-64-33 requires CCRCs to maintain an operating reserve equal to 50 percent of the total budgeted operating expenses (adjusted for non-cash items) in a given year, or 25 percent of such total operating expenses (adjusted for non-cash items) if independent living units and assisted living Units occupancy exceeds 90 percent.

Accounts Receivable – The Corporation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. Generally, no finance charges are assessed on trade receivables.

Property and Equipment – Property and equipment are stated at cost less accumulated depreciation. Donated property is recorded at its estimated fair value at the time of receipt. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Land improvements	20 years
Buildings	20 to 40 years
Furniture and equipment	5 to 10 years

See Independent Accountants’ Examination Report

Deferred Financing Costs – Costs associated with the issuance of debt is capitalized and amortized over the expected life of the debt instrument using the effective interest method. Debt issuance costs are netted against the related debt on the forecasted balance sheets and the amortization is included in interest expense on the forecasted statement of operations.

Refundable Fees – Refundable Entrance Fees related to Residents who have been permanently assigned to a skilled nursing or assisted living facility are classified as noncurrent liabilities due to the indeterminable timing of the ultimate payment.

Deferred Revenue from Entrance Fees – The non-refundable portion of Entrance Fees paid by a Resident upon entering into a Residency Agreement are recorded as deferred revenue and amortized into income using the straight-line method over the estimated remaining life expectancy of the Resident, adjusted on an annual basis. The estimated amount of the contractual refund obligations that are expected to be refunded in a subsequent year are classified as a current liability on the balance sheet.

Refundable Entrance Fees – Resident refunds payable include estimated Entrance Fee refunds due to Residents that have the 50 percent refundable Return-of-Capital Plan and the 90 percent refundable Return-of-Capital Plan. The Corporation's contracts stipulate that the Entrance Fee is refundable within 30 days after the Resident's Independent Living Unit is reserved by a new Resident and such new Resident has paid the full amount of the Entrance Fee.

Resident Deposits – Potential Residents sign a nonbinding reservation agreement with the Corporation and pay a deposit (the "Deposit"). The Deposits from Residents are kept in an escrow account in the Resident's name. Any interest earnings accumulate to the benefit of the various Residents.

Net Assets – The Corporation conforms to the requirements of generally accepted accounting principles for external reporting by non-profit organizations and requires these resources be classified for accounting and reporting purposes into two net asset categories. The Corporation classifies its net assets for accounting and reporting purposes as Net Assets without Donor Restriction or Net Assets with Donor Restriction:

- *Net Assets without Donor Restrictions* – resources of the Corporation that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and the investment in property and equipment.
- *Net assets with donor restrictions* - resources that carry a donor-imposed restriction that stipulates that donated assets be maintained in perpetuity, but may permit the Corporation to use or expend part or all of the income derived from the donated assets.

Income Taxes – The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. For purposes of the projection, the Corporation has assumed no material unrecognized tax benefits or obligations during the projection period.

Obligation to Provide Future Services to Residents – The Corporation enters into continuing care contracts with various Residents. A continuing-care contract is an agreement between a Resident and the Corporation specifying the services and facilities to be provided to a Resident over his or her remaining life. Under the Residency Agreements, the Corporation has the ability to increase fees as deemed necessary.

The Corporation calculates annually the present value of the net cost of future services and the use of facilities to be provided to current Residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and the use of the facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. For purposes of the projection, Management has assumed no future service obligation liability.

Summary of Revenue and Entrance Fee Assumptions*Independent Living Unit Revenue*

Service fee revenue for Residents living in the Independent Living Units is based upon the assumed occupancy and the Monthly Fee of the respective units. The Independent Living Unit Monthly Fees are assumed to increase 3.0 percent annually during the forecast period.

The Existing Independent Living Units are assumed to achieve a 90.0 percent occupancy level during fiscal year 2022 and remain at that level throughout the forecast period. The New Independent Living Units are assumed to achieve a 93.2 percent occupancy level in November 2023 and remain at that level throughout the forecast period.

The double occupancy percentage for the Existing Independent Living Units is assumed to approximate 32 percent in 2021 and decrease to approximately 26 percent in 2025. The double occupancy for the New Independent Living Units is assumed to approximate 52 percent in 2022 and decrease to approximately 42 percent in 2025.

The following table summarizes the assumed utilization of the Existing Independent Living Units and the New Independent Living Units during the forecast period:

Fiscal Year Ending December 31,	Existing Independent Living Units			New Independent Living Units			Total Occupancy
	Average Units Occupied	Average Units Available	Average Occupancy	Average Units Occupied	Average Units Available	Average Occupancy	
<i>Historical</i>							
2019	231.9	246.0	94.3%	-	-	-	94.3%
2020	226.3	245.7	92.1%	-	-	-	92.1%
2021 ⁽¹⁾	216.3	245.0	88.3%	-	-	-	88.3%
<i>Forecasted</i>							
2021	218.0	245.0	89.0%	-	-	-	89.0%
2022 ⁽²⁾	221.0	245.0	90.2%	0.2	3.7	5.4%	88.9%
2023	221.0	245.0	90.2%	25.8	44.0	58.6%	85.4%
2024	221.0	245.0	90.2%	41.0	44.0	93.2%	90.7%
2025	221.0	245.0	90.2%	41.0	44.0	93.2%	90.7%

Source: Management

- (1) Average occupancy for the Existing Independent Living Units as of September 30, 2021 was approximately 216 units occupied, or 88.3 percent.
- (2) The 44 New Independent Living Units are assumed to be available for occupancy in phases beginning in December 2022 and fill to an approximately 93 percent occupancy level over a 12-month period at an average of 3.4 move-ins per month.

See Independent Accountants' Examination Report

New Independent Living Unit Monthly Move-in Schedule

The following table summarizes the move-in assumptions for the New Independent Living Units during the forecast period through stabilized occupancy.

Fiscal Year/Month	New Independent Living Units	Cumulative Occupied	Cumulative Occupancy ⁽¹⁾
2022			
December	4.0	4.0	9.1%
2023			
January	2.0	6.0	13.6%
February	2.0	8.0	18.2%
March	6.0	14.0	31.8%
April	6.0	20.0	45.5%
May	6.0	26.0	59.1%
June	3.0	29.0	65.9%
July	3.0	32.0	72.7%
August	3.0	35.0	79.5%
September	2.0	37.0	84.1%
October	2.0	39.0	88.6%
November	2.0	41.0	93.2%

Source: Management

(1) Cumulative occupancy based on 44 New Independent Living Units.

Assumed Independent Living Turnover

The assumed number of Independent Living Units becoming available due to Resident turnover, the double occupancy rate, the number of annual Resident Entrance Fee refunds, and the movement of Independent Living Unit Residents into the Assisted Living Units or Skilled Nursing Beds due to death, withdrawal or transfer are provided by Management and the actuary.

Initial New Independent Living Unit Entrance Fees are assumed to remain constant during the forecast period, while Entrance Fees collected from attrition are assumed to increase 2.5 percent annually throughout the forecast period. The following table presents the assumed initial and attrition Entrance Fees received and the total Entrance Fees refunded.

Table 36
Entrance Fees Receipts and Entrance Fees Refunds (In Thousands)

	2021	2022	2023	2024	2025
<i>Number of Entrance Fees Received</i>					
New Independent Living Units – Initial ⁽¹⁾	-	4.0	39.0	1.0	-
Existing Independent Living Units – Attrition ⁽²⁾⁽³⁾	21.5	25.0	28.4	22.8	23.2
New Independent Living Units – Attrition	-	0.1	0.9	1.9	2.2
Total Number of Entrance Fees Received	21.5	29.1	68.3	25.7	25.4
<i>Entrance Fees Received</i>					
New Independent Living Units – Initial	\$ -	\$ 1,880	\$ 18,334	\$ 470	\$ -
Existing Independent Living Units – Attrition	5,154	6,271	7,497	6,121	6,387
New Independent Living Units – Attrition	-	36	478	1,017	1,246
Total Entrance Fees Received	\$ 5,154	\$ 8,187	\$ 26,309	\$ 7,608	\$ 7,633
Total Entrance Fees Refunded	(4,293)	(2,801)	(3,139)	(3,498)	(3,739)
Entrance Fees Received, Net of Refunds	\$ 861	\$ 5,386	\$ 23,170	\$ 4,110	\$ 3,894

Source: Management and the actuary

- (1) For purposes of the forecast, Management assumes initial Entrance Fees are received on all 44 New Independent Living Units. Due to vacancies and attrition, Management assumes an average stable occupancy for the New Independent Living Units of 93.2 percent.
- (2) Management assumes approximately 3 currently vacant Existing Independent Living Units are to be resold during fiscal year 2022. Management assumes an average stable occupancy for the Existing Independent Living Units of 90.0 percent.
- (3) 6 Existing Independent Living Units are assumed to become available as the Residents residing in these units move into the New Independent Living Units. Management assumes these Existing Independent Living Units to be resold during fiscal year 2023.

Assisted Living Beds and Skilled Nursing Beds Revenue

Assisted Living Beds and Skilled Nursing Beds revenue is derived from gross Champions Monthly Fees and Davis HCC Daily Fees charged to the Community by the Davis Community, adjusted for the Resident's HC Charge, plus the charges for any additional services and supplies. Residency Agreements set fees for Assisted Living Beds and Skilled Nursing Beds paid by the Residents equal to 75 percent of the Champions Monthly Fee or the Davis HCC Daily Fee. Champions Monthly Fees and Davis HCC Daily Fees are assumed to increase 4.0 percent beginning January 1, 2022 and annually thereafter.

See Independent Accountants' Examination Report

Assisted Living Beds and Skilled Nursing Beds Utilization

The following table summarizes the historical and forecasted utilization of Assisted Living Beds and Skilled Nursing Beds at Champions and Davis HCC, respectively, by Residents of the Community.

Years ended December 31,	Assisted Living Average Beds Occupied-Contracts	Skilled Nursing Average Beds Occupied Contracts-Perm	Skilled Nursing Average Beds Occupied Contracts-Temp	Total Beds Occupied
Historical:				
2019	28.8	17.4	1.0	47.2
2020	25.6	14.2	0.5	40.3
2021 ⁽¹⁾	22.3	8.4	0.9	31.6
Forecasted:				
2021	24.0	9.4	0.9	34.3
2022	29.1	10.0	0.8	39.9
2023	30.3	11.0	0.9	42.2
2024	30.4	11.2	0.8	42.4
2025	33.1	12.6	0.8	46.5

Source: Management

(1) Information as of September 30, 2021.

Resident Care Center

Certain routine outpatient services are included in the Monthly Fee. However, special services such as injections and medication management are governed by North Carolina regulations and are subject to an additional charge. Delivery service from several pharmacies to the Resident Care Center is provided for the Residents' convenience. Other Resident Care Center services are available for an extra charge.

Other Revenue

Management assumes meal revenue and other miscellaneous revenue to increase approximately 3.0 percent annually throughout the forecast period.

Investment Income

Interest earnings are assumed to approximate 1.50 percent annually throughout the forecast period on the Corporation's cash and investments, Statutory Operating Reserve Fund, and funds restricted by the Board.

Summary of Operating Expense Assumptions

Operating expenses are estimated by Management based on its experience at the Community and with the development and operation of other similar retirement communities. Staff salaries and benefits are based on prevailing local salary and wage rates and are assumed to increase 3.0 percent annually throughout the forecast period. The cost of employee fringe benefits, consisting primarily of payroll taxes, health insurance and other costs for employees are assumed to approximate 21.0 percent throughout the forecast period. The following table summarizes the staffing levels during the forecast period for all departments.

Table 38
Schedule of Staffing Levels (FTEs) - 2025

Department	Existing	Project	Total
Administration and general	9.8	-	9.8
Activities	5.7	1.1	6.8
Clinic	8.2	-	8.2
Laundry and housekeeping	21.0	6.8	27.8
Home health	17.2	-	17.2
Dietary	30.8	10.4	41.2
Facilities	11.1	1.0	12.1
Total FTEs	103.8	19.3	123.1

Source: Management

The rate paid to the Davis Community for Residents assigned to the Assisted Living Beds at Champions and the Skilled Nursing Beds at Davis HCC is assumed to increase 4.0 percent annually throughout the forecast period.

Other non-salary operating expenses are assumed to include ongoing marketing costs, raw food costs, utilities, supplies, maintenance, and security contracts, building and general liability insurance, legal and accounting fees, and other miscellaneous expenses and are assumed to increase 3.0 percent annually throughout the forecast period.

The Corporation is assumed to pay the Management Fee for the day-to-day management of the Community to the Manager. The Management Fee is based on approximately 5.0 percent of total annual gross operating revenue, excluding amortization of Entrance Fees and investment income.

Assets Limited as to Use

Assets limited as to use represents funds required by the Corporation's debt documents to be held by a trustee, statutory required funds, and board of directors designated funds. Amounts required to meet current liabilities of the Corporation have been classified as current assets in the balance sheet.

- (1) Bond Funds-Series 2021 Bonds, to contain the bond principal and interest payments to be used for payment of debt service on the Series 2021 Bonds.
- (2) Construction Account assumed to be funded with proceeds of the Series 2021A Bonds to be used to pay construction costs to complete the Project.
- (3) Entrance Fee Fund assumed to be funded with initial New Independent Living Units Entrance Fees and to be released for the repayment of the Series 2021B-2 Bonds.
- (4) Funded Interest Account assumed to be funded with proceeds from the Series 2021A Bonds to be used to pay interest on a portion of the Series 2021A Bonds for 24 months.
- (5) Board designated investments are restricted by the board of directors and are designated to refund advance fees.
- (6) Board designated asset replacement fund are restricted by the board of directors and are designated for the replacement of Community assets.
- (7) Resident trust fund consists of restricted cash held for Residents.
- (8) Designated for Statutory Operating Reserve Fund, required by the North Carolina General Statute Section 58-64-33 maintain an operating reserve equal to 50 percent of the total operating expenses (adjusted for non-cash items) in a given year, or 25 percent of such total operating expenses (adjusted for non-cash items) if the Community's occupancy exceeds 90 percent.
- (9) Resident deposits fund consists of resident funds and deposits of advance payments to the Community.

Property and Equipment and Depreciation Expense

The Corporation is to incur routine capital additions during the forecast period that are to be capitalized as property and equipment. Depreciation expense for all capital assets is computed based on the straight-line method for buildings and equipment over estimated average useful lives of three to 20 years, respectively. The Corporation's property and equipment costs, during the forecast period are summarized in the table below.

Table 39
Schedule of Property and Equipment
(In Thousands)

Years Ended December 31,	2021	2022	2023	2024	2025
Beginning balance	\$ 74,245	\$ 79,179	\$121,448	\$130,551	\$132,172
Project costs	3,386	39,662	7,553	-	-
Capitalized interest, net	87	1,102	-	-	-
Routine capital additions	1,461	1,505	1,550	1,621	1,684
Property and equipment, gross	\$ 79,179	\$121,448	\$130,551	\$132,172	\$133,856
Accumulated depreciation	(34,293)	(36,949)	(40,890)	(44,939)	(49,042)
Property and equipment, Ending balance, net	\$ 44,886	\$ 84,499	\$ 89,661	\$ 87,233	\$ 84,814

Source: Management

Long-Term Debt and Interest Expense*Existing Debt*

As of December 31, 2020, approximately \$11,471,000 of the Existing Debt related to two bank loans of approximately \$7,816,000 and \$3,655,000, respectively, with an average interest rate of 3.09 percent and 1.10 percent above LIBOR (1.22 percent at December 31, 2020), respectively, was outstanding. The Existing Debt is payable in monthly installments, including principal and interest. The Existing Debt is assumed to be repaid with proceeds from the Series 2021A Bonds upon closing of the Series 2021A Bonds.

Series 2021A Bonds

The Series 2021A Bonds are assumed to consist of \$32,520,000 of tax-exempt rated fixed rate bonds, assumed to be issued at an original issue premium, with an average coupon rate of 4.00 percent per annum and average yields ranging from 3.00 to 3.25 percent per annum. Interest on the Series 2021A Bonds is assumed to be payable semi-annually on January 1 and July of each year beginning July 1, 2022. Principal on the Series 2021A Bonds is assumed to be payable annually commencing January 1, 2037, with a final maturity of January 1, 2052.

Series 2021B-1 Bonds

The Series 2021B-1 Bonds are assumed to consist of \$15,593,000 of long-term, tax-exempt, direct purchase bank revenue bonds, to be advanced on a draw-down basis, with an average interest rate of 2.15 percent per annum. Interest on the Series 2021B-1 Bonds is assumed to be payable monthly beginning January 1, 2022. Principal on the Series 2021B-1 Bonds is assumed to be payable monthly commencing January 1, 2026 with a final maturity on December 1, 2036.

Series 2021B-2 Bonds

The Series 2021B-2 Bonds are assumed to consist of \$17,865,000 of short-term, tax-exempt, direct purchase bank revenue bonds, to be advanced on a draw-down basis, with an average interest rate of 1.60 percent per annum. Interest on the Series 2021B-2 Bonds is assumed to be payable monthly beginning January 1, 2022. Principal on the Series 2021B-2 Bonds is assumed to be repaid with initial New Independent Living Unit Entrance Fees. For purposes of the forecast, principal payments are assumed to be paid in January 2024, April 2024, July 2024, and October 2024.

The following table presents the forecasted debt service for the Existing Debt, the Series 2021A Bonds, and the Series 2021B Bonds.

Table 40
Principal and Interest Payments –
Existing Debt, Series 2021A Bonds and Series 2021B Bonds
(In Thousands)

Years Ending December 31,	<u>Existing Debt</u>		<u>Series 2021A Bonds</u>		<u>Series 2021B Bonds</u>		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2021 ⁽¹⁾	\$ 11,471	\$ 364	\$ -	\$ -	\$ -	\$ -	\$ 11,835
2022	-	-	-	755	-	117	872
2023	-	-	-	1,301	-	595	1,896
2024	-	-	-	1,301	17,865	430	19,596
2025	-	-	-	1,301	-	343	1,644
Thereafter	-	-	32,520	25,794	15,593	1,953	75,860
Total	\$ 11,471	\$ 364	\$ 32,520	\$ 30,452	\$ 33,458	\$ 3,438	\$ 111,703

Source: Management and the Underwriter

(1) Existing debt to be refunded with proceeds of the Series 2021A Bonds.

See Independent Accountants' Examination Report

Current Assets and Current Liabilities

Operating revenue, as used below, includes resident service fees, home health, and other revenues and excludes Assisted Living Beds and Skilled Nursing Beds service fees. Operating expenses exclude amortization, depreciation, and interest expense. Management has assumed the following working capital components based on the Corporation's historical trends:

Accounts receivables, net	7	days of operating revenues
Prepaid expenses and other current assets	20	days of operating expenses
Accounts payable	14	days of operating expenses
Accrued expenses and other current liabilities	10	days of operating expenses

Source: Management

INDEPENDENT ACCOUNTANTS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
Plantation Village, Inc.
Wilmington, North Carolina

Our examination of the financial forecast presented in the preceding section of this document was made for the purpose of forming an opinion on whether the financial forecast is presented in conformity with AICPA guidelines for the presentation of a forecast and that the underlying assumptions provide a reasonable basis for the forecast. The study was undertaken to evaluate the Corporation's ability to generate sufficient funds to meet its operating expenses, working capital needs and other financial requirements, including the debt service requirements associated with the proposed Series 2021 Bonds based on Management's assumptions of future operations of the Corporation. However, future events could occur which could adversely affect the financial forecast of the Corporation and the Corporation's ability to meet debt service requirements. These factors include, among others, legislation and regulatory action, changes in assumptions concerning occupancy, per diem rates, financing, and operating costs.

The accompanying supplemental information is presented for purposes of providing additional analysis and is not a required part of the financial forecast nor considered an all-inclusive list. Such information has not been subjected to procedures applied in the examination of the financial forecast and, accordingly, we express no opinion or any other form of assurance on it.

The following supplemental analyses are presented for the purpose of demonstrating the significance of certain assumptions and are not to be considered an all-inclusive list.

Dixon Hughes Goodman LLP

Atlanta, Georgia
November 3, 2021

Sensitivity Analysis I – Independent Living Occupancy

Occupancy rates can vary depending upon economic conditions, the competitive environment and Management's ability to execute the marketing and sales plan. The period of time it takes to achieve and maintain stabilized occupancy could be longer than Management has assumed in the accompanying forecast. Residents are to begin moving into the New Independent Living Units in December 2022 and achieve and maintain an approximate 93 percent occupancy level by November 2023.

Sensitivity Analysis IA

The data presented in the table below demonstrates the financial impact if the New Independent Living Units were not occupied during the forecast period.

Sensitivity Analysis IB

The data presented in the table below demonstrates the financial impact if the occupancy of the Existing Independent Living Units were reduced to a breakeven point such that the Corporation's Debt Service Coverage Ratio would approximate 1.00x for the fiscal year ending December 31, 2024.

Sensitivity Analysis IC

The period of time it takes to achieve and maintain stabilized occupancy could be longer than Management assumes. The data presented in the table below demonstrates the impact of an extension in the assumed move-in period of the New Independent Living Units from 12 months to 18 months.

Table 42
Sensitivity Analysis – I
Estimated Financial Information
For the Year Ending December 31, 2024

	As Forecasted	Sensitivity IA ⁽¹⁾	Sensitivity IB ⁽²⁾	Sensitivity IC ⁽³⁾
<i>Occupancy:</i>				
Existing Independent Living Units	90.2%	90.2%	72.5%	90.2%
New Independent Living Units	93.2%	0.0%	93.2%	93.2%
Debt Service Coverage Ratio	2.18x	1.02x	1.00x	2.09x
Days' Cash on Hand ⁽⁴⁾	700	195	503	675

Source: Management

- (1) Initial and turnover Entrance Fees received for the New Independent Living Units were adjusted for the reduction in New Independent Living Unit occupancy.
- (2) Turnover Entrance Fees received for the Existing Independent Living Units was adjusted for the reduction in Existing Independent Living Unit Occupancy.
- (3) For purposes of the sensitivity, the New Independent Living Units are estimated to reach stabilized occupancy of 93.2 percent in May 2024.
- (4) For purposes of the sensitivity analysis, occupancy was reduced without a corresponding adjustment to certain fixed or staffing expenses. No adjustments were made to the repayment of debt on Sensitivities IA, IB, and IC.

Sensitivity Analysis II – Entrance Fee Cash Flow Predictability

Actual Entrance Fee receipts from turnover may vary from Management’s assumptions included in the forecast in regard to either pricing or the number of turnover Residents. Estimates regarding turnover of the Independent Living Units are based on average age, percentage of couples, morbidity tables, assumed transfer rates to other levels of care, the historical experience of Management and estimates from the actuary.

The data presented in the table below are provided to demonstrate the impact of changes in Entrance Fee cash flow receipts for the fiscal year ending December 31, 2024.

Sensitivity Analysis IIA

Entrance Fee pricing is sensitive to housing prices and other economic conditions. The data presented in the table below are provided to demonstrate the impact of assuming a 25 percent reduction in all turnover Entrance Fees received, while maintaining the assumed Entrance Fee refunds.

Sensitivity Analysis IIB

Estimates regarding turnover of the Independent Living Units are based on average age, percentage of couples, morbidity tables, assumed transfer rates to other levels of care, and the historical experience of Management. These assumptions are especially sensitive to variation and may or may not occur evenly throughout the forecast period. The data presented in the table below are provided to demonstrate the impact of assuming no turnover Entrance Fee cash flow receipts or Entrance Fee refunds for the fiscal year ending December 31, 2024.

Table 43
Sensitivity Analysis – II
Estimated Financial Information
For the Year Ending December 31, 2024
(Dollars In Thousands)

	As Forecasted	Sensitivity IIA ⁽¹⁾	Sensitivity IIB ⁽¹⁾
Entrance Fee received	\$ 7,138	\$ 5,354	\$ -
Entrance Fee Refunds paid	(\$3,498)	(\$3,498)	-
Net Entrance Fees Received	\$ 3,640	\$ 1,856	-
Debt Service Coverage Ratio	2.18x	1.54x	0.91x
Days’ Cash on Hand ⁽¹⁾⁽²⁾	700	593	629

Source: Management

(1) For purposes of the sensitivity analysis, the assumed schedule for the repayment of debt remained as originally forecasted.

(2) The sensitivity in the liquidity ratios is due to the 25 percent reduction in turnover Entrance Fees received in each of the forecasted years.

Sensitivity Analysis III – Expense and Revenue Control

Management assumes operating expenses increase over time, with a corresponding ability to increase per monthly or daily rates and charges. Management's ability to raise revenues may vary from the forecast assumptions. Management has assumed certain operating revenues would increase three percent beginning January 1, 2022, and annually thereafter. Additionally, Management has assumed expenses would increase three percent beginning January 1, 2022, and annually thereafter.

The data presented in the table below is provided to demonstrate the impact on the overall financial performance of the Corporation assuming the operating expense inflation increases from three percent to four percent while maintaining the assumed three percent operating revenue inflation increase.

Table 44
Sensitivity Analysis – III
Estimated Financial Information
For the Year Ending December 31, 2024

	As Forecasted	Sensitivity III
<i>Inflation Percentage:</i>		
Revenues Inflation (January 1, 2022 and annually thereafter)	3.0%	3.0%
Expenses Inflation (January 1, 2022 and annually thereafter)	3.0%	4.0%
Debt Service Coverage Ratio	2.18x	2.07x
Days' Cash on Hand ⁽¹⁾	700	678

Source: Management

(1) For purposes of the sensitivity analysis, the assumed schedule for the repayment of debt remains as originally forecasted.

APPENDIX D

FORMS OF PRINCIPAL LEGAL DOCUMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

Page

**ARTICLE I
DEFINITION OF TERMS, CONSTRUCTION AND CERTAIN GENERAL
PROVISIONS**

Section 1.01.	Definition of Terms	4
Section 1.02.	Compliance Certificates and Reports.	29
Section 1.03.	Form of Documents Delivered to Master Trustee.	30
Section 1.04.	Acts of Holders of Master Obligations.	31
Section 1.05.	Notices, etc.	32
Section 1.06.	Notices to Holders of Obligations; Waiver	33
Section 1.07.	Notices to Rating Agencies	33
Section 1.08.	Effect of Headings and Table of Contents	33
Section 1.09.	Successors and Assigns	33
Section 1.10.	Severability Clause	34
Section 1.11.	Governing Law	34
Section 1.12.	U.S.A. PATRIOT Act	34

ARTICLE II THE MASTER OBLIGATIONS

Section 2.01.	Series and Amount of Master Obligations.	35
Section 2.02.	Appointment of Obligated Group Representative.	35
Section 2.03.	Execution and Authentication of Master Obligations	36
Section 2.04.	Supplemental Master Indenture Creating Master Obligations	36
Section 2.05.	Conditions to Issuance of Master Obligations Hereunder.	37
Section 2.06.	List of Holders of Master Obligations	38
Section 2.07.	Optional and Mandatory Redemption	39
Section 2.08.	Mutilated, Destroyed, Lost and Stolen Master Obligations	39
Section 2.09.	Cancellation	39

ARTICLE III FUNDS AND ACCOUNTS

Section 3.01.	Revenue Fund.	40
Section 3.02.	Investment of Funds.	42
Section 3.03.	Allocation and Transfers of Investment Income	42
Section 3.04.	Master Trustee Relieved From Responsibility	43

ARTICLE IV COVENANTS OF THE OBLIGATED GROUP MEMBERS

Section 4.01.	Title to Trust Estate and Lien of this Instrument and Deed of Trust.	44
Section 4.02.	Further Assurances	44
Section 4.03.	Recording and Filing	44
Section 4.04.	Payment of Principal, Premium and Interest	45
Section 4.05.	Payment of Taxes and Other Claims	46
Section 4.06.	Maintenance of Properties	46
Section 4.07.	Corporate Existence; Status of Obligated Group.	46
Section 4.08.	Preservation of Qualifications	47
Section 4.09.	Additions to Facilities.	47
Section 4.10.	Insurance.	47
Section 4.11.	Insurance Proceeds and Condemnation Awards	48

MASTER TRUST INDENTURE

between

PLANTATION VILLAGE, INC.,
as the Initial Obligated Group Member
and as the Obligated Group Representative,
and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Master Trustee

Dated as of December 1, 2021

TABLE OF CONTENTS

(continued)

	Page
Section 4.12. Debt Service Coverage Ratio Covenant.....	48
Section 4.13. Liquidity Covenant.....	50
Section 4.14. Marketing and Occupancy Requirements.....	51
Section 4.15. Engagement of New Management Consultant or New Marketing Consultant.....	54
Section 4.16. Approval of Management Consultants and Marketing Consultants.....	55
Section 4.17. Rating Solicitation Covenant.....	56
Section 4.18. Additional Indebtedness.....	56
Section 4.19. Security for Permitted Debt.....	59
Section 4.20. Permitted Transfers or Dispositions of Property.....	59
Section 4.21. Permitted Liens.....	61
Section 4.22. Financial and Other Information.....	63
Section 4.23. [Reserved].....	67
Section 4.24. [reserved].....	67
Section 4.25. [reserved].....	67
Section 4.26. Calculation of Debt Service Requirements and Debt Service Coverage.....	67
Section 4.27. Payment of Affiliate Payments and Subordinated Indebtedness.....	69
Section 4.28. After-Acquired, Replacement or Substituted Real Property.....	70
Section 4.29. Debt Service Reserve Funds.....	71

ARTICLE V MERGER, CONSOLIDATION, SALE OR CONVEYANCE

Section 5.01. Merger, Consolidation, Sale or Conveyance.....	76
--	----

ARTICLE VI MEMBERSHIP IN THE OBLIGATED GROUP

Section 6.01. Admission of Obligated Group Members.....	79
Section 6.02. Obligated Group Members.....	80
Section 6.03. Withdrawal of Obligated Group Members.....	80
Section 6.04. Successor Obligated Group Representative.....	81

ARTICLE VII REMEDIES OF THE MASTER TRUSTEE AND HOLDERS OF SECURED OBLIGATIONS IN EVENT OF DEFAULT

Section 7.01. Events of Default.....	83
Section 7.02. Acceleration of Maturity; Rescission and Annulment.....	84
Section 7.03. Transfer, Assignment, Lease and Other Dispositions; Suits for Enforcement.....	85
Section 7.04. Incidents of Sale.....	86
Section 7.05. Collection of Indebtedness and Suits for Enforcement by Master Trustee.....	87
Section 7.06. Master Trustee May File Proofs of Claim.....	88
Section 7.07. Master Trustee May Enforce Claims Without Possession of Master Obligations.....	89
Section 7.08. Application of Money Collected.....	89
Section 7.09. Limitation on Suits.....	90
Section 7.10. Unconditional Right of Holders of Master Obligations to Receive Principal, Premium, Interest and Other Payments.....	90

TABLE OF CONTENTS

(continued)

	Page
Section 7.11. Restoration of Rights and Remedies.....	91
Section 7.12. Rights and Remedies Cumulative.....	91
Section 7.13. Delay or Omission Not Waiver.....	91
Section 7.14. Control by Holders of Master Obligations.....	91
Section 7.15. Waiver of Past Defaults.....	92
Section 7.16. Undertaking For Recitals or Issuance of Master Obligations.....	92
Section 7.17. Waiver of Stay or Extension Laws.....	92
Section 7.18. Auto-Debit; Right of Set-Off.....	93

ARTICLE VIII CONCERNING THE MASTER TRUSTEE

Section 8.01. Duties and Liabilities of Master Trustee.....	94
Section 8.02. Notice of Defaults.....	95
Section 8.03. Certain Rights of Master Trustee.....	95
Section 8.04. Not Responsible For Recitals or Issuance of Master Obligations.....	98
Section 8.05. Master Trustee or Registrar May Own Master Obligations.....	99
Section 8.06. Money to Be Held in Trust.....	99
Section 8.07. Compensation and Expenses of Master Trustee.....	99
Section 8.08. Corporate Master Trustee Required; Eligibility.....	100
Section 8.09. Resignation and Removal; Appointment of Successor.....	100
Section 8.10. Acceptance of Appointment by Successor.....	102
Section 8.11. Merger or Consolidation.....	102
Section 8.12. Master Trustee as Related Bond Trustee.....	103
Section 8.13. Co-Master Trustee.....	103

ARTICLE IX SUPPLEMENTS AND AMENDMENTS

Section 9.01. Supplemental Master Indentures Without Consent of Holders of Master Obligations.....	104
Section 9.02. Supplemental Master Indentures With Consent of Holders of Master Obligations.....	105
Section 9.03. Execution of Supplemental Master Indentures.....	106
Section 9.04. Effect of Supplemental Master Indenture.....	106
Section 9.05. Obligations May Bear Notation of Changes.....	106

ARTICLE X SATISFACTION AND DISCHARGE OF INDENTURE; UNCLAIMED MONEYS

Section 10.01. Satisfaction and Discharge of Master Indenture.....	107
Section 10.02. Master Obligations Deemed Paid.....	107
Section 10.03. Application of Trust Money.....	108
Section 10.04. Payment of Related Bonds.....	108

ARTICLE XI MISCELLANEOUS PROVISIONS

Section 11.01. No Personal Liability.....	109
Section 11.02. State of North Carolina Contract; Jurisdiction.....	109
Section 11.03. Legal Holidays.....	109
Section 11.04. Benefits of Provisions of Master Indenture and Master Obligations.....	109

TABLE OF CONTENTS

(continued)

	Page
Section 11.05. Execution in Counterparts	109
Section 11.06. UCC Financing Statements	110
Section 11.07. Consent of the Commission.....	110
Section 11.08. Escheat.....	110

EXHIBIT A – EXCLUDED PROPERTY

MASTER TRUST INDENTURE

THIS MASTER TRUST INDENTURE, dated as of December 1, 2021 (this “Master Indenture”), is between PLANTATION VILLAGE, INC., a nonprofit corporation organized and existing under the laws of the State of North Carolina, as the initial Obligated Group Member and as the Obligated Group Representative (the “Obligor”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as master trustee (the “Master Trustee”);

WITNESSETH:

WHEREAS, the Obligor is authorized and deems it necessary and desirable to enter into this Master Indenture for the purpose of providing for the issuance from time to time by the Obligor or other Persons electing to become Obligated Group Members (as defined herein) of Master Obligations (as defined herein) to finance or refinance the acquisition or betterment of retirement facilities, including independent living, assisted living and skilled nursing facilities or other facilities or for other lawful and proper purposes; and

WHEREAS, all acts and things necessary to constitute this Master Indenture a valid indenture and agreement according to its terms have been done and performed, the Obligor has duly authorized the execution and delivery of this Master Indenture, and the Obligor, in the exercise of the legal right and power invested in it, executes this Master Indenture and proposes to make, execute, issue and deliver Master Obligations hereunder; and

WHEREAS, the Master Trustee agrees to accept and administer this Master Indenture upon the terms set forth herein;

GRANTING CLAUSES

NOW, THEREFORE, THIS MASTER INDENTURE WITNESSETH that, to secure the payment of the principal of (and premium, if any), interest and any other payment on the Outstanding Master Obligations (hereinafter defined) and the performance of the covenants therein and herein contained and to declare the terms and conditions on which the Outstanding Master Obligations are secured, and in consideration of the premises, of the purchase of the Master Obligations by the Holders thereof, and of the sum of One Dollar (\$1.00) to the Obligor in hand paid by the Master Trustee at or before the execution and delivery hereof, the receipt and sufficiency of which are hereby acknowledged, the Obligor by these presents and the Deed of Trust (as defined herein) does hereby grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Master Trustee, forever, all and singular the following described properties, and grant a security interest therein for the purposes herein expressed, to wit:

GRANTING CLAUSE FIRST

All revenue, accounts receivable and Gross Revenues of the Obligated Group Members, including, without limitation, rights to receive payments from third party payors such as Medicare and Medicaid, but except and excluding all such items, whether now owned or hereafter acquired by the Obligated Group Members, which by their terms or by reason of applicable law would

become void or voidable if granted, assigned or pledged hereunder by the Obligated Group Members, or which cannot be granted, pledged or assigned hereunder without the consent of other parties whose consent is not secured, or without subjecting the Master Trustee to a liability not otherwise contemplated by the provisions hereof, or which otherwise may not be, or are not, hereby lawfully and effectively granted, pledged and assigned by the Obligated Group Members, provided that the Obligated Group Members may subject to the lien hereof any such excepted property, whereupon the same shall cease to be excepted property; and

GRANTING CLAUSE SECOND

The Mortgaged Property (as defined herein);

GRANTING CLAUSE THIRD

All of the rights, titles, interests and estates, now owned or hereafter acquired by the Obligated Group Members, in and to any and all present and future accounts, chattel paper, goods, documents, instruments, general intangibles, foods, contracts, trademarks, patents, copyrights, intercompany obligations, stock, securities, notes, certificates of need, deposit accounts, investment property, equipment, inventory, fixtures and any and all other personal property of any kind or character defined in and subject to the provisions of the Uniform Commercial Code of the State of North Carolina, including the supporting obligations thereof, proceeds and products of and from any and all of such personal property used in connection with or arising out of the operation and use of the improvements located on the Premises and any substitutions or replacements therefor; and

GRANTING CLAUSE FOURTH

Any amounts on deposit from time to time in any fund or account created hereunder, subject to the provisions of this Master Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

GRANTING CLAUSE FIFTH

Any and all property that may, from time to time hereinafter, by delivery or by writing of any kind, be subjected to the lien and security interest hereof by the Obligated Group Members or by anyone on its behalf (and the Master Trustee is hereby authorized to receive the same at any time as additional security hereunder), which property provided as additional security may be made subject to any reservations, limitations or conditions which shall be set forth in a written instrument executed by the grantor or the person so acting in its behalf or by the Master Trustee respecting the use and disposition of such property or the proceeds thereof;

TO HAVE AND TO HOLD, IN TRUST, all said property, rights, privileges and franchises of every kind and description, real, personal, or mixed, hereby and by the Deed of Trust and hereafter (by supplemental instrument or otherwise) granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed as aforesaid, or intended, agreed or covenanted so to be, together with all the appurtenances thereto appertaining (said properties, rights, privileges and franchises, including any cash and securities hereafter deposited or required to be deposited with the Master Trustee

(other than any such cash which is specifically stated herein not to be deemed part of the Trust Estate), being herein collectively referred to as the "Trust Estate") unto the Master Trustee and its successors and assigns forever;

SUBJECT, HOWEVER, to the Permitted Liens (as defined herein);

BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of the Holders from time to time of all the Outstanding Master Obligations without any priority of any such Master Obligations over any other such Master Obligations except as herein otherwise expressly provided;

UPON CONDITION that, if the Obligated Group Members or their successors or assigns shall well and truly pay, or cause to be paid, the principal of (and premium, if any), interest and any other payment on the Outstanding Master Obligations according to the true intent and meaning thereof, or there shall be deposited with the Master Trustee such amounts in such form in order that none of the Master Obligations shall remain Outstanding as herein defined and provided, and shall pay or cause to be paid to the Master Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon the full and final payment of all such sums and amounts secured hereby or upon such deposit, the rights, titles, liens, security interests and assignments herein granted shall cease, determine and be void and this grant shall be released by the Master Trustee in due form at the expense of the Obligated Group Members, except only as herein provided; otherwise this grant to be and shall remain in full force and effect;

UPON FURTHER CONDITION as to any property included in the Trust Estate that, upon Request of the Obligated Group Representative accompanied by an Officer's Certificate and an Opinion of Counsel to the effect that the conditions precedent for the disposition of such property set forth in Section Section 4.20 hereof have been satisfied, the rights, titles, liens, security interests and assignments herein granted shall cease, determine and be void as to such property only and this grant shall be released by the Master Trustee as to such property in due form at the expense of the Obligated Group Members;

ALL THINGS NECESSARY to make this Master Indenture a valid agreement and contract for the security of the Master Obligations in accordance with the terms of such Master Obligations and this Master Indenture have been done;

IT IS HEREBY COVENANTED AND DECLARED that the Trust Estate is to be held and applied by the Master Trustee, subject to the further covenants, conditions and trusts hereinafter set forth, and the Obligated Group Members do hereby covenant and agree to and with the Master Trustee, for the equal and proportionate benefit of all Holders of the Master Obligations except as herein otherwise expressly provided; and

THIS MASTER INDENTURE FURTHER WITNESSETH and it is expressly declared that all Master Obligations issued and secured hereunder are to be issued, authenticated and delivered and all said rights hereby pledged and assigned are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed and the Obligated Group Members have agreed and covenanted, and do hereby agree and covenant, with the Master Trustee for the equal and

proportionate benefit of the respective holders from time to time of the Master Obligations except as herein otherwise expressly provided as follows:

**ARTICLE I
DEFINITION OF TERMS, CONSTRUCTION AND CERTAIN GENERAL
PROVISIONS**

Section 1.01. Definition of Terms. For all purposes of this Master Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(i) “This Indenture” or “this Master Indenture” means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof;

(ii) All references in this instrument designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Master Indenture as a whole and not to any particular Article, Section or other subdivision;

(iii) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular number;

(iv) The use of the masculine, feminine or neuter gender is for convenience only and will be deemed and construed to include correlative words of the masculine, feminine or neuter gender, as appropriate; and

(v) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP applied in accordance with Section 1.02 of this Master Indenture.

“Accountant” means a certified public accountant, or a firm of certified public accountants, who or which is “independent” as that term is defined in Rule 101 and related interpretations of the Code of Professional Ethics of the American Institute of Certified Public Accountants, of recognized standing, who or which does not devote his or its full time to any Member or its Affiliates (but who or which may be regularly retained by a Member or its Affiliates).

“Act” when used with respect to any Holder of Obligations has the meaning specified in Section 1.04.

“Additional Indebtedness” means Indebtedness incurred by any Member subsequent to the issuance of the Initial Master Obligations and subject to the limitations set forth in Section 4.18.

“Additional Master Obligation” means any evidence of Indebtedness or evidence of any payment obligation under any Hedge Agreement issued after the issuance of the Initial Master Obligations, which is authorized to be issued by a Member pursuant to this Master Indenture and which has been authenticated by the Master Trustee pursuant to Section 2.03 hereof.

“Administrative Expenses” means (i) all costs, charges and expenses incurred by any Related Issuer with respect to the implementation and administration of any Related Bond Indenture and any transaction or event to be effected by any series of Related Bonds, including reasonable attorneys’ fees, and (ii) the compensation of, reimbursement of expenses to, the reasonable attorneys’ fees, costs and expenses of, and advances payable to, the Master Trustee.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove a voting majority of its Governing Body, the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Affiliate Payments” means regularly scheduled periodic fees payable by the Obligor or any other Obligated Group Member pursuant to any agreements from time to time between any Obligated Group Member and an Affiliate that is not otherwise part of the Obligated Group, provided that Affiliate Payments do not include (i) fees and expenses due and owing by the Obligor or any other Obligated Group Member to an Affiliate that is acting as a manager of the Obligor or such Member and payable pursuant to a management agreement or (ii) other payments for overhead and shared expenses made in the ordinary course of business to the Affiliate.

“Affiliate Subordinated Indebtedness” means the Subordinated Obligations, fees and other amounts due to an Affiliate of an Obligated Group Member for money borrowed, credit extended or payments which are deferred pursuant to Section 4.27 hereof or not yet payable at the time of calculation and which are subordinate to payments due on all Master Obligations issued hereunder in accordance with the written agreements between the Obligated Group Member and the Affiliates made in favor of the Master Trustee.

“Annual Budget” means the annual budget of the Obligated Group required to be provided by the Obligated Group Representative pursuant to Section 4.22 hereof.

“Authorized Representative” means, with respect to the Obligated Group Representative and each Obligated Group Member, its respective chief executive officer or president or any other person or persons designated an Authorized Representative thereof by an Officer’s Certificate of the Obligated Group Representative or the Obligated Group Member signed by the respective Designated Officer and delivered to the Master Trustee.

“Balloon Indebtedness” means Long-Term Indebtedness, 25% or more of the original principal of which matures during any consecutive 12 month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such 12 month period. Balloon Indebtedness does not include Indebtedness that would otherwise qualify as Put Indebtedness.

“Board Resolution” of any specified Person means a copy of a resolution certified by the Person responsible for maintaining the records of the Governing Body of such Person to have been

duly adopted by the Governing Body of such Person and to be in full force and effect on the date of such certification and delivered to the Master Trustee.

“Bond” means any bond, note or similar debt instrument, the payment of the principal of and interest and redemption premium (if any) on which is secured by a Master Obligation.

“Bond Counsel” means Robinson, Bradshaw & Hinson, P.A., as bond counsel in connection with the Series 2021 Bonds, or any other attorney at law or firm of attorneys of nationally recognized experience in matters pertaining to the validity of, and exclusion from gross income for federal income tax purposes of interest on, the obligations of states and their political subdivisions as may be selected by the Obligated Group Representative but is reasonably acceptable to each issuer of the Related Bonds.

“Bond Trustee” means The Bank of New York Mellon Trust Company, N.A., as trustee under each Series 2021 Bond Indenture, and any successor in trust appointed pursuant to such Series 2021 Bond Indenture.

“Book Value” means, when used with respect to Property of a Member, the value of such Property, net of accumulated depreciation and amortization, as reflected in the most recent audited financial statements of such Member that have been prepared in accordance with GAAP, and, when used with respect to Property of all Members, the aggregate of the values of such Property, net of accumulated depreciation and amortization, as reflected in the most recent audited combined financial statements of the Obligated Group prepared in accordance with GAAP, provided that such aggregate shall be calculated in such a manner that no portion of the value of any Property of any Member is included more than once.

“Business Day” means any day other than (a) a Saturday, a Sunday or, in the City of New York, New York, or in the State of North Carolina (or, if different, in the city in which the designated corporate trust office of the Related Bond Trustee is located), a day on which banking institutions are authorized or required by law or executive order to close, or (b) a day on which the New York Stock Exchange is closed.

“Capital Additions” means all property or interests in property, real, personal and mixed, (a) which constitute additions, improvements or extraordinary repairs to or replacements of all or any part of the Mortgaged Property and (b) the cost of which is properly capitalized under GAAP.

“Cash and Investments” means the sum of cash, cash equivalents, and marketable securities of the Obligated Group Members, including without limitation board-designated assets and the operating reserve required to be maintained pursuant to Section 58-64-33 of the North Carolina General Statutes, as amended, or any successor statute, but excluding (a) trustee-held funds, (b) donor-restricted funds that preclude use of funds for operating expenses, costs of a Capital Addition or debt service and (c) any funds pledged or otherwise subject to a security interest for debt other than the Master Obligations, as shown on the most recent audited or unaudited financial statements of the Obligated Group. For the purposes of calculations hereunder, an Unrestricted Contribution from an Affiliate shall be treated as being made during the period of such calculation so long as the Unrestricted Contribution is made prior to the date the applicable certificate is required to be delivered with respect to such calculation.

“Closing Date” means the date of the initial delivery of the Initial Master Obligations.

“Code” means the Internal Revenue Code of 1986, as amended from time to time and the corresponding provisions, if any, of any successor internal revenue laws of the United States.

“Collateral” shall have the meaning set forth in Section 7.03(b).

“Collateral Assignment of Contracts” means the Assignment of Contracts dated as of December 1, 2021, between the Obligor and the Master Trustee.

“Commission” means the North Carolina Medical Care Commission of the Department of Health and Human Services of the State of North Carolina, and any successor thereto.

“Commission Bonds” means any Related Bonds issued by the Commission.

“Commission Loan Agreements” means any loan agreement between the Commission and any Obligated Group Member if a Master Obligation is issued to the Commission with respect to such loan agreement, including any amendments or supplements thereto as therein permitted.

“Commitment Indebtedness” means the obligation of any Obligated Group Member to repay amounts disbursed pursuant to a commitment from a financial institution to refinance or purchase when due, when tendered or when required to be purchased (a) other Indebtedness of such Obligated Group Member or (b) Indebtedness of a Person who is not an Obligated Group Member, which Indebtedness is guaranteed by a Guaranty of such Obligated Group Member or secured by or payable from amounts paid on Indebtedness of such Obligated Group Member, in either case which Indebtedness or Guaranty of such Obligated Group Member was incurred in accordance with the provisions of Section 4.26(c) hereof, and the obligation of any Obligated Group Member to pay interest payable on amounts disbursed for such purposes, plus any fees, costs or expenses payable to such financial institution for, under or in connection with such commitment, in the event of disbursement pursuant to such commitment or in connection with enforcement thereof, including, without limitation, any penalties payable in the event of such enforcement.

“Community” means the Existing Community, as renovated and expanded by the Project.

“Consent,” “Order” and “Request” of any specified Person mean, respectively, a written consent, order or request signed in the name of such Person by the Chairperson of the Governing Body, the President, a Vice President, the Treasurer, an Assistant Treasurer or the Chief Financial Officer of such Person or any other person or persons designated by an Officer’s Certificate and delivered to the Master Trustee.

“Construction Index” means the most recent issue of the “Dodge Construction Index for U.S. and Canadian Cities” with reference to the city in which the subject property is located (or, if such Index is not available for such city, with reference to the city located closest geographically to the city in which the subject property is located) or, if such Index is no longer published or used by the federal government in measuring costs under Medicare or Medicaid programs, such other index which is certified to be comparable and appropriate by the Obligated Group Representative

in an Officer's Certificate delivered to the Master Trustee and which other index is acceptable to the Master Trustee.

"Construction Monitor" means the entity serving in that capacity under the Disbursement Agreement.

"Consultant" means a professional consulting, marketing, accounting, investment banking or commercial banking firm or individual selected by the Obligated Group Representative having the skill and experience necessary to render the particular report required and having a favorable reputation for such skill and experience, which firm or individual does not control any Obligated Group Member or any Affiliate thereof and is not controlled by or under common control with any Obligated Group Member or an Affiliate thereof.

"Contributions" means the aggregate amount of all contributions, grants, gifts, bequests and devises actually received in cash or marketable securities by any Person in the applicable Fiscal Year of such Person and any such contributions, grants, gifts, bequests and devises originally received in a form other than cash or marketable securities by any Person which are converted in such Fiscal Year to cash or marketable securities.

"Corporate Trust Office" of the Master Trustee shall be the office of the Master Trustee at which this Master Indenture shall be principally administered, which at the date hereof is The Bank of New York Mellon Trust Company, N.A., 4655 Salisbury Road, Suite 300, Jacksonville, Florida 32256, or such other address as to which the Master Trustee may give notice to the Obligated Group.

"Credit Facility" means any Liquidity Facility, letter of credit, bond insurance policy, standby purchase agreement, guaranty, line of credit, surety bond or similar credit or liquidity facility securing any Indebtedness of any Obligated Group Member.

"Credit Facility Agreement" means any agreement between the Obligated Group Representative or any other Obligated Group Member and the provider of a Credit Facility relating to the issuance of a Credit Facility.

"Days' Cash on Hand" means 365 times (i) the aggregate unrestricted cash and unrestricted marketable securities (including board-designated funds and the operating reserve required to be maintained pursuant to Section 58-64-33 of the North Carolina General Statutes, as amended, or any successor statute) of the Obligated Group as of the date of computation, excluding cash and unrestricted marketable securities attributable to indebtedness of the Obligated Group, divided by (ii) the total Operating Expenses of the Obligated Group for the immediately preceding Fiscal Year, excluding depreciation and amortization, as shown on the audited financial statements of the Obligated Group for such Fiscal Year. All securities shall be valued at fair market value for purposes of this definition.

"Debt Service Coverage Ratio" means, for any period, the ratio of (a) Income Available for Debt Service received during such period to (b) Maximum Annual Debt Service; provided, however, that in making such calculation, (a) the principal amount of any Indebtedness included in such calculation shall be excluded to the extent such principal amount is paid from the proceeds of other Indebtedness incurred in accordance with the provisions of this Master Indenture, (b) to

the extent a Hedge Agreement has been entered into in connection with any particular Indebtedness, the actual debt service paid after the effect of payments made to or received from the provider of the Hedge Agreement shall be used in the calculation, (c) any Subordinated Indebtedness shall be excluded except when making such calculation for the purpose of determining whether payments on Subordinated Indebtedness can be made pursuant to Section 4.27 hereof and (d) such calculation shall be based on unaudited financial statements (and adjusted retroactively for any material changes reflected in audited financial statements for the fourth quarter of a Fiscal Year) for the four consecutive quarters ending for the period of time tested.

"Debt Service Requirement" means, with respect to the period of time for which calculated, the aggregate of the payments required to be made during such period in respect of principal (whether at maturity, as a result of mandatory sinking fund redemption, mandatory prepayment or otherwise) and interest on outstanding Long-Term Indebtedness of each Person or a group of Persons with respect to which such requirements are calculated; provided that: (a) the amount of such payments for a future period shall be calculated in accordance with the assumptions contained in Sections 4.18 and 4.26 hereof; (b) interest shall be excluded from the determination of the Debt Service Requirements to the extent that Funded Interest is available to pay such interest; (c) principal of Indebtedness shall be excluded from the determination of Debt Service Requirements to the extent that amounts are on deposit in an irrevocable escrow and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay such principal and such amounts so required to be applied are sufficient to pay such principal; (d) principal of Indebtedness due in its final year shall be excluded from the determination of Debt Service Requirements to the extent moneys were initially deposited and are on deposit as of the date of calculation in a debt service reserve fund which required that moneys on deposit in the debt service reserve fund be used to pay a principal payment in the final year of such Indebtedness and, except for the payment to be received from such debt service reserve fund, the Indebtedness would have had approximately level debt service; (e) any annual fees payable in respect of a Credit Facility (other than annual fees to be paid from proceeds of a bond issue escrowed for such purpose) shall be included in the determination of Debt Service Requirements.

"Debt Service Reserve Fund" means a debt service reserve established and maintained under Section 4.29 hereof and a Supplemental Master Indenture to secure payment of one or more Master Obligations or a debt service reserve fund established in any Related Bond Indenture to secure payment of any series of Related Bonds.

"Debt Service Reserve Fund Requirement" means, with respect to each Debt Service Reserve Fund established and maintained to secure payment of one or more Master Obligations, (i) if such Debt Service Reserve Fund secures more than one Master Obligation that secures Tax-Exempt Related Bonds, the least of (A) one hundred percent (100%) of Maximum Annual Debt Service on the Master Obligation or Master Obligations secured by such Debt Service Reserve Fund, (B) one hundred twenty-five percent (125%) of average annual Debt Service Requirement (excluding the Debt Service Requirement with respect to Qualifying Intermediate-Term Indebtedness) on the Master Obligation or Master Obligations secured by such Debt Service Reserve Fund and (C) ten percent (10%) of the stated original principal amount of the Related Bonds secured or Indebtedness evidenced by the Master Obligation or Master Obligations secured by such Debt Service Reserve Fund, less the stated original principal amount of any Qualifying Intermediate-Term Indebtedness so secured, or, if the Related Bonds have original issue discount

or premium that exceeds two percent (2%) of the stated redemption price at maturity plus any original issue premium attributable exclusively to underwriters' compensation, ten percent (10%) of the initial offering prices to the public of the Related Bonds, or (ii) if such Debt Service Reserve Fund secures only one Master Obligation that secures Tax-Exempt Related Bonds or secures one or more Obligations that evidence and secure only taxable Indebtedness or Related Bonds, the amount specified in Section 4.29 hereof or any Supplemental Master Indenture directing that such Debt Service Reserve Fund be established or maintained

"Deed of Trust" means, initially, the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of December 1, 2021, from the Obligor for the benefit of the Master Trustee, together with any similar deeds of trust to secure debt executed and delivered in connection with any Additional Indebtedness or admission of any Obligated Group Member.

"default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

"Defeasance Obligations" means:

(a) Direct obligations of the United States of America or obligations to the full and prompt payment of which the full faith and credit of the United States of America is pledged or evidences of ownership of proportionate interests in future interest and principal payments on such obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on such obligations, and which underlying obligations are not available to satisfy any claim of the custodian or any Person claiming through the custodian or to whom the custodian may be obligated;

(b) Obligations issued or guaranteed by the following instrumentalities or agencies of the United States of America:

- (i) Federal Home Loan Bank System;
- (ii) Export-Import Bank of the United States;
- (iii) Federal Financing Bank;
- (iv) Federal Home Loan Mortgage Company;
- (v) Federal Housing Administration;
- (vi) Federal National Mortgage Association; and

(vii) Any other agency or instrumentality of the United States of America created by an Act of Congress which is substantially similar to the foregoing in its legal relationship to the United States of America; and

(c) Obligations described in Section 103(a) of the Code, provision for the payment of the principal of (and premium, if any) and interest on which shall have been made by the

irrevocable deposit at least 123 days preceding the date of determination with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of money, or obligations described in clause (a) above, the maturing principal of and interest on which, when due and payable, without reinvestment will provide money, sufficient to pay when due the principal of (and premium, if any) and interest on such obligations, and which money, or obligations described in clause (a) above, are not available to satisfy any other claim, including any claim of the trustee or escrow agent or any claim of any Person claiming through the trustee or escrow agent or any claim of any Person to whom the Person on whose behalf such irrevocable deposit was made, the trustee or the escrow agent may be obligated, whether arising out of the insolvency of the Person on whose behalf such irrevocable deposit was made, the trustee or escrow agent or otherwise.

"Derivative Indebtedness" means all or any portion of Indebtedness meeting the requirements set forth in clauses (a) and (b) below:

(a) a Person has issued or entered into a Hedge Agreement with respect to all or such portion of such Indebtedness, and

(b) (i) if such Indebtedness constitutes Variable Rate Indebtedness, such Hedge Agreement provides that, during the Hedge Period, such Person will pay a fixed rate (the "Hedged Fixed Rate") and the provider of the Hedge Agreement will pay a variable rate approximately equal to the variable rate borne by such Indebtedness or portion thereof subject to the Hedge Agreement on a notional amount equal to the outstanding principal amount of such Indebtedness or portion thereof subject to the Hedge Agreement, or (ii) if such Indebtedness or portion thereof subject to the Hedge Agreement does not constitute Variable Rate Indebtedness, such Hedge Agreement provides that, during the Hedge Period, such Person will pay a variable rate (the "Hedged Variable Rate") and the provider of the Hedge Agreement will pay a fixed rate equal to the fixed rate borne by such Indebtedness or portion thereof subject to the Hedge Agreement on a notional amount equal to the outstanding principal amount of such Indebtedness or portion thereof subject to the Hedge Agreement.

"Derivative Obligations" means the payment obligations of an Obligated Group Member under a Hedge Agreement that hedges Indebtedness, including but not limited to regularly scheduled payments and termination payments.

"Designated Officer" means the Chairperson of the Governing Body, President, any Vice President, the Treasurer, the CFO, Assistant Treasurer, Secretary or Assistant Secretary of the Obligated Group Representative or any other person or persons so designated by an Officer's Certificate delivered to the Master Trustee.

"Disbursement Agreement" means the Construction Disbursement and Monitoring Agreement dated as of December 1, 2021 among the Obligor, the Bond Trustee, the Series 2021B Lender and the Construction Monitor.

"Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords

and/or authentication keys issued by the Master Trustee, or another method or system specified by the Master Trustee as available for use in connection with its services hereunder.

“EMMA” means the Electronic Municipal Market Access System maintained by the Municipal Securities Rulemaking Board.

“Entrance Fee Fund” means the fund created by Section 2.01 of the Initial Supplemental Master Indenture and any other fund created by a Supplemental Master Indenture for the deposit of Initial Entrance Fees and designated as an “Entrance Fee Fund” therein.

“Entrance Fees” means fees, other than security deposits, monthly rentals or monthly service charges, paid to a Member by residents of Independent Living Units for the purpose of obtaining the right to reside in those units, including, without limitation, any refundable resident deposits described in any lease or similar Residency Agreements with respect to those units, but shall not include any such amounts held in escrow or otherwise set aside pursuant to the requirements of any such agreement prior to the occupancy of the unit covered by such Residency Agreement (which amounts shall be included if and when occupancy occurs and such set-aside is no longer required).

“Environmental Laws” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, Public Law No. 96-510, 94 Stat. 1613, the Resource Conservation and Recovery Act, the National Environmental Policy Act of 1969 (42 U.S.C. § 4321 et seq.), the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.), the Hazardous Material Transportation Act (49 U.S.C. § 1801 et seq.), the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. § 136 et seq.), the Toxic Substance Control Act (15 U.S.C. § 2601 et seq.), the Clean Water Act, the Clean Air Act (42 U.S.C. § 7401 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Federal Coastal Zone Management Act (16 U.S.C. § 1451 et seq.), the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300(f) et seq.) and any other federal, state or local law, statute, ordinance and regulation, now or hereafter in effect, and in each case as amended or supplemented from time to time, and any applicable judicial or administrative interpretation thereof, including, without limitation, any applicable judicial or administrative order, consent decree or judgment applicable to the Premises relating to the regulation and protection of human health and safety and/or the environment and natural resources (including, without limitation, ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and/or vegetation), including all amendments to such Acts, and any and all regulations promulgated thereunder, and all analogous local or state counterparts or equivalents, and any transfer of ownership notification or approval statutes, and any federal, state or local statute, law, ordinance, code, rule, regulation, order or decree, regulating, relating to or imposing liability or standards of conduct concerning any petroleum, petroleum byproduct (including, but not limited to, crude oil, diesel oil, fuel oil, gasoline, lubrication oil, oil refuse, oil mixed with other waste, oil sludge and all other liquid hydrocarbons, regardless of specific gravity), natural or synthetic gas, products and/or hazardous substance or material, toxic or dangerous waste, substance or material, pollutant or contaminant, as may now or at any time hereafter be in effect.

“Event of Default” has the meaning set forth in Section 7.01 hereof.

“Excluded Property” means the property, if any, of the Obligated Group described in Exhibit A; provided, however, in the event any Obligated Group Member shall construct and operate continuing care retirement facilities or health care delivery or residential facilities designed to provide facilities or services to the elderly on any portion of such real property, then such portion of such real property shall be subjected to the lien of the Deed of Trust as provided in Section 4.28, and such portion of such real property shall no longer be Excluded Property.

“Existing Community” means the continuing care retirement community known as “Plantation Village” operated by the Obligor on approximately 56 acres in New Hanover County, North Carolina. The Existing Community provides housing, healthcare, and other related services to residents on a campus containing 246 independent living units.

“Existing Independent Living Units” means the 246 independent living units in the Existing Community.

“Expenses” means, for any period, the aggregate of all expenses calculated under GAAP, including, without limitation, any accrual for taxes, assessments and insurance, incurred by the Person or group of Persons involved during such period, but excluding (a) interest on Long-Term Indebtedness, (b) depreciation and amortization, (c) extraordinary expenses, losses on the sale of assets other than in the ordinary course of business and losses on the extinguishment of debt or termination of pension plans, (d) any expenses resulting from a forgiveness of or the establishment of reserves against Indebtedness of an Affiliate which does not constitute an extraordinary expense, (e) losses resulting from any reappraisal, revaluation or write down of assets other than bad debts, (f) non-cash expenses or losses, including but not limited to any expenses related to derivative instruments, other than periodic payments thereon, (g) any expenses paid with proceeds of any Related Bonds, (h) any marketing expenses paid in connection with a Capital Addition or proposed Capital Addition that are being funded with proceeds of any Long-Term Indebtedness, and (i) any development, marketing, operating or management fees that have been deferred from the year in which they were originally due. If such calculation of Expenses is being made with respect to the Obligated Group, any such expenses attributable to transactions between any Member and any other Member shall be excluded.

“Facilities” means all land, leasehold interests and buildings and all fixtures and equipment (as defined in the Uniform Commercial Code of the State of North Carolina or equivalent statute in effect in the state where such fixtures or equipment are located) of the Obligated Group, but excluding Excluded Property.

“Feasibility Report” means a report prepared and signed by a Consultant, who is an Accountant, setting forth for a forecast period not exceeding five Fiscal Years from the later of the date of the issuance of the Long-Term Indebtedness in question, or the completion of the Capital Additions financed with such Long-Term Indebtedness: (a) forecasted financial statements prepared on the same basis as the Obligated Group’s audited financial statements; and (b) a full explanation of the assumptions and rationale used in preparing such forecasts, including that such forecasts have taken into account the projected utilization of the Obligated Group’s Facilities, the rates and charges to patients and residents and such other data and information as may be necessary to support the forecasted financial statements; such report shall be accompanied by an opinion of such Consultant that the underlying assumptions provide a reasonable basis for such forecast.

“Finance Lease” means any lease required to be treated as a finance lease under GAAP.

“Financial Statements” means the audited consolidated or combined financial statements covering the Obligated Group’s operations for the applicable Fiscal Year that are prepared under GAAP and certified by an Accountant selected by the Obligated Group Representative and if not required to be audited, the financial statements of the Members of the Obligated Group for the required period certified by an Officer’s Certificate; provided, however, that if the Members of the Obligated Group consist only of the Obligor and some or all of the Affiliates of the Obligor, the audited consolidated or combined financial statements may cover the Obligor and all of its consolidated or combined Affiliates (which must include all of the Affiliates of the Obligor in the Obligated Group) and may contain only certain summarized consolidated or combined financial information concerning the Obligated Group.

“Fiscal Year” means any 12-month period beginning on January 1 of any calendar year and ending on December 31 of such calendar year, or such other consecutive 12-month period selected by the Obligated Group Representative as the fiscal year for the Members.

“Fitch” means Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Commission with the approval of the Obligated Group Representative, with written notice to the Master Trustee.

“Funded Interest” means amounts irrevocably deposited in an escrow or other trust account to pay interest on Long-Term Indebtedness or Related Bonds and interest earned on amounts irrevocably deposited in an escrow or other trust account to the extent such interest earned is required to be applied to pay interest on Long-Term Indebtedness or Related Bonds.

“GAAP” means, subject to the provisions of Section 1.02, those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board and its predecessors or pronouncements of the American Institute of Certified Public Accountants or those principles of accounting which have other substantial authoritative support and are applicable in the circumstances as of the date of application, as such principles are from time to time supplemented or amended.

“Governing Body” means, with respect to any Person, the board of directors, the board of trustees or similar group in which the right to exercise the powers of corporate directors or trustees is vested.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Government Obligations” means direct obligations of the United States of America or obligations the full and timely payment of the principal of and interest on which is unconditionally guaranteed by the United States of America.

“Gross Revenues” means all receipts, revenues, rentals, income, insurance proceeds (including, without limitation, all Medicaid, Medicare and other third party payments), condemnation awards, Entrance Fees and other moneys received by or on behalf of any Obligated Group Member, including, without limitation, revenues derived from (a) the ownership, operation or leasing of any portion of the Facilities (including, without limitation, fees payable by or on behalf of residents of the Facilities) and all rights to receive the same (other than the right to receive Medicaid and Medicare payments), whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Obligated Group Member incurred in the financing, operation, maintenance or repair of any portion of the Facilities; provided, however, that there shall be excluded from Gross Revenues (i) any amounts received by an Obligated Group Member as a billing agent for another entity, except for fees received for serving as billing agent, (ii) gifts, grants, bequests, donations and contributions to an Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use as payments required under this Master Indenture, (iii) any moneys received by any Obligated Group Member from prospective residents or commercial tenants in order to pay for customized improvements to those Independent Living Units or other areas of the Facilities to be occupied or leased to such residents or tenants, and (iv) all deposits and/or advance payments made in connection with any leases of the Independent Living Units and received prior to receipt a certificate of occupancy and any required licenses.

“Guaranty” means all obligations of a Person guaranteeing, or in effect guaranteeing, any Indebtedness, dividend or other obligation of any Primary Obligor in any manner, whether directly or indirectly, including, without limitation, obligations incurred through an agreement, contingent or otherwise, by such Person: (a) to purchase such Indebtedness or obligation or any Property constituting security therefor; (b) to advance or supply funds: (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain working capital or other balance sheet condition; (c) to purchase securities or other Property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the Primary Obligor to make payment of the Indebtedness or obligation; or (d) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof.

“Hedge Agreement” means an interest rate swap, cap, collar, floor, forward, option, put, call or other agreement, arrangement or security, however denominated, entered into in order to hedge interest rate fluctuations, which may be with respect to all or a portion of any Indebtedness, or to change the payments to be made by the borrower with respect to any Indebtedness from fixed to variable or from variable to fixed with the goal of achieving lower interest costs. A Hedge Agreement shall not constitute Indebtedness hereunder.

“Hedge Period” means the period during which a Hedge Agreement is in effect.

“Holder” means the registered owner of any Master Obligation issued in registered form.

“Income Available for Debt Service” means, for any period, the excess of Revenues over Expenses of the Person or group of Persons involved.

“Indebtedness” means (i) all indebtedness of Members for borrowed money, and (ii) all installment sales and Finance Lease obligations incurred or assumed by any Member, (iii) all Guaranties (other than any Guaranty by any Member of Indebtedness of any other Member) whether constituting Long-Term Indebtedness or Short-Term Indebtedness. Indebtedness shall not include (a) obligations of any Member to another Member, (b) for any period of time during which such are secured by cash or Defeasance Obligations, as described in this clause (b), any portion of any indebtedness of any Member or any Related Bonds for which there is on deposit with the Master Trustee, or a third party escrow agent meeting the requirements of Section 8.08, cash or Defeasance Obligations registered in the name of the Master Trustee or such third party escrow agent, as appropriate, that are irrevocably pledged to payment of either or both principal of and interest on the indebtedness of such Member and that are sufficient, together with investment earnings thereon, to provide for payment for that portion of the indebtedness for which they are pledged, (c) obligations of any Member under a line of credit, letter of credit, standby bond purchase agreement or similar facility (and any reimbursement agreement relating thereto) established in connection with the issuance of any indebtedness of a Member or Related Bonds to the extent that such facilities have not been used or drawn upon and to the extent that they have been used or drawn upon to purchase, but not retire, Related Bonds, or (d) any loan received pursuant to a Loan Forgiveness Program, except as described below. The facilities described in (c) above shall not be excluded from Indebtedness to the extent amounts are due thereunder without regard to a draw under such facility or to the extent that after a draw on such facility to purchase Related Bonds the amounts due on such Related Bonds pursuant to the provisions of such facility exceed the amounts stated in the Related Bonds. If such liquidity facility is used or drawn upon to retire, but not purchase, indebtedness of a Member or Related Bonds, then the liability incurred by such use or draw by the Member shall be included in Indebtedness. Further, notwithstanding anything to the contrary herein, to the extent that, at any time, (i) all or any portion of a loan received pursuant to a Loan Forgiveness Program cannot reasonably be expected to be forgiven or (ii) an Obligated Group Member receives notice from the lender of such loan or any Governmental Authority that all or any portion of such loan will not be forgiven (any such portion of the loan, a “Non-Qualifying Portion”), then from such time, such Non-Qualifying Portion shall constitute Indebtedness and be included as Long-Term Indebtedness when determining Maximum Annual Debt Service.

“Independent Living Units” means collectively, the Existing Independent Living Units, the Project Independent Living Units and any additional independent living units added by the Obligated Group.

“Initial Entrance Fees” means Entrance Fees received upon the initial occupancy of any Independent Living Unit not previously occupied.

“Initial Master Obligations” means collectively, (i) Master Obligations No. 1 and No. 2, each dated as of December 1, 2021, issued by the Obligated Group pursuant to and described in

the Initial Supplemental Master Indenture and (ii) Master Obligation No. 3, dated as of December 1, 2021, issued by the Obligated Group pursuant to and described in Supplement No. 2.

“Initial Supplemental Master Indenture” means Supplemental Master Indenture Number 1, dated as of December 1, 2021, between the Obligated Group Representative and the Master Trustee.

“Initial Testing Year” means the first full Fiscal Year following the earlier to occur of (1) December 31, 2026 or (2) the first full Fiscal Year during which Stable Occupancy occurs.

“Initial Underwriter” means Herbert J. Sims & Co., Inc., as the initial underwriter of the Series 2021A Bonds.

“Insurance Consultant” means a person or firm who, in the case of an individual, is not an employee or officer of any Member and which, in the case of a firm, does not control any Obligated Group Member or any Affiliate thereof and is not controlled by or under common control with any Obligated Group Member or an Affiliate thereof, appointed by the Obligated Group Representative, qualified to survey risks and to recommend insurance coverage for continuing care and retirement communities and services of the type involved, and having a favorable reputation for skill and experience in such surveys and such recommendations, and which may include a broker or agent with whom any Member transacts business.

“Lien” means any mortgage, pledge or lease of, security interest in or lien, charge or encumbrance on any Property of the Person involved in favor of, or which secures any obligation to, any Person other than any Member, and any Finance Lease under which any Member is lessee and the lessor is not another Member.

“Liquidity Facility” means a written commitment to provide money to purchase or retire any Indebtedness if (a) on the date of delivery of such Liquidity Facility, the unsecured Long-Term Indebtedness or claims paying ability of the provider of such Liquidity Facility or its parent holding company or other controlling entity is rated at least “A” by at least one of the Rating Agencies and (b) as of any particular date of determination, no amount realized under such Liquidity Facility for the payment of the principal or the purchase or redemption price of such Indebtedness (exclusive of amounts realized for the payment of accrued interest on such Indebtedness) shall be required to be repaid by the obligor on such Long-Term Indebtedness for a period of at least one year.

“Liquidity Requirement” has the meaning given such term in Section 4.13 hereof.

“Liquidity Testing Date” means June 30 and December 31 of each Fiscal Year, beginning on June 30, 2022.

“Loan Forgiveness Program” means any federal or state loan program implemented with the intent to aid Persons in times of distress whereby a loan is made to a Person, but will be forgiven if certain conditions are satisfied within the time periods stated in such program. For example, the Small Business Administration’s Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act established in 2020 would qualify as a Loan Forgiveness Program.

“Local Government Commission” or “LGC” means the Local Government Commission of North Carolina, a division of the Department of the State Treasurer, and any successor or successors thereto.

“Long-Term Indebtedness” means, with respect to any Person, (a) all Indebtedness of such Person for money borrowed or credit extended, incurred or assumed which is not Short-Term Indebtedness; (b) all Short-Term Indebtedness incurred by the Person which is of the type described in Section 4.18(e) hereof; (c) the Person’s Guaranties of Indebtedness which are not Short-Term Indebtedness (but including Guaranties of Short-Term Indebtedness described in Section 4.18(e) hereof); and (d) lease payments under Finance Leases entered into by the Person; provided, however, that Indebtedness that could be described by more than one of the foregoing categories shall not in any case be considered more than once for the purpose of any calculation made pursuant to this Master Indenture.

“Majority Holders” means Holders of more than 50% in principal amount of the Outstanding Senior Obligations; provided, however, if no Master Obligations other than Subordinated Obligations and Subordinated Derivative Obligations are Outstanding, “Majority Holders” means Holders of more than 50% in principal amount of the Outstanding Subordinated Obligations and Subordinated Derivative Obligations.

“Management Consultant” means a professional consulting, accounting, investment banking or commercial banking firm or individual retained in accordance with Section 4.16 and having the skill and experience necessary to render the particular report required hereunder and having a favorable reputation for such skill and experience, which firm or individual does not control any Obligated Group Member or any Affiliate thereof and is not controlled by or under common control with any Obligated Group Member or an Affiliate thereof.

“Marketing Consultant” means any Consultant assuming such responsibilities in regard to the Project as further described in Section 4.14 and Section 4.15 and retained in accordance with Section 4.16.

“Marketing Requirements” has the meaning given such term in Section 4.14 hereof.

“Master Indenture” means this Master Trust Indenture, as supplemented or amended by all Supplemental Master Indentures authorized and executed pursuant to the terms of this Master Trust Indenture, including, without limitation, the Initial Supplemental Master Indenture and Supplement No. 2.

“Master Obligation” means any promissory note, guaranty, lease, contractual agreement to pay money or other obligation of any Obligated Group Member which is authenticated and delivered pursuant to this Master Indenture and which is entitled to the benefits of this Master Indenture.

“Master Obligation Register” means the register of ownership of the Master Obligations to be maintained pursuant to this Master Indenture.

“Master Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association, as master trustee hereunder, until a successor replaces it in accordance with

the applicable provisions of Article VIII hereof, and thereafter any successor in trust appointed pursuant to Article VIII hereof.

“Maturity” when used with respect to any Indebtedness means the date on which the principal of such Indebtedness or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption or otherwise.

“Maximum Annual Debt Service” means the largest Debt Service Requirement for any current or succeeding Fiscal Year, excluding Debt Service for Qualifying Intermediate-Term Indebtedness (provided, however, if the expansion or additional Facilities financed with such Qualifying Intermediate-Term Indebtedness has not achieved Stable Occupancy within 5 years of the issuance of such Qualifying Intermediate-Term Indebtedness, the foregoing exclusion shall no longer apply).

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Commission with the approval of the Obligated Group Representative, with written notice to the Master Trustee.

“Mortgaged Property” means the Community, the Project, and all other real property and personal property of the Obligated Group Member which is subject to the Deed of Trust and does not include Excluded Property.

“Net Rentals” means all fixed rents (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the leased Property other than upon termination of the lease for a default thereunder) payable under a lease or sublease of real or personal Property excluding any amounts required to be paid by the lessee (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges. Net Rentals for any future period under any so called “percentage lease” shall be computed on the basis of the amount reasonably estimated to be payable thereunder for such period, but in any event not less than the amount paid or payable thereunder during the immediately preceding period of the same duration as such future period; provided that the amount estimated to be payable under any such percentage lease shall in all cases recognize any change in the applicable percentage called for by the terms of such lease.

“New Member” shall have the meaning set forth in Section 6.01(a).

“Non-Mortgaged Facilities” means any Facilities which do not constitute Mortgaged Property.

“Non-Qualifying Portion” shall have the meaning set forth in the definition of “Indebtedness” in this Section 1.01.

“Non-Recourse Indebtedness” means any Indebtedness secured by a Lien, the liability for which is effectively limited to a security interest in or lien on Property purchased, improved or

acquired utilizing the proceeds of such Non-Recourse Indebtedness with no recourse, directly or indirectly, to any Member or any other Property of such Member.

“Obligated Group” means, collectively, all of the Obligated Group Members.

“Obligated Group Member” or “Member” means the Obligor and any other Person who has satisfied the requirements set forth in this Master Indenture for becoming an Obligated Group Member and its successors until any such Person or a successor Person satisfies the requirements set forth in this Master Indenture for ceasing to be an Obligated Group Member.

“Obligated Group Representative” means the Obligor, or any successor Obligated Group Representative appointed pursuant to Section 6.04 hereof.

“Obligated Group Representative Request” means a written order or request of the Obligated Group Representative signed by an Authorized Representative and delivered to the Master Trustee.

“Occupancy Quarter” shall have the meaning set forth in Section 4.14.

“Occupancy Requirements” shall have the meaning set forth in Section 4.14.

“Occupied” means an Independent Living Unit for which a Residency Agreement has been executed and all related Entrance Fees have been paid.

“Officer’s Certificate” means a certificate signed, in the case of a certificate delivered by an Obligated Group Member, by the Chief Executive Officer, the Executive Director, the Chief Financial Officer, the Chief Operating Officer, the President, any Vice President, the Director of Finance or any other Authorized Representative of any Obligated Group Member or, in the case of a certificate delivered by any other corporation, by the President, any Vice President, the Director of Finance or any other officer or agent authorized to sign by resolution of the Governing Body of such corporation or, in the case of a certificate delivered by any other Person, the chief executive or the chief financial officer of such other Person, in either case whose authority to execute such certificate shall be evidenced to the satisfaction of the Master Trustee.

“Operating Expenses” means, for any period, the aggregate of all expenses calculated under GAAP, including, without limitation, any accrual for taxes, assessments and insurance, incurred by the Person or group of Persons involved during such period, but excluding (a) depreciation and amortization, (b) extraordinary expenses, losses on the sale of assets other than in the ordinary course of business and losses on the extinguishment of debt or termination of pension plans, (c) any expenses resulting from a forgiveness of or the establishment of reserves against Indebtedness of an Affiliate which does not constitute an extraordinary expense, (d) losses resulting from any reappraisal, revaluation or write down of assets other than bad debts, (e) non-cash expenses or losses and (f) any development, marketing, operating or management fees that have been deferred from the year in which they were originally due. If such calculation of Operating Expenses is being made with respect to the Obligated Group, any such expenses attributable to transactions between any Member and any other Member shall be excluded.

“Opinion of Bond Counsel” means an opinion in writing signed by Bond Counsel.

“Opinion of Counsel” means a written opinion of counsel who may (except as otherwise expressly provided herein) be counsel to any Obligated Group Member or other counsel reasonably acceptable to the Master Trustee.

“Outstanding” when used with respect to Master Obligations means, as of the date of determination, all Master Obligations theretofore authenticated and delivered under this Master Indenture, except:

(a) Master Obligations theretofore cancelled and delivered to the Master Trustee or delivered to the Master Trustee for cancellation;

(b) Master Obligations, or portions thereof, for whose payment or redemption money (or Defeasance Obligations to the extent permitted by Section 10.02 of this Master Indenture) shall have theretofore been deposited with the Master Trustee or any Paying Agent for such Master Obligations in trust for the Holders of such Master Obligations pursuant to this Master Indenture; provided, that, if such Master Obligations are to be redeemed, notice of such redemption has been duly given or waived pursuant to this Master Indenture or irrevocable provision for the giving of such notice satisfactory to the Master Trustee has been made pursuant to this Master Indenture;

(c) Master Obligations upon transfer of or in exchange for or in lieu of which other Master Obligations have been authenticated and delivered pursuant to this Master Indenture; and

(d) that portion of the principal amount of a Master Obligation that corresponds to the unadvanced portion (if any) of a Related Bond as of any date of determination;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Master Obligations have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Master Obligations owned by any Obligated Group Member or any Affiliate of any Obligated Group Member shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Master Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Master Obligations that a Responsible Officer of the Master Trustee actually knows to be so owned shall be so disregarded. Master Obligations so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of a Responsible Officer of the Master Trustee the pledgee’s right so to act with respect to such Master Obligations and that the pledgee is not an Obligated Group Member or an Affiliate of any Obligated Group Member. For purposes hereof, the principal amount of any Master Obligation that evidences and secures Derivative Obligations shall be deemed to be zero and such Master Obligation shall be disregarded for purposes of any request, direction or consent of the Holders requested or permitted hereunder unless the related Hedge Agreement has terminated, in which case the principal amount of such Master Obligation shall be deemed to be the amount of any termination payment owed to the Holder of such Master Obligation.

“Paying Agent” means any Person authorized by the Obligated Group Representative to pay the principal of, premium, if any, interest or any other payment on any Master Obligations on behalf of the Obligated Group.

“Permitted Investments” means dollar denominated investments, to the extent permitted by law, in any of the following:

- (a) Government Obligations;
- (b) Debt obligations which are (i) issued by any state or political subdivision thereof or any agency or instrumentality of such state or political subdivision, and (ii) at the time of purchase, rated by any Rating Agency in one of the three highest categories assigned by such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);
- (c) Any bond, debenture, note, participation certificate or other similar obligation which is either (i) issued or guaranteed by the Federal National Mortgage Association, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation or the Federal Farm Credit Bank Association, or (ii) backed by the full faith and credit of the United States of America;
- (d) U.S. denominated deposit accounts, certificates of deposit, banker’s acceptances with domestic commercial banks, including the Master Trustee or its affiliates, or other bank products, which have a rating on their short-term certificates of deposit on the date of purchase of “A-1” by Standard & Poor’s, “F-1” by Fitch or “P-1” by Moody’s, and which mature not more than 360 days after the date of purchase;
- (e) Commercial paper which is rated at the time of purchase within the classification or higher “A-1” by Standard & Poor’s, “F-1” by Fitch or “P-1” by Moody’s, and which matures not more than 270 days after the date of purchase;
- (f) Bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by a corporation which are, at the time of purchase, rated by any Rating Agency in any of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);
- (g) Investment agreements with banks that at the time such agreement is executed are rated by any Rating Agency in one of the three highest rating categories assigned by such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) or investment agreements with non-bank financial institutions which, (i) all of the unsecured, direct long-term debt of either the non-banking financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency at the time such agreement is executed in one of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for obligations of that nature; or (ii) if such non-bank financial institutions have no outstanding long-term debt that is rated, all of the short-term debt of either the non-banking financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency in the highest rating category (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) assigned to short term indebtedness by such Rating Agency; provided that if at any time after purchase the provider of the investment agreement drops below the three highest rating categories assigned by such Rating Agency, the provider of the investment agreement must immediately notify the Master Trustee and the investment agreement must, within 30 days, either

(A) be assigned to a provider rated in one of the three highest rating categories or (B) be secured by the provider with collateral securities the fair market value of which, in relation to the amount of the investment agreement including principal and interest, is equal to at least 102%; investment agreements with banks or non-bank financial institutions shall not be permitted if no rating is available with respect to debt of the investment agreement provider or the related guarantor of such provider;

(h) Repurchase agreements with respect to and secured by Government Obligations or by obligations described in clauses (b) or (c) above, which agreements may be entered into with a bank (including, without limitation, a Related Bond Trustee or the Master Trustee), a trust company, financial services firm or a broker dealer, provided that (i) the Master Trustee or a custodial agent of the Master Trustee has possession of the collateral and the collateral is, to the knowledge of the Master Trustee, free and clear of third-party claims, (ii) a master repurchase agreement or specific written repurchase agreement governs the transaction, (iii) the collateral securities are valued no less frequently than weekly, and (iv) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%, and (v) such obligations must be held in the custody of a Related Bond Trustee or the Master Trustee’s agent;

(i) Accounts with the Series 2021B Lender; and

(j) Shares of a money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, having assets of at least \$100,000,000 and having a rating AAAM or AAAM-G by a Rating Agency, including money market mutual funds from which the Master Trustee or its affiliates derive a fee for investment advisory or other services to the fund.

Notwithstanding the foregoing, (i) with respect to any Debt Service Reserve Fund that secures one or more Master Obligations that secure Commission Bonds, an investment permitted by the North Carolina Health Care Facilities Finance Act, Chapter 131A of the General Statutes of North Carolina, or any successor statute, which as of the date of this Master Indenture is limited to Section 159-30 of the General Statutes of North Carolina, as amended, or any successor statute, and (ii) with respect to any other Debt Service Reserve Fund, the investments specified in any Supplemental Master Indenture directing that such Debt Service Reserve Fund be established or maintained, which may be specified by reference to investments of proceeds of Related Bonds permitted under the Related Bond Indenture

The Master Trustee shall be entitled to assume that any investment which at the time of purchase is a Permitted Investment remains a Permitted Investment thereafter (even if any rating is downgraded), absent receipt by a Responsible Officer of the Master Trustee of written notice or actual information to the contrary. To the extent such investment is no longer a Permitted Investment, the Obligated Group Representative shall promptly provide the Master Trustee an Obligated Group Representative Request with respect to any such investment pursuant to Section 3.02 herein, providing instructions for its sale and the reinvestment of the proceeds resulting therefrom.

“Permitted Liens” shall have the meaning given in Section 4.21 hereof.

“Person” means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“Place of Payment” for a series of Master Obligations means a city or political subdivision designated as such pursuant to this Master Indenture or a Supplemental Master Indenture.

“Premises” means the real property described in Exhibit A to the Deed of Trust, as it may be amended from time to time.

“Primary Obligor” means the Person who is primarily obligated on an obligation which is guaranteed by another Person.

“Project” means the renovation and expansion of the Existing Community, as more fully identified in the Series 2021A Loan Agreement.

“Project Independent Living Units” means the 44 independent living units that are part of the Project.

“Projected Rate” means the rate set forth in the most recent Revenue Bond Index, published by *The Bond Buyer*, or if such index is not published, such published index determined in good faith by the Obligated Group Representative, as of the date of the calculation or if such is not a Business Day, the immediately preceding Business Day.

“Property” means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired by a Person, but not including Excluded Property.

“Property, Plant and Equipment” means all Property of each Member which is classified as property, plant and equipment under GAAP.

“Put Date” means (a) any date on which an owner of Put Indebtedness may elect to have such Put Indebtedness paid, purchased or redeemed by or on behalf of the underlying obligor prior to its stated maturity date or (b) any date on which Put Indebtedness is required to be paid, purchased or redeemed from the owner by or on behalf of the underlying obligor (other than at the option of the owner) prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund or other than by reason of acceleration upon the occurrence of an event of default.

“Put Indebtedness” means Indebtedness which is (a) payable or required to be purchased or redeemed by or on behalf of the underlying obligor, at the option of the owner thereof, prior to its stated maturity date or (b) payable or required to be purchased or redeemed from the owner by or on behalf of the underlying obligor (other than at the option of the owner) prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund or other than by reason of acceleration upon the occurrence of an event of default.

“Qualifying Intermediate-Term Indebtedness” means (a) the Indebtedness evidenced by the Series 2021B-2 Bonds of the Series 2021B Bonds, and (b) all or any part of any Indebtedness

that (i) the average life of which is not expected to be greater than seven years, and (ii) is, according to a certificate of the Obligated Group Representative delivered to the Master Trustee, issued or incurred to finance Capital Additions, the Initial Entrance Fees from which (based solely on prospective residents from whom the Obligated Group has received a deposit of at least 10% of the projected Entrance Fee for such resident) are required to be deposited into an Entrance Fee Fund or other separate account and will equal or exceed the aggregate of the principal amount of such Qualifying Intermediate-Term Indebtedness.

“Rating Agency” means Moody’s, Standard & Poor’s or Fitch.

“Related Bond Indenture” means the Series 2021A Bond Indenture, the Series 2021B Indenture, and any other indenture, bond resolution, financing agreement or other comparable instrument pursuant to which a series of Related Bonds is issued.

“Related Bond Trustee” means the Bond Trustee and any other trustee and its successors in the trust created under any Related Bond Indenture other than the Series 2021 Bond Indentures.

“Related Bonds” means the Series 2021 Bonds and any other Bonds issued by any state, territory or possession of the United States or any municipal corporation or political subdivision formed under the laws thereof or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof (“governmental issuer”), pursuant to a single Related Bond Indenture, the proceeds of which are loaned or otherwise made available to any Obligated Group Member in consideration of the execution, authentication and delivery of a Master Obligation to or for the order of such governmental issuer.

“Related Issuer” means the governmental issuer of any Related Bonds.

“Related Loan Agreement” means the Series 2021A Loan Agreement, the Series 2021B Loan Agreement and any other loan agreement, financing agreement, credit agreement or other comparable instrument entered into in connection with a series of Related Bonds.

“Required Information Recipient” means the Master Trustee, each Related Bond Trustee, the Initial Underwriter and EMMA.

“Reserved” means an Independent Living Unit (a) which is Occupied or (b) for which an Obligated Group Member has received a deposit equal to not less than 10% of the Entrance Fee related to such Independent Living Unit.

“Residency Agreement” means each and every contract, including, without limitation, any “Reservation Agreement” or “Residency Agreement”, as amended from time to time, between an Obligated Group Member and a resident of the Obligated Group’s Facilities, including the Project, giving the resident certain rights of occupancy in the Facilities, including, without limitation, the Independent Living Units, assisted living units or skilled nursing beds and providing for certain services to such resident.

“Responsible Officer” when used with respect to the Master Trustee means the officer in the corporate trust department or comparable department of the Master Trustee at its Corporate Trust Office having direct responsibility for administration of this Master Indenture and also

means, with respect to a particular corporate trust matter, any other officer of the Master Trustee to whom such matter is referred because of such person's knowledge of and familiarity with the particular subject.

"Revenue Fund" means the fund created by Section 3.01 hereof.

"Revenues" means, for any period, (a) in the case of any Person providing health care services and/or senior living services, the sum of (i) net patient service revenues and resident service revenues, plus (ii) other operating revenues, plus (iii) non-operating revenues (other than Contributions, income derived from the sale of assets not in the ordinary course of business, any gain from the extinguishment of debt or other extraordinary item, earnings which constitute Funded Interest or earnings on amounts which are irrevocably deposited in escrow to pay the principal of or interest on Indebtedness, but including investment income), plus (iv) Unrestricted Contributions, plus (v) Entrance Fees (other than Initial Entrance Fees to the extent such Initial Entrance Fees have been designated to be used to repay Short-Term Indebtedness or Qualifying Intermediate-Term Indebtedness related to the Facilities in receipt of such Initial Entrance Fees) received, minus (A) Entrance Fees amortized during such period and (B) Entrance Fees refunded to residents; and (b) in the case of any other Person, gross revenues less sale discounts and sale returns and allowances, as determined in accordance with GAAP; but excluding in either case (i) any unrealized gain or loss resulting from changes in the valuation of investment securities or unrealized changes in the value of derivative investments, (ii) any gains on the sale or other disposition of fixed or capital assets not in the ordinary course, (iii) earnings resulting from any reappraisal, revaluation or write up of fixed or capital assets, (iv) any revenues recognized from deferred revenues related to Entrance Fees and (v) insurance (other than business interruption) and condemnation proceeds; provided, however, that if such calculation is being made with respect to the Obligated Group, such calculation shall be made in such a manner so as to exclude any revenues attributable to transactions between any Member and any other Member. For purposes of calculations under this Master Indenture, an Unrestricted Contribution from an Affiliate shall be treated as being made during the period of such calculation so long as the Unrestricted Contribution is made prior to the date the applicable certificate is required to be delivered with respect to such calculation.

"Senior Bonds" means, collectively, the Series 2021 Bonds, and any other bonds issued pursuant to a Related Bond Indenture that are not a Subordinated Indebtedness.

"Senior Obligation" means any Master Obligation that is not a Subordinated Derivative Obligation or a Subordinated Obligation.

"Series 2021 Bond Indentures" means, collectively, the Series 2021A Bond Indenture and the Series 2021B Bond Indenture.

"Series 2021 Bonds" means, collectively, the Series 2021A Bonds and the Series 2021B Bonds.

"Series 2021A Bond Indenture" means the Trust Agreement dated as of December 1, 2021, between the Commission and the Bond Trustee, relating to the Series 2021A Bonds.

"Series 2021A Bonds" means the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021A issued pursuant to the Series 2021A Bond Indenture.

"Series 2021A Loan Agreement" means the Loan Agreement dated as of December 1, 2021, between the Commission and the Obligated Group Representative, relating to the Series 2021A Bonds.

"Series 2021B Bond Indenture" means the Trust Agreement dated as of December 1, 2021, between the Commission and the Bond Trustee, relating to the Series 2021B Bonds.

"Series 2021B Bonds" means the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Plantation Village, Inc.) Series 2021B issued pursuant to the Series 2021B Bond Indenture as the Series 2021B-1 Bonds and the Series 2021B-2 Bonds.

"Series 2021B Loan Agreement" means the Loan Agreement dated as of December 1, 2021, between the Commission and the Obligated Group Representative, relating to the Series 2021B Bonds.

"Series 2021B Lender" means First-Citizens Bank & Trust Company.

"Short-Term Indebtedness" means all Indebtedness, other than the current portion of Long-Term Indebtedness, incurred or assumed by one or more Members with respect to any of the following:

- (a) payments of principal and interest with respect to money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one year or less;
- (b) payments under leases that are capitalized in accordance with generally accepted accounting principles having an original term, or are renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and
- (c) payments under installment purchase or conditional sale contracts having an original term of one year or less.

"Stable Occupancy" means (a) with respect to the Project, the first full Fiscal Year in which the average occupancy of the Project Independent Living Units reaches 85%, and (b) with respect to any other Capital Addition which includes additional Independent Living Units, the first full Fiscal Year in which the average occupancy of such additional Independent Living Units reaches 85% or such percentage specified in a Supplemental Master Indenture for the issuance of a Master Obligation to finance such Capital Addition.

"Standard & Poor's" means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer

to any other nationally recognized securities rating agency designated by the Commission with the approval of the Obligated Group Representative, with written notice to the Master Trustee.

“Stated Maturity” when used with respect to any Indebtedness or any installment of interest thereon means any date specified in the instrument evidencing such Indebtedness or such installment of interest as a fixed date on which the principal of such Indebtedness or any installment thereof or the fixed date on which such installment of interest is due and payable.

“Subordinated Derivative Obligation” means, unless otherwise provided in the Supplemental Master Indenture creating a Master Obligation that evidences and secures Derivative Obligations, payment of the portion of such Master Obligation that evidences and secures termination payments and any other payments except regularly scheduled payments under a Hedge Agreement. Unless otherwise provided in the Supplemental Master Indenture creating a Master Obligation that evidences and secures Derivative Obligations, payment of the portion of such Master Obligation that evidences and secures termination payments and any other payments except regularly scheduled payments under a Hedge Agreement shall be subordinate to payment of the Senior Obligations.

“Subordinated Indebtedness” means (a) Affiliate Subordinated Indebtedness, (b) any promissory note, guaranty, lease, contractual agreement to pay money or other obligation meeting the requirements of Section 4.27, and (c) any Related Bonds (other than Senior Bonds) issued or to be issued pursuant to a Related Bond Indenture as bonds subordinate in priority to the Senior Bonds.

“Subordinated Obligation” means any Master Obligation that evidences Subordinated Indebtedness.

“Supplement No. 2” means Supplemental Master Indenture Number 2, dated as of December 1, 2021, between the Obligated Group Representative and the Master Trustee.

“Supplemental Master Indenture” means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Indenture.

“Tax-Exempt Organization” means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and which is exempt from federal income taxes under Section 501(a) of the Code or corresponding provisions of federal income tax laws from time to time in effect.

“Tax-Exempt Related Bonds” means Related Bonds for which an Opinion of Bond Counsel that interest thereon is excludable from gross income for federal income tax purposes was delivered upon initial issuance delivery of such Related Bonds.

“Total Operating Revenues” means, with respect to the Obligated Group, as to any period of time, total operating revenues, as determined in accordance with GAAP applied.

“Trust Estate” has the meaning given such term in the Granting Clauses hereof.

“Unrestricted Contributions” means Contributions which are not restricted in any way that would prevent their application to the payment of debt service on Indebtedness of the Person receiving such Contributions.

“Unsecured Indebtedness” means any Indebtedness not secured by any mortgage, deed of trust, including the Deed of Trust, pledge of, security interest in or encumbrance or other lien on any Property of any Member and any other Indebtedness not secured in any manner.

“Variable Rate Indebtedness” means any portion of Indebtedness the interest rate on which is not established at the time of incurrence at a fixed or constant rate.

Section 1.02. Compliance Certificates and Reports.

Whenever the amount or date of any of the following is a condition to the taking of any action permitted hereby,

(a) Estimated Revenues, Expenses, Cash and Investments and Income Available for Debt Service of any Person for any future Fiscal Year shall be established by a certificate or report of a Consultant stating the amount of such estimated item based upon assumptions provided by such Person and stating that such assumptions are, in the opinion of the Consultant, reasonable;

(b) Any of:

(i) Revenues, Expenses, Cash and Investments and Income Available for Debt Service of any Person for any prior Fiscal Year or period,

(ii) Maximum Annual Debt Service of any Person, and

(iii) principal of and interest on any Indebtedness

shall be established by an Officer’s Certificate of the Obligated Group Representative stating the amount of such item and that such amounts have been derived from either the most recent financial statements of the Obligated Group delivered to the Master Trustee pursuant to Section 4.22 hereof or, for any period other than a prior Fiscal Year, from the internally prepared financial statements of the Obligated Group for such period;

(c) The anticipated date of completion of any construction project of any Person shall be established by an Officer’s Certificate of the Obligated Group Representative; and

(d) Securities shall include any amounts invested in marketable securities, whether classified as short term or long term assets.

All calculations required to be made hereunder with respect to the Obligated Group shall be made after elimination of intercompany items among the Obligated Group but would not exclude Unrestricted Contributions from other Persons. The character or amount of any asset, liability or item of income or expense required to be determined or any consolidation, combination or other accounting computation required to be made for the purposes hereof shall be determined or made in accordance with GAAP in effect on the date hereof or, at the option of the Obligated

Group Representative, at the time in effect (provided that such GAAP are applied consistently with the requirements existing either on the date hereof or at the time in effect) as applied to the Obligated Group, on a consistent basis by its accountants in the preparation of its previous annual financial statements, and unless otherwise indicated, all accounting terms and covenants shall be applied on a consolidated basis, except that assets, liabilities, items of income and expenses of Affiliates which are not included in the Obligated Group shall not be taken into account, and except where such principles are inconsistent with the requirements of this Master Indenture; provided, however, that there shall not be included in any calculation any item otherwise required to be included in such calculation with respect to any Person which has withdrawn or is withdrawing from the Obligated Group.

Section 1.03. Form of Documents Delivered to Master Trustee.

Upon any request or application by the Obligated Group to the Master Trustee in writing to take any action under this Master Indenture, other than an action authorized to be taken pursuant to an Obligated Group Representative Request, the Obligated Group shall furnish to the Master Trustee (a) an Officer's Certificate stating that, in the opinion of the signer, all conditions precedent and covenants, if any, provided for in this Master Indenture relating to the proposed action have been satisfied; and (b) an Opinion of Counsel stating that, in the opinion of such counsel (who may rely upon an Officer's Certificate as to matters of fact), all such conditions precedent and covenants have been satisfied.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of any officer of a Person may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel or Opinion of Bond Counsel may be based, in so far as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of a specified Person stating that the information with respect to such factual matters is in the possession of such Person, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Master Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.04. Acts of Holders of Master Obligations.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Master Indenture to be given or taken by Holders of Master Obligations may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders of Master Obligations in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Master Trustee, and, where it is hereby expressly required, to the Obligated Group Representative. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders of Master Obligations signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of unregistered Obligations, shall be sufficient for any purpose of this Master Indenture and conclusive in favor of the Master Trustee and the Obligated Group Members, if made in the manner provided in this Section. The Obligated Group may establish a record date for purposes of determining the identity of Holders entitled to vote or consent to any action by vote or consent authorized or permitted under this Master Indenture.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

(c) The ownership of Master Obligations in registered form shall be proved by the Master Obligation Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Master Obligation shall bind every future Holder of the same Master Obligation and the Holder of every Master Obligation issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Master Trustee or the Obligated Group Members in reliance thereon, whether or not notation of such action is made upon such Master Obligation.

(e) In the event that any request, direction or consent is requested or permitted hereunder of the Holders, (i) the registered owners of Related Bonds then outstanding shall be deemed to be such Holders for the purpose of any such request, direction or consent in the proportion that the aggregate principal amount of Related Bonds then outstanding held by each such owner of Related Bonds bears to the aggregate principal amount of all Related Bonds then outstanding; provided, however, if the Related Bond Indenture so provides, if at any time a letter of credit or bond insurance policy secures payment of the principal of and interest on such Related Bonds, then the provider of such letter of credit or bond insurance policy shall be deemed to be the Holders of such Related Bonds except during any period when such provider has failed to honor its obligations under such letter of credit or bond insurance policy and (ii) the principal amount of any Master Obligation that evidences and secures Derivative Obligations shall be

deemed to be zero and such Master Obligation shall be disregarded for purposes of any request, direction or consent of the Holders requested or permitted hereunder unless the related Hedge Agreement has terminated, in which case the principal amount of such Master Obligation shall be deemed to be the amount of any termination payment (as determined pursuant to the terms of the applicable Hedge Agreement) owed to the Holder of such Master Obligation. In connection with the initial offering and sale of Related Bonds, the underwriters (or their representative) of such Related Bonds shall be deemed to be the initial Holders thereof or, if such Related Bonds so provide, may be appointed as attorney-in-fact by the initial purchasers of such Related Bonds for the purpose of consenting to any request, direction, consent or other instrument to be signed and executed by the Holders.

Section 1.05. Notices, etc. to Master Trustee and Obligated Group Members. Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders of Master Obligations or other document provided or permitted by this Master Indenture to be made upon, given or furnished to, or filed with:

(a) The Master Trustee by any Holder of Master Obligations or by any specified Person shall be sufficient for every purpose hereunder if actually received by The Bank of New York Mellon Trust Company, N.A., 4655 Salisbury Road, Suite 300, Jacksonville, Florida 32256, or at any other address previously furnished in writing to the Obligated Group Representative by the Master Trustee;

(b) The Obligated Group Members by the Master Trustee or by any Holder of Master Obligations shall be sufficient for every purpose hereunder if in writing and mailed, registered or certified first class postage prepaid, to the Obligated Group Representative addressed to it c/o Plantation Village, 1200 Porters Neck Road, Wilmington, North Carolina 28411, Attention: Executive Director, or at any other address previously furnished in writing to the Master Trustee by the Obligated Group Representative.

The Master Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Master Indenture and delivered using Electronic Means; provided, however, that the Obligated Group Representative shall provide to the Master Trustee an incumbency certificate listing officers of the Obligated Group Members with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Obligated Group Representative whenever a person is to be added or deleted from the listing. If the Obligated Group Representative elects to give the Master Trustee Instructions using Electronic Means and the Master Trustee in its discretion elects to act upon such Instructions, the Master Trustee’s understanding of such Instructions shall be deemed controlling. The Obligated Group Members understand and agree that the Master Trustee cannot determine the identity of the actual sender of such Instructions and that the Master Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Master Trustee have been sent by such Authorized Officer. The Obligated Group Representative shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Master Trustee and that the Obligated Group and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Obligated Group. The Master

Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Master Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Obligated Group Members agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Master Trustee, including without limitation the risk of the Master Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Master Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Obligated Group Representative; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Master Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 1.06. Notices to Holders of Obligations; Waiver. Where this Master Indenture provides for notice to Holders of Master Obligations of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first class postage prepaid, to each Holder of such Master Obligations, at its address as it appears on the Master Obligation Register, not later than the latest date, and not earlier than the earliest date, prescribed for the transmission of such notice; provided, however, if notice is permitted by the terms of this Master Indenture to be sent by electronic mail, the provisions of Section 1.05 hereof shall apply. Where this Master Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders of Master Obligations shall be filed with the Master Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1.07. Notices to Rating Agencies. If any of the Bonds are then rated by a Rating Agency, the Obligated Group Representative shall give prompt notice to such Rating Agency of any of the following events:

- (a) any Event of Default hereunder;
- (b) the incurrence by any Obligated Group Member of any Long-Term Indebtedness;
- (c) any addition to or withdrawal from the Obligated Group; and
- (d) any Hedge Agreement entered into by any Obligated Group Member.

Section 1.08. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.09. Successors and Assigns. All covenants and agreements in this Master Indenture by the Obligated Group Members shall bind their respective successors and assigns, whether so expressed or not.

Section 1.10. Severability Clause. In case any provision in this Master Indenture or in the Master Obligations shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.11. Governing Law. This Master Indenture shall be construed in accordance with and governed by the laws of the State of North Carolina, without regard to conflict of law principles.

Section 1.12. U.S.A. PATRIOT Act. The Obligated Group acknowledges that, in accordance with Section 326 of the U.S.A. PATRIOT Act, the Master Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Master Trustee. The parties to this Master Indenture agree that they will provide the Master Trustee with such information as it may request in order for the Master Trustee to satisfy the requirements of the U.S.A. PATRIOT Act.

[End of Article I]

ARTICLE II THE MASTER OBLIGATIONS

Section 2.01. Series and Amount of Master Obligations.

(a) Master Obligations shall be issued under this Master Indenture in series created by Supplemental Master Indentures permitted hereunder. Each series shall be designated to differentiate the Master Obligations of such series from the Master Obligations of any other series. No Master Obligation issued hereunder shall be secured on a basis senior to other Master Obligations (other than Master Obligations which constitute Subordinated Obligations or Subordinated Derivative Obligations); provided, however, that the provision of a Hedge Agreement, a Credit Facility or the establishment of a debt service reserve fund or account for the benefit of the Holders of certain Master Obligations shall not be considered as the providing of security for such Master Obligations. The number of series of Master Obligations that may be created under this Master Indenture is not limited. The aggregate principal amount of Master Obligations of each series that may be created under this Master Indenture is not limited except as restricted by Supplemental Master Indenture, the provisions of Article IV of this Master Indenture and the following sentence. No Master Obligation to evidence and secure Derivative Obligations may be issued to the extent that the notional amount of such Master Obligation, when added to the notional amount of all other Outstanding Master Obligations that evidence and secure Derivative Obligations, would exceed the aggregate principal amount of all Outstanding Master Obligations that evidence and secure Indebtedness.

(b) Any Obligated Group Member proposing to incur Indebtedness or Derivative Obligations, other than the Initial Master Obligations, whether evidenced by Master Obligations issued pursuant to a Supplemental Master Indenture or by evidences of Indebtedness or Derivative Obligations issued pursuant to documents other than this Master Indenture, shall give written notice of its intention to incur such Indebtedness or Derivative Obligations, including in such notice the amount of Indebtedness or Derivative Obligations to be incurred, to the Obligated Group Representative and the other Obligated Group Members. The Obligated Group Representative shall provide the Master Trustee with a copy of any such notice it receives prior to the date of incurrence of such Indebtedness or Derivative Obligations. Any such Obligated Group Member, other than the Obligated Group Representative, proposing to incur such Indebtedness or Derivative Obligations other than the Initial Master Obligations shall obtain the written consent of the Obligated Group Representative, which consent shall be evidenced by an Officer's Certificate of the Obligated Group Representative filed with the Master Trustee or an endorsement to such Indebtedness or Derivative Obligations signed by the Obligated Group Representative, a copy of which shall be filed with the Master Trustee. The Initial Master Obligations are issued simultaneously with the execution and delivery hereof.

Section 2.02. Appointment of Obligated Group Representative. Each Obligated Group Member, by becoming an Obligated Group Member, irrevocably appoints the Obligated Group Representative as its agent and true and lawful attorney in fact and grants to the Obligated Group Representative (a) full and exclusive power to execute Supplemental Master Indentures authorizing the issuance of Master Obligations or series of Master Obligations, (b) full and exclusive power to execute Master Obligations for and on behalf of the Obligated Group and each Obligated Group Member, (c) full and exclusive power to execute Supplemental Master Indentures

Trustee a mortgagee title insurance policy (on the current ALTA edition) in the aggregate amount of all Master Obligations secured by the Deed of Trust (and the title insurance company shall have agreed to insure the “gap”), less any amounts on deposit in a Debt Service Reserve Fund. Such policy must insure that good and marketable fee simple title to the property covered thereby is vested of record in the Obligor, that the lien of the Deed of Trust is a first lien on the Mortgaged Property, and that title to such Mortgaged Property is subject only to those covenants, conditions, restrictions, easements, rights of way and other matters of record that are acceptable to the Master Trustee. The Obligated Group Members must provide to the Master Trustee, for the Master Trustee’s approval, copies of all documents described or referred to in the title insurance policy. Such policy must insure affirmatively against any mechanics’ and materialmen’s liens and must contain such additional affirmative coverages and endorsements as the Master Trustee may reasonably require (including, without limitation, comprehensive, same as survey, access, subdivision, separate tax lot, interest rate swap and zoning endorsements) and otherwise must be satisfactory to the Master Trustee in all respects.

(d) Prior to the issuance of any Master Obligations under any Supplemental Master Indenture following the Initial Supplemental Master Indenture and Supplement No. 2, the Obligated Group Members shall have executed and delivered to the Master Trustee (i) an amendment or supplement to or other modification of the Deed of Trust, or a new Deed of Trust, as necessary to increase the amount secured thereby to include the Master Obligations being issued pursuant to such Supplemental Master Indenture or to add the financed facilities as Mortgaged Property, together with evidence of delivery thereof to the title company, and (ii) an endorsement to the mortgagee title insurance policy increasing the amount insured thereby to the aggregate amount of all Master Obligations secured by the Deed of Trust, insuring the “gap” with respect to the amendment or supplement to or other modification of the Deed of Trust, and confirming that the lien of the Deed of Trust is a first lien on the Mortgaged Property, and that title to such Mortgaged Property is vested in the Obligor subject only to those covenants, conditions, restrictions, easements, rights of way and other matters of record that are acceptable to the Master Trustee;

(e) The Obligated Group Representative shall have delivered to the Master Trustee copies of Uniform Commercial Code of the State of North Carolina financing statements filed (or delivered to the title company for filing) pursuant to Section 4.03, and the Master Trustee will have received evidence satisfactory to it that there are no conflicting financing statements or security interests; and

(f) Such other documents as the Master Trustee may reasonably request.

Section 2.06. List of Holders of Master Obligations. The Master Trustee shall keep on file at its office the Master Obligation Register which shall consist of a list of the names and addresses of the Holders of all Master Obligations. After reasonable notice to the Master Trustee, at reasonable times and under reasonable regulations established by the Master Trustee, the Master Obligation Register may be inspected and copied by any Obligated Group Member, the Holder of any Master Obligation or the authorized representative thereof, provided that the ownership by such Holder and the authority of any such designated representative shall be evidenced to the satisfaction of the Master Trustee.

Section 2.07. Optional and Mandatory Redemption. Master Obligations of each series shall be subject to optional and mandatory redemption in whole or in part and may be redeemed prior to maturity, as provided in the Supplemental Master Indenture creating such series, but not otherwise.

Section 2.08. Mutilated, Destroyed, Lost and Stolen Master Obligations. If (a) any mutilated Master Obligation is surrendered to the Master Trustee, or the Obligated Group Representative and the Master Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Master Obligation, and (b) there is delivered to the Master Trustee such security or indemnity as may be required by the Master Trustee to save it and the Obligated Group Representative harmless, then, in the absence of actual notice to the Obligated Group Representative or a Responsible Officer of the Master Trustee that such Master Obligation has been acquired by a bona fide purchaser, the Obligated Group Representative shall execute and upon its written request the Master Trustee shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Master Obligation a new Master Obligation of like tenor, series, interest rate and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Master Obligation has become or is about to become due and payable, the Obligated Group Representative in its discretion may, instead of issuing a new Master Obligation, pay such Master Obligation. Upon the issuance of any new Master Obligation under this Section, the Obligated Group Representative and the Master Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Master Trustee) connected therewith. Every new Master Obligation issued pursuant to this Section in lieu of any destroyed, lost or stolen Master Obligation shall constitute an original additional contractual obligation of the maker thereof, whether or not the destroyed, lost or stolen Master Obligation shall be at any time enforceable by anyone, and shall be entitled to all the benefits and security of this Master Indenture equally and proportionately with any and all other Master Obligations duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Master Obligations.

Section 2.09. Cancellation. All Master Obligations surrendered for payment, redemption, transfer or exchange shall, if delivered to any Person other than the Master Trustee, be delivered to the Master Trustee and, if not already canceled or required to be otherwise delivered by the terms of the Supplemental Master Indenture authorizing the series of Master Obligations of which such Master Obligation is a part, shall be promptly canceled by it. The Obligated Group Representative may at any time deliver to the Master Trustee for cancellation any Master Obligations previously authenticated and delivered hereunder, which the Obligated Group Representative may have acquired in any manner whatsoever, and all Master Obligations so delivered shall be promptly canceled by the Master Trustee. No Master Obligations shall be authenticated in lieu of or in exchange for any Master Obligations canceled as provided in this Section, except as expressly permitted by this Master Indenture. All canceled Master Obligations held by the Master Trustee shall be treated by the Master Trustee in accordance with its current document retention policies.

[End of Article II]

**ARTICLE III
FUNDS AND ACCOUNTS**

Section 3.01. Revenue Fund.

(a) If an Event of Default under Section 7.01(a) of this Master Indenture shall occur and continue for a period of five days, the Master Trustee shall open a fund called "Revenue Fund – Plantation Village Project" and each Obligated Group Member shall deposit or cause to be deposited with the Master Trustee for deposit into the Revenue Fund all Gross Revenues of such Obligated Group Member and any set-off amounts from any Holder pursuant to Section 7.18 during each succeeding month, beginning on the first day thereof and on each day thereafter, until no default under Section 7.01(a) of this Master Indenture or in the payment of any other Master Obligations then exists.

(b) On the fifth (5th) Business Day preceding the end of each month in which any Obligated Group Member has made payments to the Master Trustee for deposit into the Revenue Fund or such earlier date as directed by the Majority Holders, the Master Trustee shall withdraw and pay or deposit from the amounts on deposit in the Revenue Fund the following amounts in the order indicated:

FIRST: To the payment of all Administrative Expenses;

SECOND: To the payment of refunds owed to residents of the Community, as demonstrated by an Officer's Certificate;

THIRD: To an operating account designated by the Obligated Group Representative (which shall not be subject to the lien of this Master Indenture), the amount necessary to pay the Expenses due or expected to become due in the month following the month in which such transfer is made, all as set forth in the then-current Annual Budget and including any rebate amounts due and to be deposited in any rebate fund established under any Related Bond Indenture; provided that if the principal of all the Master Obligations has been declared to be due and payable immediately, and if, as an alternative to payment under the preceding clause, in its sole discretion, the Master Trustee determines payment under this proviso is in the best interest of the Holders of the Outstanding Master Obligations or is directed by the Holders of not less than 25% in principal amount of the Outstanding Senior Obligations to proceed under this proviso, to pay the amounts required by paragraph FOURTH below;

FOURTH: To the payment of the amounts then due and unpaid upon the Senior Obligations for principal, premium, if any, and interest in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind (except as may otherwise be provided in a Supplemental Master Indenture with respect to withdrawals from the Debt Service Reserve Fund), according to the amounts due and payable on such Master Obligations for principal, premium, if any, and interest, respectively;

FIFTH: To restore any deficiency in any Debt Service Reserve Fund;

SIXTH: If the amounts then due and unpaid upon all Senior Obligations have been paid in full, to the payment of the amounts then due and unpaid upon any Subordinated Derivative Obligations, without preference or priority of any kind except as provided in the Supplemental Master Indenture pursuant to which such Subordinated Derivative Obligations were issued;

SEVENTH: If the amounts then due and unpaid upon all Master Obligations other than Subordinated Obligations have been paid in full, to the payment of the amounts then due and unpaid upon any Subordinated Obligations for principal, premium, if any, and interest, without preference or priority of any kind except as provided in the Supplemental Master Indenture pursuant to which such Subordinated Obligations were issued; and

EIGHTH: any amounts remaining shall be deposited in the Surplus Account of the Revenue Fund.

(c) The moneys held in the Surplus Account of the Revenue Fund (i) may be used to pay any of items FIRST through SEVENTH above and (ii) may be released to the Obligated Group so long as (A) there are no deficiencies in any Debt Service Reserve Fund, (B) the Obligated Group met the Debt Service Coverage Ratio covenant under Section 4.12, the Liquidity Requirement under Section 4.13, and the Marketing Requirements and the Occupancy Requirements under Section 4.14 for the most recent Fiscal Year, if applicable for such Fiscal Year, and (C) no Event of Default has then occurred and is continuing.

If the Revenue Fund is in effect and there are not sufficient funds to pay items FIRST through FOURTH, or if the Revenue Fund is not in effect and the Obligated Group does not have sufficient Revenues in its operating account to pay items FIRST through FOURTH, money will be withdrawn from a Debt Service Reserve Fund for such purpose if so provided in the Supplemental Master Indenture or Related Bond Indenture establishing such Debt Service Reserve Fund.

(d) The money deposited to the Revenue Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in this Section and in Section 7.08 hereof. Pending disbursements of the amounts on deposit in the Revenue Fund, the Master Trustee shall promptly invest and reinvest such amounts in accordance with Section 3.02 hereof. All such investments shall have a maturity not greater than 91 days from date of purchase.

(e) Except as described in Section 3.01(a) herein, each Obligated Group Member shall be entitled to full possession and use of its Gross Revenues other than Initial Entrance Fees required to be transferred to the Master Trustee for deposit in an Entrance Fee Fund.

(f) Notwithstanding the foregoing provisions of this Section 3.01, if the North Carolina Commissioner of Insurance obtains an order pursuant to Section 58-64-45 of the General Statutes of North Carolina, as amended, or any successor statute or provision, directing or authorizing the Commissioner to rehabilitate or liquidate the Facilities, the Master Trustee shall, if required by

such order, deliver and direct the Obligated Group Members to deliver all Gross Revenues to said Commissioner or any other Person specified in such order.

(g) Notwithstanding any provision of this Section to the contrary, for purposes of this Section, “interest” on Master Obligations that evidence and secure Derivative Obligations shall mean regularly scheduled payments under the applicable Hedge Agreement and “principal” of such Master Obligations shall mean termination payments and any other payments except regularly scheduled payments under the applicable Hedge Agreement. For the purpose of determining the amount of unpaid principal of and interest on any Derivative Obligation, the Master Trustee may conclusively rely on a written statement from the Holder of such Derivative Obligation as to such amount.

Section 3.02. Investment of Funds.

Any moneys held by the Master Trustee hereunder as part of any fund or account established under this Master Indenture shall be invested or reinvested by the Master Trustee in Permitted Investments upon the receipt of an Obligated Group Representative Request (upon which the Master Trustee is entitled to conclusively rely). Any such investments shall be held by or under the control of the Master Trustee and shall mature, or be redeemable at the option of the Master Trustee, at such times as it is anticipated by the Obligated Group Representative that moneys from the particular fund will be required for the purposes of this Master Indenture. For the purpose of any investment or reinvestment under this Section, investments shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligation. Any Permitted Investments may be purchased from or sold to the Master Trustee or any of its respective affiliates and subsidiaries. The Master Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. The Master Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries and may charge its ordinary and customary fees for such trades. In the absence of written investment instructions from the Obligated Group Representative, the Master Trustee shall hold funds on deposit without investment and without liability for interest or other compensation thereon and shall not be responsible or liable for keeping the moneys held by it hereunder fully invested. Broker confirmations of investments are not required to be issued by the Master Trustee for each month in which a monthly statement is rendered or otherwise made available by the Master Trustee.

The Master Trustee shall keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys held under this Master Indenture. The Master Trustee shall make copies of such records available to the Obligated Group Representative upon its reasonable written request.

Section 3.03. Allocation and Transfers of Investment Income. Any investments in any fund or account shall be held by or under the control of the Master Trustee and shall be deemed at all times a part of the fund or account from which the investment was made. Any loss resulting from such investments shall be charged to such fund or account.

Section 3.04. Master Trustee Relieved From Responsibility. The Master Trustee shall be fully protected in conclusively relying upon any Obligated Group Representative Request relating to investments in any fund, shall not be liable for any losses or prepayment penalties as a result of complying with any such Obligated Group Representative Request and shall not be required to ascertain any facts with respect to such Request.

[End of Article III]

**ARTICLE IV
COVENANTS OF THE OBLIGATED GROUP MEMBERS**

Section 4.01. Title to Trust Estate and Lien of this Instrument and Deed of Trust.

Each Obligated Group Member has good and indefeasible title to its portion of the Trust Estate free and clear of any liens, charges, encumbrances, security interests and adverse claims whatsoever except Permitted Liens. Each Obligated Group Member represents that it has the right to mortgage or grant a security interest in its portion of the Trust Estate and will warrant and defend to the Master Trustee the title and the lien of this Master Indenture and the Deed of Trust as valid and enforceable liens thereon or security interests therein. This Master Indenture and the Deed of Trust constitute valid and subsisting liens on the Trust Estate, all in accordance with the terms hereof.

Section 4.02. Further Assurances. Each Obligated Group Member, upon the request of the Master Trustee, will execute, acknowledge, deliver and record and/or file such further instruments and do such further acts as may be necessary, desirable or proper to carry out more effectively the purpose of this Master Indenture and the Deed of Trust to subject the Trust Estate to the liens and security interests of this Master Indenture and the Deed of Trust. Each Obligated Group Member, to the extent that Gross Revenues are not on deposit with the Master Trustee pursuant to the provisions of this Master Indenture, upon the request of the Master Trustee, shall take such actions as are necessary to cause the Master Trustee to have and maintain "control" (within the meaning of Section 8-106 and 9-104 of the Uniform Commercial Code) of all deposit accounts with any depository institution maintaining such accounts in which any Gross Revenues are on deposit such that the security interests granted by this Master Indenture will constitute valid and perfected security interests in such Gross Revenues in favor of the Master Trustee, enforceable in accordance with the terms hereof, against all creditors of such Obligated Group Members and is and will be prior to all other liens or security interests on such Gross Revenues under applicable law.

Section 4.03. Recording and Filing. The Obligated Group Members shall cause the Deed of Trust and all other instruments necessary to create, perfect and/or preserve the liens and security interests granted hereunder and all amendments and supplements thereto and substitutions therefor to be recorded, filed, re-recorded and refiled in such manner and in such places as are necessary to protect the lien on and security interests in the Trust Estate and will pay all such recording, filing, re-recording and refiling taxes, fees and other charges. In addition to the rights granted under Section 11.06 hereof, each Obligated Group Member hereby authorizes the Master Trustee at any time and from time to time to file any amendments to financing statements and any continuation statements as authorized by applicable law to maintain the perfection of the security interest in the Trust Estate granted to the Master Trustee. For purposes of such filings, each Obligated Group Member agrees to furnish any information requested by the Master Trustee promptly upon request by the Master Trustee. Each Obligated Group Member hereby irrevocably constitutes and appoints the Master Trustee and any officer or agent of the Master Trustee, with full power of substitution, as its true and lawful attorneys in fact with full irrevocable power and authority in the place and stead of such Obligated Group Member or in the Obligated Group Member's own name to execute in the Obligated Group Member's name any documents and otherwise to carry out the purposes of this Section 4.03, to the extent that the Obligated Group Member's authorization above is not sufficient. To the extent permitted by law, each Obligated

Group Member hereby ratifies all acts said attorneys in fact have lawfully done in the past or shall lawfully do or cause to be done in the future by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable. Information concerning the security interest herein granted may be obtained at the address of the Obligated Group Representative as set forth in Section 1.05 of this Master Indenture.

Section 4.04. Payment of Principal, Premium and Interest. The Obligated Group Representative will duly and punctually pay the principal of, premium, if any, interest and any other payment on the Master Obligations in accordance with the terms of the Master Obligations and this Master Indenture.

Each Obligated Group Member hereby jointly and severally unconditionally guarantees the full and timely payment of the principal of, premium, if any, interest and any other payment on all Outstanding Master Obligations which such Person has not created or otherwise made (and on which such Person is not otherwise primarily liable) in accordance with the terms thereof, whether at Stated Maturity, declaration of acceleration, call for redemption or otherwise. Such guaranty shall not be affected, modified or impaired upon the happening from time to time of any event, other than the payment of such Master Obligations (or provision therefor), including, without limitation, any of the following, whether or not with notice to, or the consent of, the guarantor:

- (a) The waiver, compromise, settlement, release or termination by any Person of the obligations evidenced by such Master Obligations or any covenant or security in support thereof;
- (b) The failure to give notice to the guarantor of the occurrence of an event of default under the terms and provisions of this Master Indenture or any agreement under which such Master Obligations are created, assumed, guaranteed or secured;
- (c) Any failure, omission or delay on the part of the Master Trustee or the Holder of such Master Obligations to enforce, assert or exercise any right, power or remedy conferred on the Master Trustee or such Holder in this Master Indenture or any other agreement under which such Master Obligations are created, assumed, guaranteed or secured;
- (d) The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization or arrangement under bankruptcy or similar laws, composition with creditors or readjustment of or other similar proceedings affecting any such guarantor or any other obligor on Master Obligations;
- (e) The invalidity, irregularity, illegality, unenforceability or lack of value of or any defect in any of the Master Obligations so guaranteed or any collateral security therefor; or
- (f) To the extent permitted by law, any event or action that would, in the absence of this Section, result in the release or discharge by operation of laws of such guarantor from the performance or observance of any obligation, covenant or agreement contained in this Master Indenture.

Section 4.05. Payment of Taxes and Other Claims. Each Obligated Group Member will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (a) all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon it or upon its income, profits or property and (b) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon its property; provided, however, that no such Person shall be required to pay and discharge or cause to be paid and discharged any such tax, assessment, governmental charge or claim to the extent that the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings and such Person shall have established and shall maintain adequate reserves on its books for the payment of the same.

Section 4.06. Maintenance of Properties. Each Obligated Group Member will cause all its properties used or useful in the conduct of its business to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment, ordinary wear and tear, casualty, condemnation and acts of God excepted. Each Obligated Group Member will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Obligated Group Representative may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent any such Person from discontinuing the operation and maintenance of any of its properties if such discontinuance is, in the judgment of such Person (and in the opinion of the Governing Body of such Person if the property involved is any substantial part of the properties of such Person taken in the aggregate), desirable in the conduct of its business and not disadvantageous in any material respect to the Holders of the Master Obligations.

Section 4.07. Corporate Existence; Status of Obligated Group.

(a) Subject to Section 5.01, each Obligated Group Member will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises; provided, however, that no Person shall be required to preserve any right or franchise if the Governing Body of such Person shall determine that the preservation thereof is no longer desirable in the conduct of its business and that the loss thereof is not disadvantageous in any material respect to the Holders of the Master Obligations.

(b) The Obligor's exact legal name is correctly set forth at the beginning of this Master Indenture, and the Obligor is an organization of the type specified in the first paragraph of this Master Indenture. The Obligor is formed or incorporated in or organized under the laws of the State of North Carolina and is duly authorized to conduct business in the State of North Carolina. The Obligor will not cause or permit any change to be made in its name or identity unless the Obligor shall have first notified the Master Trustee in writing of such change at least 30 days prior to the effective date of such change and shall have first taken all action required by the Master Trustee for the purpose of perfecting or protecting the lien and security interest of the Master Trustee. The place where the Obligor keeps its books and records, including recorded data of any kind or nature, regardless of the medium or recording, including software, writings, plans, specifications and schematics, has been for the preceding two months and will continue to be the address of the Obligor set forth in Section 1.05 hereof (unless the Obligor notifies the Master Trustee in writing at least 30 days prior to the date of such change).

(c) If an Obligated Group Member is a Tax-Exempt Organization upon joining the Obligated Group, such Obligated Group Member covenants and agrees to take all action necessary to preserve its status as a Tax-Exempt Organization.

Section 4.08. Preservation of Qualifications. Each Obligated Group Member will not allow any permit, right, license, franchise or privilege, so long as it is necessary for the ownership or operation of the Trust Estate as a continuing care retirement community, to lapse or be forfeited. If an Obligated Group Member is or becomes a provider of services under and a participant in the Medicare or Medicaid program or any successor program thereto or any program by a federal, state or local government providing for payment or reimbursement for services rendered for health care, such Obligated Group Member shall use its commercially reasonable efforts to remain fully qualified as a provider of services and a participant in such program; provided, however, that no Obligated Group Member shall be required to maintain any such qualification if (a) the Governing Board of such Person shall determine that the maintenance of such qualification is not in the best economic interest of such Person and (b) at least 30 days prior to the discontinuance of such qualification, such Person shall notify the Initial Underwriter of such proposed discontinuance and shall provide the Initial Underwriter with a written explanation of the basis for such determination.

Section 4.09. Additions to Facilities. Any additions, improvements and extensions to the Facilities of any Member and repairs, renewals and replacements thereof, including, without limitation, any capital improvements, shall upon their acquisition become part of such Facilities.

Section 4.10. Insurance. Each Obligated Group Member shall maintain insurance (i) covering such risks and in such amounts as, in its reasonable judgment, is adequate to protect it and its properties and operations and (ii) as may be required by any Holder of a Master Obligation (including the Series 2021B Lender) pursuant to an agreement between such Holder and an Obligated Group Member. Each Obligated Group Member which owns or operates health care facilities shall also maintain insurance covering the risk of professional and medical malpractice in such amounts as, in its reasonable judgment, is adequate to protect the Obligated Group and its operations. The Master Trustee shall be named a loss payee or an additional insured under Obligated Group insurance policies other than those related to malpractice liability insurance. The insurance required to be maintained pursuant hereto shall be subject to the review and approval of an Insurance Consultant as provided in this Section 4.10, and the Obligated Group shall follow any recommendations of the Insurance Consultant.

An Obligated Group Member may, upon resolution adopted in good faith by its Governing Body, which resolution shall be delivered to the Master Trustee, and upon the recommendations of an Insurance Consultant, adopt alternative risk management programs which shall be in compliance with applicable governmental rules and regulations including, without limitation, the right: to self-insure in whole or in part; to organize either solely or in connection with others, captive insurance companies; to participate in programs of captive insurance companies organized by others; to establish self-insurance trust funds; to participate in mutual or other cooperative insurance or other risk management programs with others; to participate in or enter into agreements with local, state or Federal governments in order to achieve such insurance; to take advantage of state or Federal statutes or laws now or hereinafter in existence limiting medical and malpractice liability; or to participate in other alternative risk management programs as shall be recommended by said Insurance Consultant.

The Obligated Group Representative shall annually review the insurance each Member maintains as to whether such insurance is customary and adequate. In addition, the Obligated Group Representative shall, at least once every two Fiscal Years with respect to commercial insurance and at least once every Fiscal Year with respect to self-insurance (commencing with its Fiscal Year ending two Fiscal Years following the completion of the Project), cause a certificate of an Insurance Consultant or Insurance Consultants to be delivered to the Master Trustee within 120 days after the end of the applicable Fiscal Year which indicates that the insurance then being maintained by the Members meets the standards described above. The Obligated Group Representative shall cause copies of its review, or the certificates of the Insurance Consultant or Insurance Consultants, as the case may be, to be delivered promptly to the Master Trustee. The Obligated Group or any Member may self-insure if the Insurance Consultant or Insurance Consultants determine(s) that such self-insurance meets the standards set forth in the first sentence of this paragraph and is prudent under the circumstances; provided, however, that no Obligated Group Member shall self-insure any of its Property, Plant and Equipment.

Naming of the Master Trustee as a loss payee or additional insured under any insurance policy, or the furnishing to the Master Trustee of information relating thereto, shall not impose upon the Master Trustee any responsibility or duty to approve the form of such policy, the qualifications of the company issuing same or any other matters relating thereto.

Section 4.11. Insurance Proceeds and Condemnation Awards. Amounts received by any Member as insurance proceeds or as condemnation awards will be applied to the reconstruction, repair or replacement of the damaged or taken property, provided that if the amount is more than \$1,000,000, the Obligated Group must deliver to the Master Trustee (a) contracts showing that the repair or replacement can be completed based on funds available from insurance proceeds, condemnation awards or otherwise, and (b) a forecast that no monetary default will occur prior to completion of such repair or replacement. If the Obligated Group fails to deliver the required forecast, architect's certificate, construction contract, surety bonds or evidence of sufficient funds to the Master Trustee, the net insurance proceeds or condemnation awards will be applied, at the written direction of the Obligated Group, to the prepayment of Master Obligations, pro rata; to the redemption of Bonds; or to the open-market purchase of Bonds; or any combination thereof. If the Master Trustee receives a report that the Obligated Group Facilities can continue to operate with less than full repair or replacement of damaged or taken property and demonstrating that the Obligated Group will continue to satisfy the Debt Service Coverage Ratio and the Days' Cash on Hand requirements and other Master Indenture covenants (including maintenance of a Debt Service Reserve Fund), then insurance proceeds or condemnation awards may be used to redeem Bonds and any other Indebtedness evidenced by Master Obligations that financed the Property to which such insurance proceeds or condemnation awards relate, to the extent not used to make partial repairs and replacements.

Section 4.12. Debt Service Coverage Ratio Covenant.

(a) Each Member agrees to operate its Facilities on a revenue producing basis and to charge such rates and charges for its Facilities and services and to exercise such skill and diligence as to provide income from its Property together with other available funds sufficient to pay promptly all payments of principal and interest on its Indebtedness, all expenses of operation, maintenance and repair of its Property and all other payments required to be made by it hereunder

to the extent permitted by law. In addition, each Member agrees to, from time to time as often as necessary and to the extent permitted by law, revise its rates, fees and charges in such manner as may be necessary or proper to comply with the provisions of this Section.

(b) Each Member agrees to operate its Facilities on a revenue producing basis and to charge such rates and charges for its Facilities and services and to exercise such skill and diligence such that the Debt Service Coverage Ratio of the Obligated Group is at least 1.20 for each Fiscal Year commencing with the Initial Testing Year. The Members agree that the Obligated Group Representative will calculate the Debt Service Coverage Ratio for each fiscal quarter, for the period of four consecutive fiscal quarters ending on the last day of such fiscal quarter, commencing with the first quarter of the Initial Testing Year. The calculations of the Debt Service Coverage Ratio for the first three fiscal quarters of each Fiscal Year are for informational purposes only.

(c)

(i) If the Debt Service Coverage Ratio as of the end of any Fiscal Year is less than 1.20 (but not less than 1.00), the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate delivered in accordance with Section 4.22 disclosing such deficiency, engage a Management Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase the Debt Service Coverage Ratio to at least 1.20 in the future. A copy of the Management Consultant's report and recommendations, if any, shall be filed with each Member and each Required Information Recipient within 60 days after the date such Management Consultant is engaged.

(ii) Each Obligated Group Member shall use the recommendations delivered pursuant to clause (i) of this Section 4.12(c) that are applicable to it to the extent feasible (as determined in the judgment of the Governing Body of such Member) and to the extent permitted by applicable law. This Section 4.12 shall not be construed to prohibit any Member from serving indigent residents to the extent required for such Member to continue its qualification as a Tax-Exempt Organization or from serving any other class or classes of residents without charge or at reduced rates so long as such service does not prevent the Obligated Group from satisfying the other requirements of this Section. The foregoing provisions notwithstanding, if the Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year does not meet the levels required above, (A) the Management Consultant engaged by the Obligated Group Representative to deliver the initial report and recommendations may be a third-party manager of the Facilities, and (B) the Obligated Group shall not be obligated to engage a Management Consultant to make such recommendations if a Management Consultant's report was prepared for the previous Fiscal Year (unless the Majority Holders request a new Consultant's report).

(d) If the Obligated Group fails to achieve a Debt Service Coverage Ratio of 1.20, but achieves a Debt Service Coverage Ratio of at least 1.00 for any Fiscal Year, such failure shall not constitute an Event of Default under this Master Indenture so long as the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a report and adopting a plan and complies with the recommendations contained in such report to the extent

feasible (as determined in the judgment of the Governing Body of the Obligated Group Representative) and to the extent permitted by law. The foregoing provisions notwithstanding, it shall constitute an Event of Default if either (i) the Debt Service Coverage Ratio for any two consecutive Fiscal Years is less than 1.00, or (ii) the Debt Service Coverage Ratio for any Fiscal Year is less than 1.00 and the Obligated Group has less than 150 Days' Cash on Hand as of the last day of such Fiscal Year.

(e) Notwithstanding any other provisions of this Master Indenture and subject to the conditions set forth in subsection (f) below, in the event that any Obligated Group Member incurs any Additional Indebtedness for any Capital Addition, the Debt Service on such Additional Indebtedness and the Revenues and Expenses relating to the Capital Addition financed with the proceeds of such Additional Indebtedness shall be excluded from the calculation of the Debt Service Coverage Ratio of the Obligated Group for the purposes of complying with this Section 4.12 until the first full Fiscal Year following the earlier of (i) the estimated completion of the Capital Addition being paid for with the proceeds of such Additional Indebtedness provided that such completion occurs no later than six months following the completion date for such Capital Addition set forth in the Management Consultant's report or Officer's Certificate described in paragraph (f)(A) below, or (ii) if the Capital Addition being paid for with the proceeds of such Additional Indebtedness includes independent living, assisted living, personal care or skilled nursing facilities, (1) the first full Fiscal Year in which Stable Occupancy is achieved, or (2) if sooner than (1), the end of the fifth full Fiscal Year after the incurrence of such Additional Indebtedness.

(f) The following condition applies to the exclusion set forth in the foregoing subsection (e):

there shall be delivered to the Master Trustee a report or opinion of a Management Consultant (which shall be a part of any report provided to incur indebtedness under Section 4.18 hereof) to the effect that the Debt Service Coverage Ratio for the first full Fiscal Year (taking into account the Additional Indebtedness to be incurred) following the later of (1) the estimated completion of the Capital Addition being paid for with the proceeds of such Additional Indebtedness, or (2) if the Capital Addition being paid for with the proceeds of such Additional Indebtedness includes independent living, assisted living, personal care or skilled nursing facilities, the first full Fiscal Year following the year in which Stable Occupancy is achieved, which Stable Occupancy shall be projected to occur no later than during the fifth full Fiscal Year following the incurrence of such Additional Indebtedness, will be not less than 1.20 after giving effect to the incurrence of such Additional Indebtedness and the application of the proceeds thereof; provided, however, that in the event a Management Consultant's report is not required to incur such Additional Indebtedness, the Obligated Group may deliver an Officer's Certificate to the Master Trustee in lieu of the Management Consultant's report described in this subsection (f).

Section 4.13. Liquidity Covenant. The Obligated Group shall calculate the Days' Cash on Hand of the Obligated Group as of each Liquidity Testing Date. Each Obligated Group Member shall conduct its business so that on each Liquidity Testing Date the Obligated Group shall have no less than 120 Days' Cash on Hand thereafter (the "Liquidity Requirement"). If the number of Days' Cash on Hand as of a Liquidity Testing Date is less than the Liquidity Requirement, the

Obligated Group Representative shall, not later than 30 days after receipt of the financial statements disclosing such deficiency, deliver to the Master Trustee a management report setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth the steps to be taken to achieve the required Days' Cash on Hand by the second Liquidity Testing Date following the Liquidity Testing Date on which the Days' Cash on Hand was less than the Liquidity Requirement. If the Obligated Group has not achieved the Liquidity Requirement by the second Liquidity Testing Date following the issuance of the management report, the Obligated Group Representative shall, not later than 60 days after receipt of the financial statements disclosing such deficiency, as applicable, obtain a Management Consultant's recommendations setting forth in detail the reasons for such deficiency and a specific plan setting forth the steps designed to achieve the Liquidity Requirement by the end of the second Liquidity Testing Date following the Liquidity Testing Date on which the Days' Cash on Hand was less than the Liquidity Requirement.

Notwithstanding any other provision of this Master Indenture, failure of the Obligated Group to achieve the Liquidity Requirement for any Liquidity Testing Date shall not constitute an Event of Default hereunder if the Obligated Group (i) takes all action necessary to comply with the procedures in this Master Indenture for retaining a Management Consultant if required and (ii) follows the recommendations of a management report or a Management Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law.

This Section shall not be construed to prohibit any Member from serving indigent residents to the extent required for such Member to continue its qualification as a Tax-Exempt Organization or from serving any other class or classes of residents without charge or at reduced rates so long as such service does not prevent the Obligated Group from satisfying the other requirements of this Section.

Section 4.14. Marketing and Occupancy Requirements.

Marketing Covenant. Beginning with the fiscal quarter ending March 31, 2022 and ending at the beginning of the first full fiscal quarter following Stable Occupancy, the Obligated Group will use its best efforts to maintain the percentage of Project Independent Living Units that are Reserved (the "Percentage of Reserved Independent Living Units") at or above the applicable levels set forth in the table below, which determinations will be measured as of the last day of the applicable quarter (the "Marketing Requirements").

Quarter Ending	Percentage of Reserved Independent Living Units (%)	
	# Units	Percent
3/31/2022	28	64%
6/30/2022	29	66
9/30/2022	30	68
12/31/2022	32	73
3/31/2023	33	75
6/30/2023	35	80
9/30/2023	36	82
12/31/2023 and thereafter	37	84

If the Percentage of Reserved Independent Living Units for any fiscal quarter is less than the applicable Marketing Requirement set forth above for that fiscal quarter, the Obligor is required to submit to the Master Trustee, within 30 days of the end of such fiscal quarter, a marketing report prepared by or on behalf of the Obligor (a “Management Marketing Report”) that includes the following information: (a) the Percentage of Reserved Independent Living Units, including the number of reservations and cancellations of Project Independent Living Units during the immediately preceding fiscal quarter and on an aggregate basis; (b) a forecast, prepared by management of the Obligor, of the number of reservations of Project Independent Living Units expected in the fiscal quarter immediately succeeding the fiscal quarter with respect to which the Management Marketing Report is being prepared; and (c) a description of the sales and marketing plan of the Obligor.

If the Percentage of Reserved Independent Living Units is less than the Marketing Requirement for two successive fiscal quarters, the Obligor is required to retain a Marketing Consultant within 30 days thereafter to make recommendations regarding the actions to be taken to increase the Percentage of Reserved Independent Living Units to the Marketing Requirements set forth herein for future periods. Notwithstanding anything in this Master Indenture to the contrary, upon the first covenant breach described herein the Obligor is not required to obtain a Marketing Consultant and instead may itself provide the recommendations provided for in the previous sentence. Within 60 days of retaining any such Marketing Consultant, the Obligor is required to cause a copy of the Marketing Consultant’s report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member is required to follow each recommendation of the Marketing Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Board of such Member) and permitted by law. The Obligated Group will not be required to obtain a Marketing Consultant’s report in any two consecutive fiscal quarters.

Failure of the Obligated Group to achieve the Marketing Requirements for any fiscal quarter will not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a Management Marketing Report or obtaining a Marketing Consultant’s report and adopting a plan and follows each recommendation contained in such Marketing Consultant’s report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligor) and permitted by law.

Occupancy Covenant. Commencing with the first fiscal quarter that ends not less than 60 days following the issuance of the first certificate of occupancy for the first building containing Project Independent Living Units, and ending at the beginning of the first full fiscal quarter following Stable Occupancy (each an “Occupancy Quarter”), the Obligated Group will use its best efforts to have Occupied the percentage of the total number of all Project Independent Living Units (the “Percentage of Units Occupied”) at or above the requirements set forth in the table below, which levels are required to be measured as of the last day of the applicable Occupancy Quarter (the “Occupancy Requirements”).

<u>Occupancy Requirements</u>		
<u>Occupancy Quarter</u>	<u># Units</u>	<u>Percent</u>
1	5	11%
2	10	23
3	15	34
4	21	48
5	26	59
6	31	70
7	36	82
8 and thereafter	37	84

If the Percentage of Units Occupied for any Occupancy Quarter is less than the Occupancy Requirement set forth above for that Occupancy Quarter, the Obligor is required to submit to the Master Trustee, within 30 days of the end of such fiscal quarter, (a) an occupancy report (a “Management Occupancy Report”) that includes the following information: (i) the Percentage of Units Occupied and (ii) the number of reservations and cancellations of Project Independent Living Units during the immediately preceding fiscal quarter and on an aggregate basis; (b) a forecast, prepared by management of the Obligor, of the number of Project Independent Living Units expected to be Occupied in the fiscal quarter immediately succeeding the fiscal quarter with respect to which the Management Occupancy Report is being prepared; and (c) a description of the sales and marketing plan of the Obligor.

If the Percentage of Units Occupied for any two consecutive fiscal quarters is less than the Occupancy Requirement set forth above for those fiscal quarters, the Obligor is required to retain a Marketing Consultant within thirty (30) days thereafter to make recommendations regarding the actions to be taken to increase the Percentage of Units Occupied to the Occupancy Requirement set forth above for future periods. Notwithstanding anything in this Master Indenture to the contrary, the Obligor may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein. Within 60 days of retaining any such Marketing Consultant, the Obligor is required to cause a copy of the Marketing Consultant’s report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member is required to follow each recommendation of the Marketing Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Board of such Member) and permitted by law. The Obligated Group will not be required to obtain a Marketing Consultant’s report in any two consecutive fiscal quarters.

Failure of the Obligated Group to achieve the Occupancy Requirements for any Occupancy Quarter will not constitute an Event of Default under this Master Indenture if the Obligated Group

takes all action necessary to comply with the procedures set forth above for preparing a Management Occupancy Report or obtaining a Marketing Consultant's report and adopting a plan and follows each recommendation contained in such Marketing Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligor) and permitted by law.

Section 4.15. Engagement of New Management Consultant or New Marketing Consultant. Except as provided below, (1) the Obligated Group Members shall be required to retain a new independent Management Consultant, if (a) the Obligated Group fails to make any payment on the Master Obligations when due; or (b) the Obligated Group fails to maintain a Debt Service Coverage Ratio of at least 1.00 as shown on any two (2) successive quarterly unaudited financial statements; or (c) the Obligated Group fails to meet the required Debt Service Coverage Ratio by the end of the second fiscal quarter following the date the Management Consultant's report is required; or (d) the Obligated Group fails to meet the Liquidity Requirement by the second Liquidity Testing Date following the date a report and plan are required and (2) the Obligated Group Members shall be required to retain a new independent Marketing Consultant, if (a) the Obligated Group fails to meet the Marketing Requirements by the end of the second fiscal quarter following the date a report and plan are required; or (b) the Obligated Group fails to meet the Occupancy Requirement by the end of the second Occupancy Quarter following the date a report and plan are required.

Whenever the Obligated Group is required to retain a new Marketing Consultant, as described above, the Obligated Group Representative shall immediately retain a Consultant who shall, within 30 days of the event requiring appointment of a new Marketing Consultant, submit to the Master Trustee and Majority Holders, a list of two or more Persons experienced in the marketing of continuing care retirement communities of a type and size similar to the Community. If the Obligated Group is required to retain a new Marketing Consultant under the circumstances described above, the Obligated Group shall retain as Marketing Consultant a Person from the list submitted by the Consultant. In the event that a new Marketing Consultant is appointed by the Obligated Group Representative at any time when the Debt Service Coverage Ratio or the Occupancy Requirements is less than the level required pursuant to this Master Indenture, the provisions of this Master Indenture shall not be applied to require the further appointment of another Marketing Consultant until the new Marketing Consultant has been employed for at least twelve months.

Notwithstanding the foregoing, the Obligated Group shall not be required to retain a new Marketing Consultant or Management Consultant, as applicable, if the Master Trustee receives, within 30 days of the event requiring appointment of a new Consultant: (i) written or deemed consent of the Majority Holders to the continued retention of the existing Consultant as provided in subsections (a) and (b) of Section 4.16 below; (ii) a written report (prepared by a Consultant, but not by the existing Consultant) containing sufficient detail to support the conclusions made therein and concluding (x) that the failure of the Obligated Group to comply with the Debt Service Coverage Ratio covenant, the Occupancy Requirement, the Liquidity Requirement, and/or the Marketing Requirements is primarily due to factors outside the control of the present Marketing Consultant or Management Consultant, as applicable, or (y) that retaining a new Marketing Consultant or Management Consultant, as applicable, is not likely to materially improve the Obligated Group's ability to comply with such requirements; and (iii) a certificated copy of the

Board Resolution of the Governing Body of each Obligated Group Member stating that the performance by such Consultant of its duties is satisfactory and setting forth the reasons supporting retention of the present Consultant.

Section 4.16. Approval of Management Consultants and Marketing Consultants. If at any time the Obligated Group is required to engage a Management Consultant or a Marketing Consultant under this Master Indenture, such Consultant shall be engaged in the manner set forth below (as used in this Section 4.16, "Consultant" means only a Management Consultant or a Marketing Consultant, as applicable):

(a) Upon engaging a Management Consultant or a Marketing Consultant as required under the provisions of this Master Indenture, the Obligated Group will provide written notice to the Master Trustee and the Commission of such engagement. While any Commission Bonds are outstanding and if so provided in any Commission Loan Agreement, each Management Consultant and Marketing Consultant must be acceptable to the Commission. The Commission shall indicate acceptance of each such Consultant as soon as practicable, but in any case, no later than five (5) Business Days after receipt of notice, and such acceptance shall not be unreasonably withheld. The Master Trustee shall, as soon as practicable but in no case longer than five (5) Business Days after receipt of notice, send a copy of such notice to the Holders of all Master Obligations Outstanding under this Master Indenture. Such notice prepared by the Obligated Group shall (i) include the name of the Consultant and a brief description of such Consultant, (ii) state the reason that the such Consultant is being engaged, including a description of the covenant(s) of this Master Indenture that require such Consultant to be engaged, and that the engagement of such Consultant is authorized by this Master Indenture, and (iii) state that the Holder of the Master Obligation will be deemed to have consented to the selection of such Consultant named in such notice unless such Holder submits an objection to the engaged Consultant in writing to the Master Trustee within 15 days of the date that the notice is sent to the Holders. No later than two (2) Business Days after the end of the 15-day objection period, the Master Trustee shall notify the Obligated Group Representative of the number of any objections. If the Holders of 66.6% or more in aggregate principal amount of the Outstanding Master Obligations have consented or been deemed to have consented to the engagement of the Consultant or have not responded to the request for consent, the Obligated Group shall engage such Consultant within three (3) Business Days. If the Holders of 33.4% or more in aggregate principal amount of the Outstanding Master Obligations have objected to the Consultant engaged, the Obligated Group shall select another Consultant which may be engaged upon compliance with the procedures of this section.

(b) When the Master Trustee notifies the Holders of Master Obligations of such engagement, the Master Trustee will also request any Related Bond Trustee to send a notice containing the information required by subsection (a) above to the owners of all of the Related Bonds outstanding. Such Related Bond Trustee shall, as the owner of a Master Obligation securing such Related Bonds, consent or object to the engagement of the Consultant in accordance with the response or deemed consent of the owners of such Related Bonds. If the owners of 66.6% or more in aggregate principal amount of the outstanding Related Bonds consent or have been deemed to have consented to the engagement of the Consultant or have not responded to the request for consent, the Related Bond Trustee, as the owner of a Master Obligation securing such Related Bonds, shall consent to the engagement of the Consultant. If the owners of 33.4% or more in aggregate principal amount of the outstanding Related Bonds have objected to the Consultant

engaged, the Related Bond Trustee, as the owner of a Master Obligation securing such Related Bonds, shall object to the engagement of the Consultant.

(c) The 15-day notice period described above shall be extended upon written request of the Related Bond Trustee in order to permit each Related Bond Trustee to give the owners of the Related Bonds 15 days to respond to the notice given by the Related Bond Trustee. By acceptance of a Master Obligation securing any Related Bonds, the Related Bond Trustee agrees to comply with the provisions of this Section.

(d) A copy of any recommendations of any Consultant must be filed with the Master Trustee within ninety (90) days after the date the Consultant is selected unless the Master Trustee extends, with the prior written consent of the Majority Holders, the time within which such recommendations must be so filed. The Obligated Group shall cause each set of recommendations from a Consultant to be posted on EMMA.

Section 4.17. Rating Solicitation Covenant. The Series 2021A Bonds have been rated BBB by Fitch on the date of issuance thereof. In the event the Series 2021A Bonds are no longer rated, the Obligated Group shall seek a rating of the Series 2021A Bonds from any Rating Agency each year after a determination is made by the Obligor in consultation with the Initial Underwriter that an investment grade rating is reasonably obtainable, until achievement of an investment grade rating, provided that if during any such year the Obligor receives a preliminary indication from any Rating Agency that the Series 2021A Bonds will not be assigned an investment grade rating, the Obligor is required to withdraw any request for such year to have such Rating Agency assign a rating to the Series 2021A Bonds.

Section 4.18. Additional Indebtedness. So long as any Master Obligations are Outstanding, the Obligated Group will not incur any Additional Indebtedness (whether or not incurred through the issuance of Additional Master Obligations) other than:

(a) *Long-Term Indebtedness.* If no Event of Default shall have occurred and then be continuing, a Member may incur or assume additional Long-Term Indebtedness for such lawful purposes of such Member as shall be specified in reasonable detail in a certified resolution of such Member; provided that, on or before the date on which any Long-Term Indebtedness, whether secured or unsecured, is to be incurred or assumed, the Obligated Group Representative shall deliver to the Master Trustee:

(i) *Historical Pro Forma Test.* Except as provided in paragraphs (ii) through (vi) below, an Officer's Certificate stating that the Debt Service Coverage Ratio of the Obligated Group for the immediately preceding Fiscal Year for which audited financial statements are available (taking into account the Long-Term Indebtedness to be incurred and excluding any Long-Term Indebtedness to be refunded) was not less than 1.20 and the Obligated Group was in compliance with the Liquidity Requirement as of the most recent Liquidity Testing Date.

(ii) *Historical Test and Forecast.* In lieu of the requirements of paragraph (i) above,

(A) An Officer's Certificate stating that the Debt Service Coverage Ratio of the Obligated Group for the immediately preceding Fiscal Year for which audited financial statements are available (without taking into account the Long-Term Indebtedness to be incurred) was not less than 1.20 and the Obligated Group was in compliance with the Liquidity Requirement as of the most recent Liquidity Testing Date, and

(B) A Feasibility Report stating that (a) the Debt Service Coverage Ratio of the Obligated Group (taking into account the Long-Term Indebtedness to be incurred and excluding any Long-Term Indebtedness to be refunded) is expected to be not less than 1.25 for (i) the first complete Fiscal Year following the Fiscal Year during which the Capital Addition financed with such Long-Term Indebtedness is expected to be placed into service, or (ii) if the Long-Term Debt will finance a Capital Addition that includes additional Independent Living Units or health care beds the earlier of (1) the first complete Fiscal Year following the Fiscal Year which the additional units are expected to achieve average occupancy of 85% or (2) the first full Fiscal Year succeeding the fifth anniversary of the beginning of construction of such capital improvements, and (b) the Obligated Group is forecasted to be compliance with the Liquidity Requirement.

(iii) *Pro Forma Test.* In lieu of the requirements of paragraphs (i) and (ii) above, a Feasibility Report stating that (a) the Debt Service Coverage Ratio of the Obligated Group (taking into account the Long-Term Indebtedness to be incurred and excluding any Long-Term Indebtedness to be refunded) is expected to be not less than 1.30 for (i) the first complete Fiscal Year following the Fiscal Year during which the Capital Addition financed with such Long-Term Indebtedness is expected to be placed into service, or (ii) if the Long-Term Debt will finance a Capital Addition that includes additional Independent Living Units or health care beds the earlier of (1) the first complete Fiscal Year following the Fiscal Year in which the additional units are expected to achieve average occupancy of 85% or (2) the first full Fiscal Year succeeding the fifth anniversary of the beginning of construction of such capital improvements, and (b) the Obligated Group is forecasted to be in compliance with the Liquidity Requirement as of the first Liquidity Testing Date in the first complete Fiscal Year following the Fiscal Year during which the Capital Addition financed with such Long-Term Indebtedness is expected to be placed in service.

(iv) *Limit Based on Revenues.* In lieu of the requirements of paragraphs (i) through (iii) above, an Officer's Certificate showing that the proposed Long-Term Indebtedness, together with all Long-Term Indebtedness incurred pursuant to this paragraph (iv) which is then outstanding and which is not covered by an Officer's Certificate or Feasibility Report delivered pursuant to paragraphs (i) through (iii) above, does not exceed 10% of Revenues of the Obligated Group for the immediately preceding Fiscal Year for which audited financial statements are available.

(v) *Completion Long-Term Indebtedness.* In the case of Completion Long-Term Indebtedness incurred or assumed to finance the completion of a Capital Addition, in lieu of the requirements of paragraphs (i) through (iv) above, so long as the scope of such Capital Addition is not being changed, either (A) an Officer's Certificate showing that

the principal amount of the proposed Long-Term Indebtedness does not exceed 10% of the principal amount of the Long-Term Indebtedness originally incurred to finance such Capital Addition or (B) a Feasibility Report stating that the forecasted Debt Service Coverage Ratio of the Obligated Group (taking into account the proposed additional Long-Term Indebtedness and excluding any Long-Term Indebtedness expected to be refunded as part of such issuance of additional Long-Term Indebtedness) for each of the two Fiscal Years immediately following the completion of such Capital Addition will be not less than what such Debt Service Coverage Ratio would have been without the incurrence of such Indebtedness. In addition, the Obligated Group Representative shall provide a certificate of an independent architect or a Consultant with skill and experience in construction or renovation matters that the Completion Long-Term Indebtedness incurred to finance the completion of the Capital Addition will be sufficient to complete the Capital Addition.

(vi) *Refunding Indebtedness.* In lieu of the requirements of paragraphs (i) through (v) above, in the case of Long-Term Indebtedness incurred to refinance outstanding Long-Term Indebtedness, an Officer's Certificate showing that the Maximum Annual Debt Service on the proposed Long-Term Indebtedness does not exceed 110% of the Maximum Annual Debt Service on the Long-Term Indebtedness to be refinanced.

(b) *Subordinated Indebtedness.* Subordinated indebtedness may be incurred without limit. Payment of interest or principal on such indebtedness shall be subject to the provisions of Section 4.27 hereof.

(c) *Short Term Indebtedness.* The Obligated Group may, from time to time, incur, assume or allow to remain Outstanding at any time Short Term Indebtedness in any amount up to ten percent (10%) of Revenues of the Obligated Group for the preceding Fiscal Year. Any such Short Term Indebtedness must, for a period of at least 15 consecutive days during each Fiscal Year, be less than 5% of Revenues of the Obligated Group for the preceding Fiscal Year. Short Term Indebtedness in excess of such 5% limit shall be permitted to remain Outstanding only if permitted to exist under this Master Indenture as Long-Term Indebtedness.

(d) *Indebtedness Secured by Accounts Receivable.* Indebtedness secured by accounts receivable may be incurred up to, but not in excess of, an aggregate of 20% of net accounts receivable of the Obligated Group as reported in the audited financial statements for the preceding Fiscal Year. To the extent accounts receivable are sold or pledged in accordance with the preceding sentence, such receivables shall be released from the Gross Revenue pledge. If accounts receivable are sold or pledged with recourse to the Obligated Group, the resulting obligations constitute indebtedness subject to the applicable tests described elsewhere in this section.

(e) *Credit Facility Debt.* Obligations may be incurred in connection with a Credit Facility issued with respect to Indebtedness incurred in accordance with any other provision set forth in this section, provided that any Indebtedness in favor of the Credit Facility provider shall not exceed 110% of the related Indebtedness.

(f) *Indebtedness Among Members of the Obligated Group.* Indebtedness among Members of the Obligated Group is permitted without limit.

(g) *Non-Recourse Indebtedness.* Subject to the provisions of Section 4.21(i), Non-Recourse Indebtedness is permitted without limit.

(h) *Guaranties.* The Obligated Group may guarantee Indebtedness of another party, the Debt Service Requirements with respect to which shall be calculated in accordance with the provisions of Section 4.26(e).

(i) *Additional Requirements.*

(i) In the case of any Additional Indebtedness being incurred to finance Capital Additions or new Facilities, there shall be provided to the Master Trustee an Officer's Certificate stating that the amount of Additional Indebtedness to be incurred will be sufficient, together with other available funds of the Obligated Group, to complete the Capital Additions or Facilities to be financed and setting forth the expected completion date for Capital Additions or Facilities.

Notwithstanding anything to the contrary in this Master Indenture, any Non-Qualifying Portion of a Loan Forgiveness Program shall not be considered Additional Indebtedness subject to the requirements of this Section 4.18.

Section 4.19. Security for Permitted Debt.

(a) Additional Indebtedness may be secured on a parity first lien basis with the outstanding Master Obligations by the issuance of an Additional Master Obligation to the holder of such Indebtedness.

(b) Additional Indebtedness may also be secured by (i) a lien on property not constituting Mortgaged Property, (ii) a purchase money security interest (first lien) on new or replacement equipment and fixtures, or (iii) Permitted Liens.

(c) Short-Term Indebtedness and Long-Term Indebtedness incurred to provide working capital may be secured with a Master Obligation.

Section 4.20. Permitted Transfers or Dispositions of Property.

Each Member agrees that it will not sell, lease, donate, transfer or otherwise dispose (including, without limitation, any involuntary disposition) of Property (either real or personal property, including Cash and Investments) unless the Obligated Group Representative determines that the Property has been sold, leased, donated, transferred or otherwise disposed of in one or more of the following transfers or other dispositions of Property:

(a) Transfers among Members of the Obligated Group are permitted without limit.

(b) Dispositions of Property which has been replaced or determined to be obsolete, inadequate, or not useful in the ordinary course of business, whether or not such Member receives cash or other Property substantially equivalent in value.

(c) Other than transfers pursuant to (a) or (b) above, the Property sold, leased, donated, transferred or otherwise disposed of does not, for any Fiscal Year, exceed 5% of the total Book Value of all Property of the Obligated Group as of the last day of the most recent Fiscal Year for which audited financial statements are available; provided, however, that Days' Cash on Hand shall not be less than 120 days after giving effect to such sale, lease, donation, transfer or other disposition of assets; provided, further, if the Debt Service Coverage Ratio as calculated above is not less than 1.20, the foregoing percentage of the total Book Value may be increased as follows under the following conditions:

(i) to 7.5%; provided, however, Days' Cash on Hand shall not be less than 250 after the effect of such sale, lease, donation, transfer or other disposition of assets; or

(ii) to 10%; provided, however, Days' Cash on Hand shall not be less than 300 after the effect of such sale, lease, donation, transfer or other disposition of assets.

(d) In addition to the transfers permitted by (a), (b) and (c) above, and subject to the terms of the Deed of Trust which permit the release of a parcel or interest in land constituting part of the Mortgaged Property from the lien and security of such Deed of Trust, to any Person of real property for the fair market value thereof, provided that (A) the proceeds of such transfer are used to purchase additional real property which, if functionally related to, and operated on an integrated basis with, the Facilities, shall be subjected to the Lien of the Deed of Trust, or to prepay, in whole or in part, pro rata, Outstanding Master Obligations and (B) in the case of real property, ingress to and egress from the Facilities is not materially impaired; provided further, however, that in the case of Mortgaged Property released from the security of the Deed of Trust pursuant to the last clause of Section 6.1(e) of the Deed of Trust without the delivery of a survey and an appraisal, the proceeds of such transfer may be used for any purpose.

(e) Cash and Investments may not be transferred outside the Obligated Group, except that current assets may be: (i) transferred and used in payment for property or services of substantially equivalent value; (ii) used for Obligated Group capital expenditures; (iii) be invested as an investment of the Obligated Group funds on arms' length terms, (iv) used to provide charity care and community benefits and make charitable donations and donations and voluntary payments to government agencies or (v) transferred in any aggregate amount in any Fiscal Year, provided Days' Cash on Hand, calculated at the time of the proposed transfer taking into account the proposed transfer, is at least equal to 250.

(f) Transfers of Excluded Property.

It is understood that this Section 4.20 does not prohibit any transfer of cash by a Member in payment of any of its obligations, indebtedness and liabilities the incurrence of which obligation, indebtedness or liability did not or would not, either immediately or with the giving of notice, the passage of time or both, result in the occurrence of an Event of Default.

For purposes of this Section 4.20, payments by the Obligated Group of any development, marketing, operating or other subordinated fees that have been deferred from the year in which they were originally due as a result of subordination will not be treated as a disposition of Property.

In connection with any sale, lease, transfer or other disposition of Property, to the extent the Obligated Group Member receives Property in return for such sale, lease, transfer or disposition, the Property which is sold, leased, transferred or disposed of shall be treated, for purposes of the provisions of this Section 4.20, as having been transferred in satisfaction of the provisions of subsection (a) above to the extent of the fair market value of the Property received by the Obligated Group Member. The Member shall be required, however, to satisfy the conditions contained in one of the other provisions of this Section 4.20 with respect to the remaining value of such Property in excess of the fair market value of the Property received by the Member in return therefor prior to any such sale, lease or other disposition.

Notwithstanding the provisions of this Section 4.20, each Member further agrees that it will not sell, lease, donate, transfer or otherwise dispose of Property (A) which could reasonably be expected at the time of such sale, lease, donation, transfer or disposition to result in a reduction of the Debt Service Coverage Ratio for the Obligated Group such that the Master Trustee would be obligated to require the Obligated Group to retain a Consultant pursuant to Section 4.12 or (B) if a Consultant has been retained in the circumstances described in Section 4.12, such action, in the opinion of such Consultant, will have an adverse effect on the Income Available for Debt Service of the Obligated Group. The rendering of any service, the making of any loan or gift, the extension of any credit or any other transaction with any Affiliate shall be permitted if there is compliance with any of subsections (a) through (f) above or if such transaction is pursuant to the reasonable requirements of such Member's activities and upon fair and reasonable terms no less favorable to it than would obtain in a comparable arm's length transaction with a person not an Affiliate.

Upon Request of the Obligated Group Representative accompanied by an Officer's Certificate and an Opinion of Counsel to the effect that the conditions precedent for the disposition of Property set forth in this Master Trust Indenture have been satisfied, (i) the rights, title, liens, security interests and assignments herein granted shall cease, determine and be void as to such Property only and the lien of this Master Trust Indenture shall be released without recourse, representation or warranty by the Master Trustee as to such Property in due form at the expense of the Obligated Group Members, and (ii) with respect to Property which includes real property subject to the Deed of Trust, the Master Trustee shall execute and deliver such documents as the Obligated Group Representative may request in writing to release such Property from the lien of the Deed of Trust.

Section 4.21. Permitted Liens. No Member shall create or suffer to be created, or permit the existence of, a Lien upon Property now owned or hereafter acquired by it other than Permitted Liens.

"Permitted Liens" shall consist of the following:

(a) The Deed of Trust and any encumbrance on title to any Property created by the Master Indenture and otherwise directly securing the Master Obligations;

(b) Liens arising by reason of good faith deposits in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits to secure public

or statutory obligations, Liens to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(c) Any Lien arising by reason of deposits with, the giving of any form of security to or the restriction of the use of funds at the order of any governmental agency or body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers compensation, unemployment insurance, pension or profit sharing plans or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(d) Any judgment lien against any Member so long as such judgment is being contested in good faith and execution thereon is stayed, or provision for payment in full of the judgment has been made in accordance with applicable law or by the deposit with the Master Trustee or with a commercial bank or trust company acceptable to the Master Trustee of cash, security or other property acceptable to the Master Trustee;

(e) (i) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of zoning or other law, affecting any Property; (ii) any Liens on any Property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any Liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property that are not due and payable or that are not delinquent, the amount or validity of which are being contested and execution thereon is stayed or, with respect to Liens of mechanics, materialmen, laborers, suppliers or vendors that have been due for less than 90 days; and (iii) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances, and irregularities in the title to any Property as normally exist on Property of a character similar to that of the Property and that, as set forth in an Officer's Certificate of the Obligated Group Representative, do not materially interfere with or impair the use of such Property for the purposes intended;

(f) Any Lien hereto existing on the date of authentication and delivery of the Initial Master Obligations issued under this Master Indenture provided that no such Lien may be increased, extended, renewed or modified to apply to any Property of any Member not subject to such Lien on such date or to secure Indebtedness not Outstanding on such date, unless such Lien as extended, renewed or modified otherwise qualifies as a Permitted Lien hereunder;

(g) Any Lien on Property acquired by a Member securing Indebtedness permitted under the provisions of Additional Indebtedness above that was incurred or assumed in connection with the acquisition of such Property, provided that the total of the Indebtedness secured by Liens described in this subsection may not exceed the greater of \$500,000 and 10% of the Total Operating Revenues for the most recent Fiscal Year for which audited financial statements are available;

(h) [Reserved];

(i) Liens securing Non-Recourse Indebtedness permitted by Additional Indebtedness above so long as the Book Value (the value of such property using the reproduction cost method without any adjustment for depreciation) of the Property pledged in aggregate under all such Liens allowed pursuant to this subsection is less than 15% of the Book Value of all Property, Plant and Equipment of the Obligated Group;

(j) Any Lien in favor of a creditor or a trustee on the proceeds of Indebtedness and any earnings thereon prior to the application of such proceeds and such earnings;

(k) Any Lien securing on a "parity basis," as defined below, all Master Obligations Outstanding at the time of creation of the Lien;

(l) Any Liens subordinate to the Lien described in clause (k) above; provided, however, that any instrument creating a subordinate Lien shall contain language to the effect that the exercise of any remedies thereunder shall only be permitted only upon receipt of written consent of the Master Trustee;

(m) Liens on moneys deposited by residents or others with any Member as security for or as prepayment for the cost of care;

(n) Liens on Property received by any Member through gifts, grants or bequests, such Liens being due to restrictions on such gifts, grants or bequests of Property or the income thereon;

(o) Any Lien on inventory that does not exceed 25% of the book value thereof;

(p) Liens on Property due to rights of third party payors for recoupment of amounts paid by any Member;

(q) Any Lien arising by reason of any escrow established to pay debt service with respect to Indebtedness;

(r) Any obligations or liabilities of a Member under Residency Agreements; and

(s) Liens on Excluded Property.

"Parity basis," when referring to security for any Master Obligation, shall mean that such security is available to all Holders of Outstanding Senior Obligations to provide for payment thereof, to be shared pro rata among such Holders based on the Indebtedness owed each such Holder.

Section 4.22. Financial and Other Information. The Obligated Group will provide the following reports to each Required Information Recipient:

(a) A monthly statement of the Obligated Group as soon as practicable after the information is available but in no event more than 45 days after the completion of such month, including:

(i) Prior to the issuance of a certificate of occupancy for the first building containing the Project Independent Living Units, (A) a calculation of the marketing levels

for the Project Independent Living Units as of the end of such month, including the number of Project Independent Living Units that have been sold or cancelled during that month and on an aggregate basis; (B) a copy of the report prepared by the Construction Monitor; (C) a report by the Obligated Group on the progress of the construction, showing the dollar amount and percentage of completion for each stage of construction of the Project, comparing such amounts to the amounts estimated in the schedule of values and the construction progress schedule delivered at closing, estimating the amount of funds required to complete the Project, and certifying that the amount available in the Project Fund, together with anticipated investment earnings, will be sufficient to pay the costs of completing the Project; (D) unaudited financial reports on the development costs of the Project incurred during that month and on an aggregate basis, showing a comparison to the development budget; (E) statements of the balances for each fund and account required to be established under this Master Indenture or under any Related Bond Indenture as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group, and (F) if such month is the last month of a fiscal quarter, a calculation of compliance with the Liquidity Requirement, for such fiscal quarter if required to be calculated by this Master Indenture, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative. Such report shall also include a calculation of the Debt Service Coverage Ratio for reporting purposes only.

(ii) After the issuance of a certificate of occupancy for the first building containing Project Independent Living Units, (I) a calculation of the marketing levels for the Project as of the end of such month, including the number of Project Independent Living Units that have been sold or cancelled during that month and on an aggregate basis; (II) occupancy levels of the Project as of the end of such month including the number of Independent Living Units that were occupied and vacated during that month and on an aggregate basis; (III) a summary statement on the status of construction of the Project until the issuance of the last certificate of occupancy for the Project; (IV) unaudited financial reports on the development costs incurred during that month and on an aggregate basis until the issuance of the last certificate of occupancy for the Project; (V) an unaudited statement of revenues and expenses and statement of cash flows of the Obligated Group for such month and an unaudited balance sheet of the Obligated Group as of the end of such month, showing a comparison to the current Annual Budget; (VI) statements of the balances for each fund and account required to be established hereunder or under any Related Bond Indenture as of the end of such month (obtained from the applicable Related Bond Trustee), all in reasonable detail and certified by an officer of the Obligated Group; and (VII) a calculation of compliance with the Marketing Requirements, the Occupancy Requirements, and the Liquidity Requirement for such fiscal quarter if required to be calculated hereunder, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative. A calculation of the Debt Service Coverage Ratio will also be included for reporting purposes only.

The Obligated Group does not need to deliver any monthly statement of the Obligated Group described in (a)(ii) after Stable Occupancy.

(b) (i) Quarterly unaudited financial statements of the Obligated Group as soon as practicable after they are available but in no event more than 45 days after the completion of such fiscal quarter, including a combined and combining statement of operations and changes in net assets (deficit) and statement of cash flows of the Obligated Group during such period and a combined and combining balance sheet of the Obligated Group as of the end of each such fiscal quarter, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative. Such financial statements and calculations shall be accompanied by a comparison to the Annual Budget.

Notwithstanding the foregoing, if the Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20 and the Days' Cash on Hand is less than the Liquidity Requirement on the most recent Testing Date as provided in this Master Indenture, the Obligated Group will deliver the financial information and calculations described in the above paragraph on a monthly basis within 45 days of the end of each month until the Debt Service Coverage Ratio of the Obligated Group is at least 1.20 and the Days' Cash on Hand is at least equal to the applicable Liquidity Requirement.

(ii) On or before the date of delivery of the financial reports referred to in subsection (b)(i) above, a management's discussion and analysis of results for the applicable fiscal period, together with an Officer's Certificate of the Obligated Group Representative (1) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions hereof or, if not, specifying all such defaults and the nature thereof, (2) calculating and certifying the Days' Cash on Hand as of the end of such fiscal period, if required to be calculated for such fiscal period, and (3) attaching (I) information about occupancy levels of the Community as of the end of such quarter across all levels of care, including a comparison to the prior year's occupancy, (II) the number of residents admitted to health care outside the Community, (III) net Entrance Fees received, (IV) turnover statistics with respect to Independent Living Units, (V) changes in services offered at the Community, (VI) stating that the Community is in compliance with State of North Carolina regulations and statutes; and (VII) if Master Obligations have been issued in connection with any construction project, reports with respect to the progress of construction of such project.

(c) Within 150 days after the end of each Fiscal Year, an annual audited financial report of the Obligated Group prepared by an Accountant, including a combined and combining balance sheet as of the end of such Fiscal Year and combined and combining statements of cash flows and changes in net assets (deficit) for such Fiscal Year (together with any required supplemental information), showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a separate written statement of the Accountant preparing such report (or another Accountant) containing calculations of the Obligated Group's Debt Service Coverage Ratio for such Fiscal Year and Days' Cash on Hand at the end of such Fiscal Year, and a statement that such Accountant has no knowledge of any default under this Master Indenture insofar as it relates to accounting matters or to the Obligated Group's financial covenants, or if such Accountant shall have obtained knowledge of any such default or defaults, it shall disclose in such statement the default or defaults and the nature thereof (but such Accountant shall not be liable directly or indirectly to anyone for failure to obtain knowledge of any default).

(d) On or before the date of delivery of the annual financial reports referred to in subsection (c) above, a management's discussion and analysis of results for such Fiscal Year, together with an Officer's Certificate of the Obligated Group Representative (1) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions hereof or, if not, specifying all such defaults and the nature thereof and (2) attaching (I) information about the fee structure for and the occupancy of the Independent Living Units in the Community, including a comparison to the prior year's occupancy, (II) the number of residents admitted to health care outside the Community, (III) net Entrance Fees received, (IV) turnover statistics with respect to Independent Living Units, (V) changes in services offered at the Community, (VI) stating that the Community is in compliance with State of North Carolina regulations and statutes, and (VII) if Master Obligations have been issued in connection with any construction project, reports with respect to the progress of such construction project.

(e) No later than 30 days after the last day of each Fiscal Year, the Obligated Group Representative will prepare the Annual Budget (consisting of a statement of income and expenses) for the following Fiscal Year. If the Obligated Group Representative fails to prepare the Annual Budget for any Fiscal Year, the Annual Budget for the preceding Fiscal Year will continue until the Annual Budget is prepared for the remainder of the applicable Fiscal Year. The Annual Budget shall be provided to each Required Information Recipient no later than 30 days after the start of each Fiscal Year, and any material amendment to the Annual Budget shall be provided to each Required Information Recipient within 30 days after it becomes effective.

(f) Copies of adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of any Obligated Group Member as a Tax-Exempt Organization or with respect to the tax-exempt status of any Related Bonds, promptly upon receipt.

(g) Subject to industry standards relating to the financing of facilities similar to the Community, the Obligated Group shall use its best efforts to make available one or more representatives for a quarterly telephone conference call if none of the Related Bonds are then rated by a Rating Agency and semiannual telephone conference call if any of the Related Bonds are then rated by a Rating Agency (or more frequently if requested by the holders of a majority in outstanding principal amount of the Related Bonds) with the holders of the Related Bonds and the Master Trustee to discuss the financial results of the preceding period and such other matters as are relevant or are reasonably requested by the holders of the Related Bonds and the Master Trustee. The Obligated Group shall post notice of such calls to EMMA at least two weeks prior to the scheduled date of each call, and shall provide such notice to the Master Trustee.

(h) Within 30 days after the incurrence of Long-Term Indebtedness that is not offered through an offering document available on EMMA, a summary of the material terms, including the applicable interest rate, amortization and maturity of such Long-Term Indebtedness and material differences in covenants set forth in the documents executed in connection with such Long-Term Indebtedness from those set forth in the Master Indenture where a failure to comply with such covenants could give rise to an event of default under the Master Indenture, and within 10 business days after the receipt by the Obligated Group from the lender of such Long-Term Indebtedness of any notice of event of default, reservation of rights letter or forbearance agreement,

a notification that such notice, letter or agreement has been received. Such information will be filed on EMMA under the CUSIPs for all Related Bonds.

Section 4.23. [Reserved].

Section 4.24. [reserved]

Section 4.25. [reserved]

Section 4.26. Calculation of Debt Service Requirements and Debt Service Coverage.

(a) *Certain General Provisions.* The various calculations of the amount of Indebtedness of a Person, the amortization schedule of such Indebtedness and the Debt Service Requirements with respect to such Indebtedness required under certain provisions of this Master Indenture shall be made in a manner consistent with that adopted in Section 4.18 hereof and in this Section 4.26. In the case of Balloon or Put Indebtedness issued pursuant to subsection (a) of Section 4.18 hereof, unless such Indebtedness is reclassified pursuant to this Section 4.26 as having been issued pursuant to another subsection of Section 4.18, the amortization schedule of such Indebtedness and the Debt Service Requirements with respect to such Indebtedness for future periods shall be calculated on the assumption that such Indebtedness is being issued simultaneously with such calculation. With respect to Put Indebtedness, if the option of the holder to require that such Indebtedness be paid, purchased or redeemed prior to its stated maturity date, or if the requirement that such Indebtedness be paid, purchased or redeemed prior to its stated maturity date (other than at the option of such holder and other than pursuant to any mandatory sinking fund or any similar fund), has expired or lapsed as of the date of calculation, such Put Indebtedness shall be deemed payable in accordance with its terms.

Master Obligations issued to secure Indebtedness permitted to be incurred under Section 4.18 shall not be treated separately as Additional Indebtedness from the Indebtedness secured thereby in a manner which would require such Indebtedness to be included more than one time in the calculations performed under this Master Indenture.

Each Member may elect to have Indebtedness issued pursuant to one provision of Section 4.18 reclassified as having been incurred under another provision of Section 4.18 by certifying compliance with such other provision on the assumption that such Indebtedness is being reissued on the date of delivery of the materials required to be delivered under such other provision including the certification of any applicable Projected Rate. From and after such demonstration, such Indebtedness shall be deemed to have been incurred under the provision with respect to which such compliance has been demonstrated until any subsequent reclassification of such Indebtedness.

(b) *Indebtedness Bearing Interest at a Variable Rate.* In determining the amount of Debt Service Requirements on Indebtedness in the course of the various calculations required under certain provisions of this Master Indenture, if the terms of the Indebtedness being considered are such that interest thereon for any future period of time is expressed to be calculated at a varying rate per annum, a formula rate or a fixed rate per annum based on a varying index, then for the purpose of making such determination of debt service, interest on such Indebtedness for such period (the "Determination Period") shall be computed by assuming that the rate of interest

applicable to the Determination Period is equal to the average of the rate of interest (calculated in the manner in which the rate of interest for the Determination Period is expressed to be calculated) which was in effect on the last date of each of the 12 full calendar months immediately preceding the month in which such calculation is made; provided that if the index or other basis for calculating such interest was not in existence for at least 12 full calendar months next preceding the date of calculation, the rate of interest for such period shall be deemed to be the average rate of interest that was in effect on the last day of each full calendar month next preceding the date of calculation; and if the average rate of interest borne by such Indebtedness for such shorter period cannot be calculated, the rate of interest for such period shall be deemed to be the Projected Rate.

No Additional Indebtedness shall be deemed to arise when Indebtedness which bears interest at a variable rate of interest is converted to Indebtedness which bears interest at a fixed rate or the method of computing the variable rate on such Indebtedness is changed or the terms upon which Indebtedness, if Put Indebtedness, may be or is required to be tendered for purchase are changed, if such conversion or change is in accordance with the provisions applicable to such variable rate Indebtedness or Put Indebtedness in effect immediately prior to such conversion or change.

(c) *Commitment Indebtedness.* Except as set forth below, no debt service shall be deemed payable with respect to Commitment Indebtedness until such time as funding occurs under the commitment which gave rise to such Commitment Indebtedness. From and after such funding, the amount of such debt service shall be calculated in accordance with the actual amount required to be repaid on such Commitment Indebtedness and the actual interest rate and amortization schedule applicable thereto. No Additional Indebtedness shall be deemed to arise when any funding occurs under any such commitment or any such commitment is renewed upon terms which provide for substantially the same terms of repayment of amounts disbursed pursuant to such commitment as obtained prior to such renewal.

(d) *Balloon Indebtedness.* Balloon Indebtedness incurred as provided under subsection (a) of Section 4.18, unless reclassified pursuant to Section 4.26(a), shall be deemed to be payable in accordance with the assumption that (i) the portion of Balloon Indebtedness coming due in such Fiscal Year matures over 30 years from the date of issuance of the Balloon Indebtedness, bears interest on the unpaid balance at the Projected Rate and is payable on a level annual debt service basis over a period of no more than 30 years or (ii) the portion of Balloon Indebtedness coming due in such Fiscal Year matures according to its actual principal amortization schedule, bears interest on the unpaid balance at the Projected Rate, but this subsection (ii) shall only be used if the amortization of all Indebtedness of the Obligated Group outstanding, when the Balloon Indebtedness Debt Service Requirement being calculated is calculated, varies no more 10% per year. Put Indebtedness incurred as provided under subsection (a) of Section 4.18, unless reclassified pursuant to Section 4.26(a), if issued, shall be deemed to be payable in accordance with the terms of such Indebtedness.

(e) *Guaranties.* Subject to the provisions hereinbelow, a Guaranty of an obligation of another Person (for purposes of this definition, the "Obligated Person") qualifying as Long-Term Indebtedness hereunder shall be deemed Long-Term Indebtedness of the Obligated Group in accordance with the following schedule:

Long-Term Debt Service Coverage Ratio of the Obligated Person (calculated as set forth herein for the most recent fiscal year of the Obligated Person for which audited financial statements are available)	Percentage of the principal amount of the guaranteed indebtedness deemed to be Long-Term Indebtedness of the Obligated Group
greater than 2.0	0%
to and including 2.0	20
to and including 1.49	50
to and including 1.24	75
less than 1.10 (or no available financial statements)	100

Notwithstanding the foregoing, (a) for the purpose of calculating any historical Debt Service Requirements, the guarantor's Debt Service Requirements under a Guaranty shall be deemed to be the actual amount paid on such Guaranty by the guarantor, and (b) if any Obligated Group Member is required to make a debt service payment pursuant to any Guaranty, one hundred percent (100%) of the principal amount of the guaranteed indebtedness shall be deemed Long-Term Indebtedness of the Obligated Group for a period of twenty-four (24) months following the most recent payment on the Guaranty.

(f) *Finance Leases.* For purposes of the various calculations required under this Master Indenture for Finance Leases, the capitalized rentals under a Finance Lease at the time of such calculation shall be deemed to be the principal payable thereon.

(g) *Hedge Agreements.* Anything herein to the contrary notwithstanding, any portion of any Indebtedness of any Member for which a Hedge Agreement has been obtained by such Member shall be deemed to bear interest for the period of time that such Hedge Agreement is in effect at a net rate which takes into account the interest payments made by such Member on such Indebtedness and the payments made or received by such Member on such Hedge Agreement; provided that the long term credit rating of the provider of such Hedge Agreement (or any guarantor thereof) is in one of the three highest rating categories of any Rating Agency (without regard to any refinements of gradation of rating category by numerical modifier or otherwise) or is at least as high as that of the Obligated Group. In addition, so long as any Indebtedness is deemed to bear interest at a rate taking into account a Hedge Agreement, any payments made by a Member on such Hedge Agreement shall be excluded from Expenses, and any payments received by a Member on such Hedge Agreement shall be excluded from Revenues, in each case, for all purposes of this Master Indenture.

Section 4.27. Payment of Affiliate Payments and Subordinated Indebtedness.

(a) An Obligated Group Member will not make Affiliate Payments or payments on Subordinated Indebtedness unless the following conditions are satisfied:

(i) if the proposed payment had occurred as of the last day of the most recent fiscal quarter for which financial statements have been delivered under Section 4.22 hereof or otherwise posted to EMMA, the Obligated Group would have had 200 Days' Cash on Hand, after giving effect to such payment, as of such date;

(ii) if the proposed payment had occurred during the most recent fiscal quarter for which financial statements have been delivered under Section 4.22 hereof or otherwise posted to EMMA, the Debt Service Coverage Ratio calculated as of the end of such fiscal quarter would have been not less than 1.30; and

(iii) there is no deficiency in the bond fund or the debt service reserve fund established under a Supplemental Master Indenture with respect to any Outstanding Master Obligation or established under a Related Indenture with respect to any Related Bonds, and there is no event existing that constitutes, or with the giving of notice or the passing of time or both would constitute, an Event of Default under this Master Indenture.

(b) All Affiliate Payments and payments on Subordinated Indebtedness in a fiscal period shall be subordinated to all payments due on any Senior Obligations and Subordinated Derivative Obligations Outstanding in such period. Subordinated Obligations may not be accelerated without the prior written consent of the holder of each such Master Obligation.

(c) Payments of principal and interest on Subordinated Indebtedness which are not permitted to be paid pursuant to the foregoing requirements shall be deferred but, unless otherwise provided in the loan documents governing such Subordinated Indebtedness, shall be subject to accrual of interest during the period of deferral.

Section 4.28. After-Acquired, Replacement or Substituted Real Property.

In the event any Obligated Group Member shall acquire or construct in New Hanover County, North Carolina, real property, buildings, improvements or fixtures as an addition to or in replacement of or substitution for the Community, such Obligated Group Member covenants and agrees that it will, upon closing of such acquisition or prior to commencement of such construction, record in the office of the Register of Deeds of such county, either (a) a Deed of Trust containing a description of the property being acquired or constructed, if such Obligated Group Member has not previously executed and delivered a Deed of Trust to the Master Trustee that is recorded in the office of the Register of Deeds of such county, or (b) a notice of extension as specified in Section 47-20.5 of the General Statutes of North Carolina, as amended, containing a description of the property covered thereby relating to a Deed of Trust previously executed and delivered by such Obligated Group Member to the Master Trustee that is recorded in the office of the Register of Deeds of such county. For purposes of this Section, real property, buildings, improvements and fixtures shall be deemed to be an addition to the Community if they comprise facilities that are functionally related to, and operated on an integrated basis with, the Community.

In the event any Master Obligation is issued pursuant to this Master Indenture to acquire or finance real property or improvements to real property, the Obligated Group Member acquiring or financing such real property or improvements covenants and agrees that it shall cause to be recorded in the office of the register of deeds of the county in which such real property is located either a Deed of Trust containing a description of the real property or improvements being acquired or financed or a notice of extension as specified in Section 47-20.5 of the General Statutes of North Carolina, as amended, containing a description of the property covered thereby relating to a Deed of Trust previously executed and delivered by such Obligated Group Member to the Master Trustee that is recorded in the office of the register of deeds of such county.

Any Obligated Group Member executing and delivering such Deed of Trust or notice of extension pursuant to this Section shall (a) in the case of a Deed of Trust, (i) cause a mortgagee title insurance policy, together with a tie-in endorsement to such policy and each other mortgagee title insurance policy previously issued to the Master Trustee under the terms of this Master Indenture, to be issued and delivered to the Master Trustee in an amount equal to the principal amount of any Master Obligation to be issued in connection with acquiring or financing the real property or improvements to the real property described in such Deed of Trust, insuring that such Deed of Trust is a first priority Lien, subject to Permitted Liens, on the Mortgaged Property described therein or (ii) cause an endorsement to a mortgagee title insurance policy previously issued to the Master Trustee under the terms of this Master Indenture to be issued to the Master Trustee, that (A) amends the effective date and time of such policy to be the date and time of the recording of such Deed of Trust, (B) amends the description of the land insured by such policy to include the real property described in such Deed of Trust, (C) increases the amount of such policy by an amount equal to the principal amount of any Master Obligation issued in connection with acquiring or financing the real property or improvements to the real property described in such Deed of Trust and (D) continues to insure that the Deed(s) of Trust initially secured by such policy and the new Deed of Trust are first priority Liens on the Mortgaged Property described therein, subject to Permitted Liens, or (b) in the case of a notice of extension, cause an endorsement to the mortgagee title insurance policy previously issued to the Master Trustee insuring the priority of the Deed of Trust to which such notice of extension relates to be issued and delivered to the Master Trustee that (i) amends the effective date and time of such policy to be the date and time of the recording of the notice of extension, (ii) amends the description of the land insured by such policy to include the real property described in the notice of extension, (iii) increases the amount of such policy by an amount equal to the principal amount of any Master Obligation issued in connection with acquiring or financing the real property or improvements to the real property described in such Deed of Trust and (iv) continues to insure that such Deed of Trust, giving effect to the notice of extension, is a first priority Lien on the Mortgaged Property described therein, subject to Permitted Liens. Each title insurance policy or endorsement delivered to the Master Trustee pursuant to this Section shall be issued by a title insurance company.

Section 4.29. Debt Service Reserve Funds.

(a) The Master Trustee shall establish and maintain one or more Debt Service Reserve Funds as security for one or more Master Obligations issued hereunder pursuant to this Section 4.29 and any Supplemental Master Indenture directing that a Debt Service Reserve Fund be established or maintained as security for the Master Obligation issued thereunder.

(b) Each Debt Service Reserve Fund may serve as security for only one Master Obligation issued hereunder or may serve as security for more than one Master Obligation issued hereunder, in which case all Master Obligations secured by such Debt Service Reserve Fund shall be secured equally and ratably by the amounts on deposit in such Debt Service Reserve Fund; provided, however, that no Debt Service Reserve Fund shall serve as security for one or more Master Obligations that secure Tax-Exempt Related Bonds and one or more Master Obligations that evidence or secure taxable Indebtedness or Related Bonds.

(c) Upon establishment of a Debt Service Reserve Fund, the Obligated Group Members shall transfer, or cause to be transferred, money in an amount equal to the Debt Service

Reserve Fund Requirement to the Master Trustee for deposit into such Debt Service Reserve Fund. After the establishment of a Debt Service Reserve Fund, if a Supplemental Master Indenture provides that the Master Obligation issued thereunder shall be secured by such Debt Service Reserve Fund, the Members of the Obligated Group shall transfer, or cause to be transferred, to the Master Trustee for deposit into such Debt Service Reserve Fund money in an amount equal to the difference between the Debt Service Reserve Fund Requirement (after giving effect to the issuance of such Master Obligation) and the amount then on deposit in such Debt Service Reserve Fund.

(d) If a Debt Service Reserve Fund secures more than one Master Obligation, the Master Trustee shall establish an account within such Debt Service Reserve Fund for each source of money deposited in such fund, such as proceeds of Related Bonds secured by, or Indebtedness evidenced by, a Master Obligation or other money of the Obligated Group Members, and deposit the money obtained from each such source in the appropriate account. Such accounts shall be established solely for the convenience of the Obligated Group Members in maintaining an accounting of the uses and applications of such funds under the provisions of applicable federal and state law, and shall equally and ratably secure all Master Obligations for which such Debt Service Reserve Fund has been established.

(e) If, after following the provisions in a Related Bond Indenture regarding obtaining funds from the Obligor or other Obligated Group Member, the Holder of a Master Obligation secured by a Debt Service Reserve Fund delivers a written notice to the Master Trustee to the effect that the amount of principal or interest paid by the Obligated Group or the amount otherwise available to the Holder of such Master Obligation is less than the amount of principal or interest then due on such Master Obligation and specifying the amount of such deficiency of principal, interest or both, the Master Trustee, without further direction, shall immediately withdraw moneys from such Debt Service Reserve Fund in the amount of such deficiency and transfer such moneys to such Holder. If such Debt Service Reserve Fund secures more than one Master Obligation, the Master Trustee shall withdraw the amount of such deficiency from each account within such Debt Service Reserve Fund on a pro rata basis based on the amounts then on deposit in each such account. Amounts on deposit in any Debt Service Reserve Fund shall not be applied to pay principal of or interest on any Master Obligation other than the Master Obligation or Master Obligations secured thereby. The Master Trustee shall promptly provide written notice to the Obligated Group Members of any such withdrawal from any Debt Service Reserve Fund.

(f) Unless otherwise provided in the Supplemental Master Indenture directing that a Debt Service Reserve Fund be established and maintained, beginning on the 25th day of the month following a month in which money is withdrawn from a Debt Service Reserve Fund, the Obligated Group Members jointly and severally covenant promptly to pay or cause to be paid to the Master Trustee for deposit into such Debt Service Reserve Fund, one-twelfth (1/12) of the amount or amounts so withdrawn until the amount then on deposit in such Debt Service Reserve Fund is equal to the Debt Service Reserve Fund Requirement. If an additional withdrawal is made from such Debt Service Reserve Fund prior to the restoration of the initial withdrawal, such additional withdrawal shall be restored by the Obligated Group Members in equal monthly installments over the remainder of the restoration period for the initial withdrawal. If such Debt Service Reserve Fund secures more than one Master Obligation, the Master Trustee shall deposit each amount paid

to restore such Debt Service Reserve Fund into each account within such Debt Service Reserve Fund on a pro rata basis based on the amounts withdrawn from each such account.

(g) If on any date of valuation pursuant to subsection (m) below the money held in a Debt Service Reserve Fund exceeds the Debt Service Reserve Fund Requirement, including any excess created in whole or in part by the interest earnings on such Debt Service Reserve Fund, an amount equal to such excess shall be transferred by the Master Trustee to the Holder of the Master Obligation secured by such Debt Service Reserve Fund or, if more than one Master Obligation is secured by such Debt Service Reserve Fund, such excess shall be withdrawn from each account within such Debt Service Reserve Fund on a pro rata basis based on the amounts then on deposit in each such account and the amount withdrawn from each account shall be paid to the Holder of the Master Obligation that secures the Related Bonds or Indebtedness that were the source of the moneys deposited in such account or to the Obligated Group Members if they were the source of the moneys deposited in such account; provided, however, that any excess created by a refunding (or other payment or defeasance) of a portion of any Tax-Exempt Related Bonds may be applied in any manner which, in an Opinion of Bond Counsel, will not cause the interest on such Tax-Exempt Related Bonds to be includable in the gross income of the owners thereof under the Code. Any such excess transferred to a Holder shall be credited against future amounts payable to such Holder by the Obligated Group Members, unless transferred to cure deficiencies therein.

(h) All money deposited with the Master Trustee hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured, for the benefit of the Holders, either (a) by lodging with a bank or trust company chosen by the Master Trustee or custodian or, if then permitted by law, by setting aside under control of the trust department of the bank holding such deposit, as collateral security, Government Obligations or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States or applicable State law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the furnishing of security as provided in clause (a) above is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Master Trustee to give security for any money that shall be represented by obligations purchased under the provisions of this Section 4.29 as an investment of such money.

(i) Unless otherwise provided in the Supplemental Master Indenture directing that a Debt Service Reserve Fund be established and maintained, money held for the credit of a Debt Service Reserve Fund shall be continuously invested and reinvested by the Master Trustee in Permitted Investments to the extent practicable in accordance with the written instructions of an Obligated Group Representative and pursuant to Section 3.02. If accounts have been established within a Debt Service Reserve Fund, the Master Trustee may invest the money within each account separately or may use money from each account to purchase a proportionate share of an investment based on the balance then on deposit in each such account. Unless otherwise provided in the Supplemental Master Indenture directing that a Debt Service Reserve Fund be established and maintained, Permitted Investments deposited in a Debt Service Reserve Fund shall mature not later than ten (10) years from the date on which such Permitted Investments were deposited therein. Notwithstanding the foregoing, no Permitted Investments in a Debt Service Reserve Fund may

mature beyond the latest maturity date of any Related Bonds Outstanding that are secured by a Master Obligation that is secured by such Debt Service Reserve Fund at the time such Permitted Investments are deposited unless irrevocable instructions shall have been given to redeem such Permitted Investments on a date or dates not later than the latest maturity date of any such Related Bonds Outstanding. For the purposes of this Section, the maturity date of repurchase agreements for Government Obligations or other obligations is the maturity date of such repurchase agreements and not the maturity date of the underlying Government Obligations or other obligations.

(j) The Obligated Group Representative shall give to the Master Trustee written directions respecting the investment of any money required to be invested under this Section 4.29, subject, however, to the provisions of this Section 4.29, and the Master Trustee shall then invest such money under this Section as so directed by such Obligated Group Representative. The Master Trustee may request, in writing, direction or authorization of the Obligated Group Representative with respect to the proposed investment of money under the provisions of this Section 4.29. Upon receipt of such request, accompanied by a memorandum setting forth the details of any proposed investment, the Obligated Group Representative will either approve such proposed investment or will give written directions to the Master Trustee respecting the investment of such money and, in the case of such directions, the Master Trustee shall then, subject to the provisions of this Section 4.29, invest such money in accordance with such directions. The Master Trustee may conclusively rely on the written instructions of the Obligated Group Representative as to the legality and suitability and qualification as "Permitted Investments" of any directed investment hereunder.

(k) Permitted Investments credited to any Debt Service Reserve Fund established under this Section 4.29 shall be held by or under the control of the Master Trustee and while so held shall be deemed at all times to be part of such fund or account in which such money was originally held, and the interest accruing thereon and any profit or loss realized upon the disposition or maturity of such investment shall be credited to or charged against such fund or account. The Master Trustee shall sell at the price available or reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary so to do in order to provide moneys to make any payment or transfer of moneys from any such fund or account. The Master Trustee shall not be liable or responsible for any loss resulting from any such investment.

(l) For the purpose of determining the amount on deposit in any Debt Service Reserve Fund or account therein, Permitted Investments in which money in such fund or account is invested shall be valued (a) at face value if such Permitted Investments mature within six months from the date of valuation thereof, and (b) if such Permitted Investments mature more than six months after the date of valuation thereof at the price at which such Permitted Investments are redeemable by the holder at such holder's option if so redeemable, or, if not so redeemable, at the lesser of (i) the cost of such Permitted Investments minus the amortization of any premium or plus the amortization of any discount thereon and (ii) the market value of such Permitted Investments.

(m) The Master Trustee shall value the Permitted Investments in each Debt Service Reserve Fund and accounts therein established under this Section 4.29 and held by the Master Trustee three (3) Business Days prior to each January 1 and July 1 and at such times as shall be required in order for the Obligated Group Members to comply with federal income tax law applicable to any Related Bonds. In addition, the Permitted Investments shall be valued by the

Master Trustee at any time requested by the Obligated Group Representative on reasonable notice to the Master Trustee (which period of notice may be waived or reduced by the Master Trustee); provided, however, that the Master Trustee shall not be required to value the Permitted Investments more than once in any calendar month other than as provided herein.

(n) If upon valuation of a Debt Service Reserve Fund, the balance in such fund, including accrued interest to the date of valuation, is less than 90% of the Debt Service Reserve Fund Requirement, the Master Trustee shall compute the amount by which the Debt Service Reserve Fund Requirement exceeds such balance and shall promptly give the Obligated Group Members notice of such deficiency and the amount necessary to cure the same.

(o) Unless otherwise provided in the Supplemental Master Indenture directing that a Debt Service Reserve Fund be established and maintained, beginning on the 25th day of the month (and on the 25th day of each month thereafter) following a valuation made in accordance with this Section 4.29 in which the amount on deposit in such Debt Service Reserve Fund is less than ninety percent (90%) of the Debt Service Reserve Fund Requirement due to a loss resulting from a decline in the value of Permitted Investments held for the credit of such Debt Service Reserve Fund, each Obligated Group Member covenants promptly to pay or cause to be paid to the Master Trustee for deposit into such Debt Service Reserve Fund, one-sixth (1/6) of the amount by which the Debt Service Reserve Fund Requirement exceeds such balance until the amount on deposit to the credit of such Debt Service Reserve Fund is equal to the Debt Service Reserve Fund Requirement.

(p) The Obligated Group Members covenant and agree that money on deposit in any Debt Service Reserve Fund, whether or not such money was derived from the proceeds of the sale of any Tax-Exempt Related Bonds or from any other sources, and whether or not any Tax-Exempt Related Bonds are Outstanding, (i) will not be used in a manner that would cause any Tax-Exempt Related Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and (ii) will be used in a manner that will cause any Tax-Exempt Related Bonds not to be "arbitrage bonds" within the meaning of Section 148 of the Code; provided, however, that the Master Trustee shall have no obligation to pay any amounts necessary to comply with this covenant other than from money received by the Master Trustee from the Obligated Group Members. The Master Trustee shall observe and not violate the requirements of Section 148 of the Code, provided that in fulfilling such obligation, the Master Trustee shall be fully protected in relying upon any written investment instruction given by the Obligated Group Representative. In the event the Obligated Group Representative is of the opinion that it is necessary to restrict or limit the yield on the investment of money held by the Master Trustee pursuant to this Section 4.29, or to use such money in certain manners, in order to avoid any Tax-Exempt Related Bonds being considered "arbitrage bonds" within the meaning of Section 148 of the Code as such may be applicable to such Tax-Exempt Related Bonds at such time, the Obligated Group Representative may issue to the Master Trustee a written certificate to such effect and appropriate instructions, in which event the Master Trustee shall take such action as is set forth in such certificate and instructions, irrespective of whether the Master Trustee shares such opinion.

[End of Article IV]

**ARTICLE V
MERGER, CONSOLIDATION, SALE OR CONVEYANCE**

Section 5.01. Merger, Consolidation, Sale or Conveyance.

(a) No Member may sell or convey substantially all of its assets, or merge or consolidate with another Person (other than with another Member), unless:

(i) The transferee or surviving Person in the case of a merger, consolidation, sale or conveyance is an organization described under Section 501(c)(3) of the Code, or the transferee or surviving Person shall have delivered to the Master Trustee an Opinion of Bond Counsel that the addition of such non-501(c)(3) Member will not adversely affect the tax-exempt status of any Related Bonds or the exemption from federal securities laws of any of the Master Obligations;

(ii) no Member would be immediately in default in the performance or observance of any covenant or condition of this Master Indenture as a result of such merger or consolidation, or such sale or conveyance;

(iii) if the transferee or surviving Person is not a North Carolina corporation or limited liability company, it either qualifies to do business in the State of North Carolina or files with the Master Trustee a consent to service of process acceptable to the Master Trustee;

(iv) if all amounts due or to become due on any Tax-Exempt Related Bonds have not been fully paid to the holder thereof, there shall have been delivered to the Master Trustee an Opinion of Bond Counsel, to the effect that under then existing law the consummation of such merger, consolidation, sale or conveyance would not adversely affect the exemption from Federal income taxation of interest payable on such Tax-Exempt Related Bonds; and

(v) The transferee or surviving Person shall have delivered to the Master Trustee (A) either (1) an Officer's Certificate certifying and concluding that if such merger, consolidation, sale or conveyance had taken place on the first day of the last Fiscal Year for which audited financial statements are available, the Debt Service Coverage Ratio for such Fiscal Year would have been at least 80 percent of the actual Debt Service Coverage Ratio for such Fiscal Year and at least 1.20, and Days' Cash on Hand would have been not less than 80 percent of the actual Days' Cash on Hand and at least equal to the then-applicable Liquidity Requirement; or (2) a Consultant's report showing that for the next two Fiscal Years the Debt Service Coverage Ratio is forecasted to be at least 80 percent of the actual Debt Service Coverage Ratio for the preceding Fiscal Year and at least 1.20, and Days' Cash on Hand is forecasted to be at least 80 percent of the actual Days' Cash on Hand for the preceding Fiscal Year and at least equal to the then-applicable Liquidity Requirement at the end of each Fiscal Year during the forecast period; and (B) evidence from each Rating Agency then maintaining a rating on any series of Related Bonds to the effect that the admission of such Person to the Obligated Group will not result in a below investment-grade rating on such series of Related Bonds; provided, however, that the

holders of a majority of the principal amount of such series of Related Bonds may consent to waive such requirement.

(b) In case of any such consolidation, merger, sale or conveyance, such transferee or surviving Person shall succeed to and be substituted for its predecessor, with the same effect as if it had been named herein as such Member, pursuant to a Supplemental Master Indenture. Each such transferee or surviving Person must agree to become, and satisfy the conditions described in this Section 5.01 to becoming, an Obligated Group Member simultaneously with or prior to any such consolidation, merger, sale or conveyance becoming effective. Any transferee or surviving Person to such Member thereupon may cause to be signed and may issue in its own name Master Obligations hereunder and the predecessor Member shall be released, without recourse, representation or warranty, from its obligations hereunder and under any Outstanding Master Obligations, if such predecessor Member shall have conveyed all Property owned by it (or all such Property shall be deemed conveyed by operation of law) to such transferee or surviving Person. All Master Obligations so issued by such transferee or surviving Person hereunder shall in all respects have the same legal rank and benefit hereunder as Master Obligations theretofore or thereafter issued in accordance with the terms hereof as though all of such Master Obligations had been issued hereunder by such prior Member without any such consolidation, merger, sale or conveyance having occurred.

(c) In case of any such consolidation, merger, sale or conveyance, such changes in phraseology and form (but not in substance) may be made in Master Obligations thereafter to be issued as may be appropriate.

(d) The Obligated Group Representative shall deliver to the Master Trustee, and the Master Trustee may conclusively rely upon, an Officer's Certificate and an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such transferee or surviving Person becoming an Obligated Group Member, complies with the provisions hereof summarized under this section and that it is proper for the Master Trustee under the provisions hereof to join in the execution of any Supplemental Master Indenture required to be executed and delivered by the Master Trustee.

(e) Notwithstanding anything to the contrary in the foregoing, any Member may establish separate divisions and may cause such divisions to be separately incorporated or otherwise organized or reorganized, but all such divisions, whether separately incorporated or not, shall remain bound hereby and all Master Obligations issued hereunder, and shall be jointly and severally liable with the other Obligated Group Members with respect thereto; provided, however, prior to effecting any such reorganization, such Members shall deliver to the Master Trustee (i) an Opinion of Counsel to the effect that after such reorganization all separately incorporated divisions will be jointly and severally liable with the other Members hereunder and all Master Obligations issued hereunder, and (ii) an Opinion of Bond Counsel that such reorganization will not affect the validity of any Related Bonds or other obligations secured hereby or, with respect to any tax-exempt Related Bonds or other tax-exempt obligations secured hereby, the exclusion from gross income under Section 103 of the Code of interest paid on such tax-exempt Related Bonds or obligations. Such reorganizing Member shall preserve all of its rights and licenses to the extent necessary or desirable in the operation of its business affairs; provided, that such Member shall

not be obligated to retain or preserve any rights or licenses no longer used or, in the judgment of its Governing Body, no longer useful in the conduct of its business.

(f) Notwithstanding anything to the contrary in the foregoing, the Obligor may enter into agreements with other institutions for shared services. Such agreements shall not be prohibited by the terms of this section.

[End of Article V]

ARTICLE VI MEMBERSHIP IN THE OBLIGATED GROUP

Section 6.01. Admission of Obligated Group Members. In addition to transferees or surviving Persons who become Obligated Group Members in the case of a merger, consolidation, sale or conveyance permitted under Section 5.01, Affiliates that are not Members may become Members, if:

(a) the Affiliate (the “New Member”) is a business entity;

(b) the New Member shall execute and deliver to the Master Trustee a Supplemental Master Indenture in a form acceptable to the Master Trustee which shall be executed by the Master Trustee and the Obligated Group Representative, containing the agreement of such New Member (i) to become an Obligated Group Member and thereby to become subject to compliance with all provisions hereof and (ii) unconditionally and irrevocably (subject to the right of such Person to cease its status as an Obligated Group Member pursuant to the terms and conditions hereof) to jointly and severally make payments upon each Master Obligation and any amounts due the Master Trustee hereunder;

(c) The Obligated Group Representative shall deliver to the Master Trustee (i) either (A) an Officer’s Certificate certifying that if such addition to the Obligated Group had taken place on the first day of the last Fiscal Year for which audited financial statements are available, the Debt Service Coverage Ratio for such Fiscal Year would have been at least 80 percent of the actual Debt Service Coverage Ratio for such Fiscal Year and at least 1.20, and Days’ Cash on Hand would have been not less than 80 percent of the actual Days’ Cash on Hand and at least equal to the then-applicable Liquidity Requirement; or (B) a Consultant’s report showing that for the next two Fiscal Years the Debt Service Coverage Ratio is forecasted to be at least 80 percent of the actual Debt Service Coverage Ratio for the preceding Fiscal Year and at least 1.20, and Days’ Cash on Hand is forecasted to be at least 80 percent of the actual Days’ Cash on Hand for the preceding Fiscal Year and at least equal to the then-applicable Liquidity Requirement at the end of each Fiscal Year during the forecast period; (ii) an Opinion of Counsel acceptable to the Master Trustee to the effect that (x) the Supplemental Master Indenture described in (b) above has been duly authorized, executed and delivered and constitutes a legal, valid and binding agreement of such Person, enforceable in accordance with its terms, subject to customary exceptions for bankruptcy, insolvency and other laws generally affecting enforcement of creditors’ rights and application of general principles of equity, and all action has been taken in order to cause the Lien of the Master Trustee in the Trust Estate to be perfected or recorded in accordance herewith and applicable law, and (y) the addition of such Person to the Obligated Group will not adversely affect the status as a Tax-Exempt Organization of any Member which otherwise has such status; (iii) evidence from each Rating Agency then maintaining a rating on any series of Related Bonds to the effect that the admission of such Person to the Obligated Group will not result in a below investment-grade rating on such series of Related Bonds; provided, however, that the holders of a majority of the principal amount of such series of Related Bonds may consent to waive such requirement; (iv) if all amounts due or to become due on all Related Bonds have not been paid to the holders thereof and provision for such payment has not been made in such manner as to have resulted in the defeasance of all Related Bond Indentures, an Opinion of Bond Counsel to the effect that under then existing law the consummation of such transaction would not, in and of itself,

adversely affect the validity of any Related Bonds or any exemption from federal or state income taxation of interest payable on such Related Bonds otherwise entitled to such exemption; and (v) Exhibit A to the Deed of Trust shall be amended, or a new Deed of Trust provided, to include a description of the real property of the Person becoming a Member upon which the primary operations of such Person are conducted, and the Person becoming a Member shall execute and deliver to the Master Trustee a Supplemental Master Indenture encumbering such real property; provided, that in making the calculation called for by subsection (c)(i) above, (x) there shall be excluded from Revenues any Revenues generated by Property of such Person transferred or otherwise disposed of by such Person since the beginning of the Fiscal Year during which such Person's entry into the Obligated Group occurs, and (y) there shall be excluded from Expenses any Expenses related to Property of such Person transferred or otherwise disposed of by such Person since the beginning of the Fiscal Year during which such Person's entry into the Obligated Group occurs; and

(d) the Master Trustee shall have received a certificate of the Obligated Group Representative evidencing that all then current Members of the Obligated Group approve the admission of the New Member into the Obligated Group.

Each successor, assignee, surviving, resulting or transferee corporation of a Member must agree to become, and satisfy the above described conditions to becoming, an Obligated Group Member prior to any such succession, assignment or other change in such Member's corporate status.

Section 6.02. Obligated Group Members. Upon becoming an Obligated Group Member, each Obligated Group Member agrees:

(a) The Master Trustee may pursue any remedies consequent upon an Event of Default against any Obligated Group Member, or all of them, without notice to, demand upon or joinder of (and without in any way releasing) any of the others, or against any one or more or all of them at the same time or at different times;

(b) Any right of contribution or right acquired by subrogation by any Obligated Group Member against any other Obligated Group Member arising out of the payment of Indebtedness shall be subordinated to the rights of the Master Trustee and the Holders of Master Obligations; and

(c) Each Obligated Group Member shall designate the Obligated Group Representative as its attorney in fact with full power of substitution to perform, satisfy and discharge every obligation, covenant, duty or liability to be performed on the part of the Obligated Group Member hereunder.

Section 6.03. Withdrawal of Obligated Group Members. The Obligor may not withdraw from the Obligated Group for as long as any Related Bonds remain outstanding. Any other Obligated Group Member may withdraw from the Obligated Group and be discharged from its obligations hereunder and under any Outstanding Master Obligations if the Obligated Group Representative shall deliver to the Master Trustee an Officer's Certificate and an Opinion of

Counsel as conclusive evidence that any such withdrawal and related release comply with the provisions hereof, together with:

(a) (i) either (A) an Officer's Certificate certifying that if such withdrawal had taken place on the first day of the last Fiscal Year for which audited financial statements are available, the Debt Service Coverage Ratio for such Fiscal Year would have been at least 80 percent of the actual Debt Service Coverage Ratio for such Fiscal Year and at least 1.20, and Days' Cash on Hand would have been at least 80 percent of the actual Days' Cash on Hand at the end of such Fiscal Year and at least equal to the then-applicable Liquidity Requirement; or (B) a Consultant's report showing that for the next two Fiscal Years, the Debt Service Coverage Ratio is forecasted to be at least 80 percent of the actual Debt Service Coverage Ratio for the preceding Fiscal Year and at least 1.20, and Days' Cash on Hand is forecasted to be at least 80 percent of the actual Days' Cash on Hand for the preceding Fiscal Year and at least equal to the then-applicable Liquidity Requirement at the end of each Fiscal Year during the forecast period; provided, however, that a Member may withdraw from the Obligated Group without delivering the documents referred to in subsection (A) or (B) above, if the Obligated Group Representative shall deliver to the Master Trustee an Officer's Certificate certifying that either (x) the Debt Service Coverage Ratio for such Obligated Group Member (calculated by eliminating all financial transactions with other Members of the Obligated Group) would have been less than 1.00, or (y) if the proposed withdrawal had been made on the first day of the last Fiscal Year for which audited financial statements are available, (1) the Obligated Group's Debt Service Coverage Ratio, after giving effect to any Indebtedness which is proposed to be retired, repaid or otherwise discharged following such withdrawal, would have been at least equal to the actual Debt Service Coverage Ratio of the Obligated Group for such Fiscal Year, and (2) the Obligated Group's Days' Cash on Hand, after giving effect to the proposed withdrawal, would have been equal to or greater than the actual Days' Cash on Hand at the end of such Fiscal Year; and (ii) evidence from each Rating Agency then maintaining a rating on any series of Related Bonds to the effect that the withdrawal of such Person from the Obligated Group will not result in a below investment-grade rating on such series of Related Bonds; provided, however, that the holders of a majority of the principal amount of such series of Related Bonds may consent to waive such requirement;

(b) Prior to cessation of such status, there is delivered to the Master Trustee an Opinion of Counsel to the effect that the cessation by such Member of its status as a Member is permitted hereunder and will not, in and of itself, adversely affect the status as a Tax-Exempt Organization of any Member which otherwise has such status;

(c) Any Liens in favor of the withdrawing Member on the Property of a remaining Member is released and satisfied unless such Lien constitutes a Permitted Encumbrance after the withdrawing Member is no longer a Member; and

(d) Prior to cessation of such status, the Obligated Group Representative and each Member consents in writing to the withdrawal by such Member.

Section 6.04. Successor Obligated Group Representative. The Obligor shall serve as the Obligated Group Representative until such time as the Obligor either (a) withdraws from the Obligated Group in accordance with this Article VI or (b) delivers to the Master Trustee its resignation as the Obligated Group Representative. The Obligor covenants to fulfill all of the

duties of the Obligated Group Representative under this Master Indenture. The Obligor agrees that it shall not withdraw from the Obligated Group or resign as Obligated Group Representative until the Obligor has appointed another Obligated Group Representative and such successor Obligated Group Representative has accepted its duties in writing. Each Obligated Group Member by becoming an Obligated Group Member acknowledges that the Obligated Group Representative has certain powers and duties under this Master Indenture, including, without limitation, to bind all Obligated Group Members to joint and several liability on all Master Obligations issued hereunder, and authorizes the Obligated Group Representative to exercise such powers and carry out such duties.

[End of Article VI]

ARTICLE VII REMEDIES OF THE MASTER TRUSTEE AND HOLDERS OF SECURED OBLIGATIONS IN EVENT OF DEFAULT

Section 7.01. Events of Default. Event of Default, as used herein, shall mean any of the following events, whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(a) Default in the payment of the principal of, or premium, if any, interest or any other payment on any Senior Obligation when it becomes due and payable at its Maturity and the continuance of such default beyond the period of grace, if any, provided in the instrument creating such Master Obligation; or

(b) Any Obligated Group Member shall fail duly to observe or perform any other covenant or agreement (other than a covenant or agreement whose performance or observance is elsewhere in this Section specifically dealt with) on the part of such Member contained in this Master Indenture for a period of 45 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Obligated Group Representative by the Master Trustee, or to the Obligated Group Representative and the Master Trustee by the Holders of at least 25% in aggregate principal amount of Senior Obligations then Outstanding; provided that if any such default can be cured by such Obligated Group Member but cannot be cured within the 45 day curative period described above, it shall not constitute an Event of Default if corrective action is instituted by such Obligated Group Member within such 45 day period and diligently pursued until the default is corrected; or

(c) A decree or order by a court having jurisdiction in the premises shall have been entered adjudging any Obligated Group Member a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or arrangement of any Obligated Group Member under the federal Bankruptcy Code or any other similar applicable federal or state law, and such decree or order shall have continued undischarged and unstayed for a period of 90 days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of any Obligated Group Member or of its property, or for the winding up or liquidation of its affairs, shall have been entered, and such decree or order shall have remained in force undischarged and unstayed for a period of 90 days; or

(d) Any Obligated Group Member shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the institution of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or arrangement under the federal Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of it or of the Trust Estate, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or action shall be taken by the Governing Body of any Obligated Group Member in furtherance of any of the aforesaid purposes; or

(e) any Obligated Group shall fail to pay or make provision for payment of any recourse Indebtedness (other than Subordinated Indebtedness owed to an Affiliate of the Obligated Group) having a principal balance of not less than \$750,000 and the continuance of such failure beyond the applicable grace period, if any; or

(f) The Master Trustee has received written notice that an event of default, as therein defined, under any instrument under which Master Obligations may be incurred or which are secured, including, without limitation, Related Bond Indentures, Related Loan Agreements, Credit Facilities, the Deed of Trust or other documents delivered in connection with the issuance of Related Bonds, has occurred and is continuing beyond the applicable period of grace, if any; or

(g) Either (i) the Debt Service Coverage Ratio for any two consecutive Fiscal Years is less than 1.00, or (ii) the Debt Service Coverage Ratio for any Fiscal Year is less than 1.00 and the Obligated Group has less than 150 Days' Cash on Hand as of the last day of such Fiscal Year.

If an Event of Default occurs and is continuing, then and in every such case the Master Trustee or the Holders of not less than 25% in principal amount of the Outstanding Senior Obligations (or, in the case of any Event of Default described in subparagraph (f) of Section 7.01 above resulting in the loss of any exclusion from gross income of interest on, or the invalidity of, any Indebtedness secured by a pledge of Master Obligations, the Holders of not less than 25% in principal amount of the Outstanding Master Obligations of the affected series) may declare the principal of all the Master Obligations to be due and payable immediately, by a notice in writing to the Obligated Group and all of the Holders of Master Obligations (and to the Master Trustee if given by Holders of Master Obligations), and upon any such declaration such principal shall become immediately due and payable.

Section 7.02. Acceleration of Maturity; Rescission and Annulment. If an Event of Default occurs and is continuing, then and in every such case the Master Trustee may and, upon the written direction of (a) the Holders of not less than 25% in principal amount of the Outstanding Senior Obligations, or (b) any Person properly exercising the right given to such Person under any Supplemental Master Indenture to require acceleration of a Master Obligation held by such Person that was issued pursuant to such Supplemental Master Indenture, shall, declare the principal of all the Master Obligations to be due and payable immediately, by a notice in writing to the Obligated Group Representative and all of the Holders of Master Obligations, and upon any such declaration such principal shall become immediately due and payable; provided, however, that if the terms of any Supplemental Master Indenture give a Person the right to consent to acceleration of a Master Obligation issued pursuant to said Supplemental Master Indenture, such Master Obligation may not be accelerated by the Master Trustee unless such consent is delivered to the Master Trustee pursuant to the terms of such Supplemental Master Indenture.

Unless otherwise prohibited from doing so by any Supplemental Master Indenture, at any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Master Trustee as hereinafter in this Article provided, the Majority Holders, by written notice to the Obligated Group Representative and the Master Trustee, may rescind and annul such declaration and its consequences if:

(a) One or more Obligated Group Members has paid or deposited with the Master Trustee a sum sufficient to pay:

(i) All overdue installments of interest and any other payment on all Master Obligations,

(ii) The principal of and premium, if any, on any Master Obligations which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Master Obligations, and

(iii) All sums paid or advanced by the Master Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel; and

(b) All Events of Default, other than the nonpayment of the principal of Master Obligations which have become due solely by such acceleration, have been cured or waived as provided in Section 7.15.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Section 7.03. Transfer, Assignment, Lease and Other Dispositions; Suits for Enforcement.

In case an Event of Default shall occur and be continuing, the Master Trustee, in its discretion may, subject to the provisions of Section 7.16:

(a) Protect and enforce its rights and the rights of the Master Trustee under this Master Indenture by a suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Master Indenture or in aid of the execution of any power granted in this Master Indenture or for the enforcement of any other legal, equitable or other remedy, as the Master Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Master Trustee, or

(b) As to all or part of the personal property (tangible or intangible) and fixtures included in the Trust Estate (such portion of the Trust Estate herein referred to as the "Collateral"),

(i) Proceed under the Uniform Commercial Code of the State of North Carolina and exercise with respect to the Collateral all the rights, remedies and powers of a secured party under the Uniform Commercial Code of the State of North Carolina, including, without limitation, the right and power to sell, at public or private sale, or otherwise dispose of, lease or utilize, the Collateral and any part or parts thereof in any manner authorized or permitted under the Uniform Commercial Code of the State of North Carolina after default by a debtor, and, to the extent permitted by law, the Obligor and each other Member expressly waives any notice of sale or other disposition of the Collateral and any other rights and remedies of a debtor or formalities prescribed by law relative to sale or disposition of the Collateral or exercise of any other right or remedy of the Master Trustee existing after default hereunder, and, to the extent any such notice is required and cannot

be waived, the Obligor and each other Member agree that if such notice is mailed, postage prepaid, to the Master Trustee at its address set out in Section 1.05 hereof at least ten days before the time of the sale or disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving of said notice,

(ii) Take possession of the Collateral and enter upon any premises where the same may be situated for such purpose without being deemed guilty of trespass and without liability for damages thereby occasioned and take any action deemed necessary or appropriate or desirable by the Master Trustee, at its option and in its discretion, to repair, refurbish or otherwise prepare the Collateral for sale, lease or other use or disposition as herein authorized,

(iii) Transfer at any time to itself or to its nominee the Collateral, or any part thereof, and receive the money, income proceeds or benefits attributable or accruing thereto and hold the same as security for the Outstanding Master Obligations or apply same as herein provided, and

(iv) Require the Members to assemble the Collateral and make it available to the Master Trustee at a place to be designated by the Master Trustee that is reasonably convenient to all parties.

The Master Trustee shall be fully subrogated to the rights of all vendor's lienholders and other lienholders whose indebtedness is paid in whole or in part from proceeds of Master Obligations.

The filing of a suit to foreclose any lien, mortgage or security interest hereunder or under the Deed of Trust shall never be considered an election so as to preclude foreclosure under any power of sale contained herein or in the Deed of Trust after dismissal of such a suit.

Section 7.04. Incidents of Sale.

Upon any sale of any of the Trust Estate, whether pursuant to judicial proceedings or otherwise, to the extent permitted by law:

(a) Any Holder or Holders of Master Obligations or the Master Trustee or its designee, provided that the Master Trustee has been properly directed by the requisite percentage of holders of Master Obligations and indemnified to its satisfaction and subject to all the protections of Section 8.03(n), may bid for and purchase the property offered for sale, and upon compliance with the terms of sale may hold, retain, possess and dispose of such property, without further accountability, and may, in paying the purchase money therefor, deliver any Outstanding Master Obligations or claims for interest thereon in lieu of cash to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon, and such Master Obligations, in case the amounts so payable thereon shall be less than the amount due thereon, shall be returned to the Holders thereof after being appropriately stamped to show partial payment;

(b) The Master Trustee may make and deliver to the purchaser or purchasers a good and sufficient deed, bill of sale and instrument of assignment and transfer of the property sold;

(c) The Master Trustee is hereby irrevocably appointed the true and lawful attorney of each Member, in its name and stead, to make all necessary deeds, bills of sale and instruments of assignment and transfer of the property thus sold; and for that purpose it may execute all necessary deeds, bills of sale and instruments of assignment and transfer and may substitute one or more persons, firms or corporation with like power, each Member hereby ratifying and confirming all that its said attorney or such substitute or substitutes shall lawfully do by virtue hereof; but if so requested by the Master Trustee or by any purchaser, any Member shall ratify and confirm any such sale or transfer by executing and delivering to the Master Trustee or to such purchaser or purchasers all proper deeds, bills of sale and instruments of assignment and transfer and release as may be designated in any such request;

(d) Rights, titles, interests, claims and demands whatsoever, either at law or in equity or otherwise, of the Members of, in and to the property so sold shall be divested and such sale shall be a perpetual bar both at law and in equity against each of the Members and their respective successors and assigns, and against any and all persons claiming or who may claim the property sold or any part thereof by, through or under the Members or their respective successors and assigns; and

(e) Receipt of the Master Trustee or of the officer making such sale shall be a sufficient discharge to the purchaser or purchasers at such sale for his or their purchase money and such purchaser or purchasers and his or their assigns or personal representative shall not, after paying such purchase money and receiving such receipt, be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication thereof.

Upon a sale of substantially all the Trust Estate, whether made under the power of sale hereby granted or pursuant to judicial proceedings, the Obligated Group Representative will permit, to the extent permitted by law, the purchaser thereof and its successors and assigns to take and use the names of the Members and to carry on business under such name or any variant thereof and to use and employ any and all other trade names, brands and trademarks of the Members; and in such event, upon written request of such purchaser, its successors or its assigns, any Member will, at the expense of the purchaser, change its name in such manner as to eliminate any similarity.

Section 7.05. Collection of Indebtedness and Suits for Enforcement by Master Trustee. The Obligated Group Members covenant (subject to any notice and grace periods contained herein) that if:

(a) Default is made in the payment of any installment of interest on any Master Obligation when such interest becomes due and payable, or

(b) Default is made in the payment of the principal of, or premium, if any, on any Master Obligation at the maturity thereof,

each Obligated Group Member will, upon demand of the Master Trustee, pay to it, for the benefit of the Holders of such Master Obligations, the whole amount then due and payable on such Master Obligations for principal, premium, if any, and interest, with interest at the rate borne by or otherwise set forth in the Master Obligations upon the overdue principal and premium, if any; and,

in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel. Notwithstanding any provision of this Section to the contrary, for purposes of this Section, “interest” on Master Obligations that evidence and secure Derivative Obligations shall mean regularly scheduled payments under the applicable Hedge Agreement and “principal” of such Master Obligations shall mean termination payments and any other payments except regularly scheduled payments under the applicable Hedge Agreement.

If the Obligated Group Members fail to pay any of the foregoing amounts forthwith upon demand, the Master Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree, and may enforce the same against the Obligated Group Members or any other obligor upon the Master Obligations and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Obligated Group Members or any other obligor upon the Master Obligations, wherever situated.

If an Event of Default occurs and is continuing, the Master Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Master Obligations by such appropriate judicial proceedings as the Master Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Master Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

If an Event of Default occurs and is continuing, the Master Trustee, as the beneficiary under the Deed of Trust, may in its discretion proceed to enforce its rights and seek any remedies available to it under the Deed of Trust.

Section 7.06. Master Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Obligated Group Members or any other obligor upon the Master Obligations or the property of the Obligated Group Members or of such other obligor or their creditors, the Master Trustee (irrespective of whether the principal of the Master Obligations shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Master Trustee shall have made any demand on the Obligated Group Members for the payment of overdue principal, premium, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) To file and prove a claim for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Master Obligations and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Master Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel which shall be deemed an administrative claim) and of the Holders of Master Obligations allowed in such judicial proceeding, and

(b) To collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator, custodian or other similar official in any such judicial proceeding is hereby authorized by each Holder of Master Obligations to make such payments to the Master Trustee, and in the event that the Master Trustee shall consent to the making of such payments directly to the Holders of Master Obligations, to pay to the Master Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel and any other amounts due the Master Trustee under this Master Indenture which shall be deemed an administrative claim. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel, and any other amounts due the Master Trustee under Section 8.07 hereof out of the estate in any such proceeding, shall be unpaid for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders of Master Obligations may be entitled to receive in such proceeding, whether in liquidation or under any plan of reorganization or arrangement or otherwise. The Master Trustee may, on behalf of the Holders of Master Obligations, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors’ or other similar committee.

Nothing herein contained shall be deemed to authorize the Master Trustee to authorize or consent to or accept or adopt on behalf of any Holder of Master Obligations any plan of reorganization, arrangement, adjustment or composition affecting the Master Obligations or the rights of any Holder thereof or to authorize the Master Trustee to vote in respect of the claim of any Holder of Master Obligations in any such proceeding.

Section 7.07. Master Trustee May Enforce Claims Without Possession of Master Obligations. All rights of action and claims under this Master Indenture or the Master Obligations may be prosecuted and enforced by the Master Trustee without the possession of any of the Master Obligations or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Master Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Master Obligations in respect of which such judgment has been recovered.

Section 7.08. Application of Money Collected. Any money or property collected by the Master Trustee pursuant to this Article VII, any moneys or properties distributable in respect of an Obligated Group Member’s obligations under this Master Indenture after any Event of Default, and any proceeds of any sale (after deducting the costs and expenses of such sale, including a reasonable compensation to the Master Trustee, its agents and counsel, and any taxes, assessments or liens prior to the lien of this Master Indenture and the Deed of Trust, except any thereof subject to which such sale shall have been made), whether made under any power of sale granted herein or in the Deed of Trust or pursuant to judicial proceedings, together with any other sums then held by the Master Trustee as part of the Trust Estate, shall be deposited in the Revenue Fund created by this Master Indenture, shall be applied in the order specified in Section 3.01, at the date or dates fixed by the Master Trustee and, in case of the distribution of such money on account of principal or premium, if any, upon presentation of the Master Obligations and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid. The Master Trustee may

fix a record date and payment date for any payment or distribution to Holders pursuant to this Section 7.08.

In the event the Master Trustee incurs expenses or renders services in any proceedings which result from the occurrence or continuance of an Event of Default under Section 7.01(c) or Section 7.01(d) hereof, or from the occurrence of any event which, by virtue of the passage of time, would become such Event of Default, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law.

Section 7.09. Limitation on Suits. No Holder of any Master Obligation shall have any right to institute any proceeding, judicial or otherwise, with respect to this Master Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(a) Such Holder has previously given written notice to the Master Trustee of a continuing Event of Default;

(b) The Holders of not less than 25% in principal amount of the Outstanding Senior Obligations shall have made written request to the Master Trustee to institute proceedings in respect of such Event of Default in its own name as Master Trustee hereunder;

(c) Such Holder or Holders have offered to the Master Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) The Master Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) No direction inconsistent with such written request has been given to the Master Trustee during such 60 day period by the Majority Holders; it being understood and intended that no one or more Holders of Master Obligations shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Master Indenture to affect, disturb or prejudice the rights of any other Holders of Master Obligations, or to obtain or to seek to obtain priority or preference over any other Holders (except Holders of Subordinated Obligations and Subordinated Derivative Obligations) or to enforce any right under this Master Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders of Master Obligations (except the Holders of Subordinated Obligations and Subordinated Derivative Obligations).

Notwithstanding any provision of this Section to the contrary, if an Event of Default occurs and is continuing, no Holder of any Subordinated Obligation shall have any right to institute any proceeding, judicial or otherwise, with respect to this Master Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder until all Master Obligations other than Subordinated Obligations have been paid in full and the obligation of any Holder of a Master Obligation other than a Subordinated Obligation to make advances of principal under the instrument secured thereby has been terminated.

Section 7.10. Unconditional Right of Holders of Master Obligations to Receive Principal, Premium, Interest and Other Payments. Notwithstanding any other provision in this Master Indenture, the Holder of any Master Obligation shall have the right which is absolute and

unconditional to receive payment of the principal of, premium, if any, interest (subject to Section 2.07) and any other payment on such Master Obligation on the respective Stated Maturities expressed in such Master Obligation (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder; provided, however, that if an Event of Default occurs and is continuing, no Holder of any Subordinated Derivative Obligation shall institute suit for the enforcement of any such payment until all Senior Obligations have been paid in full and no Holder of any Subordinated Obligation shall institute suit for the enforcement of any such payment until all Master Obligations other than Subordinated Obligations have been paid in full.

Section 7.11. Restoration of Rights and Remedies. If the Master Trustee or any Holder of Master Obligations has instituted any proceeding to enforce any right or remedy under this Master Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Master Trustee or to such Holder of Master Obligations, then and in every such case the Obligated Group Members, the Master Trustee and the Holders of Master Obligations shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Master Trustee and the Holders of Master Obligations shall continue as though no such proceeding had been instituted.

Section 7.12. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Master Trustee or to the Holders of Master Obligations is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 7.13. Delay or Omission Not Waiver. No delay or omission of the Master Trustee or of any Holder of any Master Obligation to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Master Trustee or to the Holders of Master Obligations may be exercised from time to time, and as often as may be deemed expedient, by the Master Trustee or by the Holders of Master Obligations, as the case may be.

Section 7.14. Control by Holders of Master Obligations. The Majority Holders shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Master Trustee or exercising any trust or power conferred on the Master Trustee, provided that:

(a) Such direction shall be in writing and shall not be in conflict with any rule of law or with this Master Indenture or be unduly prejudicial to the rights of Holders of Master Obligations not joining in the giving of such direction (it being understood that the Master Trustee does not have an affirmative duty to ascertain whether or not any such directions are unduly prejudicial to such Holders of Master Obligations);

(b) The Master Trustee may take any other action deemed proper by the Master Trustee which is not inconsistent with such direction; and

(c) The Master Trustee shall not be required to act on any direction given to it pursuant to this Section until indemnity as set forth in Section 8.03(e) hereof is provided to it by such Holders.

Section 7.15. Waiver of Past Defaults. The Majority Holders may on behalf of the Holders of all the Master Obligations waive any past default hereunder and its consequences, except a default

(a) In the payment of the principal of, premium, if any, interest or any other payment on any Master Obligation, or

(b) In respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Holder of each Outstanding Master Obligation affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Master Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 7.16. Undertaking for Costs. All parties to this Master Indenture agree, and each Holder of any Master Obligation by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Master Indenture, or in any suit against the Master Trustee for any action taken or omitted by it as Master Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, costs and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Master Trustee, to any suit instituted by any Holder of Master Obligations, or group of Holders of Master Obligations, holding in the aggregate more than 10% in principal amount of the Outstanding Master Obligations, or to any suit instituted by any Holder of Master Obligations for the enforcement of the payment of the principal of, premium, if any, interest or any other payment on any Master Obligation on or after the respective Stated Maturities expressed in such Master Obligation (or, in the case of redemption, on or after the redemption date).

Section 7.17. Waiver of Stay or Extension Laws. Each Obligated Group Member covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Master Indenture; and each Obligated Group Member (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Master Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 7.18. Auto-Debit; Right of Set-Off. In addition to any rights now or hereafter granted by contract and/or under applicable law and not by way of limitation of any such rights, and subject to the terms of any Related Loan Agreement or any other agreement evidencing or securing any Indebtedness or payment obligation under any Hedge Agreement of the Obligor or Obligated Group Member that is secured by a Master Obligation, any Holder of a Master Obligation at any time, and from time to time, may automatically debit an account of the Obligor to pay amounts then due and payable to such Holder in respect of such Indebtedness or payment obligation under a Hedge Agreement, and/or may set-off and appropriate and apply any and all deposits (general or special) and any other indebtedness at any time held or owing by such Holder to or for the credit or the account of the Obligor or Obligated Group Member against and on account of the obligations and liabilities of the Obligor or Obligated Group Member to such Holder, provided that during the continuance of any Event of Default hereunder or thereunder, all amounts realized by such Holder pursuant to such auto-debit or set-off rights shall be delivered by such Holder to the Master Trustee to be applied in the same manner as Gross Revenues in accordance with Section 3.01 of this Master Indenture; and by its acceptance of a Master Obligation, any Holder of a Master Obligation is deemed to have agreed to the terms hereunder.

[End of Article VII]

**ARTICLE VIII
CONCERNING THE MASTER TRUSTEE**

Section 8.01. Duties and Liabilities of Master Trustee.

(a) Except during the continuance of an Event of Default, the Master Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture and no implied covenants or obligations shall be read into this Master Indenture against the Master Trustee. The Master Trustee shall have no duty to review any financial statements provided by the Obligated Group hereunder, nor shall the Master Trustee be considered to have notice of the content of such statements or a default based on such content. The Master Trustee shall have no duty to verify the accuracy of such financial statements.

(b) In case any Event of Default under this Master Indenture has occurred and is continuing of which a Responsible Officer of the Master Trustee has actual notice, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Master Indenture shall be construed to relieve the Master Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except, that:

(i) This Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(ii) The Master Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Master Trustee was negligent in ascertaining the pertinent facts;

(iii) The Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Majority Holders relating to the time, method and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred upon the Master Trustee, under this Master Indenture, or the direction pursuant to Section 7.02 of (A) the Holders of not less than 25% in principal amount of the Outstanding Senior Obligations, or (B) any Person properly exercising the right given to such Person under any Supplemental Master Indenture to require acceleration of a Master Obligation held by such Person that was issued pursuant to such Supplemental Master Indenture;

(iv) No provision of this Master Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have grounds for believing that the repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it; and

(v) In the absence of bad faith on its part, the Master Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein,

upon any certificates or opinions furnished to the Master Trustee and conforming to the requirements of this Master Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Master Trustee, the Master Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Master Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) Whether or not therein expressly so provided, every provision of this Master Indenture relating to the conduct or affecting the liability of or affording protection to the Master Trustee shall be subject to the provisions of this Section. In acting or omitting to act pursuant to the provisions of the Collateral Assignment of Contracts or any other related agreement, including any document delivered in connection with Related Bonds, the Master Trustee shall be entitled to and be protected by the rights and immunities accorded to it by the terms of this Master Indenture.

Section 8.02. Notice of Defaults. Within 90 days after the occurrence of any default hereunder of which the Master Trustee is deemed to have knowledge as provided in Section 8.03(h) hereof, the Master Trustee shall transmit by mail to all Holders of Master Obligations and, if any Commission Bonds are outstanding, to the Commission and the Local Government Commission, notice of such default, unless such default shall have been cured or waived; provided, however, that except in the case of a default in the payment of the principal of, premium, if any, interest or any other payment on any Master Obligations or in the payment of any sinking or purchase fund installment, the Master Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Master Trustee in good faith determine that the withholding of such notice is in the interest of the Holders of Master Obligations; and provided, further, that in the case of any default of the character specified in Section 7.01(b) no such notice to Holders of Master Obligations shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

Section 8.03. Certain Rights of Master Trustee. Except as otherwise provided in Section 8.01:

(a) The Master Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture, coupon or other paper or document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper party or parties and shall not be required to verify the accuracy of any information or calculations required to be included therein or attached thereto;

(b) Any request or direction of any Person mentioned herein shall be sufficiently evidenced by a request of such Person or any Obligated Group Representative Request; and any resolution of the Governing Body of any Person may be evidenced to the Master Trustee by a Board Resolution of such Person;

(c) Whenever in the administration of this Master Indenture the Master Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any

action hereunder, the Master Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officer's Certificate or an Opinion of Counsel, which shall conform to the provisions of Section 1.03. The Master Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion;

(d) The Master Trustee may consult with counsel concerning all matters of trusts hereof and duties hereunder and may in all cases pay such reasonable compensation to any attorney, agent, receiver or employee retained or employed by it in connection herewith, or other professionals and the written advice of such counsel or other professional or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) The Master Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Master Indenture at the request or direction of any of the Holders of Master Obligations pursuant to the provisions of this Master Indenture, unless such Holders shall have provided to the Master Trustee security or indemnity satisfactory in form and substance to it against the costs, expenses and liabilities which might be incurred by it in connection with such request or direction;

(f) The Master Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture, coupon or other paper or document but the Master Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Master Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Obligated Group Members and each other obligor on the Master Obligations, personally or by agent or attorney;

(g) The Master Trustee may execute any of the trusts or powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys and the Master Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care hereunder;

(h) The Master Trustee shall not be required to take notice or be deemed to have knowledge of any default (as defined in Section 8.02 hereof) hereunder, except an Event of Default under Section 7.01(a) hereof, unless a Responsible Officer has actually received notice of such default in writing from any Obligated Group Member or the Holder of any Master Obligation, referencing the Master Obligations and describing such default;

(i) The permissive right of the Master Trustee to do things enumerated in this Master Indenture shall not be construed as a duty. It shall not be the duty of the Master Trustee, except as herein provided, to see that any duties or obligations herein imposed upon any Obligated Group Member or any other Person are performed, and the Master Trustee shall not be liable or responsible for the failure of any Obligated Group Member or any other Person to perform any act required of it or them by this Master Indenture;

(j) The Master Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Master Indenture;

(k) In the event the Master Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of Master Obligations, each representing less than a majority in aggregate principal amount of the Senior Obligations Outstanding, the Master Trustee, in its sole discretion, may determine what action, if any, shall be taken;

(l) The Master Trustee's immunities and protections from liability in connection with the performance of its duties under this Master Indenture shall extend to the Master Trustee's officers, directors, agents and employees. Such immunities and protections, together with the Master Trustee's right to compensation, reimbursement and indemnification, shall survive the Master Trustee's resignation or removal and final payment of the Master Obligations;

(m) Except for information provided by the Master Trustee concerning the Master Trustee, the Master Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Master Obligations or any Related Bonds, and the Master Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Master Obligations or any Related Bonds;

(n) Notwithstanding anything contained herein or in the Deed of Trust to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Master Trustee to liability under any environmental law, statute, regulation or similar requirement relating to the environment, the Master Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action and the Master Trustee shall not be required to take such foreclosure or similar action if it reasonably determines that the approval of a governmental regulator that cannot be obtained is necessary for such foreclosure or similar action;

(o) The Master Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Master Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God, earthquakes, fire, flood, hurricanes or other storms, wars, terrorism, similar military disturbances, sabotage, epidemic, pandemic, riots, interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services, accidents, labor disputes or acts of civil or military authority or governmental action, it being understood that the Master Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances;

(p) In no event shall the Master Trustee be responsible or liable for any special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Master Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(q) The rights, privileges, protections, immunities and benefits given to the Master Trustee, including, without limitation, its right to be compensated, reimbursed and indemnified, are extended to, and shall be enforceable by, the Master Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder;

(r) The Master Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Master Indenture; and

(s) The Master Trustee may request that the Obligated Group Representative deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to furnish the Master Trustee with Officer's Certificates, Requests, directions, notices and any other matters or directions pursuant to this Master Indenture.

Section 8.04. Not Responsible For Recitals or Issuance of Master Obligations. The recitals contained herein and in the Master Obligations (other than the certificate of authentication on such Master Obligations) shall be taken as the statements of the Obligated Group Members, and the Master Trustee assumes no responsibility for their correctness. The Master Trustee makes no representations as to the validity or sufficiency of this Master Indenture or of the Master Obligations or of the Trust Estate or the Project. The Master Trustee shall not be accountable for the use or application by the Obligated Group Members of any of the Master Obligations or of the proceeds of such Master Obligations or any money paid to the Obligated Group Members or upon any Obligated Group Member's direction under any provision of this Master Indenture. The Master Trustee is not a party to, and is not responsible for, and makes no representation with respect to matters set forth in any preliminary official statement, official statement or similar document prepared and distributed in connection with the transactions contemplated in this Master Indenture or any Related Bond Indenture. Notwithstanding the effective date of this Master Indenture or anything to the contrary in this Master Indenture, the Master Trustee shall have no liability or responsibility for any act or event relating to this Master Indenture which occurs prior to the date the Master Trustee formally executes this Master Indenture and commences acting as Master Trustee hereunder. The Master Trustee shall have no responsibility or liability of any kind as a result of any adverse consequence to any Holder of Master Obligations that constitute Subordinated Indebtedness as result of the terms of such Subordinated Indebtedness. The Master Trustee shall not be responsible for and makes no representation as to the tax exempt status of any Master Obligations or Related Bond.

The Master Trustee shall not be responsible for and makes no representation as to the Obligated Group's or any Member's right, title, or ownership in any of the Trust Estate and shall have no obligation for any defects therein or to inquire or investigate the same in any manner. The Master Trustee shall not be responsible for and makes no representation as to the existence or sufficiency of the Trust Estate, the creation, perfection, priority, sufficiency or protection of any Liens securing the Master Obligations and this Master Indenture, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any Lien, this Master Indenture or any document delivered in connection with a Related Bond. The Master Trustee shall not be responsible for any act or omission of any Accountant, Construction Monitor, Consultant, Marketing Consultant or Rating Agency. The Master Trustee shall not be responsible for and makes no representation as to the compliance by the Obligated Group Members with any covenant

or statutory or regulatory requirement related to the Trust Estate. The Master Trustee makes no representation as to, and shall not be responsible for, the recording or re-recording, or filing or re-filing of any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any Lien or security interest in the Trust Estate except as expressly provided in Section 11.06. The Master Trustee shall not be liable or responsible for the failure of the Obligated Group Members to maintain insurance on the Trust Estate as provided in this Master Indenture, nor shall it be responsible for any loss due to the insufficiency of such insurance or by reason of the failure of any insurer to pay the full amount of any loss against which it may have insured any Obligated Group Member, the Master Trustee or any other Person. The Master Trustee shall have no duty hereunder with respect to any complaint, claim, demand, notice or other document it may receive or which may be alleged to have been delivered to or served upon it by third parties as a consequence of the filing or recordation of any portion of the Trust Estate; provided, however, that the Master Trustee shall use commercially reasonable efforts to deliver to the Obligated Group Representative a copy of any such complaint, claim, demand, notice or other document which is delivered to the Corporate Trust Office and contains sufficient information to enable the Master Trustee to identify such complaint, claim, demand, notice or other document as pertaining to this Master Indenture.

Section 8.05. Master Trustee or Registrar May Own Master Obligations. The Master Trustee, any Paying Agent, registrar or any other agent of the Obligated Group Members, in its individual or any other capacity, may become the owner or pledgee of Master Obligations and may otherwise deal with the Obligated Group Members with the same rights it would have if it were not Master Trustee, Paying Agent, Master Obligation registrar or such other agent.

Section 8.06. Money to Be Held in Trust. All money received by the Master Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which it was received, but need not be segregated from other funds except to the extent required by law. The Master Trustee shall be under no liability for interest on any money received by it hereunder other than such interest as it expressly agrees in writing to pay.

Section 8.07. Compensation and Expenses of Master Trustee. The Obligated Group Members agree:

(a) To pay to the Master Trustee from time to time reasonable compensation for all services rendered by it hereunder in accordance with a written schedule provided by the Master Trustee to the Obligated Group Representative and the Master Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust;

(b) To reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee in accordance with any provision of this Master Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct;

(c) Each Obligated Group Member shall, jointly and severally, indemnify the Master Trustee and its officers, directors, employees and agents for, and hold it harmless against, any loss,

liability or expense incurred by it without negligence or willful misconduct on its part, arising out of and in connection with the acceptance or administration of this trust and the performance of its duties hereunder or the exercise of its rights and powers hereunder or under the Master Obligations, including the reasonable costs and expenses (including reasonable attorney's fees, costs and expenses) of defending itself against any claim or liability and of enforcing this Master Indenture and the Master Obligations (whether asserted by any Holder of Master Obligations, any Obligated Group Member or otherwise), and such indemnification shall survive the termination of this Master Indenture, the payment in full of all Master Obligations issued hereunder or the sooner resignation or removal of the Master Trustee;

(d) In the case of any claim indemnified by the Obligated Group Members hereunder that is covered by a policy of insurance maintained by or on behalf of the Obligated Group Members, the Master Trustee agrees to cooperate, at the Obligated Group Members' expense, with the insurers in the exercise of their rights to investigate, defend or compromise such claim as may be required to retain the benefits of such insurance with respect to such claim;

(e) To secure the Obligated Group Members' payment obligations in this Section 8.07, the Master Trustee shall have a Lien prior to the Master Obligations on all money or property held or collected by the Master Trustee, except that held in trust to pay principal, interest and any other payment on particular Master Obligations; such Lien shall survive the satisfaction and discharge of this Master Indenture and resignation or removal of the Master Trustee; and

(f) "Master Trustee" for the purposes of this Section 8.07 shall include any predecessor Master Trustee and the Master Trustee in each of its capacities hereunder and each agent, custodian and other person employed to act hereunder; provided, however, that the negligence or willful misconduct of any Master Trustee hereunder shall not affect the rights of any other Master Trustee hereunder.

Section 8.08. Corporate Master Trustee Required; Eligibility. There shall at all times be a Master Trustee hereunder which shall be a banking corporation, bank or trust company organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, subject to supervision or examination by federal, state or District of Columbia banking authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Master Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign promptly in the manner and with the effect hereinafter specified in this Article.

Section 8.09. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Master Trustee and no appointment of a successor Master Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Master Trustee under Section 8.10.

(b) The Master Trustee may resign at any time by giving written notice thereof to the Obligated Group Representative and, so long as any Commission Bonds are outstanding, to the Commission and the Local Government Commission. If an instrument of acceptance by a successor Master Trustee shall not have been delivered to the Master Trustee within 30 days after the giving of such notice of resignation, the resigning Master Trustee may petition any court of competent jurisdiction for the appointment of a successor Master Trustee.

(c) The Master Trustee may be removed (i) if no default or Event of Default has occurred and is continuing under this Master Indenture, then by act of the Obligated Group Representative delivered to the Master Trustee; provided, however, anything in this Master Indenture to the contrary notwithstanding, if any Commission Bonds are outstanding and is so provided in any Commission Loan Agreement, the Obligated Group Representative agrees that it will not exercise any right it may have under this Master Indenture to remove the Master Trustee unless the Obligated Group Representative has given prior written notice by certified mail of such proposed removal to the Commission and the Commission has not objected thereto within ten (10) days after the receipt of such notice; and (ii) at any time by act of the Majority Holders delivered to the Master Trustee and to the Obligated Group Representative.

(d) If at any time:

(i) The Master Trustee shall cease to be eligible under Section 8.08 and shall fail to resign after written request therefor by the Obligated Group Representative or by any Holder of Master Obligations, or

(ii) The Master Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Master Trustee or of its property shall be appointed or any public officer shall take charge or control of the Master Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Obligated Group Representative by written request may remove the Master Trustee, or (B) subject to Section 7.16, any Holder of Master Obligations who has been a bona fide Holder of a Master Obligation for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Master Trustee and the appointment of successor Master Trustee.

(e) If the Master Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Master Trustee for any cause, the Obligated Group Representative, by an Obligated Group Representative Request, shall promptly appoint a successor Master Trustee; provided, however, anything in this Master Indenture to the contrary notwithstanding, if any Commission Bonds are outstanding and if so provided in any Commission Loan Agreement, any successor Master Trustee so appointed shall be subject to the written approval of the Commission and the Secretary of the Local Government Commission prior to such appointment becoming effective. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Master Trustee shall be appointed by Act of the Majority Holders delivered to the Obligated Group Representative and the retiring Master Trustee, the successor Master Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Master Trustee and supersede the successor Master

Trustee appointed by the Obligated Group Representative. If no successor Master Trustee shall have been so appointed by the Obligated Group Representative or the Holders of Master Obligations and accepted appointment in the manner hereinafter provided, any Holder of Master Obligations who has been a bona fide Holder of a Master Obligation for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Master Trustee.

(f) The Obligated Group Representative shall give notice of each resignation and each removal of the Master Trustee and each appointment of a successor Master Trustee by mailing written notice of such event by first class mail, postage prepaid, to the registered Holders of Master Obligations at their addresses as shown in the Master Obligation Register and, so long as any Commission Bonds are outstanding, to the Commission and the Local Government Commission. Each notice shall include the name and address of the designated corporate trust office of the successor Master Trustee.

Section 8.10. Acceptance of Appointment by Successor. Every successor Master Trustee appointed hereunder shall execute, acknowledge and deliver to the Obligated Group Representative and to the retiring Master Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Master Trustee shall become effective and such successor Master Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Master Trustee; but, on the written request of the Obligated Group Representative or the successor Master Trustee, unless otherwise provided by Section 8.11 hereof, such retiring Master Trustee shall, upon payment of its charges and the amounts due to it hereunder, execute and deliver an instrument transferring to such successor Master Trustee all the rights, powers and trusts of the retiring Master Trustee (except its rights under Section 8.07 hereof or any other indemnification provided hereunder), and shall duly assign, transfer and deliver to the successor Master Trustee all property and money held by such retiring Master Trustee hereunder. Upon request of any such successor Master Trustee, the Obligated Group Representative shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Master Trustee all such rights, powers and trusts.

No successor Master Trustee shall accept its appointment unless at the time of such acceptance such successor Master Trustee shall be qualified and eligible under this Article. The indemnity provided for in Section 8.07(c) herein shall continue to be binding upon the Members of the Obligated Group for the benefit of the retiring or removed Master Trustee.

Section 8.11. Merger or Consolidation. Any entity into which the Master Trustee may be merged or with which it may be consolidated, or any entity resulting from any merger or consolidation to which the Master Trustee shall be a party, or any entity succeeding to all or substantially all of the corporate trust business of the Master Trustee, shall be the successor Master Trustee hereunder, provided such entity shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Master Obligations shall have been authenticated, but not delivered, by the Master Trustee then in office, any successor by merger or consolidation to such authenticating Master Trustee may adopt such authentication and deliver the Master Obligations so authenticated with the same effect as if such successor Master Trustee had itself authenticated such Master Obligations.

Section 8.12. Master Trustee as Related Bond Trustee. The Master Trustee may serve as Related Bond Trustee under any Related Bond Indenture so long as the Master Trustee is the Related Bond Trustee for all outstanding Related Bonds. If an entity other than the Master Trustee becomes a Related Bond Trustee, the Master Trustee hereby agrees to promptly resign from its role as Master Trustee or Related Bond Trustee, at its option, on its own motion and a successor Master Trustee or Related Bond Trustee, as appropriate, shall be appointed and qualified as set forth in Section 8.09 hereof or in the Related Bond Indenture.

Section 8.13. Co-Master Trustee. It is the purpose hereof that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State of North Carolina) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation hereunder and in particular in case of the enforcement of this Master Indenture upon the occurrence of an Event of Default, it may be necessary that the Master Trustee appoint an additional individual or institution as a separate Master Trustee or Co-Master Trustee. The following provisions of this Section are adapted to these ends.

Upon the incapacity or lack of authority of the Master Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers and trusts herein granted to the Master Trustee or to hold a security interest in the Trust Estate or to take any other action which may be necessary or desirable in connection therewith, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended to be exercised by or vested in or conveyed to the Master Trustee with respect thereto shall be exercisable by and vest in a separate Master Trustee or Co-Master Trustee appointed by the Master Trustee but only to the extent necessary to enable the separate Master Trustee or Co-Master Trustee to exercise such rights, powers and trusts, and every agreement and obligation necessary to the exercise thereof by such separate Master Trustee or Co-Master Trustee shall run to and be enforceable by either of them. Should any deed, conveyance or instrument in writing from any Obligated Group Member be required by the separate Master Trustee or Co-Master Trustee so appointed by the Master Trustee in order to more fully and certainly vest in and confirm to such separate Master Trustee or Co-Master Trustee such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments shall, on request, be executed, acknowledged and delivered by such Obligated Group Member, at the expense of the Obligated Group. In case any separate Master Trustee or Co-Master Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate Master Trustee or Co-Master Trustee, so far as permitted by law, shall vest in and be exercised by the Master Trustee until the appointment of a new Master Trustee or successor to such separate Master Trustee or Co-Master Trustee.

[End of Article VIII]

**ARTICLE IX
SUPPLEMENTS AND AMENDMENTS**

Section 9.01. Supplemental Master Indentures Without Consent of Holders of Master Obligations. Without the consent of the Holders of any Master Obligations, each Obligated Group Member, when authorized by a Board Resolution, and the Master Trustee at any time may enter into one or more Supplemental Master Indentures for any of the following purposes:

(a) To evidence the succession of another Person to an Obligated Group Member, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of an Obligated Group Member as permitted by this Master Indenture or to evidence additions to, or withdrawals from, membership in the Obligated Group in accordance with the provisions of Article VI hereof;

(b) To add to the covenants of the Obligated Group Members for the benefit of the Holders of Master Obligations, or to surrender any right or power herein conferred upon the Obligated Group Members, or to add to the Events of Default enumerated in Section 7.01;

(c) To cure any ambiguity or to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Master Indenture that shall not be inconsistent with this Master Indenture, provided such action shall not adversely affect the interests of the Holders of Master Obligations;

(d) To modify or supplement this Master Indenture in such manner as may be necessary or appropriate to qualify this Master Indenture under the Trust Indenture Act of 1939 as then amended, or under any similar federal or state statute or regulation, including provisions whereby the Master Trustee accepts such powers, duties, conditions and restrictions hereunder and the Obligated Group Members undertake such covenants, conditions or restrictions additional to those contained in this Master Indenture as would be necessary or appropriate so to qualify this Master Indenture; provided, however, that nothing herein contained shall be deemed to authorize inclusion in this Master Indenture or in any Supplemental Master Indentures provisions referred to in Section 316(a)(2) of said Trust Indenture Act or any corresponding provision provided for in any similar statute hereafter in effect;

(e) To create and provide for the issuance of Master Obligations as permitted hereunder;

(f) To increase or maintain any credit rating assigned to any Series of Related Bonds by a Rating Agency so long as no Master Obligation issued hereunder shall be secured on a basis senior to other Master Obligations except Subordinated Derivative Obligations and Subordinated Obligations;

(g) To change Section 4.22 hereof to permit the financial statements required therein to more accurately reflect the financial position and operations of the Obligated Group; and

(h) To make any amendment to any provision of this Master Indenture or to any Supplemental Master Indenture which is only applicable to Master Obligations issued thereafter or which will not apply so long as any Master Obligation then Outstanding remains Outstanding.

Section 9.02. Supplemental Master Indentures With Consent of Holders of Master Obligations. With the Consent of the Majority Holders, by Act of said Holders delivered to the Obligated Group Representative and the Master Trustee, and, if any Commission Bonds are outstanding and if so provided in any Commission Loan Agreement, the consent of the Commission, each Obligated Group Member, when authorized by a Board Resolution, and the Master Trustee may enter into Supplemental Master Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Master Indenture or of modifying in any manner the rights of the Holders of the Master Obligations under this Master Indenture; provided, however, that no such Supplemental Master Indenture shall, without the Consent of the Holder of each Outstanding Master Obligation affected thereby,

(a) Change the Stated Maturity of the principal of, or any installment of interest or any other payment on, any Master Obligations or any date for mandatory redemption thereof, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any Place of Payment where, or the coin or currency in which, any Master Obligations or the interest or other payment thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date), or

(b) Reduce the percentage in principal amount of the Outstanding Master Obligations, the Consent of whose Holders is required for any such Supplemental Master Indenture, or the Consent of whose Holders is required for any waiver (of compliance with certain provisions of this Master Indenture or certain defaults hereunder and their consequences) provided for in this Master Indenture, or

(c) Modify any of the provisions of this Section or Section 7.15, except to increase any such percentage or to provide that certain other provisions of this Master Indenture cannot be modified or waived without the Consent of the Holder of each Master Obligation affected thereby.

Notwithstanding the foregoing, during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in clauses (a), (b) and (c) above may be made with respect to an Outstanding Master Obligation, with the consent of the holders of at least 80% in aggregate principal amount of all Outstanding Related Bonds related to such Master Obligation; provided, however, any such amendment shall not result in a change in preference or priority of any Master Obligation or Related Bonds over any other Master Obligation or Related Bonds (other than Subordinated Indebtedness and subordinated Related Bonds) and no such amendment described in clauses (a), (b) or (c) shall result in a disproportionate change, reduction or modification with respect to any Related Bonds.

It shall not be necessary for any Act of Holders of Master Obligations under this Section to approve the particular form of any proposed Supplemental Master Indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 9.03. Execution of Supplemental Master Indentures. In executing, or accepting the additional trusts created by, any Supplemental Master Indenture permitted by this Article or the modifications thereby of the trusts created by this Master Indenture, the Master Trustee shall be entitled to receive, and shall be fully protected in conclusively relying upon, an Officer's Certificate and an Opinion of Counsel stating that the execution of such Supplemental Master Indenture is authorized or permitted by this Master Indenture and that all conditions precedent thereto have been complied with. In connection with the execution and delivery of a Supplemental Master Indenture pursuant to Section 9.01(c), the Master Trustee, in its discretion, may determine whether or not in accordance with such Section the Holders of the Master Obligations would be affected by such Supplemental Master Indenture, and any such determination shall be binding and conclusive on the Members of the Obligated Group and the Holders of the Master Obligations. The Master Trustee may receive and be entitled to conclusively rely upon an Opinion of Counsel as conclusive evidence as to whether the Holders of the Master Obligations would be so affected by any such Supplemental Master Indenture. The Master Trustee may, but shall not (except to the extent required in the case of a Supplemental Master Indenture entered into under Section 9.01(d)) be obligated to, enter into any such Supplemental Master Indenture which affects the Master Trustee's own rights, duties or immunities under this Master Indenture or otherwise.

Section 9.04. Effect of Supplemental Master Indenture. Upon the execution of any Supplemental Master Indenture under this Article, this Master Indenture shall, with respect to each series of Master Obligations to which such Supplemental Master Indenture applies, be modified in accordance therewith, and such Supplemental Master Indenture shall form a part of this Master Indenture for all purposes, and every Holder of Master Obligations thereafter or (except to the extent provided pursuant to Section 9.01(h)) theretofore authenticated and delivered hereunder shall be bound thereby.

Section 9.05. Obligations May Bear Notation of Changes. Master Obligations authenticated and delivered after the execution of any Supplemental Master Indenture pursuant to this Article may bear a notation in form approved by the Master Trustee as to any matter provided for in such Supplemental Master Indenture. If the Obligated Group Representative or the Master Trustee shall so determine, new Master Obligations so modified as to conform, in the opinion of the Master Trustee and the Obligated Group Representative, to any such Supplemental Master Indenture may be prepared and executed by the applicable Obligated Group Member and authenticated and delivered by the Master Trustee in exchange for Master Obligations then Outstanding.

[End of Article IX]

ARTICLE X SATISFACTION AND DISCHARGE OF INDENTURE; UNCLAIMED MONEYS

Section 10.01. Satisfaction and Discharge of Master Indenture. If at any time the Obligated Group Members shall have paid or caused to be paid (including being deemed to be paid in accordance with Section 10.02) the principal of, premium, if any, interest and any other payment on all the Master Obligations Outstanding hereunder, as and when the same shall have become due and payable, and if the Obligated Group Members shall also pay or provide for the payment of all other sums payable hereunder by each Obligated Group Member, then this Master Indenture shall cease to be of further effect (except as to (a) rights of registration of transfer and exchange, (b) substitution of mutilated, defaced or apparently destroyed, lost or stolen Master Obligations, (c) rights of Holders to receive payments of principal thereof, premium, if any, and interest thereon, (d) the rights, remaining obligations, if any, and immunities of the Master Trustee hereunder and (e) the rights of the Holders as beneficiaries hereof with respect to the property so deposited with the Master Trustee payable to all or any of them) and the Master Trustee, on the Obligated Group Representative's Request accompanied by an Officer's Certificate and an Opinion of Counsel (both to the effect that all conditions precedent in this Master Indenture relating to the satisfaction and discharge of this Master Indenture have been satisfied) and at the cost and expense of the Obligated Group Representative, shall execute proper instruments acknowledging satisfaction of and discharging this Master Indenture.

Notwithstanding the satisfaction and discharge of this Master Indenture, the obligations of the Obligated Group Members to the Master Trustee under Section 8.07 and, if funds shall have been deposited with the Master Trustee pursuant to Section 10.02, the obligations of the Master Trustee under Section 10.03 shall survive.

Section 10.02. Master Obligations Deemed Paid. Master Obligations of any series shall be deemed to have been paid if (a) (i) in case such Master Obligations are to be redeemed on any date prior to their Stated Maturity, the Obligated Group Representative by Obligated Group Representative Request shall have given to the Master Trustee in form satisfactory to it irrevocable written instructions to give notice of redemption of such Master Obligations on said redemption date, (ii) there shall have been deposited with the Master Trustee either money sufficient, or Defeasance Obligations the principal of and the interest on which will provide money sufficient without reinvestment (as established by an Officer's Certificate delivered to the Master Trustee accompanied by a report of an Accountant setting forth the calculations upon which such Officer's Certificate is based), to pay when due the principal of, premium, if any, and interest due and to become due on said Master Obligations on and prior to the redemption date or Stated Maturity thereof, as the case may be, and (iii) in the event said Master Obligations are not by their terms subject to redemption within the next 45 days, the Obligated Group Representative by Obligated Group Representative Request shall have given the Master Trustee in form satisfactory to it irrevocable written instructions to give a notice to the Holders of such Master Obligations that the deposit required by clause (ii) above has been made with the Master Trustee and that said Master Obligations are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which money is to be available for the payment of the principal of, premium, if any, and interest on said Master Obligations or (b) such Master Obligations are delivered to the Master Trustee by the Related Bond Trustee together with instructions from the

Obligated Group Representative directing the Master Trustee to retire and cancel such Master Obligations.

Section 10.03. Application of Trust Money. The Defeasance Obligations and money deposited with the Master Trustee pursuant to Section 10.02 and principal or interest payments on any such Defeasance Obligations shall be held in trust, shall not be sold or reinvested and shall be applied by it, in accordance with the provisions of the Master Obligations and this Master Indenture, to the payment, either directly or through any Paying Agent (including the Obligated Group Representative acting as Paying Agent) as the Master Trustee may determine, to the Persons entitled thereto, of the principal, premium, if any, and interest for whose payment such money or Defeasance Obligations were deposited; provided that, upon delivery to the Master Trustee of an Officer's Certificate (accompanied by the report of an Accountant setting forth the calculations upon which such Officer's Certificate is based) establishing that the money and Defeasance Obligations on deposit following the taking of the proposed action will be sufficient for the purposes described in clause (ii) of Section 10.02, any money received from principal or interest payments on Defeasance Obligations deposited with the Master Trustee or the proceeds of any sale of such Defeasance Obligations, if not then needed for such purpose, shall, upon Obligated Group Representative Request be reinvested, to the extent practicable, in other Defeasance Obligations or disposed of as requested by the Obligated Group Representative. For purposes of any calculation required by this Article, any Defeasance Obligation which is subject to redemption at the option of its issuer, the redemption date for which has not been irrevocably established as of the date of such calculation, shall be assumed to cease to bear interest at the earliest date on which such obligation may be redeemed at the option of the issuer and the principal of such obligation shall be assumed to be received at its stated maturity.

Section 10.04. Payment of Related Bonds. Notwithstanding any other provision of this Article X, no Master Obligation will be considered paid or deemed to have been paid unless the Related Bonds, if any, have been paid or deemed paid pursuant to the Related Bond Indenture.

[End of Article X]

ARTICLE XI MISCELLANEOUS PROVISIONS

Section 11.01. No Personal Liability. No recourse under this Master Indenture or any Master Obligations shall be had against any officer, director, agent or employee, as such, past, present or future, of any Obligated Group Member, any Affiliate, the Master Trustee or of any successor corporation; it being expressly understood that this Master Indenture and the obligations incurred hereunder are solely obligations of the entities named herein as obligors, and that no personal liability whatever shall attach to such persons or any of them, under this Master Indenture or any Master Obligations; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such person because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Master Indenture or in any Master Obligations are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Master Indenture and the issue of such Master Obligations.

Section 11.02. State of North Carolina Contract; Jurisdiction. This Master Indenture and the Master Obligations shall be deemed to be contracts made under the laws of the State of North Carolina and for all purposes shall be construed in accordance with the laws of the State of North Carolina applicable to contracts made and to be performed in the State of North Carolina. While any Commission Bonds are outstanding, to the extent permitted by applicable law, jurisdiction for the resolution of any conflict arising from this Master Indenture shall lie exclusively with the General Court of Justice of the State of North Carolina, New Hanover County, or the U.S. District Court for the Eastern District of North Carolina, Southern Division. Any attempt to contravene this Section shall be an express violation of this Master Indenture.

Section 11.03. Legal Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Master Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding day that is a Business Day with the same force and effect as if done on the nominal date provided in this Master Indenture and, in the case of any payment, no interest shall accrue for the period.

Section 11.04. Benefits of Provisions of Master Indenture and Master Obligations. Nothing in this Master Indenture or in the Master Obligations, expressed or implied, shall give or be construed to give any Person, other than the parties hereto, and the Holders of such Master Obligations, any legal or equitable right, remedy or claim under or in respect of this Master Indenture or under any covenant, condition and provision herein contained; all its covenants, conditions and provisions being for the sole benefit of the parties hereto and of the Holders of such Master Obligations.

Section 11.05. Execution in Counterparts. This Master Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument. The exchange of copies of this Master Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Master Indenture as to the parties hereto and may be used in lieu of the original

Master Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 11.06. UCC Financing Statements. The Members of the Obligated Group hereby expressly grant to the Master Trustee the full right and authority to file any Uniform Commercial Code State of North Carolina continuation statement or amendment that may be required by law or is necessary to maintain any security interest granted by the Obligated Group to the Master Trustee pursuant to this Master Indenture and shall timely provide a recorded copy of each filed original financing statement filed pursuant to Section 4.03 to the Master Trustee. Notwithstanding anything to the contrary contained herein, the Master Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests or the accuracy or sufficiency of any description of collateral in such filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code. In addition, unless the Master Trustee shall have been notified in writing by the Obligated Group that any such initial filing or description of collateral was or has become defective (including, but not limited to, any change in the address of an Obligated Group Member), the Master Trustee shall be fully protected in (i) conclusively relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this Section and (ii) filing any continuation statements in the same filing offices as the initial filings were made. The Obligated Group shall be responsible for and shall pay any reasonable expenses, including legal fees, costs and expenses incurred under this section. The Master Trustee agrees that it will cause to be filed all necessary continuation statements within the time prescribed by the Uniform Commercial Code of the State of North Carolina – Secured Transactions in order to continue the Uniform Commercial Code State of North Carolina financing statements in connection with the security interests created by this Master Indenture and the Deed of Trust that were initially filed by the Members of the Obligated Group; provided, however, no such agreement shall apply or extend to any amendment or new original filing required pursuant to Section 4.07 and any event described herein. The Obligated Group shall be responsible for and shall pay any reasonable expenses, including legal fees, costs and expenses incurred under this Section.

Section 11.07. Consent of the Commission. Consents of the Commission shall be executed and delivered on behalf of the Commission by the Commission Representative (as defined in the Commission Loan Agreements). Notwithstanding any provision of this Master Indenture to the contrary, if at any time the no Commission Bonds are outstanding, no consents under this Master Indenture will be required of the Commission or the Local Government Commission and no notices or other documents need be sent to the Commission or the Local Government Commission.

Section 11.08. Escheat. Notwithstanding any provision of this Master Indenture to the contrary, any moneys held by the Master Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest or other payment on any Master Obligation remaining unclaimed for five (5) years after the principal of all Master Obligations has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall then be treated as abandoned property pursuant to the provisions of Section 116B-53 of the General Statutes of North Carolina, as amended, or any successor provision, and the Master Trustee shall report and remit this property to the Escheat Fund according to the

requirements of Chapter 116B of the North Carolina General Statutes (or any successor provision), and thereafter the Holders of any Master Obligations shall look only to the Escheat Fund for payment and then only to the extent of the amounts so received, without any interest thereon, and the Master Trustee and the Obligated Group Members shall have no responsibility with respect to such money.

[End of Article XI]

IN WITNESS WHEREOF, the parties hereto have caused this Master Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first above written.

PLANTATION VILLAGE, INC., a North Carolina nonprofit corporation, as the initial Obligated Group Member and as the Obligated Group Representative

By: _____
Name: _____
Title: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Master Trustee

By: _____
Authorized Signatory

EXHIBIT A
EXCLUDED PROPERTY

Approximately two acres of real property located at the southeast corner of the Community's campus along Porters Neck Road. [Insert legal description if possible.]

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITION OF TERMS	3
Section 1.01 Definitions.....	3
ARTICLE II FUNDS	4
Section 2.01 Entrance Fee Fund	4
Section 2.02 Investment of Funds.....	5
Section 2.03 Allocation and Transfers of Investment Income.....	5
Section 2.04 Master Trustee Relieved From Responsibility.	6
Section 2.05 Place of Payment.....	6
ARTICLE III MASTER OBLIGATION NO. 1	7
Section 3.01 Master Obligation No. 1	7
Section 3.02 Form of Master Obligation No. 1	7
Section 3.03 Payment of Master Obligation No. 1	7
ARTICLE IV MASTER OBLIGATION NO. 2	8
Section 4.01 Master Obligation No. 2	8
Section 4.02 Form of Master Obligation No. 2	8
Section 4.03 Payment of Master Obligation No. 2	8
Section 4.04 Rights of Series 2021B Lender	8
ARTICLE V MISCELLANEOUS	9
Section 5.01 Concerning the Master Trustee	9
Section 5.02 Compliance with Credit Agreement	9
Section 5.03 Supplemental Master Indenture Controls	9
Section 5.04 Governing Law	9
Section 5.05 Multiple Originals.....	9
Section 5.06 Confirmation of Master Indenture	9
Section 5.07 Headings and Table of Contents	9

EXHIBIT A – FORM OF MASTER OBLIGATIONS NO.1 AND NO. 2

PLANTATION VILLAGE, INC.,
as the Initial Obligated Group Member and as the Obligated Group Representative

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Master Trustee

SUPPLEMENTAL MASTER INDENTURE NUMBER 1

Dated as of December 1, 2021

§[2021A Amount] North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021A

§[2021B-1 Amount] North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Plantation Village, Inc.) Series 2021B-1

§[2021B-2 Amount] North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Plantation Village, Inc.) Series 2021B-2

SUPPLEMENTAL MASTER INDENTURE NUMBER 1

THIS SUPPLEMENTAL MASTER INDENTURE NUMBER 1 (this “Supplemental Master Indenture”), dated as of December 1, 2021, between **PLANTATION VILLAGE, INC.**, a North Carolina nonprofit corporation, as the initial Obligated Group Member and as the Obligated Group Representative (the “Obligated Group Representative”), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association (the “Master Trustee”),

WITNESSETH:

WHEREAS, the Obligated Group Representative and the Master Trustee have entered into a Master Trust Indenture dated as of December 1, 2021 (as amended or supplemented from time to time in accordance with its terms, the “Master Indenture”); and

WHEREAS, the North Carolina Medical Care Commission (the “Commission”), at the request of the Obligated Group Representative, is contemporaneously issuing its Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021A (the “Series 2021A Bonds”) pursuant to a Trust Agreement dated as of December 1, 2021 (as amended or supplemented from time to time in accordance with its terms, the “Series 2021A Trust Agreement”) between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee thereunder (the “Series 2021A Bond Trustee”), and its Retirement Facilities First Mortgage Revenue Bonds (Plantation Village, Inc.) Series 2021B-1 (the “Series 2021B-1 Bonds”) and Retirement Facilities First Mortgage Revenue Bonds (Plantation Village, Inc.) Series 2021B-2 (the “Series 2021B-2 Bonds”) and collectively with the Series 2021B-1 Bonds, the “Series 2021B Bonds”; the Series 2021A Bonds and the Series 2021B Bonds are sometimes referred to collectively herein as the “Series 2021 Bonds”), pursuant to a Trust Agreement dated as of December 1, 2021 (as amended or supplemented from time to time in accordance with its terms, the “Series 2021B Trust Agreement”) between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee thereunder (the “Series 2021B Bond Trustee”); and

WHEREAS, the Obligated Group Representative desires to issue Master Obligation No. 1 hereunder to evidence its obligation arising from the lending to the Obligated Group Representative by the Commission of the proceeds of the Series 2021A Bonds pursuant to a Loan Agreement, dated as of December 1, 2021 (as amended or supplemented from time to time in accordance with its terms, the “Series 2021A Loan Agreement”), between the Commission and the Obligated Group Representative; and

WHEREAS, the Obligated Group Representative desires to issue Master Obligation No. 2 hereunder to evidence its obligation arising from the lending to the Obligated Group Representative by the Commission of the proceeds of the Series 2021B Bonds pursuant to a Loan Agreement, dated as of December 1, 2021 (as amended or supplemented from time to time in accordance with its terms, the “Series 2021B Loan Agreement” and, together with the Series 2021A Loan Agreement, the “Series 2021 Loan Agreements”), between the Commission and the Obligated Group Representative; and

WHEREAS, the Series 2021 Bonds are being issued for the purpose of (i) financing or refinancing additions, improvements and renovations to the Existing Community (as defined in the Master Indenture); (ii) paying a portion of the interest on the Series 2021 Bonds; (iii) refunding the Taxable Loan (as defined in the Series 2021A Trust Agreement) and (iv) paying all or a portion of the costs associated with the issuance of the Series 2021 Bonds; and

WHEREAS, to secure its obligations under the Series 2021 Master Obligations (as defined herein), the Obligated Group Representative (a) will execute a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the “Deed of Trust”) for the benefit of the Master Trustee, and (b) will grant to the Master Trustee a security interest in the Trust Estate (as defined in the Master Indenture) as additional security; and

WHEREAS, the Obligated Group Representative is authorized by law and by the Master Indenture, and deems it necessary and desirable, to issue and deliver the Series 2021 Master Obligations pursuant to the Master Indenture; and

WHEREAS, pursuant to the terms of the Master Indenture, each of the Obligated Group Members will be jointly and severally liable for payment of the Series 2021 Master Obligations; and

WHEREAS, all acts and things necessary to make the Series 2021 Master Obligations authorized by this Supplemental Master Indenture, when executed by the Obligated Group Representative for and on behalf of the Obligated Group and each Obligated Group Member and authenticated and delivered by the Master Trustee as provided in the Master Indenture and this Supplemental Master Indenture, the valid, binding and legal obligation of each Obligated Group Member, and to constitute these presents, together with the Master Indenture, a valid indenture and agreement according to its terms and the terms of the Master Indenture, have been done and performed and the execution of this Supplemental Master Indenture and the issuance hereunder and under the Master Indenture of the Series 2021 Master Obligations created by this Supplemental Master Indenture have in all respects been duly authorized, and the Obligated Group Representative, for and on behalf of the Obligated Group and each Obligated Group Member, in the exercise of the legal right and power vested in it, executes this Supplemental Master Indenture and proposes to make, execute, issue and deliver the Series 2021 Master Obligations created hereby;

NOW, THEREFORE, THIS SUPPLEMENTAL MASTER INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Series 2021 Master Obligations authorized hereby are authenticated, issued and delivered, and in consideration of the premises and the purchase and acceptance of the Series 2021 Master Obligations created hereby by the holders thereof, the Obligated Group Representative, on behalf of the Obligated Group Members, covenants and agrees with the Master Trustee as follows:

**ARTICLE I
DEFINITION OF TERMS**

Section 1.01 Definitions.

The following terms, except where the context indicates otherwise, shall have the respective meanings set forth below. Capitalized terms used in this Supplemental Master Indenture that are not defined as set forth below or as otherwise defined herein shall have the meanings assigned to them in the Master Indenture.

“Credit Agreement” means the Continuing Covenants Agreement dated as of December 1, 2021 between the Obligated Group Representative and the Series 2021B Lender, as the same may be supplemented or amended by its terms.

“Entrance Fee Fund” means the fund created by Section 2.01 hereof.

“Entrance Fee Transfer Date” means the last Business Day of each calendar month.

“Master Obligation No. 1” means the Master Obligation created by Article III hereof relating to the Series 2021A Bonds.

“Master Obligation No. 2” means the Master Obligation created by Article IV hereof relating to the Series 2021B Bonds.

“Project Initial Entrance Fees” means the Initial Entrance Fees received from the Project Independent Living Units.

“Series 2021 Master Obligations” means, collectively, Master Obligation No. 1 and, Master Obligation No. 2.

“Series 2021B Lender” means First-Citizens Bank & Trust Company.

[End of Article I]

**ARTICLE II
FUNDS**

Section 2.01 Entrance Fee Fund.

(a) The Master Trustee shall establish and maintain a separate fund to be known as the “Entrance Fee Fund – Plantation Village Project” (the “Entrance Fee Fund”). All moneys received by the Master Trustee and held in the Entrance Fee Fund pursuant to this Section 2.01 shall be trust funds under the terms of this Supplemental Master Indenture and the Master Indenture for the benefit of all of the Master Obligations Outstanding under the Master Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys shall be held in trust and applied in accordance with the provisions of this Supplemental Master Indenture and the Master Indenture. The investment of the moneys held in the Entrance Fee Fund shall be made pursuant to an Obligated Group Representative Request pursuant to Section 2.04, and each such request shall state that such requested investment complies with the yield restriction as provided in the Tax Certificate (as defined in the Series 2021 Loan Agreements) until the Obligated Group Representative delivers an Opinion of Bond Counsel to the Master Trustee to the effect that no such yield restriction is required to maintain any exemption from federal income taxation to which the interest on any Series 2021 Bonds would otherwise be entitled.

(b) The Members of the Obligated Group hereby agree that all Project Initial Entrance Fees received by the Members of the Obligated Group shall be transferred to the Master Trustee within five (5) Business Days of the receipt thereof and the satisfaction of all conditions under applicable law and regulations for deposit into the Entrance Fee Fund.

(c) For so long as there shall not have occurred and be continuing an Event of Default, the Project Initial Entrance Fees deposited to the Entrance Fee Fund shall be applied by the Master Trustee in the following order of priority, as follows:

FIRST: Within two (2) Business Days of receipt, to the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Project Independent Living Units. Such disbursements shall be made only upon receipt by the Master Trustee of an Officer’s Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds and directing the Master Trustee to make such payment.

SECOND: If there is no pending disbursement under FIRST, on each Entrance Fee Transfer Date to the Series 2021B Lender (pursuant to written wire instructions given to the Master Trustee by the Series 2021B Lender) to redeem Series 2021B-2 Bonds in accordance with the terms of Section 2.12 of the Credit Agreement and Section 3.01(d) of the Series 2021B Trust Agreement. The deposit of the Project Initial Entrance Fees with the Master Trustee shall be deemed a direction from the Obligated Group Representative to the Master Trustee to so transfer such Project Initial Entrance Fees pursuant to this provision.

(d) For so long as an Event of Default has occurred and is continuing, the Project Initial Entrance Fees deposited to the Entrance Fee Fund shall be applied by the Master Trustee within two (2) Business Days of receipt in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Project Independent Living Units. Such disbursements shall be made only upon receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds and directing the Master Trustee to make such payment.

SECOND: If there is no pending disbursement under FIRST, to secure all outstanding Obligations on a pro rata basis.

(e) Once the Series 2021B-2 Bonds are no longer Outstanding, as certified in writing by the Obligated Group Representative or the Series 2021B Lender to the Master Trustee, and provided no Event of Default has occurred and is continuing, the Members of the Obligated Group shall no longer be obligated to deposit any Project Initial Entrance Fees into the Entrance Fee Fund. Upon delivery to the Master Trustee of an Officer's Certificate of the Obligated Group Representative stating the satisfaction of such conditions, any amounts on deposit in the Entrance Fee Fund not used for redemption of the Series 2021B-2 Bonds shall be remitted to the Obligated Group Representative and the Entrance Fee Fund shall be closed.

Section 2.02 Investment of Funds.

(a) Any moneys held by the Master Trustee hereunder as part of any fund or account established under this Supplemental Master Indenture shall be invested or reinvested by the Master Trustee in Permitted Investments upon the receipt of an Obligated Group Representative Request (upon which the Master Trustee is entitled to conclusively rely). Any such investments shall be held by or under the control of the Master Trustee and shall mature, or be redeemable at the option of the Master Trustee, at such times as it is anticipated that moneys from the particular fund will be required for the purposes of this Supplemental Master Indenture. For the purpose of any investment or reinvestment under this Section, investments shall be deemed to mature at the earliest date on which the Obligated Group is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligation. Any such Permitted Investments may be purchased from or sold to the Master Trustee or any of its respective affiliates.

(b) The Master Trustee shall keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys held under this Supplemental Master Indenture. The Master Trustee shall make copies of such records available to the Obligated Group, upon its reasonable written request.

Section 2.03 Allocation and Transfers of Investment Income. Any investment earnings in the Entrance Fee Fund shall be retained in the Entrance Fee Fund until applied in accordance with the provisions of Section 2.01.

Section 2.04 Master Trustee Relieved From Responsibility.

The Master Trustee shall be fully protected in relying upon any Obligated Group Representative Request relating to investments in any fund, shall not be liable for any losses or prepayment penalties as a result of complying with any such Obligated Group Representative Request and shall not be required to ascertain any facts with respect to such Request.

Section 2.05 Place of Payment.

The place of payment for the Series 2021 Master Obligations shall be the Corporate Trust Office of the Master Trustee.

[End of Article II]

**ARTICLE III
MASTER OBLIGATION NO. 1**

Section 3.01 Master Obligation No. 1.

There is hereby created as a Master Obligation under the Master Indenture a promissory note to be known and entitled "Plantation Village Master Obligation No. 1" ("Master Obligation No. 1"). Master Obligation No. 1, in the principal amount of \$[2021A Amount], shall be executed, authenticated and delivered in accordance with Article II of the Master Indenture.

Section 3.02 Form of Master Obligation No. 1.

Master Obligation No. 1 created hereby shall be in the form of a fully registered Master Obligation without coupons substantially in the form attached as Exhibit A hereto.

Section 3.03 Payment of Master Obligation No. 1.

Payments of, and prepayments on, Master Obligation No. 1 shall be made in the same manner, and with the same effect, as payments and prepayments due under the Series 2021A Loan Agreement and made on the Series 2021A Bonds (and the Obligated Group Representative shall receive credit to the extent of such payments and prepayments made under the Series 2021A Loan Agreement), and such payments and prepayments shall in all events be at such times and in such amounts as are sufficient to pay, when due (whether at stated maturity, upon redemption before maturity, upon acceleration of stated maturity or otherwise), the principal of and premium, if any, and interest payable on the Series 2021A Bonds at any time outstanding.

[End of Article III]

**ARTICLE IV
MASTER OBLIGATION NO. 2**

Section 4.01 Master Obligation No. 2.

There is hereby created as a Master Obligation under the Master Indenture a promissory note to be known and entitled "Plantation Village Master Obligation No. 2" ("Master Obligation No. 2"). Master Obligation No. 2, in the principal amount of up to \$[2021B Amount] shall be executed, authenticated and delivered in accordance with Article II of the Master Indenture.

Section 4.02 Form of Master Obligation No. 2.

Master Obligation No. 2 created hereby shall be in the form of a fully registered Master Obligation without coupons substantially in the form attached as Exhibit A hereto.

Section 4.03 Payment of Master Obligation No. 2.

Payments of, and prepayments on, Master Obligation No. 2 shall be made in the same manner, and with the same effect, as payments and prepayments due under the Series 2021B Loan Agreement and made on the Series 2021B Bonds (and the Obligated Group Representative shall receive credit to the extent of such payments and prepayments made under the Series 2021B Loan Agreement), and such payments and prepayments shall in all events be at such times and in such amounts as are sufficient to pay, when due (whether at stated maturity, upon redemption before maturity, upon acceleration of stated maturity or otherwise), the principal of and premium, if any, and interest payable on the Series 2021B Bonds at any time outstanding

Section 4.04 Rights of Series 2021B Lender.

Upon the occurrence and during the continuance of an Event of Default under the Master Indenture, (i) the Series 2021B Lender may require the Master Trustee to accelerate Obligation No. 2 by delivering written notice to the Master Trustee directing the Master Trustee to declare Obligation No. 2 immediately due and payable in accordance with Section 7.02 of the Master Indenture and (ii) the Master Trustee may not accelerate Obligation No. 2 under Section 7.02 of the Master Indenture until the Master Trustee receives the written consent of the Series 2021B Lender.

[End of Article IV]

**ARTICLE V
MISCELLANEOUS**

Section 5.01 Concerning the Master Trustee. The recitals herein contained are made by the Obligated Group Representative and not by the Master Trustee, and the Master Trustee does not assume any responsibility for the correctness thereof. The Master Trustee makes no representation as to the validity or sufficiency of this Supplemental Master Indenture or the Series 2021 Master Obligations. All of the provisions contained in the Master Indenture in respect of the rights, privileges, immunities, powers, and duties of the Master Trustee shall be applicable in respect of this Supplemental Master Indenture as fully and with like force and effect as though fully set forth in full herein.

Section 5.02 Compliance with Credit Agreement. The Obligated Group Representative covenants and agrees that it will, and that it will cause any other Members of the Obligated Group to, comply with the provisions of the Credit Agreement for so long as the Series 2021B Bonds are held by the Series 2021B Lender. If the Series 2021B Lender notifies the Master Trustee in writing that an Event of Default has occurred under the provisions of the Credit Agreement, an Event of Default shall occur under the Master Indenture.

Section 5.03 Supplemental Master Indenture Controls. In the event of a conflict or inconsistency between the Master Indenture and this Supplemental Master Indenture, the provisions of this Supplemental Master Indenture shall control.

Section 5.04 Governing Law. THIS SUPPLEMENTAL MASTER INDENTURE SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES.

Section 5.05 Multiple Originals. The parties may sign any number of copies of this Supplemental Master Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One originally signed copy is enough to prove this Supplemental Master Indenture. The exchange of copies of this Supplemental Master Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Supplemental Master Indenture as to the parties hereto and may be used in lieu of the original Supplemental Master Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 5.06 Confirmation of Master Indenture. The Master Indenture, as supplemented and amended by this Supplemental Master Indenture, is in all respects hereby adopted, ratified and confirmed.

Section 5.07 Headings and Table of Contents. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

[End of Article V]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Master Indenture No. 1 to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

PLANTATION VILLAGE, INC., a North Carolina nonprofit corporation

By: _____

Name: _____

Title: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Master Trustee

By: _____

Authorized Signatory

EXHIBIT A

FORM OF MASTER OBLIGATIONS NO. 1 AND NO. 2

THIS MASTER OBLIGATION HAS NOT BEEN REGISTERED UNDER THE
SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAW

\$ _____

PLANTATION VILLAGE
MASTER OBLIGATION NO. [1][2]

PLANTATION VILLAGE, INC., a North Carolina nonprofit corporation, as an obligated group member and the obligated group representative (the “Obligated Group Representative”), for value received, hereby promises to pay to the NORTH CAROLINA MEDICAL CARE COMMISSION (the “Commission”), or assigns, the principal sum of [2021B: not to exceed] \$ _____, and to pay interest thereon, at the times and in the amounts required by the [Loan Agreement relating to the Series 2021A Bonds dated as of December 1, 2021, between the Commission and the Obligated Group Representative (the “Series 2021A Loan Agreement”)] [Loan Agreement relating to the Series 2021B Bonds dated as of December 1, 2021, among the Commission and the Obligated Group Representative (the “Series 2021B Loan Agreement”)], and in any event, in the amounts and at the times necessary to repay the [Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021A] [Retirement Facilities First Mortgage Revenue Bonds (Plantation Village, Inc.) Series 2021B] (the “Bonds”) issued by the Commission under and pursuant to the Trust Agreement relating to such Bonds dated as of December 1, 2021 (the “Trust Agreement”), between Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Bond Trustee”). This Master Obligation shall mature on [January/December] 1, 20__.

This Master Obligation is issued for the purpose of securing the Obligated Group Representative’s payment obligations under the [Series 2021A] [Series 2021B] Loan Agreement, which such payments and prepayments shall in all events be at such times and in such amounts as are sufficient to pay, when due (whether at stated maturity, upon redemption before maturity, upon acceleration of stated maturity or otherwise), the principal of and premium, if any, and interest payable on the Bonds at any time outstanding. This Master Obligation shall be subject to payment and prepayment as set forth in the Master Indenture (as defined below).

This Master Obligation is issued in the principal amount of \$ _____, is dated December __, 2021 and is designated as the “Plantation Village Master Obligation No. [1][2]” (the “Master Obligation”, and together with all other Master Obligations issued under the Master Indenture hereinafter defined, the “Master Obligations”) issued under and pursuant to Supplemental Master Indenture Number 1 dated as of December 1, 2021 (the “Supplemental Master Indenture”), supplementing the Master Trust Indenture dated as of December 1, 2021 (the “Master Trust Indenture”), between the Obligated Group Representative and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”). The Master Trust Indenture, as supplemented and amended by the Supplemental Master Indenture, is herein called the “Master

Indenture.” Any capitalized term used herein without definition shall have the meaning given to such term in the Master Indenture. Pursuant to the terms of the Master Indenture, each of the Obligated Group Members described therein will be jointly and severally liable for the payment of this Master Obligation and all other Master Obligations.

A copy of the Master Indenture is on file at the Corporate Trust Office of the Master Trustee and reference is hereby made to the Master Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holder of this Master Obligation, the terms and conditions on which, and the purposes for which, this Master Obligation is issued and the rights, duties and obligations of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the holder hereof, by acceptance of this Master Obligation, assents.

To the extent permitted by and as provided in the Master Indenture, modifications or changes of the Master Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group Members and of the holders of the Master Obligations in any particular may be made with the consent of the Master Trustee and the Obligated Group Members and, in certain circumstances, with the consent of the holders of not less than a majority in aggregate principal amount of the Senior Obligations then Outstanding under the Master Indenture. Unless an Event of Default has occurred and is continuing, no such modification or change shall be made which will reduce the percentage of the Master Obligations, the consent of the holders of which is required to consent to such Supplemental Master Indenture, or permit a preference or priority of any Master Obligation or Master Obligations over any other Master Obligation or Master Obligations (other than Subordinated Obligations or Subordinated Derivative Obligations), or which will effect a change in the times, amount and currency of payment of the principal of, and premium, if any, or interest on any Master Obligation or a reduction in the principal amount or redemption price of any Master Obligation or the rate of interest thereon, without the consent of the holder of such Master Obligation. Any such consent by the holder of this Master Obligation shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Master Obligation.

Upon the occurrence of certain “Events of Default,” as defined in the Master Indenture, the principal of all outstanding Master Obligations may be declared due and payable, and thereupon shall become due and payable as provided in the Master Indenture.

[Obligation No. 2 only: Upon the occurrence and during the continuance of an Event of Default under the Master Indenture, (i) the Series 2021B Lender may require the Master Trustee to accelerate Obligation No. 2 by delivering written notice to the Master Trustee directing the Master Trustee to declare Obligation No. 2 immediately due and payable in accordance with Section 7.02 of the Master Indenture and (ii) the Master Trustee may not accelerate Obligation No. 2 under Section 7.02 of the Master Indenture until the Master Trustee receives the written consent of the Series 2021B Lender.]

The holder of this Master Obligation shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

This Master Obligation shall be registered on the register to be maintained by the Master Trustee and this Master Obligation shall be transferable only upon said register at said office by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver in exchange for this Master Obligation a new registered Master Obligation without coupons, registered in the name of the transferee.

The Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent may deem and treat the person in whose name this Master Obligation is registered as the absolute owner hereof for all purposes; and none of the Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Master Obligation.

No covenant or agreement contained in this Master Obligation or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any of the Obligated Group Members in his individual capacity, and neither the board of directors of any of the Obligated Group Members nor any officer executing this Master Obligation shall be liable personally on this Master Obligation or be subject to any personal liability or accountability by reason of the issuance of this Master Obligation.

This Master Obligation shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Master Obligation shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

[Signatures are contained on the following page.]

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Master Obligation to be executed in its name and on its behalf by its duly authorized officers all as of the ___ day of December, 2021.

PLANTATION VILLAGE, INC.,
a North Carolina nonprofit corporation

By: _____
Name: _____
Title: _____

[SEAL]

Attest:

Secretary

[Form of Endorsement by Obligated Group Representative]

The undersigned Obligated Group Representative (as defined in the within mentioned Master Indenture) hereby certifies that, pursuant to the provisions of the Master Indenture, the Obligated Group Representative and all other Obligated Group Members referred to and defined in the Master Indenture are jointly and severally obligated hereon. The Obligated Group Members as of the date of execution and delivery of this Master Obligation are identified on Schedule I attached hereto.

Any Person (as defined in the Master Indenture) who shall satisfy the conditions set forth in the Master Indenture and become an Obligated Group Member subsequent to the date of execution and delivery of this Master Obligation shall thereupon and thereafter likewise be jointly and severally obligated on this Master Obligation, whether or not the name of such person shall appear on or be added to Schedule I.

If any Person who is on the date of execution and delivery of this Master Obligation, or who shall thereafter become, an Obligated Group Member and thus jointly and severally obligated hereon, shall satisfy the conditions set forth in the Master Indenture for withdrawal from the Obligated Group and shall withdraw from the Obligated Group pursuant to a written release executed by the Master Trustee, such Person shall thereupon and thereafter be released from any further liability or obligation on this Master Obligation and under the Master Indenture, whether or not the name of such Person shall appear on or be deleted from Schedule I.

Promptly after any such withdrawal and release, the Master Trustee shall give written notice thereof by mail to each Related Bond Trustee (as defined in the Master Indenture) and to all other Holders of Master Obligations at their last addresses as they shall appear upon the register maintained as provided in the Master Indenture. Such notice may set forth, in addition to other matters deemed by the Master Trustee to be properly included therein, a statement that Outstanding Master Obligations must be presented to the Master Trustee for notation of such withdrawal and release thereon or surrendered to the Master Trustee in exchange for one or more substitute Master Obligations delivered pursuant to the provisions of the Master Indenture.

PLANTATION VILLAGE, INC.,
a North Carolina nonprofit corporation

By: _____
Name: _____
Title: _____

[Form of Master Trustee's Certificate of Authentication]

This Master Obligation is one of the Master Obligations referred to in the aforementioned Master Indenture.

Date of Authentication:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Master Trustee

By: _____
Authorized Signatory

[Form of Schedule I]

Members of the Obligated Group

Name:

Address for Notices

PLANTATION VILLAGE, INC.

1200 Porters Neck Road
Wilmington, NC 28411
Attention: Executive Director

[THIS PAGE INTENTIONALLY LEFT BLANK]

TRUST AGREEMENT

between

NORTH CAROLINA MEDICAL CARE COMMISSION

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
Bond Trustee

Dated as of December 1, 2021

Securing

[\$Amount]

North Carolina Medical Care Commission
Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds
(Plantation Village, Inc.)
Series 2021A

**ARTICLE I
DEFINITIONS**

Section 1.01	Meaning of Words and Terms	4
Section 1.02	Rules of Construction	12

**ARTICLE II
DETAILS OF BONDS; ISSUANCE OF BONDS**

Section 2.01	Limitation on Issuance of Bonds	12
Section 2.02	Form and Numbering of Bonds	12
Section 2.03	Details of Bonds	13
Section 2.04	Authentication of Bonds	14
Section 2.05	Exchange of Bonds	14
Section 2.06	Negotiability, Registration and Transfer of Bonds	15
Section 2.07	Ownership of Bonds	16
Section 2.08	Authorization and Details of Bonds	16
Section 2.09	Temporary Bonds	19
Section 2.10	Mutilated, Destroyed, Stolen or Lost Bonds	19
Section 2.11	Book Entry System	20

**ARTICLE III
REDEMPTION OF BONDS**

Section 3.01	Redemption Dates and Prices	21
Section 3.02	Selection of Bonds to Be Redeemed	22
Section 3.03	Redemption Notice	22
Section 3.04	Effect of Calling for Redemption	24
Section 3.05	Redemption of Portion of Bonds	24
Section 3.06	Cancellation	25
Section 3.07	Use of Defeasance Obligations to Redeem Bonds	25
Section 3.08	Purchase in Lieu of Redemption	25

**ARTICLE IV
CONSTRUCTION FUND**

Section 4.01	Construction Fund	25
Section 4.02	Payments from Construction Fund	25
Section 4.03	Cost of 2021 Project	27
Section 4.04	Requisitions from Construction Fund	27
Section 4.05	Reliance Upon Requisitions	29
Section 4.06	Completion of the 2021 Project and Disposition of Construction Fund Balances	29

**ARTICLE V
REVENUES AND FUNDS**

Section 5.01	Establishment of Funds	30
Section 5.02	Funds Received	30
Section 5.03	Application of Money in Interest Account	31

Section 5.04	Application of Money in Principal Account.....	32
Section 5.05	Application of Money in Sinking Fund Account.....	32
Section 5.06	Application of Money in Redemption Fund.....	33
Section 5.07	[Reserved.].....	34
Section 5.08	Money Held in Trust.....	34
Section 5.09	Cancellation of Bonds.....	34
Section 5.10	Disposition of Fund Balances.....	35

**ARTICLE VI
SECURITY FOR DEPOSITS, INVESTMENT OF FUNDS AND COVENANT AS TO
ARBITRAGE**

Section 6.01	Security for Deposits.....	35
Section 6.02	Investment of Money.....	36
Section 6.03	Valuation.....	37
Section 6.04	Covenant as to Arbitrage.....	37
Section 6.05	Exclusion from Gross Income Covenant.....	38

**ARTICLE VII
GENERAL COVENANTS AND REPRESENTATIONS**

Section 7.01	Payment of Principal, Interest and Premium.....	38
Section 7.02	Covenant to Perform and Authority of Commission.....	38
Section 7.03	Covenant as to Obligation No. 1, Master Indenture, Corporation Deed of Trust and Agreement.....	39
Section 7.04	Enforcement of Security Documents.....	39
Section 7.05	Further Instruments and Actions.....	39

**ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES**

Section 8.01	Events of Default.....	39
Section 8.02	Acceleration.....	40
Section 8.03	Enforcement of Remedies.....	40
Section 8.04	Pro-Rata Application of Funds.....	41
Section 8.05	Effect of Discontinuance of Proceedings.....	42
Section 8.06	Control of Proceedings by Holders.....	42
Section 8.07	Restrictions upon Actions by Individual Holders.....	42
Section 8.08	Enforcement of Rights of Action.....	43
Section 8.09	No Remedy Exclusive.....	43
Section 8.10	Waivers.....	43
Section 8.11	Notice of Default.....	44
Section 8.12	Right to Enforce Payment of Bonds Unimpaired.....	44

**ARTICLE IX
CONCERNING THE BOND TRUSTEE**

Section 9.01	Acceptance of Duties.....	44
Section 9.02	Indemnification of Bond Trustee.....	45

Section 9.03	Limitations on Obligations and Responsibilities of Bond Trustee.....	45
Section 9.04	Bond Trustee Not Liable for Failure of Commission to Act.....	47
Section 9.05	Compensation and Indemnification of Bond Trustee.....	47
Section 9.06	Monthly Statements and Other Information from Bond Trustee.....	47
Section 9.07	Bond Trustee May Rely on Certificates and Advice.....	48
Section 9.08	Notice of Default.....	48
Section 9.09	Bond Trustee Not Responsible for Recitals.....	49
Section 9.10	Bond Trustee Protected in Relying on Certain Documents.....	49
Section 9.11	Bond Trustee May Pay Taxes and Assessments.....	49
Section 9.12	Resignation and Removal of Bond Trustee Subject to Acceptance by Successor of Appointment.....	49
Section 9.13	Resignation of Bond Trustee.....	49
Section 9.14	Removal of Bond Trustee.....	50
Section 9.15	Appointment of Successor Bond Trustee.....	50
Section 9.16	Vesting of Duties in Successor Bond Trustee.....	51
Section 9.17	Prohibition on Serving as Dissemination Agent.....	51
Section 9.18	Electronic Instructions.....	51

**ARTICLE X
EXECUTION OF INSTRUMENTS BY HOLDERS, PROOF OF OWNERSHIP OF
BONDS AND DETERMINATION OF CONCURRENCE OF HOLDERS**

Section 10.01	Execution of Instruments by Holders.....	52
Section 10.02	Preservation of Information; Communications to Holders.....	53
Section 10.03	Holdings of Bonds Deemed Holders of Obligation No. 1.....	53

**ARTICLE XI
SUPPLEMENTAL TRUST AGREEMENTS**

Section 11.01	Supplemental Trust Agreements without Consent of Holders.....	54
Section 11.02	Modification of Trust Agreement with Consent of Holders.....	55
Section 11.03	Exclusion of Bonds.....	56
Section 11.04	Responsibilities of Bond Trustee and Commission under this Article.....	56
Section 11.05	Consent of Corporation.....	56
Section 11.06	Notice of Modification of Trust Agreement.....	57

**ARTICLE XII
DEFEASANCE**

Section 12.01	Release of Trust Agreement.....	57
---------------	---------------------------------	----

**ARTICLE XIII
MISCELLANEOUS PROVISIONS**

Section 13.01	Effect of Dissolution of Commission.....	58
Section 13.02	Legal Holidays; Time.....	58
Section 13.03	Manner of Giving Notice.....	58
Section 13.04	Substitute Mailing.....	59
Section 13.05	Parties and Holders Alone Have Rights under Trust Agreement.....	59

Section 13.06	Effect of Partial Invalidity	60
Section 13.07	Effect of Covenants.....	60
Section 13.08	No Recourse Against Members, Officers or Employees of Commission or Local Government Commission.....	60
Section 13.09	Expenses Payable Under Trust Agreement.....	60
Section 13.10	Dealing in Bonds.....	61
Section 13.11	Multiple Counterparts	61
Section 13.12	Headings	61
Section 13.13	Further Authority	61
Section 13.14	Governing Law; Jurisdiction.....	61
Section 13.15	Consents and Approvals	61
Section 13.16	Iran Divestment Act Certification.....	61
Section 13.17	E-Verify Covenant	62

EXHIBIT A – FORM OF BOND
EXHIBIT B – FORM OF REQUISITION

TRUST AGREEMENT

This **TRUST AGREEMENT**, dated as of December 1, 2021, between the **NORTH CAROLINA MEDICAL CARE COMMISSION**, a commission of the Department of Health and Human Services of the State of North Carolina (the “Commission”), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association duly organized and validly existing under the laws of the United States of America and having a corporate trust office in Jacksonville, Florida, which is authorized under such laws to exercise trust powers (together with any successor trustee under this Trust Agreement, the “Bond Trustee”),

WITNESSETH:

WHEREAS, the Commission is a commission of the Department of Health and Human Services of the State of North Carolina, and is authorized under Chapter 131A, General Statutes of North Carolina, as amended (the “Act”), to borrow money and to lend the same to any public or non-profit agency for the purpose of providing funds to finance or refinance all or any part of the cost of health care facilities; and

WHEREAS, Plantation Village, Inc. (the “Corporation”) is a North Carolina nonprofit corporation and a “non-profit agency” within the meaning and intent of the Act, which owns and operates a continuing care facility for the elderly in Wilmington, North Carolina; and

WHEREAS, the Corporation desires to pay a portion of the Cost (as hereinafter defined) of the 2021 Project (as described in Exhibit A to the hereinafter defined Agreement) from the proceeds of revenue bonds to be issued by the Commission pursuant to the Act; and

WHEREAS, the Corporation has entered into a Construction Loan Agreement, dated July 29, 2013 and modified on August 22, 2016, between the Corporation and First-Citizens Bank & Trust Company (the “Prior Bank”), pursuant to which the Prior Bank agreed to loan the Corporation up to \$19,175,000, of which \$ _____ principal amount is outstanding (the “Taxable Loan”), the proceeds of which were used to finance a portion of the costs of the Prior Project (as described in Exhibit A to the hereinafter defined Agreement); and

WHEREAS, the Commission has determined to issue its revenue bonds in the aggregate principal amount of \$[Amount] (the “Bonds”) and to lend the proceeds thereof to the Corporation for the purpose of providing funds, together with other available funds, to (i) pay or reimburse the Corporation for paying all or a portion of the Cost of the 2021 Project; (ii) refund the Taxable Loan; (iii) pay a portion of the interest accruing on the Bonds to January 1, 2024; and (iv) pay certain expenses incurred in connection with the issuance of the Bonds; and

WHEREAS, simultaneously with the issuance of the Bonds, the Corporation and the Commission will enter into a Loan Agreement, dated as of December 1, 2021 (as amended from time to time in accordance with its terms, the “Agreement”), pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation, and as evidence of the loan the Corporation will execute and deliver Obligation No. 1 (as hereinafter defined) to the Commission pursuant to a Master Trust Indenture, dated as of December 1, 2021 (as supplemented and amended from time to time in accordance with its terms, the “Master Indenture”), between the Corporation and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”); and

WHEREAS, as security for all Master Obligations issued and Outstanding under the Master Indenture, the Corporation has executed a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of December 1, 2021 (which Deed of Trust, together with any and all other amendments thereto as therein permitted, is hereinafter referred to as the "Corporation Deed of Trust"), granting a first priority lien on certain real property of the Corporation as more particularly described therein, subject to Permitted Liens (as defined in the Master Indenture); and

WHEREAS, the Commission is entering into this Trust Agreement for the purpose of authorizing the Bonds and securing the payment thereof by assigning its rights as registered owner of Obligation No. 1 and certain of its rights under the Agreement; and

WHEREAS, the Commission has determined that the Bonds and the certificate of authentication to be executed by the Bond Trustee on all Bonds as provided herein shall be, respectively, substantially in the form set forth in Exhibit A attached hereto and made a part hereof, with such variations, omissions and insertions as are required or permitted by this Trust Agreement; and

WHEREAS, under the Constitution and laws of the State of North Carolina, including the Act, the Commission is authorized to enter into this Trust Agreement, to issue the Bonds as hereinafter provided, to lend the proceeds of the Bonds to the Corporation for the purposes hereinbefore stated, and to do or cause to be done all the acts and things herein provided or required to be done as hereinafter covenanted; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of North Carolina, including the Act, to happen, exist and be performed precedent to and in the execution and delivery of this Trust Agreement have happened, exist and have been performed as so required to make this Trust Agreement a valid and binding trust agreement securing the Bonds in accordance with its terms; and

WHEREAS, the Bond Trustee has accepted the trusts created by this Trust Agreement and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH: that in consideration of the premises, of the acceptance by the Bond Trustee of the trusts hereby created, and of the purchase and acceptance of Bonds by the Holders (as defined herein) thereof, and also for and in consideration of the sum of One Dollar in hand paid by the Corporation on behalf of the Bond Trustee at or before the execution and delivery of this Trust Agreement, and for other good and valuable consideration, the receipt whereof is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Holders thereof, and to secure the payment of all Bonds at any time issued and outstanding under this Trust Agreement and the interest and the redemption premium, if any, thereon according to their tenor, purport and effect, and to secure the performance and observance of all the covenants, agreements and conditions, express or implied, therein and herein contained, the Commission has executed and delivered this Trust Agreement, and by this Trust Agreement has given, granted, bargained, aliened, remised, released, conveyed, transferred, assigned, confirmed, set over, and pledged, and

does hereby give, grant, bargain, alien, remise, release, convey, transfer, assign, confirm, set over, and pledge unto the Bond Trustee, and its successor or successors in trust:

1. All right, title and interest of the Commission in and to Obligation No. 1 and all its rights under the Master Indenture and the Corporation Deed of Trust as owner of Obligation No. 1;

2. All right, title and interest of the Commission in and to the Agreement (except for those certain rights that are set forth in the next sentence of this clause), it being the intent and purpose hereof that the assignment and transfer to the Bond Trustee of the payments and other sums due and to become due under the Agreement shall be effective and operative immediately and the Bond Trustee shall have the right to collect and receive said payments and other sums for application in accordance with the provisions hereof at all times during the period from and after the date of this Trust Agreement until the indebtedness hereby secured shall have been fully paid and discharged. The Commission specifically reserves from this assignment the following rights: (a) to receive all notices, opinions, certificates, copies of documents, instruments, reports and correspondence, and evidence of certain actions by the Corporation required to be delivered to the Commission under the Agreement; (b) to grant approvals and consents and make determinations when required under the Agreement; (c) to make requests for information and inspections where allowed under the Agreement; (d) to receive payments under Sections 3.04(a)(iv) and (v) and 8.02 of the Agreement; (e) those exculpations from liability conferred upon the members, officers and employees of the Commission in Section 10.01 of the Agreement; and (f) to be indemnified pursuant to Section 8.01 of the Agreement; provided, however, that the reservation of the aforementioned rights shall not prevent the Bond Trustee from enforcing the same on behalf of the Commission and the Holders. The Commission is to remain liable to observe and perform all the conditions and covenants in the Agreement provided to be observed and performed by it; and

3. All money and securities held by the Bond Trustee in the Bond Fund and the Redemption Fund (each as hereinafter defined) and, until applied in payment of the Cost of the 2021 Project in accordance with **Section 4.04** hereof, all money and securities in the Construction Fund (as hereinafter defined).

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Bond Trustee and its successor or successors in trust and to them and their assigns forever, subject to the exceptions, reservations and matters herein recited;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the benefit, security and protection of the present and future Holders of the Bonds issued or to be issued under and secured by this Trust Agreement, without preference, priority or distinction as to lien or otherwise, except as may otherwise be provided herein, of any one Bond over any other Bond by reason of priority in their issue, sale or otherwise, all as herein provided;

Provided, however, that if the Commission, its successors or assigns, shall well and truly pay, or cause to be paid, or provide for the payment, pursuant to the provisions of this Trust Agreement, of the principal of Bonds and the interest and any redemption premium due or to become due thereon, at the times and in the manner mentioned in the Bonds and this Trust

Agreement, according to the true intent and meaning thereof and hereof, and shall cause the payments to be made into the Bond Fund as required under this Trust Agreement, and shall pay or cause to be paid to the Bond Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such performance and payments this Trust Agreement and the rights hereby granted shall cease, determine and be void, as provided in **Article XII**; otherwise this Trust Agreement shall be and remain in full force and effect; and

THIS TRUST AGREEMENT FURTHER WITNESSETH and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated, delivered and dealt with, and all said property hereby given, granted, bargained, aliened, remised, released, conveyed, transferred, assigned, confirmed, set over and pledged is to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Commission has agreed and covenanted, and does hereby agree and covenant, with the Bond Trustee and with the respective Holders, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I DEFINITIONS

Section 1.01 Meaning of Words and Terms. Unless otherwise required by the context, all capitalized terms used herein shall have the meanings assigned to such terms in Section 1.01 of the Agreement (as defined below), or in Section 1.01 of the Master Indenture (as defined below), or as set forth below:

“2021 Project” means the 2021 Project as defined in Section 1.01 of the Agreement.

“Act” means the Health Care Facilities Finance Act, Chapter 131A of the General Statutes of North Carolina, as amended, or any successor statute.

“Agreement” means the Loan Agreement, dated as of December 1, 2021, between the Commission and the Corporation, including all amendments or supplements thereto.

“Beneficial Owner” means the Person in whose name a Bond is recorded as beneficial owner of such Bond by the Securities Depository or a Participant or an Indirect Participant on the records of such Securities Depository, Participant or Indirect Participant, as the case may be, or such Person’s subrogee.

“Bond Counsel” means a firm of attorneys knowledgeable and experienced in the law relating to municipal securities and the law relating to federal and State taxation of interest thereon and approved by the Commission.

“Bond Fund” means the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021A Bond Fund created and so designated by Section 5.01 and consisting of the Interest Account, the Principal Account and the Sinking Fund Account.

“Bond Trustee” means the bank or trust company serving as Bond Trustee under this Trust Agreement, whether the original or a successor trustee.

“Bond Year” means the period commencing on January 1 of any year and ending on December 31 of the same year.

“Bonds” means the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021A authorized and issued under **Section 2.08**.

“Book Entry Bonds” means Bonds for which a Securities Depository or its nominee is the Holder.

“Book Entry System” means a book entry system established and operated for the recordation of Beneficial Owners of the Bonds pursuant to **Section 2.11**.

“Business Day” means any day on which banks in the city in which the designated corporate trust office of the Bond Trustee is located and New York, New York are not authorized to be closed for commercial banking purposes and on which the New York Stock Exchange is open.

“Code” means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

“Collateral Assignment of Contracts” means the Assignment of Contracts, dated as of December 1, 2021, between the Corporation and the Master Trustee, including all amendments and supplements thereto.

“Commission” means the North Carolina Medical Care Commission of the Department of Health and Human Services of the State of North Carolina, and any successor thereto.

“Conditional Redemption” has the meaning given such term in **Section 3.03(b)** hereof.

“Corporation” has the meaning set forth in the preambles to this Trust Agreement.

“Corporation Deed of Trust” has the meaning set forth in the preambles to this Trust Agreement.

“Construction Account” means the account in the Construction Fund created and so designated by **Section 4.01** hereof.

“Construction Fund” means the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021A Construction Fund created and so designated by **Section 4.01** hereof and consisting of the Construction Account, the Issuance Account, the Funded Interest Account and the Revolving Fund Account.

“Construction Monitor” means Alcala Construction Management, Inc.

“Cost” means, as applied to the 2021 Project, without intending thereby to limit or restrict any proper definition of such word under the Act, all items of cost set forth in **Section 4.03**.

“Defaulted Interest” means Defaulted Interest as defined in **Section 2.03**.

“Defeasance Obligations” means (i) noncallable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (iii) Defeased Municipal Obligations and (iv) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian.

“Defeased Municipal Obligations” means obligations of state or local government municipal bond issuers which are rated in the highest rating category by S&P and Moody’s, respectively, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of (i) noncallable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable Government Obligations, (iii) cash or (iv) any combination of such noncallable Government Obligations, evidences of ownership and cash, which Government Obligations or evidences of ownership, together with any cash, are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, the maturing principal of and interest on such Government Obligations or evidences of ownership, when due and payable, being sufficient, together with any cash, to provide money to pay the principal of, premium, if any, and interest on such obligations of such state or local government municipal bond issuers.

“Disbursement Agreement” means the Construction Disbursement and Monitoring Agreement, dated as of December 1, 2021 among the Corporation, the Construction Monitor, The Bank of New York Mellon Trust Company, N.A., as Bond Trustee and as the bond trustee for the Series 2021B Bonds, and First-Citizens Bank & Trust Company, as the purchaser of the Series 2021B Bonds.

“Developer” means LCS Development LLC.

“Electronic Means” means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Bond Trustee, or another method or system specified by the Bond Trustee as available for use in connection with its services hereunder.

“Event of Default” means with respect to this Trust Agreement each of those events set forth in **Section 8.01**.

“Fitch” means Fitch Ratings, Inc., a Delaware corporation, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized

securities rating agency designated by the Commission with the approval of the Corporation by notice to the Bond Trustee.

“Funded Interest Account” means the account in the Construction Fund created and so designated by **Section 4.01**.

“Government Obligations” means direct obligations of, or obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

“Holder” means the Person in whose name a Bond is registered in the registration books provided for in **Section 2.06**.

“Indirect Participant” means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository through a Participant.

“Interest Account” means the account in the Bond Fund created and so designated by **Section 5.01**.

“Interest Payment Date” means July 1, 2022 and each January 1 and July 1 thereafter, to and including January 1, 20[].

“Investment Obligations” means any investment to the extent from time to time permitted by applicable law, including but not limited to Sections 131A-14 and 159-30 of the General Statutes of North Carolina, as amended, or any successor statutes.

“Issuance Account” means the account in the Construction Fund created and so designated by **Section 4.01** hereof.

“Issuance Costs” means Issuance Costs as defined in **Section 4.02**.

“Letter of Representations” means, when all the Bonds are Book Entry Bonds, the Blanket Letter of Representations dated February 28, 2019, executed by the Commission and delivered to DTC and any amendments thereto or successor blanket agreements between the Commission and any successor Securities Depository, relating to a system of Book Entry Bonds to be maintained by such Securities Depository with respect to any bonds, notes or other obligations issued by the Commission.

“Local Government Commission” or “LGC” means the Local Government Commission of North Carolina, a division of the Department of the State Treasurer, and any successor or successors thereto.

“Master Indenture” means the Master Trust Indenture, dated as of December 1, 2021, between the Corporation and the Master Trustee, including all amendments or supplements thereto.

“Master Trustee” means the Master Trustee under the Master Indenture.

“Obligation No. 1” means the Master Obligation so designated and issued under the Master Indenture and Supplement No. 1 and delivered to the Commission pursuant to the Agreement.

“Opinion of Counsel” means an opinion in writing signed by an attorney or firm of attorneys acceptable to the Bond Trustee and the Commission who may be counsel for the Commission or the Corporation or other counsel.

“Outstanding” means, when used with reference to Bonds, as of a particular date, all Bonds theretofore issued under this Trust Agreement, except:

(a) Bonds theretofore canceled by the Bond Trustee or delivered to the Bond Trustee for cancellation;

(b) Bonds for the payment of which money, Defeasance Obligations, or a combination of both, sufficient to pay, on the date when such Bonds are to be paid or redeemed, the principal amount of or the Redemption Price of, and the interest accruing to such date on, the Bonds to be paid or redeemed, has been deposited with the Bond Trustee in trust for the Holders of such Bonds; Defeasance Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the Redemption Price of, and the interest accruing on, such Bonds to such date;

(c) Bonds in exchange for or in lieu of which other Bonds have been issued; and

(d) Bonds deemed to have been paid in accordance with **Section 12.01**; provided, however, that Bonds owned or held by or for the account of the Corporation, any Obligated Group Member, any Affiliate or any subsidiary or controlled affiliate of the Corporation, any Obligated Group Member or any Affiliate shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding provided for in **Article VIII**, **Article XI** and **Article XII** or **Sections 6.02** and **10.02** of the Agreement, and neither the Corporation, any Obligated Group Member, any Affiliate nor any subsidiary or controlled affiliate of the Corporation, any Obligated Group Member or any Affiliate as registered owners of such Bonds shall be entitled to consent or take any other action provided for in **Article VIII**, **Article XI** and **Article XII** or **Sections 6.02** and **10.02** of the Agreement. At the time of any consent or other action taken under **Article VIII**, **Article XI** or **Article XII** or **Sections 6.02** and **10.02** of the Agreement, the Corporation shall furnish the Bond Trustee with an Officer’s Certificate signed by the Obligated Group Representative, upon which the Bond Trustee may conclusively rely, describing all Bonds so to be deemed not Outstanding.

“Participant” means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository.

“Predecessor Bonds” means, of any particular Bonds, every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond, and, for purposes of this definition, any Bond authenticated and delivered under **Section 2.10** in lieu of a lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed or stolen Bond.

“Principal Account” means the account in the Bond Fund created and so designated by **Section 5.01**.

“Prior Bank” has the meaning set forth in the preambles to this Trust Agreement.

“Prior Project” means the Prior Project as defined in Section 1.01 of the Agreement.

“Project” means, collectively, the Prior Project and the 2021 Project.

“Rating Agency” means, as of any date, Fitch, if the Bonds are then rated by Fitch, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Commission with the approval of the Corporation by notice to the Bond Trustee.

“Redemption Fund” means the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021A Redemption Fund created and so designated by **Section 5.01**.

“Redemption Price” means, with respect to Bonds or a portion thereof, the principal amount of such Bonds or portion thereof plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms and the terms of this Trust Agreement.

“Regular Record Date” means the 15th day (whether or not a Business Day) of the month immediately preceding any Interest Payment Date.

“Revolving Fund Account” means the account in the Construction Fund created and so designated by **Section 4.01** hereof.

“Securities Depository” means The Depository Trust Company, New York, New York or other recognized securities depository selected by the Commission, which maintains a book entry system in respect of the Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

“Securities Depository Nominee” means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Bond Trustee the Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book entry system.

“Serial Bonds” means the Bonds that are stated to mature on January 1 of the years 20[] through 20[] and January 1, 20[].

“Series 2021B Bonds” means, collectively, the \$[2021B-1 Amount] North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Plantation Village, Inc.) Series 2021B-1 and \$[2021B-2 Amount] North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Plantation Village, Inc.) Series 2021B-2.

“Series Resolution” means the resolution of the Commission providing for the issuance of the Bonds that is required to be adopted prior to the issuance of the Bonds by **Section 2.08**.

“Sinking Fund Account” means the account in the Bond Fund created and so designated by **Section 5.01**.

“Sinking Fund Requirement” means, with respect to the Term Bonds for any Bond Year, the principal amount fixed or computed as hereinafter provided for the retirement of such Term Bonds by purchase or redemption on January 1 of the following Bond Year.

The Term Bonds maturing on January 1, 20[] are subject to mandatory redemption in part by lot on January 1, 20[] and on each January 1 thereafter, to and including January 1, 20[], in the principal amounts set forth below at 100% of the principal amount of such Term Bonds being redeemed plus accrued interest to the date of redemption and the balance of the Term Bonds of such maturity being payable at their maturity on January 1, 20[]:

<u>Year</u>	<u>Amount</u>
	\$
*	
<hr style="width: 20%; margin: auto;"/>	
* Maturity	

The Term Bonds maturing on January 1, 20[] are subject to mandatory redemption in part by lot on January 1, 20[] and on each January 1 thereafter, to and including January 1, 20[], in the principal amounts set forth below at 100% of the principal amount of such Term Bonds being redeemed plus accrued interest to the date of redemption and the balance of the Term Bonds of such maturity being payable at their maturity on January 1, 20[]:

<u>Year</u>	<u>Amount</u>
	\$
*	
<hr style="width: 20%; margin: auto;"/>	
* Maturity	

The Term Bonds maturing on January 1, 20[] are subject to mandatory redemption in part by lot on January 1, 20[] and on each January 1 thereafter, to and including January 1, 20[], in the principal amounts set forth below at 100% of the principal amount of such Term Bonds being redeemed plus accrued interest to the date of redemption and the balance of the Term Bonds of such maturity being payable at their maturity on January 1, 20[]:

<u>Year</u>	<u>Amount</u>
	\$
*	
<hr style="width: 20%; margin: auto;"/>	
* Maturity	

The Term Bonds maturing on January 1, 20[] are subject to mandatory redemption in part by lot on January 1, 20[] and on each January 1 thereafter, to and including January 1, 20[], in the principal amounts set forth below at 100% of the principal amount of such Term Bonds being redeemed plus accrued interest to the date of redemption and the balance of the Term Bonds of such maturity being payable at their maturity on January 1, 20[]:

<u>Year</u>	<u>Amount</u>
	\$
*	
<hr style="width: 20%; margin: auto;"/>	
* Maturity	

The aggregate amount of such Sinking Fund Requirements for the Term Bonds, together with the amount due upon the final maturity of such Term Bonds, shall be equal to the aggregate principal amount of the Term Bonds. The Sinking Fund Requirements for the Term Bonds shall begin in the Bond Year determined as provided above and shall end with the Bond Year immediately preceding the maturity of such Term Bonds (such final installment being payable at maturity and not redeemed). Any principal amount of Term Bonds retired by operation of the Sinking Fund Account by purchase in excess of the total amount of the Sinking Fund Requirement for such Term Bonds to and including such January 1, shall be credited against and reduce the future Sinking Fund Requirements for such Term Bonds in such manner as shall be specified in an Officer’s Certificate of the Obligated Group Representative filed with the Bond Trustee pursuant to **Section 5.05**.

On or before the 45th day next preceding any January 1 on which Term Bonds are to be retired pursuant to the Sinking Fund Requirement therefor, the Commission or the Corporation may deliver to the Bond Trustee for cancellation Term Bonds required to be redeemed on such January 1 in any aggregate principal amount desired and receive a credit against amounts required to be transferred from the Sinking Fund Account on account of such Term Bonds in the amount of 100% of the principal amount of any such Term Bonds so purchased. Any principal amount of Term Bonds purchased by the Bond Trustee and canceled in excess of the principal amount required to be redeemed on such January 1, shall be credited against and reduce the principal amount of future Sinking Fund Requirements for such Term Bonds in such manner as shall be specified in an Officer’s Certificate of the Obligated Group Representative in substantially the form of the Officer’s Certificate filed with the Bond Trustee and the Commission pursuant to **Section 5.05**.

It shall be the duty of the Bond Trustee, on or before the 15th day of January in each Bond Year, to recompute, if necessary, the Sinking Fund Requirement for such Bond Year and all subsequent Bond Years for the Term Bonds Outstanding. The Sinking Fund Requirement for such Bond Year as so recomputed shall continue to be applicable during the balance of such Bond Year and no adjustment shall be made therein by reason of Term Bonds purchased or redeemed or called for redemption during such Bond Year.

If any Term Bonds are paid or redeemed by operation of the Redemption Fund, the Bond Trustee shall reduce future Sinking Fund Requirements therefor in such manner as shall be specified in an Officer's Certificate of the Obligated Group Representative in substantially the form of the Officer's Certificate filed with the Bond Trustee and the Commission pursuant to **Section 5.05**.

"Special Record Date" for the payment of any Defaulted Interest on Bonds means a date fixed by the Bond Trustee pursuant to **Section 2.03**.

"State" means the State of North Carolina.

"Supplement No. 1" means Supplemental Master Indenture Number 1, dated as of December 1, 2021, between the Corporation and the Master Trustee, including all amendments or supplements thereto.

"Taxable Loan" has the meaning set forth in the preambles to this Trust Agreement.

"Tax Certificate" means the Tax Certificate and Agreement executed by the Commission and the Corporation in connection with the issuance of the Bonds.

"Term Bonds" means the Bonds that are stated to mature on January 1, 20[], 20[], 20[] and 20[].

"Trust Agreement" means this Trust Agreement, including all amendments or supplements hereto.

Section 1.02 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "owner," "Holder" shall include the plural as well as the singular number.

Headings of articles and sections herein and in the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof. Reference herein to particular articles or sections are references to articles or sections of this Trust Agreement unless some other reference is otherwise indicated.

ARTICLE II

DETAILS OF BONDS; ISSUANCE OF BONDS

Section 2.01 Limitation on Issuance of Bonds. No Bonds may be issued under the provisions of this Trust Agreement except in accordance with the provisions of this Article.

Section 2.02 Form and Numbering of Bonds. The Bonds are issuable in fully registered form in denominations of \$5,000 or any whole multiple thereof. The Bonds shall be substantially in the form set forth in Exhibit A, with such appropriate variations, omissions and insertions as may be necessary or appropriate to conform to the provisions of this Trust Agreement and may be in typewritten, printed, engraved or lithographed form. The Bonds shall be numbered from R-1

upwards. All Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Bonds may be listed or any usage or requirement of law with respect thereto, including the imposition of CUSIP or other identifying numbers.

Section 2.03 Details of Bonds.

The Bonds shall be executed with the manual or facsimile signatures of the Chairman or Vice Chairman of the Commission or a member of the Commission designated in writing by the Chairman for such purpose and of the Secretary or any Assistant Secretary of the Commission and the official seal of the Commission or a facsimile thereof shall be impressed or printed thereon.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and also any Bonds may bear the facsimile signatures of, or may be signed by, such persons as at the actual time of the execution of such Bonds shall be the proper officers to sign such Bonds although at the date of such Bonds such persons may not have been such officers.

Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. The principal of all Bonds shall be payable at the designated corporate trust office of the Bond Trustee upon the presentation and surrender of such Bonds as the same shall become due and payable.

Each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated upon an Interest Payment Date in which event it shall bear interest from such Interest Payment Date or (b) authenticated prior to the first Interest Payment Date in which event it shall bear interest from its date; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid.

Interest on any Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid by check mailed by the Bond Trustee to the person in whose name that Bond is registered at the close of business on the Regular Record Date.

Interest, premium, if any, and principal due to any person holding Bonds in an aggregate principal amount of \$1,000,000 or more shall be paid, upon the written request of any such Holder by wire transfer of immediately available funds to any account in the continental United States designated by such Holder.

Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest may be paid by the Commission, at the direction of the Bond Trustee, as provided below:

The Commission shall, if so directed by the Bond Trustee, make payment of any Defaulted Interest on the Bonds to the persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Bond Trustee shall notify the Commission in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Bond Trustee to comply with the next sentence hereof), and upon such notice the Commission shall deposit or cause to be deposited with the Bond Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Bond Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this section provided. Thereupon the Bond Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 15 days after the receipt by the Bond Trustee of the notice of the proposed payment. The Bond Trustee shall promptly notify the Commission and the Corporation of such Special Record Date and, in the name and at the expense of the Corporation, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at such Holder's address as it appears in the registration books maintained under **Section 2.06** not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date and shall no longer be payable.

Subject to the foregoing provisions of this Section, each Bond delivered under this Trust Agreement upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 2.04 Authentication of Bonds. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth, duly executed by the Bond Trustee, shall be entitled to any benefit or security under this Trust Agreement. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication on the Bond shall have been duly executed by the Bond Trustee, and such certificate of the Bond Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Trust Agreement. The Bond Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Bond Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

Section 2.05 Exchange of Bonds. Bonds, upon surrender thereof at the designated corporate trust office of the Bond Trustee, together with an assignment duly executed by the Holder

or such Holder's attorney or legal representative in such form as shall be satisfactory to the Bond Trustee, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of Bonds of the same series and maturity, of any denomination or denominations authorized by this Trust Agreement, bearing interest at the same rate, and in the same form as the registered Bonds surrendered for exchange.

The Commission shall make provision for the exchange of the Bonds at the designated corporate trust office of the Bond Trustee.

Section 2.06 Negotiability, Registration and Transfer of Bonds. The Bond Trustee shall keep the registration books for the registration and registration of transfer of Bonds as provided in this Trust Agreement. The registration books shall be available at all reasonable times during the normal business hours of the Bond Trustee for inspection by the Commission and its agents and representatives, and the Bond Trustee shall provide to the Commission, upon written request, an accurate copy of the names and addresses of the Holders set forth in the registration books.

The transfer of any Bond may be registered only upon the registration books upon surrender thereof to the Bond Trustee together with an assignment duly executed by the Holder or such Holder's attorney or legal representative in such form as shall be satisfactory to the Bond Trustee. Upon any such registration of transfer the Commission shall execute and the Bond Trustee shall authenticate and deliver in exchange for such Bond a new registered Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by this Trust Agreement in the aggregate principal amount equal to the principal amount of such Bond surrendered or exchanged, of the same maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the Commission shall execute and the Bond Trustee shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Trust Agreement. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Bond Trustee. Registrations of transfer or exchanges of Bonds shall be without charge to the Holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. Neither the Commission nor the Bond Trustee shall be required (i) to issue, transfer or exchange Bonds during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of Bonds pursuant to **Section 3.03** hereof and ending at the close of business on the day of such mailing or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part.

Notwithstanding the foregoing, for so long as the Bonds are held under a Book Entry System, transfers of beneficial ownership will be effected pursuant to rules and procedures established by the Securities Depository. Prior to any transfer of the Bonds that is outside of a Book Entry System (including, but not limited to, the initial transfer outside a Book Entry System), the transferor shall provide or cause to be provided to the Bond Trustee all information necessary to allow the Bond Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045,

as amended. The Bond Trustee may conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.07 Ownership of Bonds. The Commission, the Bond Trustee and any agent of the Commission or the Bond Trustee, may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest on, such Bond, and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, none of the Commission, the Bond Trustee or any such agent shall be affected by notice to the contrary.

Section 2.08 Authorization and Details of Bonds. There shall be issued under and secured by this Trust Agreement Bonds of the Commission in the aggregate principal amount of [] MILLION [] THOUSAND DOLLARS (\$[Amount]). The Bonds shall be designated “North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021A.”

The Bonds shall be dated the date of delivery thereof, December [], 2021, shall be stated to mature (subject to the right of prior redemption) on January 1 of the following years and in the following amounts and shall bear interest (based on a 360-day year consisting of twelve 30-day months) until their payment, such interest to the maturity thereof being payable on each Interest Payment Date, at the following rates:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$	%

The Bonds shall be executed substantially in the respective forms and in the manner hereinabove set forth and shall be deposited with the Bond Trustee for authentication, but before the Bonds shall be delivered by the Bond Trustee, there shall be filed or deposited with the Bond Trustee the following:

- (a) a copy, certified by the Secretary or any Assistant Secretary of the Commission to be a true and correct copy, of the Series Resolution for the Bonds;
- (b) a copy, certified by the Secretary or any Deputy Secretary of the Local Government Commission to be a true and correct copy, of the resolution of the Local Government Commission approving the issuance of and awarding the Bonds;
- (c) a copy, certified by the Secretary or any Assistant Secretary of the Commission to be a true and correct copy, of the resolution of the Commission (which resolution may be

incorporated in the Series Resolution for the Bonds), authorizing the execution of the Agreement and this Trust Agreement, designating the Bond Trustee, approving the award of the Bonds by the Local Government Commission, and specifying the interest rate or rates, and directing the authentication and delivery of the Bonds to or upon the order of the purchasers mentioned therein upon payment of the purchase price therein set forth;

- (d) fully executed counterparts of this Trust Agreement, the Collateral Assignment of Contracts, the Disbursement Agreement and the Agreement;
- (e) fully executed counterparts of the Master Indenture and Supplement No. 1 and true and correct copies of the recorded Corporation Deed of Trust and all UCC financing statements filed relating to the Master Indenture or the Corporation Deed of Trust;
- (f) the fully executed Obligation No. 1, which shall either be accompanied by an assignment thereof to the Bond Trustee without recourse, or which shall bear evidence that it has been otherwise assigned to the Bond Trustee;
- (g) copies of insurance certificates and a statement, signed by the Corporation’s insurance agent, to the effect that the insurance required by the Master Indenture is in effect;
- (h) copy of the mortgagee title insurance policy meeting the requirements of Section 2.05(c) of the Master Indenture;
- (i) a current as-built survey of the real property, fixtures and personal property described in the Corporation Deed of Trust;
- (j) an opinion of counsel to the Corporation stating that (1) the Corporation is a nonprofit corporation in existence under the laws of the State with corporate power and authority to execute and deliver each of the Agreement, the Master Indenture, Supplement No. 1, Obligation No. 1, the Collateral Assignment of Contracts, the Disbursement Agreement and the Corporation Deed of Trust (collectively, the “Corporation Documents”) and to consummate the transactions contemplated thereby; (2) each of the Corporation Documents has been duly authorized, executed and delivered by the Corporation and constitutes a valid and binding agreement of the Corporation, enforceable in accordance with its terms, except that the enforceability of the same may be limited by (A) the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors’ rights generally; (B) general principles of equity, and (C) other customary exceptions to enforceability; (3) no consent, approval or authorization of, or filing with, any governmental authority of the State of North Carolina or the United States (collectively, “Consents”) that, in each case, is applicable to the Corporation and is required for (a) the due execution, delivery and performance by the Corporation of any Corporation Document or (b) the validity, binding effect or enforceability of any Corporation Document, except (i) in each case as have previously been made or obtained and (ii) filings and recordings which are necessary to perfect the security interests granted under the Deed of Trust and the Master Indenture; (4) we have no reason to believe that the Corporation cannot obtain, when needed, any other such Consent that may be required that cannot be obtained to date for the performance by the Corporation of its obligations to construct the 2021 Project and operate the Project; (5) the execution and delivery of the Corporation Documents by the Corporation, and compliance with the terms thereof, under the

circumstances contemplated thereby, do not and will not conflict with the articles of incorporation, or bylaws of the Corporation as presently constituted and do not and will not in any material respect conflict with, or constitute on the part of the Corporation, a breach or default under, any indenture, mortgage, deed of trust, agreement or other instrument to which the Corporation is a party known to us after reasonable inquiry or conflict with, violate or result in a breach of any law, public administrative rule or regulation, judgment, court order or consent decree of any court, government or governmental authority having jurisdiction over the Corporation; (6) the Corporation is exempt from federal income taxation under Section 501(a) of the Code, by virtue of being an organization described in Section 501(c)(3) of the Code, is not a “private foundation” as defined in Section 509(a) of the Code and, to the best of such counsel’s knowledge after due investigation, the Corporation has not failed to file any required report with the Internal Revenue Service or engaged in conduct inconsistent with its status as an exempt organization; (7) the Master Indenture and the Corporation Deed of Trust are effective to create in favor of the Master Trustee a security interest (the “Article 9 Security Interest”) in the collateral described therein in which a security interest may be created under North Carolina’s version of Article 9 of the Uniform Commercial Code (the “Article 9 Collateral”); (8) the Article 9 Security Interest in that portion of the Article 9 Collateral in which a security interest may be perfected by the filing of a financing statement under North Carolina’s version of the Uniform Commercial Code has been, and is, perfected by the filing of financing statements in the offices of the Secretary of State of the State of North Carolina and the Register of Deeds of New Hanover County, North Carolina; and (9) searches as of a recent date of the official records in the office of the Secretary of State of the State of North Carolina and the offices of the Register of Deeds and Clerk of Superior Court of New Hanover County, North Carolina do not disclose as of the date of such search any UCC security interest, federal or state tax lien or judgment lien which purports to take priority over the security interests in the Collateral (as defined in the Master Indenture) and fixtures granted to the Master Trustee pursuant to the Master Indenture and the Corporation Deed of Trust, except Permitted Liens;

- (k) an opinion of Bond Counsel to the Commission in substantially the form attached as Appendix E to the Official Statement, dated November [], 2021, pertaining to the Bonds;
- (l) a copy of the feasibility study submitted by the Corporation to the Commission and the Local Government Commission in connection with securing approval of the Bonds;
- (m) a copy of the compliance checklist prepared by Bond Counsel at the Commission’s request;
- (n) copies of the final bond pricing number run and final closing/flow of funds memo;
- (o) a copy of the Corporation’s post-issuance tax compliance policy; and
- (p) a copy of the application submitted by the Corporation to the Commission in connection with the issuance of the Bonds.

When the documents mentioned in subparagraphs (a) to (p), inclusive, above shall have been filed with the Bond Trustee and when the Bonds shall have been executed and authenticated as required by this Trust Agreement, the Bond Trustee shall deliver the Bonds at one time to or upon the order of the purchasers named in the resolution mentioned in subparagraph (c) of this

Section, but only upon payment to the Bond Trustee of the purchase price of the Bonds. The Bond Trustee shall be entitled to conclusively rely upon the resolutions mentioned in subparagraphs (a), (b) and (c) of this Section as to all matters stated therein.

Simultaneously with the delivery of the Bonds, the proceeds of the Bonds (\$[]), representing the principal amount of the Bonds, [plus [net] original issue premium] of \$[] and less an underwriter’s discount of \$[] shall be applied by the Bond Trustee as follows:

- (1) to the Prior Bank, the sum of \$ _____ to be used to refund the Taxable Loan;
- (2) to the credit of the Funded Interest Account, the sum of \$[], such amount being the amount of construction period interest being capitalized;
- (3) to the credit of the Issuance Account, the sum of \$[]; and
- (4) to the credit of the Construction Account, the balance of \$[].

Section 2.09 Temporary Bonds. Until definitive Bonds are ready for delivery, there may be executed, and upon request of the Commission, the Bond Trustee shall authenticate and deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, typewritten, printed, engraved or lithographed temporary Bonds, in the form of fully registered Bonds in denominations of \$5,000 and whole multiples thereof, substantially of the tenor of the Bonds set forth in this Trust Agreement and with such appropriate omissions, insertions and variations as may be required.

Until definitive Bonds are ready for delivery, any temporary Bond may, if so provided by the Commission by resolution, be exchanged at the designated corporate trust office of the Bond Trustee, without charge to the Holder thereof, for an equal aggregate principal amount of temporary fully registered Bonds of authorized denominations, of like tenor, of the same series and maturity and bearing interest at the same rate.

If temporary Bonds shall be issued, the Commission shall cause the definitive Bonds to be prepared and to be executed and delivered to the Bond Trustee, and the Bond Trustee, upon presentation to it at its principal office of any temporary Bond, shall cancel the same and authenticate and deliver in exchange therefor at the place designated by the Holder, without charge to the Holder thereof, a definitive Bond or Bonds of an equal aggregate principal amount, of the same series and maturity and bearing interest at the same rate as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of this Trust Agreement as the definitive Bonds to be issued and authenticated hereunder.

Section 2.10 Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond secured hereby shall become mutilated or be destroyed, stolen or lost, the Commission shall cause to be executed, and the Bond Trustee shall authenticate and deliver, a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed, stolen or lost, and the Holder shall pay the reasonable expenses and charges (including attorney’s fees, costs and expenses) of the Commission and the Bond Trustee in connection therewith and, in case of a Bond destroyed, stolen or lost, the Holder shall file with the Bond Trustee evidence satisfactory to it and to the Commission that such Bond

was destroyed or lost, and of such Holder's ownership thereof, and shall furnish the Commission and the Bond Trustee indemnity satisfactory to them.

Every Bond issued pursuant to the provisions of this Section in exchange or substitution for any Bond which is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation of the Commission, whether or not the destroyed, lost or stolen Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under this Trust Agreement. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 2.11 Book Entry System. Initially all Bonds shall be Book Entry Bonds. All Book Entry Bonds shall initially be registered in the name of Cede & Co, as nominee of The Depository Trust Company ("DTC"). The Commission acknowledges that it has executed and delivered a Letter of Representations to DTC. All payments of principal of, redemption premium, if any, and interest on the Book Entry Bonds and all notices with respect thereto, including notices of full or partial redemption, shall be made and given at the times and in the manner set out in the Letter of Representations. The terms and provisions of the Letter of Representations shall govern in the event of any inconsistency between provisions of this Trust Agreement and the Letter of Representations. The Letter of Representations may be amended without the consent of Holders.

The book entry registration system for all of the Book Entry Bonds may be terminated and certificated Bonds delivered to and registered in the name of the Beneficial Owners, under either of the following circumstances:

(a) DTC notifies the Commission, the Corporation and the Bond Trustee that it is no longer willing or able to act as Securities Depository for the Book Entry Bonds and a successor Securities Depository for the Book Entry Bonds is not appointed by the Commission, at the direction of the Corporation, prior to the effective date of such discontinuation; or

(b) The Commission and the Corporation determine that continuation of the book entry system through DTC (or a successor Securities Depository) is not in the best interest of the Corporation.

In the event a successor Securities Depository is appointed by the Commission, at the direction of the Corporation, the Book Entry Bonds will be registered in the name of such successor Securities Depository or its nominee. In the event certificated Bonds are required to be issued to Beneficial Owners, the Bond Trustee, the Corporation and the Commission shall be fully protected in relying upon a certificate of DTC or any DTC participant as to the identity and principal amount of Book Entry Bonds held by such Beneficial Owners.

The Beneficial Owners of Bonds will not receive physical delivery of certificates except as provided herein. For so long as there is a Securities Depository for Bonds, all of such Bonds shall be registered in the name of the Securities Depository Nominee, all transfers of beneficial

ownership interests in such Bonds will be made in accordance with the rules of the Securities Depository, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of such Bonds is to receive, hold or deliver any certificated Bond. The Commission, the Bond Trustee and the Corporation shall have no responsibility or liability for transfers of beneficial ownership interests in such Bonds.

The Commission, the Corporation and the Bond Trustee will recognize the Securities Depository or its nominee as the Holder of Book Entry Bonds for all purposes, including receipt of payments, notices and voting; provided, the Bond Trustee may recognize votes by or on behalf of Beneficial Owners as if such votes were made by Holders of a related portion of the Bonds when such votes are received in compliance with an omnibus proxy of the Securities Depository or otherwise pursuant to the rules of the Securities Depository or the provisions of the Letter of Representations or other comparable evidence delivered to the Bond Trustee by the Holders.

With respect to Book Entry Bonds, the Commission, the Corporation and the Bond Trustee shall be entitled to treat the person in whose name such Bond is registered as the absolute owner of such Bond for all purposes of this Trust Agreement, and none of the Commission, the Corporation or the Bond Trustee shall have any responsibility or obligation to any Beneficial Owner of such Book Entry Bond. Without limiting the immediately preceding sentence, none of the Commission, the Corporation or the Bond Trustee shall have any responsibility or obligation with respect to (a) the accuracy of the records of any Securities Depository or any other person with respect to any ownership in Book Entry Bonds, (b) the delivery to any person, other than a Holder, of any notice with respect to Book Entry Bonds, including any notice of redemption or refunding, (c) the selection of the particular Bonds or portions thereof to be redeemed or refunded in the event of a partial redemption or refunding of part of the Bonds Outstanding or (d) the payment to any person, other than a Holder, of any amount with respect to the principal and purchase price of, redemption premium, if any, or interest on Book Entry Bonds.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01 Redemption Dates and Prices. The Bonds may not be called for redemption by the Commission except as provided below:

(a) If the Corporation exercises its option to prepay the Loan pursuant to **Section 7.01** of the Agreement, the Bonds maturing on or after January 1, 20[] are required to be redeemed by the Commission, upon the direction of the Obligated Group Representative, in whole or in part (by lot) on any date on or after January 1, 20[], at the following Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus interest accrued to the redemption date:

Redemption Date	Redemption Price
January 1, 20[] through December 31, 20[]	%
January 1, 20[] through December 31, 20[]	
January 1, 20[] through December 31, 20[]	
January 1, 20[] through December 31, 20[]	
January 1, 20[] and thereafter	

(b) If the Corporation exercises its option to prepay the Loan in full or in part as provided in **Section 7.02** of the Agreement, the Bonds are required to be redeemed in whole if the Loan is prepaid in full, or in part if the Loan is prepaid in part, by the Commission, upon the direction of the Obligated Group Representative, and in either event at a Redemption Price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

(c) The Term Bonds are required to be redeemed to the extent of any Sinking Fund Requirement therefor on January 1 immediately following each Bond Year in which there is a Sinking Fund Requirement, at a Redemption Price equal to 100% of the principal amount of the Bonds to be redeemed.

Section 3.02 Selection of Bonds to Be Redeemed. The Bonds shall be redeemed only in whole multiples of \$5,000. The Bond Trustee shall select the Bonds to be redeemed in accordance with the terms and provisions of this Trust Agreement.

If less than all of the Bonds of any maturity are to be called for redemption, the Bond Trustee shall select by lot the Bonds (or portions thereof) to be redeemed, each \$5,000 portion of principal being counted as one Bond for this purpose; provided that for so long as the Holder is a Securities Depository Nominee, such selection shall be made by the Securities Depository.

Section 3.03 Redemption Notice.

(a) Not less than thirty (30) days but not more than sixty (60) days before the redemption date of any Bonds, whether such redemption be in whole or in part, the Bond Trustee shall cause a notice of any such redemption signed by the Bond Trustee to be mailed, first-class, postage prepaid (or sent by Electronic Means if so required by policy or requested in writing by a Holder), to all Holders of Bonds to be redeemed in whole or in part. Each such notice shall set forth the CUSIP numbers and, if less than all the Bonds of any maturity are to be redeemed, bond certificate numbers of the Bonds to be redeemed, the interest rate of the Bonds to be redeemed, the date of issuance of the Bonds to be redeemed, the date fixed for redemption, the Redemption Price to be paid, the maturities of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed and, in the case that less than the entire principal amount of any one bond certificate is redeemed, the portion of the principal amount thereof to be redeemed, the address and phone number of the Bond Trustee, the date of the redemption notice and that on the redemption date the Bonds called for redemption will be payable at the designated corporate trust office of the Bond Trustee, that from that date interest will cease to accrue and be payable and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds. If any Bond is to be

redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

(b) In the case of an optional redemption under **Sections 3.01(a)** or **(b)** hereof, the redemption notice may state that (a) it is conditioned upon the deposit of moneys or Defeasance Obligations, or a combination of both, in an amount equal to the amount necessary to effect the redemption, with the Bond Trustee no later than the scheduled redemption date or (b) the Corporation retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a “Conditional Redemption”), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this Section. In the case of a Conditional Redemption subject to the deposit of moneys or Defeasance Obligations, the failure of the Corporation or any other Person to make such moneys or obligations available in part or in whole on or before the scheduled redemption date shall not constitute an Event of Default hereunder and any Bonds subject to such Conditional Redemption shall remain Outstanding. Any Conditional Redemption subject to rescission may be rescinded in whole or in part at any time on or prior to the scheduled redemption date if the Obligated Group Representative instructs the Bond Trustee in writing to rescind the redemption notice. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default hereunder. If a Conditional Redemption for which notice has been sent to Holders pursuant to **Sections 3.01(a)** or **(b)** hereof will not occur, either because moneys or Defeasance Obligations to effect such redemption are not available on or before the scheduled redemption date or the Corporation has rescinded such notice in accordance with this Section, the Bond Trustee shall immediately give notice by Electronic Means to the Securities Depository if all of the Bonds are Book Entry Bonds or the affected Holders of any Bonds that are not Book Entry Bonds that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

(c) Not less than thirty (30) days prior to the date of redemption, the Bond Trustee shall use commercially reasonable efforts to file notice of such redemption with the Municipal Securities Rulemaking Board (the “MSRB”) using the MSRB’s Electronic Municipal Market Access system or such other means permitted by the rules of the MSRB.

(d) Not less than thirty (30) days prior to the date of any redemption other than a mandatory sinking fund redemption, the Bond Trustee shall give notice of such redemption to the LGC by first-class mail.

(e) Failure by the Bond Trustee to give notice pursuant to paragraph (c) to the MSRB or paragraph (d) to the LGC shall not affect the sufficiency of the proceedings for redemption. Failure of the Bond Trustee to give notice to a Holder or any defect in such notice shall not affect the validity of the proceedings for redemption of the Bonds of any Holder to whom notice shall have been properly given.

(f) Each check or other transfer of funds issued by the Bond Trustee for the purpose of redeeming Bonds shall bear, to the extent practicable, the CUSIP number identifying the Bonds being redeemed with the proceeds of such check or other transfer.

(g) Notice of redemption of Bonds shall be given by the Bond Trustee, at the expense of the Corporation, for and on behalf of the Commission.

Section 3.04 Effect of Calling for Redemption. Not later than 11:00 A.M. on the date fixed for redemption, moneys, Defeasance Obligations or a combination of both shall be deposited with the Bond Trustee to pay the principal of and the premium, if any, and interest accruing thereon to the redemption date of the Bonds called for redemption.

On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions thereof called for redemption shall be due and payable at the Redemption Price provided therefor, plus accrued interest to such date. If, on the date fixed for redemption, money, Defeasance Obligations or a combination of both, sufficient to pay the Redemption Price of the Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, are held by the Bond Trustee in trust for the Holders of Bonds to be redeemed, interest on the Bonds called for redemption shall cease to accrue; such Bonds shall cease to be entitled to any benefits or security under this Trust Agreement or to be deemed Outstanding; and the Holders of such Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof, plus accrued interest to the date fixed for redemption. Bonds and portions of Bonds for which irrevocable instructions to pay on one or more specified dates or to call for redemption on a specified redemption date have been given to the Bond Trustee in form satisfactory to it shall not thereafter be deemed to be Outstanding under this Trust Agreement and shall cease to be entitled to the security of or any rights under this Trust Agreement, other than rights to receive payment of the Redemption Price thereof and accrued interest thereon to the date fixed for redemption, to be given notice of redemption in the manner provided in **Section 3.03**, and, to the extent hereinafter provided, to receive Bonds for any unredeemed portions of Bonds if money, Defeasance Obligations or a combination of both, sufficient to pay the Redemption Price of such Bonds or portions thereof, together with accrued interest thereon to the date upon which such Bonds are to be paid or redeemed, are held in separate accounts by the Bond Trustee in trust for the Holders of such Bonds.

Section 3.05 Redemption of Portion of Bonds. If a portion of an Outstanding Bond shall be selected for redemption, the Holder thereof or his attorney or legal representative shall present and surrender such Bond to the Bond Trustee for payment of the principal amount thereof so called for redemption and the redemption premium, if any, on such principal amount, and the Commission shall execute and the Bond Trustee shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond of the same series and maturity and bearing interest at the same rate in any denomination or denominations authorized by this Trust Agreement or, if the Bonds are held in the Book Entry System, the Securities Depository shall, acting pursuant to its rules and procedures, reflect in the Book Entry System the partial redemption and the Bond Trustee shall (i) either exchange the Bond or Bonds held by the Securities Depository for a new Bond or Bonds in the appropriate principal amount, if such Bond is presented to the Bond Trustee by the Securities Depository, or (ii) obtain from the Securities Depository a written confirmation of the reduction in the principal amount of the Bonds held by such Securities Depository.

Section 3.06 Cancellation. Bonds so redeemed, presented and surrendered shall be canceled upon the surrender thereof.

Section 3.07 Use of Defeasance Obligations to Redeem Bonds. For purposes of all Sections in this Article, Defeasance Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the Redemption Price of and the interest accruing on, such Bonds to such date.

Section 3.08 Purchase in Lieu of Redemption. When Bonds are subject to optional redemption pursuant to **Section 3.01(a)** or **(b)** of this Trust Agreement, Bonds to be redeemed may be purchased by the Corporation in lieu of redemption on the applicable redemption date at a purchase price equal to the Redemption Price thereof if the Bond Trustee has received a written request on or before said purchase date from the Corporation specifying that the moneys provided or to be provided by the Corporation shall be used to purchase Bonds in lieu of redemption. No purchase of Bonds by the Corporation pursuant to this Trust Agreement or advance or use of any moneys to effectuate any such purchase shall be deemed to be a payment or redemption of the Bonds or any portion thereof, and such purchase shall not operate to extinguish or discharge the indebtedness evidenced by such Bonds.

ARTICLE IV

CONSTRUCTION FUND

Section 4.01 Construction Fund. A special fund is hereby established with the Bond Trustee and designated North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021A Construction Fund in which there are established a Construction Account, an Issuance Account, a Funded Interest Account and a Revolving Fund Account. The Bond Trustee shall make the deposits to the Construction Account, the Funded Interest Account and the Issuance Account required by the provisions of **Section 2.08** hereof. All money received by the Commission from any source, including the Corporation, for the construction of the 2021 Project shall be deposited immediately upon its receipt to the credit of the Construction Account.

The money in the Construction Fund (other than the Revolving Fund Account) shall be held by the Bond Trustee in trust and, subject to the provisions of **Section 4.06** hereof, shall be applied to the payment of the Cost of the 2021 Project and, pending such application, shall be subject to a lien and charge in favor of the Holders and for the further security of such Holders until paid out or transferred as provided in this Article IV.

Section 4.02 Payments from Construction Fund. Payment of the Cost of the 2021 Project shall be made from the Construction Fund. All payments from the Construction Fund shall be subject to the provisions and restrictions set forth in this Article.

(a) All issuance costs within the meaning of Section 147(g) of the Code (“Issuance Costs”) incurred in connection with the Bonds to be paid from the proceeds of the Bonds shall be paid only from the Issuance Account. All money received by the Commission from any source

for Issuance Costs shall be deposited immediately upon its receipt to the credit of the Issuance Account. Examples of such Issuance Costs include, but are not limited to, the following, if any:

- (1) counsel fees, costs and expenses (including Bond Counsel, underwriter’s counsel, issuer’s counsel, Corporation counsel, Bond Trustee counsel, as well as any other specialized counsel) incurred in connection with the borrowing;
- (2) underwriter’s compensation and financial advisor fees incurred in connection with the borrowing;
- (3) rating agency fees;
- (4) depositary fees incurred in connection with the borrowing;
- (5) trustee, paying agent and certifying and authenticating agent fees related to issuance of the Bonds;
- (6) accountant’s fees related to issuance of the Bonds;
- (7) printing costs (for the Bonds and of preliminary and final offering materials);
- (8) costs incurred in connection with the required public approval process (e.g., publication costs for public notices generally and costs of the public hearing or voter referendum); and
- (9) costs of engineering and feasibility studies necessary to the issuance of the Bonds (as opposed to such studies related to completion of the 2021 Project, but not to the financing).

Furthermore, other items which constitute a Cost of the 2021 Project (as described in Section 4.03 hereof) may be paid from the Issuance Account. If there are funds remaining in the Issuance Account six months after the date of Closing, the Bond Trustee shall transfer such funds to the Construction Account and close the Issuance Account.

(b) The proceeds of the Bonds deposited to the credit of the Funded Interest Account pursuant to **Section 2.08**, and investment earnings thereon and deposited therein, shall be transferred by the Bond Trustee to the Interest Account, beginning on June 25, 2022 and continuing on the 25th day of each December and June thereafter, to pay a portion of the interest accruing on the Bonds until January 1, 2024 in the following manner:

<u>Amount</u>	<u>Used to Pay Interest Due On</u>
\$	July 1, 2022
	January 1, 2023
	July 1, 2023
	January 1, 2024

Furthermore, other items which constitute a Cost of the 2021 Project may be paid from the Funded Interest Account.

(c) Items which constitute a Cost of the 2021 Project other than Issuance Costs shall be paid from the Construction Account.

Section 4.03 Cost of 2021 Project. For the purpose of this Trust Agreement, the Cost of the 2021 Project shall embrace such costs as are eligible costs within the purview of the Act and, without intending thereby to limit or restrict any proper definition of such Cost, shall include the following:

(a) the cost of all labor, materials and services, the cost of all lands, property, rights, rights of way, easements, franchises and other interests as may be deemed necessary or convenient by the Obligated Group Representative for such acquisition, construction and equipping, the cost of all machinery and equipment, financing charges, engineering and legal expenses, costs of plans, specifications, surveys, other expenses necessary or incident to determining the feasibility or practicality of such acquisition, construction and equipping, marketing and development expenses, administrative expenses, and such other expenses as may be necessary or incident to the financing, construction and equipping of the 2021 Project and the placing of the 2021 Project in operation;

(b) Issuance Costs;

(c) the cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing the 2021 Project and fees and expenses of engineers, architects, management consultants and health care consultants for making studies, surveys and estimates of expenses of engineers and architects for preparing plans and specifications and supervising construction as well as for the performance of all other duties of engineers and architects set forth herein in relation to the acquisition and construction of the 2021 Project;

(d) all other items of expense not elsewhere in this Section specified incident to the acquisition of the 2021 Project and the financing thereof, including operating reserves, moving expenses, the acquisition of lands, property rights, rights of way, easements, franchises and interests in or relating to lands, including title insurance, cost of surveys and other expenses in connection with such acquisition, and expenses of administration, all properly chargeable, in the opinion of the Obligated Group Representative, to the acquisition of the 2021 Project;

(e) interest accruing on the Bonds prior to the completion of the 2021 Project and for an additional period not to exceed two (2) years after the date of completion of the 2021 Project; and

(f) any obligation or expense heretofore or hereafter incurred or paid by the Commission or the Corporation for any of the foregoing purposes.

Section 4.04 Requisitions from Construction Fund. Payments from the Construction Fund, except payments of interest on the Bonds from the Funded Interest Account pursuant to **Section 4.02(b)**, shall be made in accordance with the provisions of this Section and the

Disbursement Agreement. Before any such payment shall be made, there shall be filed with the Bond Trustee (which may be accomplished by Electronic Means):

(a) a requisition, accompanied by copies of the invoices, for which payment or reimbursement is sought, signed by the Obligated Group Representative, in substantially the form attached hereto as Exhibit B, stating:

- (1) the item number of each such payment,
- (2) the name of the person, firm or corporation to whom each such payment has been (together with proof of payment, such as a cancelled check) or should be made,
- (3) the respective amounts paid or to be paid, excluding any applicable sales tax to the extent the Corporation is entitled to receive a refund of such sales tax,
- (4) the purpose by general classification for which each obligation paid or to be paid was incurred,
- (5) that obligations in the stated amounts have been incurred by the Corporation and are presently due and payable and that each item thereof is a proper charge against the Construction Fund and has not been paid,
- (6) that no notice of any lien, right to lien or attachment upon, or claim affecting the right of any such persons, firms or corporations to receive payment of the respective amounts stated in such requisition, has been filed or attached or, if any of the foregoing have been filed or attached, that the same will be satisfied or discharged or that provisions have been made (which shall be specified) to adequately protect the Bond Trustee and the Holders from incurring any loss as a result of the same,
- (7) that such requisition contains no item representing payment on account of any retainage to which the Corporation is entitled at the date of such requisition, and
- (8) whether such requisition shall be paid from the Construction Account or the Issuance Account;

(b) as to obligations payable to contractors on account of construction costs, a certificate signed by the architect for the 2021 Project and attached to such requisition certifying approval thereof; and

(c) as to obligations payable from the Construction Account, a certification signed by the Obligated Group Representative in such requisition that such obligations do not represent Issuance Costs.

(d) as to obligations payable from the Construction Account and relating to the 2021 Project, the requisition must be approved by the Construction Monitor and/or the Developer in accordance with Article 3 of the Disbursement Agreement, as shown by a certification by the Construction Monitor in the form of Exhibit A-1 to the Disbursement Agreement and/or a certification by the Developer in the form of Exhibit A-2 to the Disbursement Agreement.

Upon receipt of each requisition and accompanying certificate (if applicable), the Bond Trustee shall pay the obligations set forth in such requisition out of money in the Construction Fund and each such obligation shall be paid by check signed by one or more officers or employees of the Bond Trustee designated for such purpose by the Bond Trustee or by other appropriate means. In making such payments the Bond Trustee may rely conclusively upon such requisitions. In connection with a requisition of the Corporation to be payable from the Construction Account, the Bond Trustee may rely conclusively on the certificate of the Obligated Group Representative attached to such certificate relating to representations regarding Issuance Costs. If for any reason the Corporation should decide prior to the payment of any item in a requisition not to pay such item, it shall give written notice of such decision to the Bond Trustee and thereupon the Bond Trustee shall not make such payment.

In addition to such payments, upon receipt of a requisition of the Corporation signed by the Obligated Group Representative and approved by the Commission Representative and the Construction Monitor, the Bond Trustee shall transfer from the Construction Account to the Revolving Fund Account at one time or from time to time, a sum or sums aggregating not more than Five Hundred Thousand Dollars (\$500,000), exclusive of reimbursement as hereinafter authorized in this Section, to be used by the Corporation as a revolving fund for the payment of items of Cost, other than Issuance Costs, referred to in Section 4.03 hereof that cannot conveniently be paid as herein otherwise provided. The Revolving Fund Account shall be reimbursed by the Bond Trustee from time to time for such items of Cost so paid by transfers from the Construction Account upon requisition of the Corporation, filed with the Bond Trustee and similarly signed and approved, specifying the payee, the amount and the purpose by general classification of each payment from the Revolving Fund Account for which such reimbursement is requested, and stating that each such item of Cost so paid was a necessary item of Cost within said Section 4.03 and that such Cost could not conveniently be paid except from such Revolving Fund Account, and, if directly related to the construction, a certificate, signed by the architect for the 2021 Project and attached to such requisition, certifying his approval thereof and that such Costs are not Issuance Costs. In making such payments and reimbursements the Bond Trustee may rely upon such requisitions as conclusive.

Section 4.05 Reliance Upon Requisitions. All requisitions and accompanying documents received by the Bond Trustee as conditions of payment from the Construction Fund may be conclusively relied upon by the Bond Trustee and shall be retained by the Bond Trustee as part of its records relating to the Bonds, subject at all reasonable times during the normal business hours of, and upon reasonable notice to, the Bond Trustee to examination by the Commission, the Corporation and the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding.

Section 4.06 Completion of the 2021 Project and Disposition of Construction Fund Balances. When the 2021 Project shall have been completed, which fact shall be evidenced to the

Bond Trustee by an Officer's Certificate of the Obligated Group Representative delivered to the Bond Trustee and the Commission pursuant to Section 4.02 of the Agreement within 150 days of such completion, the balance in the Construction Fund, if any, shall be applied by the Bond Trustee, subject to **Section 6.04** hereof, for any purpose permitted by the Act which, in the opinion of Bond Counsel, will not cause interest on the Bonds to become includible in the gross income of the Holders thereof for federal income tax purposes pursuant to the provisions of the Code. In the event the Corporation does not cause an opinion of Bond Counsel to be delivered, the Bond Trustee shall transfer any such balance in the Construction Fund to the Interest Account and use it to pay interest on the Bonds on the immediately succeeding Interest Payment Date.

ARTICLE V

REVENUES AND FUNDS

Section 5.01 Establishment of Funds. In addition to the Construction Fund established by **Article IV**, there are hereby established the following funds:

(a) North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021A Bond Fund, in which there is established an Interest Account, a Principal Account and a Sinking Fund Account;

(b) North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021A Redemption Fund; and

(c) Any temporary fund necessary for the Bond Trustee to create in order to accomplish the application of the Bond proceeds in accordance with **Section 2.08**.

The money and securities in each of said funds and accounts shall be held in trust by the Bond Trustee and applied as hereinafter provided and, pending such application, the money and securities in each of said funds and accounts shall be subject to a lien and charge in favor of the Holders and for the further security of such Holders.

Section 5.02 Funds Received. The Bond Trustee shall deposit all amounts received as Loan Repayments in the following order, subject to credits as provided in this Article:

(a) to the credit of the Interest Account, beginning on January 25, 2022 and continuing on the 25th day of each month thereafter, an amount equal to one-sixth (1/6) of the interest payable on the Bonds on the next ensuing Interest Payment Date;

(b) to the credit of the Principal Account, beginning on January 25, 20[] and continuing on the 25th day of each month thereafter, an amount equal to one-twelfth (1/12) of the principal of the principal of all Serial Bonds due on the next ensuing January 1; and

(c) to the credit of the Sinking Fund Account, beginning on January 25, 20[] and continuing on the 25th day of each month thereafter, an amount equal to one-twelfth (1/12) of the amount required to retire the Term Bonds to be called pursuant to mandatory sinking fund

redemption in accordance with the Sinking Fund Requirement therefor or to be paid at maturity on the next ensuing January 1.

If, after giving effect to the credits specified below, any installment of Total Required Payments should be insufficient to enable the Bond Trustee to make the deposits required above, the Bond Trustee shall give the Corporation telephonic notice thereof, promptly confirmed in writing, and request that each future installment of the Total Required Payments be increased as may be necessary to make up any previous deficiency in any of the required payments and to make up any deficiency or loss in any of the above-mentioned accounts and funds.

To the extent that investment earnings are credited to the Interest Account, the Principal Account or the Sinking Fund Account in accordance with **Section 6.02** or amounts are credited thereto as a result of the application of the proceeds of the Bonds or a transfer of investment earnings on any other fund or account held by the Bond Trustee, or otherwise, future deposits to such accounts shall be reduced by the amount so credited, and the Loan Repayments due from the Corporation in the months following the date upon which such amounts are credited shall be reduced by the amounts so credited.

To the extent that amounts will be transferred from the Funded Interest Account to the Interest Account, future deposits to the Interest Account shall be reduced by the amount to be transferred, and the Loan Repayments due from the Corporation shall be reduced by the amounts to be transferred.

All amounts received by the Bond Trustee as principal of or interest accruing on the Bonds to be redeemed as a result of a prepayment of Obligation No. 1 shall be deposited in the Redemption Fund and the Interest Account, respectively, when received. All amounts received by the Bond Trustee as redemption premiums shall be deposited in the Redemption Fund when received.

Section 5.03 Application of Money in Interest Account.

If the Bonds are not in a Book Entry System, not later than 10:00 A.M. on each Interest Payment Date, or date for the payment of Defaulted Interest, or date upon which Bonds are to be redeemed, the Bond Trustee shall withdraw from the Interest Account and remit by mail, or to the extent permitted by **Section 2.03**, by wire transfer the amount required for paying interest on such Bonds when due and payable.

If the Bonds are in a Book Entry System, at such time as to enable the Bond Trustee to make payments of interest on the Bonds in accordance with any existing agreement between the Bond Trustee and any Securities Depository, the Bond Trustee shall withdraw from the Interest Account and remit by wire transfer, in Federal Reserve or other immediately available funds, the amounts required to pay to any Holder which is a Securities Depository Nominee interest on the Bonds on the next succeeding Interest Payment Date; provided, however, that in no event shall the Bond Trustee be required to make such wire transfer prior to the Business Day next preceding each Interest Payment Date, and provided further that such wire transfer shall be made not later than 10:00 A.M. on each Interest Payment Date.

In the event the balance in the Interest Account on the 25th day of the month next preceding an Interest Payment Date or date upon which Bonds are to be redeemed is insufficient for the payment of interest becoming due on the Bonds on the next ensuing Interest Payment Date or date upon which Bonds are to be redeemed, the Bond Trustee shall notify the Corporation of the amount of the deficiency. Upon notification, the Corporation shall immediately deliver to the Bond Trustee an amount sufficient to cure the same.

Section 5.04 Application of Money in Principal Account. Not later than 10:00 A.M. on each January 1, the Bond Trustee shall withdraw from the Principal Account and remit by wire transfer to the Holder, in Federal Reserve or other immediately available funds, the amount necessary to pay the principal of all Serial Bonds maturing on such January 1.

In the event that the balance in the Principal Account on any December 25 is insufficient for the payment of principal becoming due on the next ensuing January 1, the Bond Trustee shall notify the Corporation of the amount of the deficiency. Upon notification, the Corporation shall immediately deliver to the Bond Trustee an amount sufficient to cure the same.

Section 5.05 Application of Money in Sinking Fund Account. Money held for the credit of the Sinking Fund Account shall be applied during each Bond Year to the retirement of Term Bonds then Outstanding as follows:

(a) At the written direction of the Obligated Group Representative the Bond Trustee shall attempt to purchase and cancel Term Bonds (or portions thereof) then subject to redemption by operation of the Sinking Fund Account, at the market price available, such purchase price not to exceed the Redemption Price provided in **Section 3.01(c)** which would be payable on the next ensuing January 1 to the Holders of such Term Bonds under the provisions of **Article III** if such Term Bonds (or portions thereof) were to be called for redemption on such date, plus accrued interest to the date of purchase. The Bond Trustee shall pay the interest accrued on such Term Bonds (or portions thereof) to the date of settlement therefor from the Interest Account and the purchase price from the Sinking Fund Account, but no such purchase shall be made by the Bond Trustee from money in the Sinking Fund Account within the period of forty-five (45) days immediately preceding the next January 1 on which such Term Bonds are subject to redemption. The aggregate purchase prices of such Term Bonds so purchased shall not exceed the amount deposited in the Sinking Fund Account on account of the Sinking Fund Requirement for such Term Bonds; provided, however, that if in any Bond Year the amount held for the credit of the Sinking Fund Account plus the principal amount of all Term Bonds purchased during such Bond Year pursuant to the provisions of this subsection exceed the aggregate Sinking Fund Requirements for all Term Bonds then Outstanding for such Bond Year, the Bond Trustee shall, at the written direction of the Obligated Group Representative, endeavor to purchase any Term Bonds then Outstanding with such excess money; and

(b) The Bond Trustee shall call for redemption on the January 1 immediately following such Bond Year, as provided in **Section 3.01(c)**, Term Bonds (or portions thereof) then subject to redemption in a principal amount equal to the aggregate Sinking Fund Requirement for the Term Bonds for such Bond Year, less the principal amount of any such Term Bonds retired by purchase pursuant to subsection (a) of this Section. Such redemption shall be made pursuant to the provisions of **Article III**. If such January 1 is the stated maturity date of any such Term Bonds,

the Bond Trustee shall not call such Term Bonds for redemption but, on such maturity date, shall withdraw from the Sinking Fund Account and set aside the amount required for paying the principal of such Term Bonds when due and payable. Not later than 10:00 A.M. on each such redemption date, the Bond Trustee shall withdraw from the Sinking Fund Account and set aside the amount required for paying the Redemption Price of the Term Bonds (or portions thereof) so called for redemption.

In the event the balance in the Sinking Fund Account on any December 25th is insufficient for the payment of the Sinking Fund Requirement or principal due at maturity on the Term Bonds on the next ensuing January 1, the Bond Trustee shall notify the Corporation of the amount of such deficiency. Upon notification, the Corporation shall immediately deliver to the Bond Trustee an amount sufficient to cure the same.

If, in any Bond Year, by the application of money in the Sinking Fund Account, the Bond Trustee should purchase and cancel Term Bonds in excess of the aggregate Sinking Fund Requirements for such Bond Year, the Bond Trustee shall file with the Commission and the Corporation not later than the 20th day prior to the next January 1 on which Term Bonds are to be redeemed a statement identifying the Term Bonds purchased or delivered during such Bond Year and the amount of such excess. The Corporation shall thereafter cause an Officer's Certificate of the Obligated Group Representative to be filed with the Bond Trustee and the Commission not later than the 10th day prior to such January 1, setting forth with respect to the amount of such excess, the Bond Years in which and the amount by which future Sinking Fund Requirements are to be reduced.

Upon the retirement of any Term Bonds by purchase or redemption pursuant to the provisions of this Section, the Bond Trustee shall file with the Commission and the Corporation a statement identifying such Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such Term Bonds and the amount paid as interest thereon. The expenses incurred in connection with the purchase or redemption of any such Term Bonds are required to be paid by the Corporation as part of the Required Payments under the Agreement.

Section 5.06 Application of Money in Redemption Fund. Money held for the credit of the Redemption Fund shall be applied to the purchase or redemption of Bonds, as follows:

(a) Subject to the provisions of subsection (c) of this Section, at the written direction of the Obligated Group Representative the Bond Trustee shall attempt to purchase and cancel Bonds or portions thereof, whether or not such Bonds or portions thereof shall then be subject to redemption, at the market price available, such price not to exceed the Redemption Price that would be payable on the next redemption date to the Holder of such Bonds under the provisions of **Article III** of this Trust Agreement if such Bonds or portions thereof should be called for redemption on such date from the money in the Redemption Fund. The Bond Trustee shall pay the interest accrued on such Bonds or portions thereof to the date of settlement therefor from the Interest Account and the purchase price from the Redemption Fund, but no such purchase shall be made by the Bond Trustee from money in the Redemption Fund within the period of forty-five (45) days immediately preceding any date on which such Bonds are subject to redemption;

(b) Subject to the provisions of subsection (c) of this Section, the Bond Trustee shall call for redemption on the redemption date specified by the Commission at the request of the Obligated Group Representative such amount of Bonds or portions thereof as, with the redemption premium, if any, will exhaust the money then held for the credit of the Redemption Fund as nearly as may be practicable; provided, however, that, except for a redemption pursuant to **Section 3.01(b)** which may only be made in the minimum amount of One Hundred Thousand Dollars (\$100,000), not less than Fifty Thousand Dollars (\$50,000) principal amount of Bonds shall be called for redemption at any one time. Such redemption shall be made pursuant to the provisions of **Article III**. On the redemption date the Bond Trustee shall withdraw from the Interest Account and from the Redemption Fund and set aside the respective amounts required for paying the interest on and the Redemption Price of the Bonds or portions thereof so called for redemption; and

(c) Money in the Redemption Fund shall be applied by the Bond Trustee in each Bond Year to the purchase or the redemption of Bonds then Outstanding in accordance with the latest Officer's Certificate of the Obligated Group Representative filed with the Bond Trustee designating the Bonds to be purchased or redeemed. In the event no such Officer's Certificate is filed, the Bond Trustee shall apply such money to the purchase or redemption of such Bonds in inverse order of maturity.

Upon the retirement of any Bonds by purchase or redemption pursuant to the provisions of this Section, the Bond Trustee shall file with the Commission and the Corporation a statement identifying such Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such Bonds and the amount paid as interest thereon. The expenses in connection with the purchase or redemption of any such Bonds are required to be paid by the Corporation as part of the Required Payments under the Agreement.

Section 5.07 [Reserved.]

Section 5.08 Money Held in Trust. All money that the Bond Trustee shall have withdrawn from the Bond Fund or shall have received from any other source and set aside for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or by purchase or call for redemption or for the purpose of paying any interest on the Bonds hereby secured, shall be held in trust for the respective Holders. Any money that is so set aside and that remains unclaimed by the Holders for a period of five (5) years after the date on which such Bonds have become payable shall be treated as abandoned property pursuant to the provisions of the Section 116B-53 of the General Statutes of North Carolina, as amended, and the Bond Trustee shall report and remit this property to the Escheat Fund according to the requirements of Chapter 116B of the General Statutes of North Carolina, as amended, and thereafter the Holders shall look only to the Escheat Fund for payment and then only to the extent of the amounts so received, without any interest thereon, and the Bond Trustee, the Corporation and the Commission shall have no responsibility with respect to such money.

Section 5.09 Cancellation of Bonds. All Bonds paid, redeemed or purchased, either at or before maturity, shall be delivered to the Bond Trustee when such payment, redemption or purchase is made, and such Bonds shall be canceled. The Bond Trustee shall certify to the Commission and the Corporation the details of all Bonds so canceled. All Bonds canceled under

any of the provisions of this Trust Agreement shall, as permitted by applicable governmental regulations and as directed in writing by the Commission Representative, be either delivered to the Commission or destroyed by the Bond Trustee, which shall, in such event, execute a certificate in duplicate, describing the Bonds so destroyed, and one executed certificate shall be filed with the Commission and one executed certificate shall be filed with and retained by the Bond Trustee.

Section 5.10 Disposition of Fund Balances. After provision shall be made for the payment of all Outstanding Bonds, including the interest thereon, and for the payment of all other obligations, expenses and charges required to be paid under or in connection with this Trust Agreement, Obligation No. 1, the Corporation Deed of Trust, the Master Indenture and the Agreement and assuming the existence of no other indentures or other agreements imposing a continuing lien on the balances hereinafter mentioned, the Bond Trustee shall, upon prior written notice to the Commission, pay, as an overpayment of Total Required Payments, all amounts in any fund or account then held by it under this Trust Agreement to the Corporation; provided, however, that if a continuing lien has been imposed on any such balance by another indenture or agreement as to which the Bond Trustee has received written notice, the Bond Trustee shall pay such balance to such person as such indenture or agreement shall provide.

ARTICLE VI

**SECURITY FOR DEPOSITS, INVESTMENT OF FUNDS
AND COVENANT AS TO ARBITRAGE**

Section 6.01 Security for Deposits. Any and all money received by the Commission under the provisions of this Trust Agreement or the Agreement shall be deposited as received by the Commission with the Bond Trustee and shall be trust funds under the terms hereof and shall not be subject to any lien or attachment by any creditor of the Commission or the Corporation. Such money shall be held in trust and applied in accordance with the provisions of this Trust Agreement.

All money deposited with the Bond Trustee hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured, for the benefit of the Commission and the Holders, either (a) by lodging with a bank or trust company chosen by the Bond Trustee or custodian or, if then permitted by law, by setting aside under control of the trust department of the bank holding such deposit, as collateral security, Government Obligations or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States or applicable State law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the furnishing of security as provided in clause (a) above is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Bond Trustee to give security for the deposit of any money with it for the payment of the principal of or the redemption premium or the interest on any Bonds, or for the Bond Trustee to give security for any money that shall be represented by obligations purchased under the provisions of this Article as an investment of such money.

All money deposited with the Bond Trustee shall be credited to the particular fund or account to which such money belongs.

Section 6.02 Investment of Money. Money held for the credit of all funds and accounts created under this Trust Agreement and held by the Bond Trustee shall be continuously invested and reinvested by the Bond Trustee in Investment Obligations to the extent practicable in accordance with the written instructions of the Corporation as provided herein or, if no such instruction is given, such money shall not be invested. Any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such funds or accounts will be required for the purposes intended.

No Investment Obligations in any fund or account may mature beyond the latest maturity date of any Bonds Outstanding at the time such Investment Obligations are deposited unless irrevocable instructions shall have been given to the Bond Trustee to redeem such Investment Obligations on a date or dates not later than the latest maturity date of any Bonds Outstanding. For the purposes of this section, the maturity date of repurchase agreements for Government Obligations or other obligations is the maturity date of such repurchase agreements and not the maturity date of the underlying Government Obligations or other obligations.

The Corporation shall give to the Bond Trustee written directions respecting the investment of any money required to be invested hereunder, subject, however, to the provisions of this Article, and the Bond Trustee shall then invest such money under this Section as so directed in writing by the Corporation. The Bond Trustee may request, in writing, direction or authorization of the Corporation with respect to the proposed investment of money under the provisions of this Trust Agreement. Upon receipt of such request, accompanied by a memorandum setting forth the details of any proposed investment, the Corporation will either approve such proposed investment or will give written directions to the Bond Trustee respecting the investment of such money and, in the case of such directions, the Bond Trustee shall then, subject to the provisions of this Article, invest such money in accordance with such directions. The Bond Trustee may conclusively rely upon the Corporation's written instructions as to both the suitability and legality of all directed investments. Ratings of investments shall be determined at the time of purchase of such investments and without regard to ratings subcategories. The Bond Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. The Bond Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such investments.

Investment Obligations credited to any fund or account established under this Trust Agreement (other than the Revolving Fund Account) shall be held by or under the control of the Bond Trustee and while so held shall be deemed at all times to be part of such fund or account in which such money was originally held, and the interest accruing thereon and any profit or loss realized upon the disposition or maturity of such investment shall be credited to or charged against such fund or account. The Bond Trustee shall sell at the market price available or reduce to cash a sufficient amount of such Investment Obligations whenever it shall be necessary so to do in order to provide moneys to make any payment or transfer of moneys from any such fund or account. The Bond Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with the provisions hereof.

Whenever a payment or transfer of money between two or more of the funds or accounts established pursuant to **Article IV** or **Article V** is permitted or required, such payment or transfer may be made in whole or in part by transfer of one or more Investment Obligations at a value determined in accordance with this Article, provided that the Investment Obligations transferred are those in which moneys of the receiving fund or account could be invested at the date of such transfer.

Although the Commission and the Corporation each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Commission and the Corporation hereby agree that broker confirmations of investments are not required to be issued by the Bond Trustee for each month in which a monthly statement is rendered or otherwise made available by the Bond Trustee.

Section 6.03 Valuation. For the purpose of determining the amount on deposit in any fund or account, Investment Obligations in which money in such fund or account is invested shall be valued (a) at face value if such Investment Obligations mature within six months from the date of valuation thereof, and (b) if such Investment Obligations mature more than six months after the date of valuation thereof at the price at which such Investment Obligations are redeemable by the holder at such holder's option if so redeemable, or, if not so redeemable, at the lesser of (i) the cost of such Investment Obligations minus the amortization of any premium or plus the amortization of any discount thereon and (ii) the market value of such Investment Obligations.

The Bond Trustee shall value the Investment Obligations in the funds and accounts established under this Trust Agreement and held by the Bond Trustee three (3) Business Days prior to each January 1 and July 1 and at such other times as shall be requested by the Corporation in order for the Corporation to comply with the Tax Certificate. In addition, the Investment Obligations shall be valued by the Bond Trustee at any time requested by the Commission Representative or the Obligated Group Representative on reasonable notice to the Bond Trustee (which period of notice may be waived or reduced by the Bond Trustee); provided, however, that the Bond Trustee shall not be required to value the Investment Obligations more than once in any calendar month other than as provided herein.

Section 6.04 Covenant as to Arbitrage. The Commission agrees that money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other sources, and whether or not the Bonds are Outstanding hereunder, (i) will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and (ii) will be used in a manner that will cause the Bonds not to be "arbitrage bonds" within the meaning of Section 148 of the Code; provided, however, that neither the Commission nor the Bond Trustee shall have an obligation to pay any amounts necessary to comply with this covenant other than from money received by the Commission or the Bond Trustee from the Corporation. The Commission and the Bond Trustee shall observe and not violate the requirements of Section 148 of the Code, provided that, in fulfilling such obligation the Bond Trustee shall be fully protected in conclusively relying upon any written investment instruction given by the Corporation. In the event the Commission is of the opinion that it is necessary to restrict or limit the yield on the investment of money held by the Bond Trustee pursuant to this Trust Agreement, or to use such money in certain manners, in order to avoid the Bonds being considered "arbitrage bonds" within the meaning of Section 148

of the Code as such may be applicable to the Bonds at such time, the Commission may issue to the Bond Trustee a written certificate to such effect and appropriate instructions, in which event the Bond Trustee shall take such action as is set forth in such certificate and instructions, irrespective of whether the Bond Trustee shares such opinion and the Bond Trustee shall be fully protected in doing so.

Section 6.05 Exclusion from Gross Income Covenant. The Commission covenants that it will not take any action which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the Holders thereof for federal income tax purposes pursuant to the provisions of the Code; provided, however, that the Commission shall have no obligation to pay any amounts necessary to comply with this covenant other than from money received by the Commission from the Corporation.

ARTICLE VII

GENERAL COVENANTS AND REPRESENTATIONS

Section 7.01 Payment of Principal, Interest and Premium. The Commission shall cause to be paid, when due, the principal of (whether at maturity, by acceleration, by call for redemption or otherwise) and the premium, if any, and interest on the Bonds at the places, on the dates and in the manner provided herein and in said Bonds according to the true intent and meaning thereof; provided, that it is understood that such obligations are not general obligations of the Commission but are limited obligations and are payable solely from revenues and receipts derived in respect of Obligation No. 1 to the extent provided in the Master Indenture and the Agreement and the money attributable to proceeds of Bonds and the income from the investment thereof and, under certain circumstances, proceeds of insurance, sale and condemnation awards and proceeds derived from the exercise of remedies, and not from any other fund or source. The Bonds shall be secured by a lien on and pledge of such revenues, receipts, proceeds and other money as provided in this Trust Agreement. The Bonds shall not be secured by a pledge of the full faith and credit of the State or of any political subdivision thereof, including the Commission, or be deemed to create an indebtedness of the State or any political subdivision thereof, including the Commission, but shall be payable solely from the revenues and other funds provided for their payment under this Trust Agreement, Obligation No. 1, the Master Indenture and the Agreement.

Section 7.02 Covenant to Perform and Authority of Commission. The Commission shall faithfully perform at all times all of its covenants, undertakings and agreements contained in this Trust Agreement, in any Bond executed, authenticated and delivered hereunder, or in any proceedings of the Commission pertaining thereto. The Commission represents that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the Bonds authorized hereby and to execute this Trust Agreement, and to assign its right, title and interest in and to the Agreement and Obligation No. 1, and pledge the revenues, receipts, proceeds and funds derived in respect thereof, in the manner and to the extent herein set forth as security for the Bonds; that all action on its part for the issuance of the Bonds and the execution of this Trust Agreement has been duly and effectively taken; and that such Bonds in the hands of the Holders thereof are and will be valid and enforceable limited obligations of the Commission according to their terms, subject to bankruptcy, insolvency and other laws affecting creditors' rights generally and usual equitable principles.

Section 7.03 Covenant as to Obligation No. 1, Master Indenture, Corporation Deed of Trust and Agreement. The Commission covenants that it will fulfill its obligations, and that it will require the Corporation to perform its duties and obligations under Obligation No. 1, the Master Indenture, the Corporation Deed of Trust and the Agreement. The Commission shall promptly notify the Bond Trustee and the Corporation of any actual or alleged Event of Default of which it has knowledge and shall not execute or agree to any change, amendment, modification or supplement of or to the Agreement, except as is provided in the Agreement and this Trust Agreement. The Commission shall administer the Agreement in accordance with its terms and shall not agree to any reduction, abrogation, waiver, diminution or other modification in any manner and to any extent whatsoever of the obligation of the Corporation to make the Total Required Payments as provided in the Agreement.

Section 7.04 Enforcement of Security Documents. The Bond Trustee may enforce all rights of the Commission and all obligations of the Corporation under the Agreement and Obligation No. 1 for and on behalf of the Holders, whether or not the Commission is in default hereunder.

Section 7.05 Further Instruments and Actions. At the request of the Corporation or the Bond Trustee, the Commission shall execute and deliver such further instruments or take such further actions as may be required to carry out the purposes of this Trust Agreement and the Agreement.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01 Events of Default. Each of the following events is hereby declared an Event of Default:

- (a) payment of any installment of interest on any Bond shall not be made by the Commission when the same shall become due and payable;
- (b) payment of the principal or the redemption premium, if any, of any Bond shall not be made by the Commission when the same shall become due and payable, whether at maturity or by proceedings for redemption or pursuant to a Sinking Fund Requirement or otherwise;
- (c) default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in this Trust Agreement or any agreement supplemental hereto or thereto and such default shall continue for thirty (30) days or such further time as the Bond Trustee in its sole discretion deems to be in the best interests of the Holders as may be granted in writing by the Bond Trustee after receipt by the Commission, of a written notice from the Bond Trustee specifying such default and requiring the same to be remedied; provided, however, if prior to the expiration of such 30-day period the Commission institutes action reasonably designed to cure such default, no Event of Default shall be deemed to have occurred upon the expiration of such 30-day period for so long as the Commission pursues such curative action with reasonable diligence and provided that such curative action can be completed within a reasonable time; or

(d) an “Event of Default” shall have occurred under the Agreement, the Master Indenture or the Deed of Trust (as defined in the Master Indenture), and such “Event of Default” shall not have been remedied or waived.

Section 8.02 Acceleration. Upon the happening and continuance of any Event of Default specified in **Section 8.01**, the Bond Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding shall, by notice in writing to the Commission and the Corporation, declare the principal of all Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in this Trust Agreement to the contrary notwithstanding; provided, however, that if at any time after the principal of Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Trust Agreement, money shall have accumulated in or shall have been paid into the Bond Fund sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all Bonds then Outstanding (except the principal of any Bond not then due and payable by its terms and the interest accrued on such since the last Interest Payment Date), and the charges, compensations, expenses, disbursements, advances and liabilities of the Bond Trustee and all other amounts then payable by the Commission hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Bond Trustee, and every other default known to the Bond Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this Trust Agreement (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Bond Trustee, then and in every such case the Bond Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds not then due and payable by their terms (Bonds then due and payable only because of a declaration under this Section shall not be deemed to be due and payable by their terms) and then Outstanding shall, by written notice to the Commission and the Corporation, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 8.03 Enforcement of Remedies. Upon the happening and continuance of any Event of Default specified in **Section 8.01**, then and in every such case the Bond Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding shall, proceed, subject to the provisions of **Section 9.02**, to protect and enforce its rights and the rights of the Holders under the laws of the State or under this Trust Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Bond Trustee, being advised by counsel chosen by the Bond Trustee, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Trust Agreement, the Bond Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any Event

of Default becoming and remaining due from the Commission for principal, interest or otherwise under any of the provisions of this Trust Agreement or of the Bonds, together with interest on overdue payments of principal at the rate or rates of interest payable on any Bonds Outstanding and all costs and expenses of collection and of all proceedings hereunder, without prejudice to any other right or remedy of the Bond Trustee or the Holders and to recover and enforce any judgment or decree against the Commission, but solely as provided herein, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from money available for such purposes), in any manner provided by law, the money adjudged or decreed to be payable. When the Bond Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 8.04 Pro-Rata Application of Funds. Anything in this Trust Agreement to the contrary notwithstanding, if at any time the money in the Bond Fund shall not be sufficient to pay the interest on or the principal of Bonds as the same shall become due and payable (either by their terms or by acceleration of maturities under the provisions of **Section 8.02**), such money, together with any money then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall, after the payment of any fees and expenses due the Bond Trustee hereunder, be applied as follows:

(a) if the principal of all Bonds shall not have become or shall not have been declared due and payable, such money shall be applied:

first: to the payment to the persons entitled thereto of all installments of interest on Bonds then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any Bonds that shall have become due and payable (other than Bonds called for redemption for the payment of which money is held pursuant to the provisions of this Trust Agreement), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the principal of Bonds due and payable on any particular date, then to the payment ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

third: to the payment of the interest on and the principal of Bonds, to the purchase and retirement of Bonds, and to the redemption of Bonds, all in accordance with the provisions of **Article III**.

(b) If the principal of all Bonds shall have become or shall have been declared due and payable, all such money shall be applied to the payment of principal and interest then due upon the Bonds without preference to the persons entitled thereto without preference or priority of

principal over interest or interest over principal, or of any installment of interest over any other installment of interest or any Bond over any other Bond ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference.

(c) If the principal of all Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of **Section 8.02**, then, subject to the provisions of subsection (b) of this Section in the event that the principal of all Bonds shall later become due and payable or be declared due and payable, the money then remaining in and thereafter accruing to the Bond Fund shall be applied in accordance with the provisions of subsection (a) of this Section.

Whenever money is to be applied by the Bond Trustee pursuant to the provisions of this Section, such money shall be applied by the Bond Trustee at such times and from time to time, as the Bond Trustee in its sole discretion shall determine, having due regard for the amount of such money available for such application and the likelihood of additional money becoming available for such application in the future; the setting aside of such money, in trust for the proper purpose, shall constitute proper application by the Bond Trustee, and the Bond Trustee shall incur no liability whatsoever to the Commission, to any Holder or to any other person for any delay in applying any such money so long as the Bond Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Trust Agreement as may be applicable at the time of application by the Bond Trustee. Whenever the Bond Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be an Interest Payment Date unless the Bond Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Bond Trustee shall give notice by first class mail, postage prepaid, to all Holders of the fixing of any such date, and shall not be required to make payment to the Holder of any Bonds until such Bonds shall be surrendered to the Bond Trustee for cancellation if fully paid.

Section 8.05 Effect of Discontinuance of Proceedings. If any proceeding taken by the Bond Trustee or Holders on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case, the Commission, the Bond Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Bond Trustee shall continue as though no proceeding had been taken.

Section 8.06 Control of Proceedings by Holders. The Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Bond Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Bond Trustee hereunder, provided that such direction shall be in accordance with law and the provisions of this Trust Agreement.

Section 8.07 Restrictions upon Actions by Individual Holders. Except as provided in **Section 8.12**, no Holder shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or for the execution of any trust hereunder or for any other remedy hereunder unless such Holder previously shall have given to the Bond Trustee written notice of the Event of

Default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding shall have made a written request of the Bond Trustee after the right to exercise such powers or right of action as the case may be, shall have accrued, and shall have afforded the Bond Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceedings in its or their name, and unless, also, there shall have been offered to the Bond Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Bond Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Bond Trustee, to be conditions precedent to the execution of the powers and trusts of this Trust Agreement or to any other remedy hereunder. Notwithstanding the foregoing provisions of this Section and without complying therewith, the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all Holders hereunder. It is understood and intended that, except as otherwise above provided, no one or more Holders shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of this Trust Agreement, or to enforce any right hereunder except in the manner provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Holders and that any individual rights of action or other right given to one or more of such Holders by law are restricted by this Trust Agreement to the rights and remedies herein provided.

Section 8.08 Enforcement of Rights of Action. All rights of action (including the right to file proof of claim) under this Trust Agreement or under any Bonds may be enforced by the Bond Trustee without the possession of any Bonds or the production thereof in any proceedings relating thereto, and any such suit or proceedings instituted by the Bond Trustee shall be brought in its name as Bond Trustee, without the necessity of joining as plaintiffs or defendants any Holders hereby secured, and any recovery of judgment shall be for the equal benefit of the Holders.

Section 8.09 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bond Trustee or to the Holders is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 8.10 Waivers. No delay or omission by the Bond Trustee or of any Holder in the exercise of any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or any acquiescence therein; and every power or remedy given by this Trust Agreement to the Bond Trustee and to the Holders may be exercised from time to time and as often as may be deemed expedient.

The Bond Trustee may, and upon written request of the Holders of not less than a majority in principal amount of the Bonds then Outstanding shall, waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Trust Agreement or before the completion of the enforcement of any rights of the Bond Trustee hereunder, but such waiver shall not waive any subsequent Event of Default or impair any rights or remedies consequent thereon.

Section 8.11 Notice of Default. The Bond Trustee shall mail, first class, postage prepaid, to the Commission, the Local Government Commission, the Corporation and all Holders at their addresses as they appear on the registration books written notice of the occurrence of any Event of Default set forth in **Section 8.01** within thirty (30) days after the Bond Trustee shall have notice of the same, pursuant to the provisions of **Section 9.08** that any such Event of Default shall have occurred; provided that, except upon the happening of an Event of Default specified in clause (a) or (c) of **Section 6.01** of the Agreement and clauses (a) and (b) of **Section 8.01**, the Bond Trustee may withhold such notice to the Holders if in its opinion such withholding is in the interest of the Holders; and provided further that the Bond Trustee shall not be subject to any liability to any Holder by reason of its failure to mail any such notice.

Section 8.12 Right to Enforce Payment of Bonds Unimpaired. Nothing in this Article shall affect or impair the right of any Holder to enforce the payment of the principal of and interest on his Bond or the obligation of the Commission to pay the principal of and interest on each Bond to the Holder thereof at the time and place in said Bond expressed.

ARTICLE IX CONCERNING THE BOND TRUSTEE

Section 9.01 Acceptance of Duties. The Bond Trustee by execution hereof accepts and agrees to fulfill the trusts imposed upon it by this Trust Agreement, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Trust Agreement, to all of which the Commission and the respective Holders agree. Prior to the occurrence of any Event of Default and after the curing of all such Events of Default that may have occurred, the Bond Trustee shall perform such duties and only such duties of the Bond Trustee as are specifically set forth in this Trust Agreement and the Agreement. During the existence of any such Event of Default that has not been cured the Bond Trustee shall exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances.

No provision of this Trust Agreement, any Bond or the Agreement shall be construed to relieve the Bond Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) prior to any such Event of Default hereunder, and after the curing of any other Events of Default that may have occurred:

(i) the duties and obligations of the Bond Trustee shall be determined solely by the express provisions of this Trust Agreement and the Agreement and the Bond Trustee shall not be liable except for the performance of such duties and obligations of the Bond Trustee as are specifically set forth in this Trust Agreement and the Agreement, and no implied covenants or obligations shall be read into this Trust Agreement or the Agreement against the Bond Trustee, and

(ii) in the absence of bad faith on its part, the Bond Trustee may conclusively rely, as to the accuracy of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it conforming to the requirements of

this Trust Agreement and the Agreement, but in the case of any such certificate or opinion by which any provision hereof is specifically required to be furnished to the Bond Trustee, the Bond Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Trust Agreement and the Agreement; and

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(i) the Bond Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Bond Trustee unless it shall be proved that the Bond Trustee was negligent in ascertaining the pertinent facts, and

(ii) the Bond Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of or the Holders of not less than twenty-five percent (25%) or a majority, as this Trust Agreement shall require, in aggregate principal amount of Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any power conferred upon the Bond Trustee under this Trust Agreement and the Agreement.

None of the provisions contained in this Trust Agreement or the Agreement shall require the Bond Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Section 9.02 Indemnification of Bond Trustee. The Bond Trustee shall be under no obligation to institute any suit or to take any remedial proceeding (including, but not limited to, the appointment of a receiver or the acceleration of the maturity date of any or all Bonds) under this Trust Agreement or the Agreement or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees, costs and expenses and other reasonable disbursements, and against all liability. The Bond Trustee nevertheless may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Bond Trustee, without indemnity, and in such case the Commission, at the request of the Bond Trustee, shall reimburse the Bond Trustee from the revenues of the Commission derived from funds available under the Agreement for all costs, expenses, outlays and counsel fees, costs and expenses and other reasonable disbursements properly incurred in connection therewith. If the Commission shall fail to make such reimbursement, the Bond Trustee may reimburse itself from any money in its possession under the provisions of this Trust Agreement and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 9.03 Limitations on Obligations and Responsibilities of Bond Trustee. The Bond Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Commission or the Corporation, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts by its execution of this Trust Agreement, the Bond Trustee shall have no responsibility

in respect of the validity, sufficiency, due execution or acknowledgment of this Trust Agreement, or in respect of the validity of Bonds or the due execution or issuance thereof. The Bond Trustee shall be under no obligation to see that any duties herein imposed upon the Commission, any depositary other than the Bond Trustee acting as a depositary, or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Bond Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed. The Bond Trustee shall have no duty or responsibility to examine or review, and shall have no liability for the contents of, any documents submitted to or delivered to any Holder in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds. The Bond Trustee shall not be liable to the Corporation, any Holder or any other Person for any loss suffered in connection with any investment of funds made by it in accordance with the provisions of **Section 6.02**. The Bond Trustee shall not be responsible for the sufficiency of the security for the Bonds described in the granting clause of this Trust Agreement or otherwise as to the maintenance of such security. The Bond Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts, relating to the Project. The Bond Trustee shall have no duty to inspect or oversee the construction or completion of the 2021 Project.

The Bond Trustee shall not be responsible or liable for the environmental condition or any contamination of any property which secures the Bonds or Obligation No. 1 or for any diminution in value of any such property as a result of any contamination of the property by any hazardous substance, hazardous material, pollutant or contaminant. The Bond Trustee shall not be liable for any claims by or on behalf of the Holders or any other person or entity arising from contamination of the property by any hazardous substance, hazardous material, pollutant or contaminant, and shall have no duty or obligation to assess the environmental condition of any such property or with respect to compliance of any such property under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws.

No permissive right of the Bond Trustee hereunder, including the authority to enter into supplemental trust agreements or take other actions, shall be construed as a duty, and the Bond Trustee shall be under no obligation to take any such action or exercise any such right.

The Bond Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers.

The Bond Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Trust Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Bond Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

Section 9.04 Bond Trustee Not Liable for Failure of Commission to Act. The Bond Trustee shall not be liable or responsible because of the failure of the Commission or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Commission or because of the loss of any money arising through the insolvency or the act or default or omission of any depositary other than the Bond Trustee acting as a depositary in which such money shall have been deposited under the provisions of this Trust Agreement. The Bond Trustee shall not be responsible for the application of any of the proceeds of Bonds or any other money deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Trust Agreement. The immunities and exemptions from liability of the Bond Trustee hereunder shall extend to its directors, officers, employees and agents.

Section 9.05 Compensation and Indemnification of Bond Trustee. Subject to the provisions of any contract between the Commission and the Bond Trustee relating to the compensation of the Bond Trustee, the Commission shall pay or cause the Corporation to pay to the Bond Trustee reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and the performance of its powers and duties hereunder and, to the extent permitted by law, shall indemnify and save the Bond Trustee harmless against any liabilities that it may incur in the proper exercise and performance of its powers and duties hereunder and such indemnification obligation shall survive the resignation or removal of the Bond Trustee. If the Commission shall fail to cause any payment required by this Section to be made, the Bond Trustee may make such payment from any money in its possession under the provisions of this Trust Agreement and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. The Commission covenants that it shall promptly deposit or cause to be deposited to the credit of the respective fund or account the amount withdrawn therefrom by the Bond Trustee to make any such payment, provided sufficient funds are available to pay all costs and expenses, if any, reasonably incurred by the Commission in connection therewith. The indemnifications provided to the Bond Trustee herein shall survive the termination of this Trust Agreement and the payment of the Bonds in full or the sooner resignation or removal of the Bond Trustee.

Section 9.06 Monthly Statements and Other Information from Bond Trustee. It shall be the duty of the Bond Trustee, on or before the 15th day of each month, to file with the Commission and the Corporation a statement setting forth in respect of the preceding calendar month:

- (a) the amount withdrawn or transferred by it and the amount deposited with it on account of each fund or account held by it under the provisions of this Trust Agreement,
- (b) the amount on deposit with it at the end of such month in each such fund or account,
- (c) a brief description of all obligations held by it as an investment of money in each such fund or account,
- (d) the amount applied to the purchase or redemption of Bonds under the provisions of **Article V** and a description of the Bonds or portions thereof so purchased or redeemed, and

(e) any other information that the Commission or the Corporation may reasonably request.

The Bond Trustee shall also file (i) with the Commission and the Corporation an annual statement covering the matters set forth in clauses (a) through (e) of the preceding paragraph on a basis coinciding with the Fiscal Year of the Corporation and (ii) with the Commission and the Local Government Commission, within ten (10) days after each June 30, a written statement of the principal amount of Bonds then Outstanding.

In addition, prior to each computation date as described in the Tax Certificate and promptly upon the written request by the Corporation or the Commission, the Bond Trustee shall file with the Corporation and the Commission such information in the possession of the Bond Trustee as the Corporation shall request in writing in order for the Corporation to determine the amount, if any, to be rebated to the United States of America pursuant to Section 148 of the Code, provided that the Corporation shall reimburse the Bond Trustee for the reasonable costs (if any) incurred by the Bond Trustee in connection with any such written request.

All records and files pertaining to Bonds and the Corporation in the custody of the Bond Trustee shall be open at all reasonable times to the inspection of the Commission, the Corporation and their respective agents and representatives; provided, however, that the Corporation and its agents and representatives shall not have access to any list of the Holders. All such records and files shall be retained by the Bond Trustee until six years after the complete retirement of the Bonds or any bonds or notes that refund (including through a series of refundings) the Bonds.

Section 9.07 Bond Trustee May Rely on Certificates and Advice. If at any time it shall be necessary or desirable for the Bond Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Bond Trustee, and in any case in which this Trust Agreement provides for permitting or taking any action, the Bond Trustee may conclusively rely upon any certificate required or permitted to be filed with it under the provisions of this Trust Agreement, and any such certificate shall be evidence of such fact or protect the Bond Trustee in any action that it may or may not take or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Trust Agreement, any request, notice, certificate or other instrument from the Commission to the Bond Trustee shall be deemed to have been signed by the proper party or parties if signed by any Commission Representative, and the Bond Trustee may accept and conclusively rely upon a certificate signed by any Commission Representative as to any action taken by the Commission.

The Bond Trustee may consult with counsel or independent auditor and the written advice of such counsel or independent auditor or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

Section 9.08 Notice of Default. Except upon the happening of any Event of Default specified in clauses (a) or (c) of **Section 6.01** of the Agreement or clauses (a) or (b) of **Section 8.01**, the Bond Trustee shall not be obliged to take notice or be deemed to have notice of any Event of Default under this Trust Agreement or the Agreement, unless specifically notified in writing of

such Event of Default by the Commission or the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding.

Section 9.09 Bond Trustee Not Responsible for Recitals. The recitals, statements and representations contained herein and in the Bonds shall be taken and construed as made by and on the part of the Commission and not by the Bond Trustee, and the Bond Trustee assumes and shall be under no responsibility for the correctness of the same.

Section 9.10 Bond Trustee Protected in Relying on Certain Documents. The Bond Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Trust Agreement, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, or upon the written opinion of any attorney, engineer or accountant believed by the Bond Trustee to be qualified in relation to the subject matter, and the Bond Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Bond Trustee shall not be under any obligation to see to the recording or filing of this Trust Agreement, the Agreement or otherwise to the giving to any person of notice of the provisions hereof.

Section 9.11 Bond Trustee May Pay Taxes and Assessments. In case the Commission or the Corporation shall fail to pay or cause to be paid any tax, assessment or governmental or other charge, to the extent, if any, that the Commission or the Corporation may be deemed by the Bond Trustee liable for same, the Bond Trustee may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Bond Trustee or the Holders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section shall be repaid upon demand by the Bond Trustee by the Commission from funds made available by the Corporation, but the Bond Trustee shall be under no obligation to make any such payment from sources provided in the Trust Agreement unless it shall have available or be provided with adequate funds for the purpose of such payment.

Section 9.12 Resignation and Removal of Bond Trustee Subject to Acceptance by Successor of Appointment. No resignation or removal of the Bond Trustee and no appointment of a successor Bond Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Bond Trustee under **Section 9.15**.

Section 9.13 Resignation of Bond Trustee. Subject to the provisions of **Section 9.12**, the Bond Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing given to the Commission, the Master Trustee and the Corporation, and mailed, postage prepaid, at the Bond Trustee's expense, to each Holder, not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Bond Trustee hereunder if such new Bond Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof.

Section 9.14 Removal of Bond Trustee. The Bond Trustee may be removed (a) at any time by an instrument or concurrent instruments in writing, executed by the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding and filed with the Commission, or (b) so long as no Event of Default shall have occurred and be continuing, by an instrument in writing executed by the Corporation, subject to the prior written consent of the Commission, and filed with the Commission not less than sixty (60) days before such removal is to take effect as stated in such instrument or instruments. A photographic copy of any instrument or instruments filed with the Commission under the provisions of this paragraph, duly certified by the Secretary or any Assistant Secretary of the Commission as having been received by the Commission, shall be delivered promptly by the Secretary or any Assistant Secretary of the Commission to the Bond Trustee.

The Bond Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Trust Agreement with respect to the duties and obligations of the Bond Trustee by any court of competent jurisdiction upon the application of the Commission or the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding.

Section 9.15 Appointment of Successor Bond Trustee. If at any time hereafter the Bond Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Bond Trustee shall be taken over by any governmental official, agency, department or board, the position of Bond Trustee shall thereupon become vacant. If the position of Bond Trustee shall become vacant for any reason, the Corporation shall recommend and the Commission shall appoint a Bond Trustee to fill such vacancy; provided, however, the Commission is under no obligation to appoint a particular Bond Trustee and may request other recommendations prior to appointing a successor Bond Trustee. A successor Bond Trustee shall not be required if the Bond Trustee shall sell or assign substantially all of its trust business and the vendee or assignee shall continue in the trust business, or if a transfer of the trust department of the Bond Trustee is required by operation of law, provided that such vendee, assignee or transferee is (i) a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America, (ii) of good standing, (iii) having a combined capital and surplus aggregating not less than One Hundred Million Dollars (\$100,000,000) and (iv) approved by the Commission and the Corporation. The Commission shall cause the Bond Trustee, and the Bond Trustee agrees, to give notice of any such appointment made by it by first class mail, postage prepaid, to all Holders.

At any time within one year after any such vacancy shall have occurred, the Holders of not less than twenty-five percent (25%) in principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing, executed by such Holders and filed with the Commission, may nominate a successor Bond Trustee, which the Commission shall appoint and which shall supersede any Bond Trustee theretofore appointed by the Commission. Photographic copies, duly certified by the Secretary or any Assistant Secretary of the Commission as having been received by the Commission, of each such instrument shall be delivered promptly by the Commission to the predecessor Bond Trustee and to the Bond Trustee so appointed by the Holders.

If no appointment of a successor Bond Trustee shall be made pursuant to the foregoing provisions of this Section within sixty (60) days of such vacancy, any Holder hereunder or any

retiring Bond Trustee (irrespective of whether the one-year period referred to in the preceding paragraph has elapsed in the case of a retiring Bond Trustee), may apply to any court of competent jurisdiction to appoint a successor Bond Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Bond Trustee.

Any successor Bond Trustee hereafter appointed shall be (i) a bank or trust company having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America, (ii) of good standing, and (iii) having a combined capital and surplus aggregating not less than One Hundred Million Dollars (\$100,000,000) and (iv) approved by the Commission and the Corporation.

Section 9.16 Vesting of Duties in Successor Bond Trustee. Every successor Bond Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Commission, an instrument in writing accepting such appointment hereunder and certifying that it is eligible to serve as successor Bond Trustee hereunder, and thereupon such successor Bond Trustee, without any further act, shall become fully vested with all the rights, immunities and powers, and subject to all the duties and obligations, of its predecessor; but such predecessor shall nevertheless, on the written request of its successor or of the Commission and upon payment of the expenses, charges and other disbursements of such predecessor that are payable pursuant to the provisions of **Section 9.05**, execute and deliver an instrument transferring to such successor Bond Trustee all the rights, immunities and powers of such predecessor hereunder; and every predecessor Bond Trustee shall deliver all property and money held by it hereunder to its successor. Should any instrument in writing from the Commission be required by any successor Bond Trustee for more fully and certainly vesting in such Bond Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Bond Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the Commission.

Section 9.17 Prohibition on Serving as Dissemination Agent. Neither the entity serving as Bond Trustee under this Trust Agreement nor any of such entity's affiliates may simultaneously serve as a dissemination agent with respect to the Bonds to distribute any notices or other information relating to Rule 15c2-12 issued under the Securities Exchange Act of 1934 and the requirements thereof.

Section 9.18 Electronic Instructions. The Bond Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (collectively, "Instructions") given pursuant to this Trust Agreement, the Agreement or the Disbursement Agreement and delivered using Electronic Means; provided, however, that the Commission and the Corporation, respectively, shall provide to the Bond Trustee an incumbency certificate listing officers with the authority to provide such Instructions (collectively, "Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Commission or the Corporation, as applicable, whenever a person is to be added or deleted from the incumbency certificate. If the Commission or the Corporation elect to give the Bond Trustee Instructions using Electronic Means and the Bond Trustee in its discretion elects to act upon such Instructions, the Bond Trustee's understanding of such Instructions shall be deemed controlling. The Commission and the Corporation understand and agree that the Bond Trustee cannot determine the identity of the actual sender of such Instructions and that the Bond Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer

listed on the incumbency certificate provided to the Bond Trustee have been sent by such Authorized Officer. The Commission and the Corporation shall be severally responsible for ensuring that only Authorized Officers transmit such Instructions to the Bond Trustee, and the Commission, the Corporation and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Commission or the Corporation, as the case may be. The Bond Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bond Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. Each of the Commission and the Corporation severally agrees: (i) to assume all risks arising out of the use of Electronic Means when submitting Instructions to the Bond Trustee, including, without limitation, the risk of the Bond Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Bond Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Commission or the Corporation; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Bond Trustee immediately upon becoming aware of any compromise or unauthorized use of the security procedures.

ARTICLE X

EXECUTION OF INSTRUMENTS BY HOLDERS, PROOF OF OWNERSHIP OF BONDS AND DETERMINATION OF CONCURRENCE OF HOLDERS

Section 10.01 Execution of Instruments by Holders. Any request, direction, consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by any Holder may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Holders or their attorneys or legal representatives. In connection with the initial offering and sale of the Bonds, the underwriter (or its representative) of the Bonds, as the Bonds so provide, may be appointed as attorney-in-fact by the initial purchasers of the Bonds for the purpose of consenting to any request, direction, consent or other instrument to be signed and executed by the Holders. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Bond Trustee and the Commission with regard to any action taken by either under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before such officer, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of **Section 2.06**.

Nothing contained in this Article shall be construed as limiting the Bond Trustee to such proof, it being intended that the Bond Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of any Holder shall bind every future Holder of the same Bond in respect of anything done by the Bond Trustee in pursuance of such request or consent.

Notwithstanding any of the foregoing provisions of this Section, the Bond Trustee shall not be required to recognize any person as a Holder or to take any action at his request unless the Bonds of such person shall be deposited with the Bond Trustee.

Section 10.02 Preservation of Information; Communications to Holders.

(a) The Bond Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders received by the Bond Trustee.

(b) If three or more Holders (hereinafter collectively referred to as "applicants") apply in writing to the Bond Trustee and furnish reasonable proof that each such applicant has owned a Bond for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders with respect to their rights under this Trust Agreement or under the Bonds and such application is accompanied by a copy of the form of communication which such applicants propose to transmit, then the Bond Trustee shall, within five Business Days after the receipt of such application, inform such applicants as to the approximate number of Holders whose names and addresses appear in the information preserved at the time by the Bond Trustee in accordance with paragraph (a) of this Section, and as to the approximate cost of mailing to such Holders the form of communication, if any, specified in such application.

The Bond Trustee shall, upon the written request of such applicants, mail, first class, postage prepaid, to each Holder whose name and address appears in the information preserved at the time by the Bond Trustee in accordance with paragraph (a) of this **Section 10.02** a copy of the form of Communication which is specified in such request, with reasonable promptness after a tender to the Bond Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing.

(c) Every Holder, by receiving and holding one or more Bonds, agrees with the Commission and the Bond Trustee that neither the Commission nor the Bond Trustee shall be held accountable by reason of mailing any material pursuant to a request made under such subsection.

Section 10.03 Holders of Bonds Deemed Holders of Obligation No. 1. In the event that any request, direction or consent is required or permitted by the Master Indenture to be given by the registered owners of Master Obligations issued thereunder, including Obligation No. 1, the Holders of Bonds then Outstanding shall be deemed to be registered owners of Obligation No. 1 for the purpose of any such request, direction or consent in the proportion that the aggregate principal amount of Bonds then Outstanding held by each such Holder of Bonds bears to the aggregate principal amount of all Bonds then Outstanding. The provisions of this Article and of Section 1.04 of the Master Indenture shall govern the execution of any such request, direction,

consent or other instrument in writing required or permitted to be signed by Holders and registered owners of Obligation No. 1, respectively.

ARTICLE XI

SUPPLEMENTAL TRUST AGREEMENTS

Section 11.01 Supplemental Trust Agreements without Consent of Holders. The Commission and the Bond Trustee may, from time to time and at any time, enter into agreements supplemental hereto, without the consent of or notice to any Holder, to effect any one or more of the following:

- (a) cure any ambiguity or defect or omission, or correct or supplement any provision herein or any supplemental trust agreement hereto;
- (b) grant to or confer upon the Bond Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or the Bond Trustee which are not contrary to or inconsistent with this Trust Agreement as then in effect or to subject to the pledge and lien of this Trust Agreement additional revenues, properties or collateral, including Defeasance Obligations;
- (c) add to the provisions of this Trust Agreement other conditions, limitations and restrictions thereafter to be observed which are not contrary to or inconsistent with this Trust Agreement as then in effect;
- (d) add to the covenants and agreements of the Commission in this Trust Agreement other covenants and agreements thereafter to be observed by the Commission or to surrender any right or power herein reserved to or conferred upon the Commission which are not contrary to or inconsistent with this Trust Agreement as then in effect;
- (e) permit the qualification of this Trust Agreement under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the Commission so determines, to add to this Trust Agreement or any supplemental trust agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law;
- (f) make any other change that is determined by the Bond Trustee, who may conclusively rely upon an Opinion of Counsel, to be not materially adverse to the interests of the Holders;
- (g) if all of the Bonds are Book Entry Bonds, amend, modify, alter or replace the Letter of Representations as provided in **Section 2.11** or other provisions relating to Book Entry Bonds; and
- (h) facilitate the issuance and delivery of certificated Bonds to Beneficial Owners if the book entry system for the Bonds is discontinued.

When requested in writing by the Commission, and if all conditions precedent under this Trust Agreement have been met, the Bond Trustee shall join the Commission in the execution of any such supplemental trust agreement unless it imposes additional obligations on the Bond Trustee or affects the Bond Trustee's rights and immunities under this Trust Agreement or otherwise.

Section 11.02 Modification of Trust Agreement with Consent of Holders. Subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than a majority of the aggregate principal amount of Bonds then Outstanding shall have the right, from time to time, anything contained in this Trust Agreement to the contrary notwithstanding, to consent to and approve the execution by the Commission and the Bond Trustee of such trust agreement or trust agreements supplemental hereto as shall be deemed necessary or desirable by the Commission for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bonds issued hereunder without the consent of the Holders of such Bonds, or (b) a reduction in the principal amount of any Bonds or the redemption premium or the rate of interest thereon without the consent of the Holders of such Bonds, or (c) the creation of a pledge of receipts and revenues to be received by the Commission under the Agreement superior to the pledge created by this Trust Agreement without the consent of the Holders of all Bonds Outstanding, or (d) a preference or priority of any Bond over any other Bond without the consent of the Holders of all Bonds Outstanding, or (e) a reduction in the aggregate principal amount of Bonds required for consent to such supplemental trust agreement without the consent of the Holders of all Bonds Outstanding. Nothing contained in this Section, however, shall be construed as making necessary the approval by the Holders of the execution of any supplemental trust agreement as authorized in **Section 11.01**.

If at any time the Commission shall request the Bond Trustee in writing to enter into any supplemental trust agreement for any of the purposes of this Section, the Bond Trustee shall, at the expense of the Corporation, cause notice of the proposed execution of such supplemental trust agreement to be mailed, first class, postage prepaid, to all Holders. Such notice shall briefly set forth the nature of the proposed supplemental trust agreement and shall state that copies thereof are on file at the designated corporate trust office of the Bond Trustee for inspection by all Holders. The Bond Trustee shall not, however, be subject to any liability to any Holder by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplemental trust agreement when approved and consented to as provided in this Section.

Whenever, at any time within three years after the date of the mailing of such notice, the Commission shall deliver to the Bond Trustee an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority of the aggregate principal amount of Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplemental trust agreement described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Bond Trustee may execute such supplemental trust agreement in substantially such form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of Bonds Outstanding at the time of the execution of such supplemental trust agreement shall have consented to and approved the execution thereof as herein provided, no Holder shall have any right to object to the adoption of such supplemental trust agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Commission and the Bond Trustee from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any supplemental trust agreement pursuant to the provisions of this Section, this Trust Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement of the Commission, the Bond Trustee and all Holders shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Trust Agreement as so modified and amended.

Section 11.03 Exclusion of Bonds. Bonds owned or held by or for the account of the Corporation, any Affiliate or any subsidiary or controlled Affiliate of the Corporation or any Affiliate shall not be deemed Outstanding Bonds for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Article and **Articles VIII** and **XII** or Sections 6.02 and 10.02 of the Agreement, and neither the Corporation nor any Affiliate as registered owners of such Bonds shall be entitled to consent or take any other action provided for in this Article and **Articles VIII** and **XII** or Sections 6.02 and 10.02 of the Agreement. At the time of any consent or other action taken under this Article and **Articles VIII** and **XII** or Sections 6.02 and 10.02 of the Agreement, the Corporation shall furnish the Bond Trustee an Officer's Certificate signed by the Obligated Group Representative, upon which the Bond Trustee may conclusively rely, describing all Bonds so to be excluded.

Section 11.04 Responsibilities of Bond Trustee and Commission under this Article. The Bond Trustee and the Commission shall be entitled to exercise their discretion in determining whether or not any proposed supplemental trust agreement or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the Commission, the rights and interests of the Holders, and the rights, obligations and interests of the Bond Trustee, and the Bond Trustee shall not be under any responsibility or liability to the Commission or to any Holder or to anyone whomsoever for its refusal in good faith to execute any such supplemental trust agreement. The Bond Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Commission, as conclusive evidence that any such proposed supplemental trust agreement does or does not comply with the provisions of this Trust Agreement, and that it is or is not proper for it, under the provisions of this Article, to accept such supplemental trust agreement.

Section 11.05 Consent of Corporation. Anything herein to the contrary notwithstanding, no such supplement or amendment to this Trust Agreement which affects the rights and obligations of the Corporation shall become effective unless and until the Corporation shall have consented thereto.

Section 11.06 Notice of Modification of Trust Agreement. The Bond Trustee shall provide notice to the Rating Agency of any trust agreement or trust agreements supplementing this Trust Agreement.

ARTICLE XII

DEFESANCE

Section 12.01 Release of Trust Agreement. If (a) with respect to any Bonds secured hereby that have become due and payable in accordance with their terms or otherwise as provided in this Trust Agreement, the whole amount of the principal and the interest and premium, if any, so due and payable upon all Bonds shall be paid; and (b) with respect to any Bonds that have not become due and payable in accordance with their terms, the Bond Trustee holds sufficient (i) money and/or (ii) Defeasance Obligations, the principal of and the interest on which, when due and payable, will provide sufficient money, as verified by a nationally recognized independent certified public accountant or such other verifier acceptable to the Commission and the Bond Trustee, to pay the principal of, and the interest and redemption premium, if any, on all such Bonds Outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption thereof pursuant to irrevocable instructions to call given by the Commission to the Bond Trustee; and (c) sufficient funds shall also have been provided or provision made for paying all other obligations payable hereunder by the Commission, then and in that case the right, title and interest of the Bond Trustee in the funds and accounts mentioned in this Trust Agreement shall thereupon cease, determine and become void and, on demand of the Commission and upon being furnished with an Opinion of Counsel, in form and substance satisfactory to the Bond Trustee, to the effect that all conditions precedent to the release of this Trust Agreement have been satisfied, the Bond Trustee shall release this Trust Agreement and shall execute such documents to evidence such release as may reasonably be required by the Commission and shall turn over to the Commission, for the benefit of the Corporation, any surplus in, and all balances remaining in, all funds and accounts, other than money held for the redemption or payment of Bonds. Otherwise, this Trust Agreement shall be, continue and remain in full force and effect; provided, that, in the event Defeasance Obligations shall be deposited with and held by the Bond Trustee as hereinabove provided, (i) in addition to the requirements set forth in **Article III**, the Bond Trustee, within thirty (30) days after such Defeasance Obligations shall have been deposited with it, shall cause a notice signed by the Bond Trustee to be mailed, first class, postage prepaid, to all Holders, setting forth (a) the date or dates, if any, designated for the redemption of the Bonds, (b) a description of the Defeasance Obligations so held by it, and (c) that this Trust Agreement has been released in accordance with the provisions of this Section, and (ii)(a) the Bond Trustee shall nevertheless retain such rights, powers and privileges under this Trust Agreement as may be necessary and convenient in respect of the Bonds for the payment of the principal, interest and any redemption premium for which such Defeasance Obligations have been deposited and (b) the Bond Trustee shall retain such rights, powers and privileges under this Trust Agreement as may be necessary and convenient for the registration, transfer and exchange of Bonds; provided, however, that failure to mail such notice to any Holder or to the Holders or any defect in such notice so mailed shall not affect the validity of the proceedings for the release of this Trust Agreement.

All money and Defeasance Obligations held by the Bond Trustee pursuant to this Section shall be held in trust and applied to the payment, when due, of the obligations payable therewith.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

Section 13.01 Effect of Dissolution of Commission. In the event the Commission for any reason shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants, stipulations, obligations and agreements contained in this Trust Agreement by or on behalf of or for the benefit of the Commission shall bind or inure to the benefit of the successor or successors of the Commission from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the term "Commission" as used in this Trust Agreement shall include such successor or successors.

Section 13.02 Legal Holidays: Time. In any case where the date of maturity of principal of, premium, if any, and interest on the Bonds or the date fixed for redemption of any such Bond shall be on a day that is not a Business Day, then payment of such principal of, premium, if any, and interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and in the case of such payment, no interest shall accrue for the period from and after such date. All references to times herein shall refer to New York City time.

Section 13.03 Manner of Giving Notice. All notices, demands and requests to be given to or made hereunder by the Corporation, the Commission, the Local Government Commission and the Bond Trustee shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered mail or certified, return receipt requested, postage prepaid, addressed as follows:

- (a) As to the Corporation –

Plantation Village, Inc.
1200 Porters Neck Road
Wilmington, North Carolina 28411
Attention: Executive Director

- (b) As to the Commission –

North Carolina Division of Health Service Regulation
North Carolina Medical Care Commission
809 Ruggles Drive
2701 Mail Service Center
Raleigh, North Carolina 27699-2701
Attention: Secretary

- (c) As to the Bond Trustee –

The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Corporate Trust Department

- (d) As to the Local Government Commission –

Local Government Commission of North Carolina
3200 Atlantic Avenue
Raleigh, North Carolina 27604
Attention: Secretary

- (e) As to the Rating Agency –

Fitch Ratings, Inc.
33 Whitehall Street
New York, New York 10004
Attention: Public Finance/Health Care

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telegram, telecopy or other Electronic Means and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered or certified mail, postage prepaid, to the other parties by the party effecting the change.

All documents received by the Bond Trustee under the provisions of this Trust Agreement, or photographic copies thereof, shall be retained in its possession until this Trust Agreement shall be released under the provisions of **Section 12.01**, subject at all reasonable times during the normal business hours of the Bond Trustee to the inspection of the Commission, the Corporation and any Holder and the respective agents and representatives thereof; provided, however, that the Corporation and its agents and representatives shall not have access to any list of the Holders.

Section 13.04 Substitute Mailing. If, because of the temporary or permanent suspension of postal service, the Corporation, the Commission or the Bond Trustee shall be unable to mail any notice required to be given by the provisions of this Trust Agreement, the Corporation, the Commission or the Bond Trustee shall give notice in such other manner as in the judgment of the Corporation, the Commission or the Bond Trustee shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Trust Agreement be deemed to be in compliance with the requirement for the mailing thereof.

Section 13.05 Parties and Holders Alone Have Rights under Trust Agreement. Except as herein otherwise expressly provided, nothing in this Trust Agreement, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Bond

Trustee, the Commission and the Holders, any right, remedy or claim, legal or equitable, under or by reason of this Trust Agreement or any provision being intended to be and being for the sole and exclusive benefit of the Bond Trustee, the Commission and the Holders.

Section 13.06 Effect of Partial Invalidity. In case any one or more of the provisions of this Trust Agreement, the Agreement or the Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Trust Agreement, the Agreement or the Bonds, but this Trust Agreement, the Agreement and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds, this Trust Agreement or the Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Commission or the Corporation to the full extent permitted by law.

Section 13.07 Effect of Covenants. All covenants, stipulations, obligations and agreements of the Commission contained in this Trust Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the Commission to the full extent permitted by the Constitution and laws of the State. This Trust Agreement is adopted with the intent that the laws of the State shall govern this construction without regard to conflict of law principles.

Section 13.08 No Recourse Against Members, Officers or Employees of Commission or Local Government Commission. No recourse under, or upon, any statement, obligation, covenant, or agreement contained in this Trust Agreement, or in any Bond hereby secured, or in the Trust Agreement, or in any document or certification whatsoever, or under any judgment obtained against the Commission or the Local Government Commission or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee, as such, of the Commission or the Local Government Commission, either directly or through the Commission or the Local Government Commission, respectively, or otherwise, for the payment for or to, the Commission or the Local Government Commission or any receiver of either of them, or for, or to, any Holder or otherwise, of any sum that may be due and unpaid upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Commission or the Local Government Commission or any receiver of either of them, or for, or to, any Holder or otherwise, of any sum that may remain due and unpaid upon the Bonds hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the execution of this Trust Agreement and the issuance of the Bonds.

Section 13.09 Expenses Payable Under Trust Agreement. All expenses incurred in carrying out this Trust Agreement, except those expenses incurred by the Bond Trustee in mailing resignation notices, shall be payable solely from funds derived by the Commission from its loan of the proceeds of the Bonds to the Corporation. Anything in this Trust Agreement to the contrary notwithstanding, the performance by the Commission of all duties and obligations imposed upon it hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements and promises made by it hereunder, and the liability of the Commission for all warranties and other covenants herein shall be limited solely to the money and revenues received

from the payments by the Corporation in respect to Obligation No. 1 and under the Agreement, and from money attributable to the proceeds of Bonds, or the income from the investment thereof, and, to the extent herein or in the Agreement provided, the proceeds of insurance, sale and condemnation awards; and the Commission shall not be required to effectuate any of its duties, obligations, powers or covenants except from, and to the extent of, such moneys, revenues, proceeds and payments.

Section 13.10 Dealing in Bonds. The Bond Trustee and its directors, officers, employees or agents, and any officer, employee or agent of the Commission, may in good faith, buy, sell, own, hold and deal in any Bonds issued under the provisions of this Trust Agreement and may join in any action which any Holder may be entitled to take with like effects as if such Bond Trustee were not the Bond Trustee under this Trust Agreement or as if such officer, employee or agent of the Commission did not serve in such capacity.

Section 13.11 Multiple Counterparts. This Trust Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

Section 13.12 Headings. Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Trust Agreement, nor shall they affect its meaning, construction or effect.

Section 13.13 Further Authority. The officers of the Commission, attorneys, engineers and other agents or employees of the Commission are hereby authorized to do all acts and things required of them by this Trust Agreement and the Agreement for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds, the Agreement and this Trust Agreement.

Section 13.14 Governing Law; Jurisdiction. This Trust Agreement shall be governed by and interpreted in accordance with the laws of the State, without regard to conflict of law principles. To the extent permitted by applicable law, jurisdiction for the resolution of any conflict arising from this Trust Agreement shall lie exclusively with the General Court of Justice of the State of North Carolina, Wake County, or the United States District Court for the Eastern District of North Carolina, Western Division. Any attempt to contravene this Section shall be an express violation of the provisions of this Trust Agreement.

Section 13.15 Consents and Approvals. Whenever the written consent or approval of the Commission, the Corporation or the Bond Trustee shall be required under the provisions of this Trust Agreement, such consent or approval shall not be unreasonably withheld or delayed. Unless otherwise specified herein, consents of the Commission shall be executed and delivered on behalf of the Commission by the Commission Representative and consents of the Corporation shall be executed and delivered in an Officer's Certificate.

Section 13.16 Iran Divestment Act Certification. The Bond Trustee certifies that it is not on any list created and maintained by the North Carolina Department of State Treasurer pursuant

to the Iran Divestment Act of 2015, Article 6E, as amended, of Chapter 147 of the General Statutes of North Carolina.

Section 13.17 E-Verify Covenant. The Bond Trustee understands that (1) "E-Verify" is a federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law and (2) Article 2 of Chapter 64 of the General Statutes of North Carolina, as amended (the "E-Verify Statute"), requires employers (as defined in the E-Verify Statute) to verify the work authorization of an employee (as defined in the E-Verify Statute) hired to work in the United States through E-Verify. The Bond Trustee and the Bond Trustee's subcontractors under this Trust Agreement shall comply with the requirements of the E-Verify Statute.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the Commission has caused these presents to be signed in its name and on its behalf by its Vice Chairman, and the Bond Trustee has caused these presents to be signed in its name and on its behalf by one of its duly authorized Vice Presidents, all as of the 1st day of December, 2021.

**NORTH CAROLINA MEDICAL CARE
COMMISSION**

By: _____
Vice Chairman

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Bond Trustee**

By: _____
Vice President

[Signature page to Plantation Village Series 2021A Trust Agreement]

will be the responsibility of such participants and other nominees of such beneficial owners. The Commission will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements between the Bond Trustee or its successors under the Trust Agreement and the Securities Depository.]

This Bond is a limited obligation of the Commission. The Commission is not obligated to pay this Bond or the premium, if any, or the interest hereon except from the revenues and funds assigned to the Bond Trustee or otherwise pledged therefor, and neither the faith and credit nor the taxing power of the State of North Carolina or of any political subdivision thereof is pledged as security for the payment of the principal of, premium, if any, or the interest on this Bond. Neither the members or officers of the Commission, nor any person executing this Bond is liable personally hereon or subject to any personal liability or accountability by reason of issuance hereof.

The Commission has entered into a Loan Agreement, dated as of December 1, 2021 (said Loan Agreement, together with all amendments thereto as therein permitted, being hereinafter referred to as the "Agreement"), with Plantation Village, Inc. (the "Corporation"), under which the Commission has agreed to lend to the Corporation the proceeds of the Bonds and in consideration and as evidence of the loan the Corporation has agreed to make payments to the Bond Trustee (the "Loan Repayments") in such amounts and at such times as are required to provide for the timely payment of the principal of, premium, if any, and interest on the Bonds. The Agreement further obligates the Corporation to perform, observe and comply with certain covenants, conditions and agreements set forth in a Master Trust Indenture, dated as of December 1, 2021 (said Master Trust Indenture, together with all supplements thereto, being hereinafter referred to as the "Master Indenture"), between the Corporation and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), including covenants, conditions and agreements with respect to the operation of the Corporation and other Obligated Group Members (as defined in the Master Indenture).

As security for all Master Obligations (as defined in the Master Indenture) issued under the Master Indenture, each Obligated Group Member has granted to the Master Trustee a security interest in its Collateral (as defined in the Master Indenture). As additional security for all Master Obligations, the Corporation has executed and delivered a Deed of Trust, Assignment of Rights, Security Agreement and Fixture Filing dated as of December 1, 2021 (which Deed of Trust, together with any and all other amendments and supplements thereto as therein permitted, being hereinafter referred to as the "Corporation Deed of Trust"), granting to a trustee for the benefit of the Master Trustee a first priority lien on certain real property of the Corporation as more particularly described therein, subject to Permitted Liens (as defined in the Master Indenture).

As evidence of its indebtedness under the Agreement, the Corporation has executed and delivered to the Commission its Obligation No. 1, dated as of the date of delivery of the Bonds ("Obligation No. 1"). Obligation No. 1 is secured by the Master Indenture. The Master Indenture provides that the Corporation and other Obligated Group Members may issue additional Master Obligations secured pari passu with Obligation No. 1 under the Master Indenture and the

Corporation Deed of Trust under the terms and conditions and to the extent described in the Master Indenture.

Pursuant to the Trust Agreement, the Commission has, for the benefit of the registered owners of the Bonds, assigned Obligation No. 1, the Commission's rights under the Agreement, including all its rights, title and interest to receive the Loan Repayments (subject to the reservation of certain rights of the Commission, including its rights to notices, payment of certain expenses and indemnity), its rights under the Master Indenture and the Corporation Deed of Trust as owner of Obligation No. 1, and its rights to any and all moneys and securities in the Bond Fund and the Redemption Fund (each as defined in the Trust Agreement) and, until applied in payment of costs of the 2021 Project, the Construction Fund (as defined in the Trust Agreement) under the Trust Agreement, to the Bond Trustee in trust.

Reference is made to the Master Indenture, the Agreement, the Corporation Deed of Trust and the Trust Agreement for a more complete statement of the provisions thereof and of the rights of the Commission, the Bond Trustee, the Master Trustee, the Corporation and the registered owners of the Bonds. Copies of Obligation No. 1, the Corporation Deed of Trust, the Trust Agreement, the Master Indenture and the Agreement are on file and may be inspected at the corporate trust office of the Bond Trustee in Jacksonville, Florida. By the purchase and acceptance of this Bond, the registered owner hereof signifies assent to all of the provisions of the aforementioned documents. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Master Indenture, the Agreement and the Trust Agreement.

This Bond is issued and the Trust Agreement and the Agreement were made and entered into under and pursuant to the Constitution and laws of the State of North Carolina, and particularly in conformity with the provisions, restrictions and limitations of Chapter 131A, General Statutes of North Carolina, as amended (the "Act").

The Bonds are issuable as fully registered Bonds in denominations of \$5,000 and whole multiples thereof. Bonds may be exchanged at the corporate trust office of the Bond Trustee in Dallas, Texas, in the manner and subject to the limitations and conditions provided in the Trust Agreement, for an equal aggregate principal amount of Bonds of the same maturity, of other authorized denominations and bearing interest at the same rate.

The transfer of this Bond is registrable by the registered owner hereof in person or by such registered owner's attorney or legal representative at the corporate trust office of the Bond Trustee in Dallas, Texas, but only in the manner and subject to the limitations and conditions provided in the Trust Agreement and upon surrender and cancellation of this Bond. Upon any such registration of transfer, the Commission shall execute and the Bond Trustee shall authenticate and deliver in exchange for this Bond a new Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

The Bonds maturing on and after January 1, 20[] are subject to redemption by the Commission, upon the direction of the Obligated Group Representative, in whole or in part (by lot) on any date on or after January 1, 20[], at the following redemption prices (expressed as

percentages of the principal amount of the Bonds to be redeemed), plus interest accrued to the redemption date:

Redemption Date	Redemption Price
January 1, 20[] through December 31, 20[]	%
January 1, 20[] through December 31, 20[]	
January 1, 20[] through December 31, 20[]	
January 1, 20[] through December 31, 20[]	
January 1, 20[] and thereafter	

The Bonds maturing on January 1, 20[] are required to be redeemed in part by lot on January 1, 20[] and on each January 1 thereafter, in the principal amounts set forth in the Trust Agreement, from money deposited with the Bond Trustee for such purpose, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date.

The Bonds maturing on January 1, 20[] are required to be redeemed in part by lot on January 1, 20[] and on each January 1 thereafter, in the principal amounts set forth in the Trust Agreement, from money deposited with the Bond Trustee for such purpose, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date.

The Bonds maturing on January 1, 20[] are required to be redeemed in part by lot on January 1, 20[] and on each January 1 thereafter, in the principal amounts set forth in the Trust Agreement, from money deposited with the Bond Trustee for such purpose, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date.

The Bonds maturing on January 1, 20[] are required to be redeemed in part by lot on January 1, 20[] and on each January 1 thereafter, in the principal amounts set forth in the Trust Agreement, from money deposited with the Bond Trustee for such purpose, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date.

The Bonds are also subject to redemption by the Commission, upon the direction of the Obligated Group Representative, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date, (i) in whole or in part on any date, from amounts received by any Obligated Group Member as insurance proceeds or condemnation awards, if, among other things, all or any part of the Facilities (as defined in the Master Indenture) are damaged, destroyed, or condemned or, in certain circumstances, if the Corporation shall have lost title to the Facilities (in either case, if the Facilities as a whole shall thereafter be impracticable to operate) or (ii) in whole at such price on any date if there are changes in the Constitution of the United States of America or of the State of North Carolina or legislation or administrative action or failure of administrative action by the United States of America or the State of North Carolina or any agency or political subdivision of either, or any judicial decision, to the extent that (a) the Agreement is impossible to perform without unreasonable delay or (b)

unreasonable burdens or excessive liabilities not being imposed on the date hereof are imposed on the Corporation. In no event, however, shall a redemption of Bonds in part pursuant to this paragraph be in an aggregate principal amount of less than \$100,000.

When Bonds are subject to optional redemption pursuant to the Trust Agreement as described above, Bonds to be redeemed may be purchased by the Corporation in lieu of redemption on the applicable redemption date at a purchase price equal to the Redemption Price thereof if the Bond Trustee has received a written request on or before said purchase date from the Corporation specifying that the moneys provided or to be provided by the Corporation shall be used to purchase Bonds in lieu of redemption. No purchase of Bonds by the Corporation pursuant to the Trust Agreement or advance or use of any moneys to effectuate any such purchase shall be deemed to be a payment or redemption of the Bonds or any portion thereof, and such purchase shall not operate to extinguish or discharge the indebtedness evidenced by such Bonds.

Not less than thirty (30) days but not more than sixty (60) days before the redemption date of any Bonds, whether such redemption is in whole or in part, the Bond Trustee shall cause a notice of any such redemption signed by the Bond Trustee to be mailed, first-class, postage prepaid (or sent by Electronic Means if so required or requested by a Holder), to all registered owners owning or holding Bonds to be redeemed in whole or in part, but failure so to mail any such notice to any registered owner or any defect in any notice so mailed shall not affect the validity of the proceedings for the redemption of the Bonds of any other registered owner as to which notice shall have been properly given. On the date fixed for redemption, notice having been mailed in the manner provided in the Trust Agreement, the Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date. If there has been delivered to the Bond Trustee, and the Bond Trustee is then holding in trust, moneys or Defeasance Obligations (as defined in the Trust Agreement), or a combination of both, sufficient to pay the redemption price of the Bonds to be redeemed plus accrued interest to the date of redemption, interest on the Bonds called for redemption shall cease to accrue; such Bonds or portions thereof shall cease to be entitled to any benefits or security under the Trust Agreement or to be deemed Outstanding (as defined in the Trust Agreement); and the registered owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to the date of redemption.

In the case of an optional redemption of the Bonds, the redemption notice may state that (a) it is conditioned upon the deposit of moneys or Defeasance Obligations, or a combination of both, in an amount equal to the amount necessary to effect the redemption, with the Bond Trustee no later than the scheduled redemption date or (b) the Corporation retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described below. In the case of a Conditional Redemption subject to the deposit of moneys or Defeasance Obligations, the failure of the Corporation or any other Person to make such moneys or obligations available in part or in whole on or before the scheduled redemption date shall not constitute an Event of Default under the Trust Agreement and any Bonds subject to such Conditional Redemption shall remain Outstanding. Any Conditional Redemption subject to rescission may be rescinded in whole or in part at any time on or prior to the scheduled redemption date if the Obligated Group Representative instructs the Bond Trustee in writing to rescind the redemption notice. Any Bonds subject to Conditional Redemption where redemption

has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default under the Trust Agreement.

The registered owner of this Bond shall have no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Trust Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Agreement and except that any registered owner may institute action to enforce the payment of the principal of or the interest on such registered owner's Bond.

Upon the occurrence of certain events, and on the conditions, in the manner and with the effect set forth in the Trust Agreement, the principal of all Bonds then Outstanding under the Trust Agreement may become or may be declared due and payable before the stated maturity thereof, together with the interest accrued thereon.

Modifications or alterations of the Trust Agreement or any trust agreement supplemental thereto, the Agreement or any agreement supplemental thereto, or the Master Indenture or any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Trust Agreement, the Agreement and the Master Indenture.

This Bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Trust Agreement, at all times shall be and shall be understood to be an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of North Carolina. This Bond is issued with the intent that the laws of the State of North Carolina shall govern its construction, without regard to conflict of law principles.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Trust Agreement and the Agreement have happened, exist and have been performed as so required.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Trust Agreement until it shall have been authenticated by the execution by the Bond Trustee of the certificate of authentication hereon.

IN WITNESS WHEREOF, the North Carolina Medical Care Commission has caused this Bond to be executed with the manual signatures of its Vice Chairman and its Assistant Secretary and its official seal to be impressed hereon and this Bond to be dated the [] day of December, 2021.

NORTH CAROLINA MEDICAL CARE
COMMISSION

Vice Chairman

Assistant Secretary

[OFFICIAL SEAL]

[To be endorsed on all Bonds]

CERTIFICATE OF AUTHENTICATION

Date of authentication: _____

This Bond is a Bond issued under the provisions of the within-mentioned Trust Agreement.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Bond Trustee

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

[Please Print or Typewrite Name and Address of Transferee] the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

EXHIBIT B

REQUEST FOR DISBURSEMENT
NORTH CAROLINA MEDICAL CARE COMMISSION
RETIREMENT FACILITIES FIRST MORTGAGE REVENUE
AND REFUNDING REVENUE BONDS
(PLANTATION VILLAGE, INC.)
SERIES 2021A

REQUISITION NUMBER: _____ DATE: _____ PROJECT NUMBER: NC _____ HFA

BORROWER/PROJECT NAME: Plantation Village, Inc.

TO: The Bank of New York Mellon Trust Company, N.A., Bond Trustee

1. It is hereby certified in accordance with the Trust Agreement and the Loan Agreement that the following is/are due payment in the amount(s) indicated for:

<u>PAYEE</u>	<u>FINAL BUDGET LINE ITEM FROM FORM 3039 AND PROJECT BUDGET</u>	<u>AMOUNT DUE</u>
--------------	---	-------------------

Hard Costs

Soft Costs

Total Amount of this Requisition \$ _____

Note: Multiple payees may be submitted on one requisition provided all information is attached in spreadsheet format.

2. The amount stated above has been incurred, is due, is a proper charge against the [Construction Account] [Issuance Account], and does not contain any retainage to which the Corporation is entitled. Further, the stated amount herein does not contain any sales or use taxes as to which the Corporation is entitled to a refund.

B-1

3. There has not been filed with or served upon the Corporation notice of any lien, right to lien or attachment upon, or claim affecting the right of any such persons, firms, or corporations to receive payment of, the respective amounts stated in this requisition which has not been released simultaneously with the payment of such obligations.

4. [Use when requisition is from Construction Account: These obligations payable from the Construction Account do not represent Issuance Costs.]

5. [The amount stated above to be disbursed from the Construction Account includes Costs relating to the 2021 Project: Yes _____ No _____]

If yes, please attach the certificate of the Construction Monitor showing approval of any Hard Costs in this requisition and the certificate of the Developer showing approval of any Soft Costs in this requisition in accordance with the Disbursement Agreement.

If yes, the Corporation hereby certifies:

(a) The amounts remaining in the Project Budget for Hard Costs are sufficient for the completion of the Hard Costs anticipated to be incurred through the end of the time period included in the Project Budget and to complete the construction of the 2021 Project in accordance with the Plans and Specifications.

(b) The amounts remaining in the Project Budget for Soft Costs are sufficient for the completion of the Soft Costs anticipated to be incurred through the end of the time period included in the Project Budget and to complete the construction of the 2021 Project in accordance with the Plans and Specifications.

(c) All of the requirements specified in Section 3.8 of the Disbursement Agreement have been satisfied.

(d) The representations and warranties contained in Section 2.1 of the Disbursement Agreement are true and correct in all material respects as of the date hereof with the same effect as if made on this date.

(e) No event has occurred and is continuing which constitutes an Event of Default under the Series 2021 Bond Documents.

Any capitalized term used in this section without definition has the meaning given such term in the Disbursement Agreement.]

B-2

You are authorized and directed to pay the above sum (sums) to the party (parties) named in paragraph 1 from money in the [Construction Account] [Issuance Account] held under the terms of the Trust Agreement.

CERTIFIED BY:

QUESTIONS REGARDING THIS REQUISITION SHOULD BE DIRECTED

Plantation Village, Inc., as Obligated Group Representative

TO: _____
(type or print name)

Email address: _____

(type or print name)

Date: _____

Telephone number: _____

Email address: _____

Fax number: _____

[Approval by the Construction Monitor and/or Developer is evidenced by the attached certificate[s].]

[THIS PAGE INTENTIONALLY LEFT BLANK]

NORTH CAROLINA MEDICAL CARE COMMISSION

and

PLANTATION VILLAGE, INC.

LOAN AGREEMENT

Dated as of December 1, 2021

Relating to

 \$[Amount]
 North Carolina Medical Care Commission
 Retirement Facilities First Mortgage Revenue
 and Refunding Revenue Bonds
 (Plantation Village, Inc.)
 Series 2021A

TABLE OF CONTENTS

Page

**ARTICLE I
DEFINITIONS**

Section 1.01	Definitions.....	1
Section 1.02	Rules of Construction	3

**ARTICLE II
REPRESENTATIONS**

Section 2.01	Representations by the Commission.....	3
Section 2.02	Representations by the Corporation.....	4

**ARTICLE III
THE LOAN**

Section 3.01	Issuance of the Bonds; Making of the Loan; Security for the Loan	5
Section 3.02	Total Required Payments	5
Section 3.03	Loan Repayments.....	6
Section 3.04	Required Payments.	7
Section 3.05	Corporation's Payments as Trust Funds	8
Section 3.06	No Set-Off.....	9
Section 3.07	Assignment to Bond Trustee.....	9

**ARTICLE IV
THE 2021 PROJECT**

Section 4.01	Agreement To Acquire, Construct and Equip 2021 Project	9
Section 4.02	Establishment of Completion Date and Disposition of Balance in Construction Fund.....	10
Section 4.03	Corporation Required To Complete 2021 Project	10
Section 4.04	Plans and Specifications	10
Section 4.05	Disclaimer of Warranties	10
Section 4.06	Certificate of Occupancy	10
Section 4.07	Revision of Project Documents	11
Section 4.08	Disbursements from Construction Fund.	11

**ARTICLE V
PARTICULAR COVENANTS**

Section 5.01	Compliance with Master Indenture.....	11
Section 5.02	Merger, Sale and Transfer Permitted	12
Section 5.03	Examination of Books and Records.....	12
Section 5.04	Financial Statements and Other Information	12
Section 5.05	Further Assurances and Corrective Instruments	15

TABLE OF CONTENTS
(continued)

	Page
Section 5.06	Inspections; Reports; Repairs 15
Section 5.07	Investment of Funds..... 15
Section 5.08	Withdrawal from Obligated Group..... 15
Section 5.09	Use and Operation of Facilities..... 16
Section 5.10	Secondary Market Disclosure 16
Section 5.11	Maintenance of 501(c)(3) Status; Prohibited Activities 19
Section 5.12	Limitations on Amendments to the Master Indenture and Changes in Master Trustee; Approval of Management Consultants 19
Section 5.13	E-Verify Covenant 20

ARTICLE VI
EVENTS OF DEFAULT AND REMEDIES

Section 6.01	Events of Default Defined 20
Section 6.02	Remedies on Default..... 21
Section 6.03	Application of Amounts Realized in Enforcement of Remedies..... 21
Section 6.04	No Remedy Exclusive..... 21
Section 6.05	Agreement to Pay Attorneys’ Fees, Costs and Expenses 21
Section 6.06	Commission and Corporation to Give Notice of Default 21
Section 6.07	Correlative Waivers 22

ARTICLE VII
PREPAYMENTS

Section 7.01	Optional Prepayment. 22
Section 7.02	Extraordinary Prepayment 22
Section 7.03	Right of Revocation 23

ARTICLE VIII
INDEMNIFICATION

Section 8.01	General..... 23
Section 8.02	Payment of Costs Upon Default 25

ARTICLE IX
TERMINATION OF AGREEMENT

Section 9.01	Termination of Agreement..... 25
--------------	----------------------------------

ARTICLE X
MISCELLANEOUS

Section 10.01	Members, Officers and Employees of the Commission, the Corporation and the Local Government Commission Not Liable 25
---------------	---

TABLE OF CONTENTS
(continued)

	Page
Section 10.02	Amendment of Agreement..... 26
Section 10.03	Redemption of Bonds 26
Section 10.04	Surplus Funds..... 27
Section 10.05	Limitation on the Commission’s Liability 27
Section 10.06	Corporation’s Remedies..... 27
Section 10.07	Consents and Approvals 27
Section 10.08	Extent of Covenants; Corporation Bound by Trust Agreement..... 27
Section 10.09	Arbitrage 27
Section 10.10	Exclusion From Gross Income Covenant 27
Section 10.11	Notices; Demands; Requests..... 28
Section 10.12	Attorney’s Fees 29
Section 10.13	Non-Business Days..... 29
Section 10.14	Multiple Counterparts 29
Section 10.15	Severability 29
Section 10.16	State Law Controlling 29
Section 10.17	Effective Date of this Agreement 29

EXHIBIT A	Description of the Project
EXHIBIT B	Form of Completion Certificate
EXHIBIT C	Sample Annual Officer’s Compliance Certificate
EXHIBIT D	Example of Accountant’s Compliance Letter

LOAN AGREEMENT

This LOAN AGREEMENT, dated as of December 1, 2021 (the “Agreement”), is between the NORTH CAROLINA MEDICAL CARE COMMISSION of the Department of Health and Human Services of the State of North Carolina (the “Commission”) and PLANTATION VILLAGE, INC., a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina (the “Corporation”).

WITNESSETH:

in consideration of the respective representations and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless otherwise required by the context, all capitalized terms used herein shall have the meanings assigned to such terms in Section 1.01 of the Trust Agreement (as defined below) or in Section 1.01 of the Master Indenture (as defined below):

“2021 Project” means the 2021 Project described in Exhibit A hereto, including any modifications thereof, substitutions therefor or additions thereto and excluding deletions therefrom.

“Agreement” means this Loan Agreement, including any amendments or supplements hereto.

“Bond Trustee” means the Bond Trustee at the time serving as such under the Trust Agreement, whether the original or a successor trustee.

“Closing” means the date on which this Agreement becomes legally effective, the same being the date on which the Bonds are delivered against payment therefor.

“Commission” means the North Carolina Medical Care Commission of the Department of Health and Human Services of the State of North Carolina, and any successor thereto.

“Commission Representative” means any person designated to act on behalf of the Commission in a written certificate furnished to the Corporation and the Bond Trustee, which certificate shall contain the specimen signature(s) of such person(s) and shall be signed on behalf of the Commission by its Chairman or Vice Chairman.

“Commission Swap Policy” means the Commission’s “Resolution Regarding Use of SWAPs in connection with Medical Care Commission Debt Issues” adopted on May 16, 2003, as amended from time to time by the Commission.

“Completion Date” means the date of completion of the 2021 Project, as such date shall be certified pursuant to **Section 4.02**.

“Construction Monitor” means Construction Monitor as defined in the Trust Agreement.

“Corporation” means Plantation Village, Inc., a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State and constituting a “nonprofit agency” within the meaning of the Act, and any successor or successors thereto.

“Corporation Documents” means this Loan Agreement, the Master Indenture, Obligation No. 1, Supplement No. 1, the Disbursement Agreement, the Corporation Deed of Trust and the Collateral Assignment of Contracts.

“Disbursement Agreement” means Disbursement Agreement as defined in the Trust Agreement.

“Eminent Domain” means the eminent domain or condemnation power by which all or any part of the Facilities may be taken for public use or any agreement that is reached in lieu of proceedings to exercise such power.

“Event of Default” means each of those events set forth in **Section 6.01**.

“Facilities” means the Community (as defined in the Master Indenture) and any other continuing care retirement facilities or health care delivery or residential facilities designed to provide services to the elderly owned by any Obligated Group Member and operated by or on behalf of any Obligated Group Member.

“Loan” means the loan of the proceeds of the Bonds made by the Commission to the Corporation pursuant to **Section 3.01**.

“Loan Repayments” means those payments designated by and set forth in **Section 3.03**.

“LGC Representative” means the Secretary of the Local Government Commission or any Deputy Secretary of the Local Government Commission.

“Management Consultant” means (i) Management Consultant as defined in the Master Indenture when used in connection with references to the Master Indenture and (ii) an independent management consulting firm of favorable repute for skill and experience in performing the duties imposed upon it by this Agreement, selected by the Corporation and, after notice of such selection to the Commission and the Bond Trustee, approved by the Commission.

“Master Indenture” means the Master Trust Indenture, dated as of December 1, 2021, between the Corporation and The Bank of New York Mellon Trust Company, N.A., as Master Trustee, including all amendments or supplements thereto.

“MSRB” means the Municipal Securities Rulemaking Board.

“Obligated Group Representative” means Obligated Group Representative as defined in the Master Indenture.

“Officer’s Certificate” means, with respect to the Commission, a certificate signed by a Commission Representative and, with respect to the Corporation, a certificate signed by an Authorized Representative.

“Outstanding” when used with reference to the Bonds means Outstanding as defined in the Trust Agreement. “Outstanding” when used in reference to Indebtedness means Outstanding as defined in the Master Indenture.

“Prior Project” means the Prior Project described in Exhibit A hereto.

“Project” means, collectively, the Prior Project and the 2021 Project.

“Project Documents” means, collectively, contracts, documents and agreements, and surety bonds and instruments pertaining to the 2021 Project.

“Required Payments under the Agreement” means the payments so designated by and set forth in **Section 3.04**.

“Total Required Payments” means the sum of Loan Repayments and Required Payments under the Agreement.

“Trust Agreement” means the Trust Agreement securing the Bonds, dated as of December 1, 2021, between the Commission and the Bond Trustee, including any trust agreement amendatory thereof or supplemental thereto.

Section 1.02 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words “Bond,” “owner,” “Holder” and “Person” shall include the plural as well as the singular number.

Headings of articles and sections herein and in the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof. Reference herein to particular articles or sections are references to articles or sections of this Agreement unless some other reference is otherwise indicated.

ARTICLE II REPRESENTATIONS

Section 2.01 Representations by the Commission. The Commission represents that:

(a) The Commission was duly created and is validly existing under the laws of the State as a commission of the Department of Health and Human Services.

(b) Under the provisions of the Act, the Commission is duly authorized to execute and deliver this Agreement and the Trust Agreement, to undertake the transactions contemplated by this Agreement and the Trust Agreement and to carry out its obligations hereunder and thereunder.

(c) By duly adopted resolution, the Commission has duly authorized the execution and delivery of this Agreement and the Trust Agreement and the issuance, sale, execution and delivery of the Bonds.

(d) The Commission will lend the proceeds of the Bonds to the Corporation for the purpose of providing funds, together with other available funds, to (i) pay or reimburse the Corporation for paying all or a portion of the Cost of the 2021 Project, (ii) refund the Taxable Loan, the proceeds of which were used to finance the Prior Project, (iii) pay a portion of the interest accruing on the Bonds to January 1, 2024 and (iv) pay certain expenses incurred in connection with the authorization and issuance of the Bonds.

Section 2.02 Representations by the Corporation. The Corporation represents that:

(a) The Corporation has been duly incorporated and is validly existing as a private nonprofit corporation in good standing under the laws of the State, no part of the net earnings of which inures to the benefit of any private shareholder or individual, is not a private foundation under Section 509(a) of the Code, and is an organization described in Section 501(c)(3) of the Code.

(b) The Corporation has authority to enter into and, by proper corporate action, has been duly authorized to execute and deliver the Corporation Documents.

(c) The execution and delivery of the Corporation Documents, the consummation of the transactions contemplated hereby and thereby, and the fulfillment of or compliance with the terms and conditions hereof and thereof do not and will not conflict with the articles of incorporation or bylaws of the Corporation and do not and will not in any material respect conflict with, or constitute on the part of the Corporation a breach of or default under, any indenture, deed of trust, mortgage, agreement or other instrument to which the Corporation is a party or conflict with, violate or result in a breach of any existing law, public administrative rule or regulation, judgment, court order or consent decree to which the Corporation or its property is subject.

(d) The Corporation is a “non-profit agency” within the meaning of the Act, and the Project constitutes a “health care facility” under Section 131A-3(4) of the Act.

(e) The Corporation has authority to own and operate continuing care retirement facilities.

(f) The Corporation certifies it is not on any list created and maintained by the North Carolina Department of State Treasurer pursuant to the Iran Divestment Act of 2015, Article 6E, as amended, of Chapter 147 of the General Statutes of North Carolina.

(g) The representations, covenants and warranties relating to tax matters set forth in the Tax Certificate are true and correct on the date hereof and are hereby incorporated herein by reference in their entirety.

ARTICLE III

THE LOAN

Section 3.01 Issuance of the Bonds; Making of the Loan; Security for the Loan. Simultaneously with the delivery of this Agreement, the Commission shall issue and deliver the Bonds pursuant to the Trust Agreement to provide funds to be loaned to the Corporation pursuant to this Agreement. The Corporation's approval of the terms of the Bonds and the Trust Agreement shall be conclusively established by its execution and delivery of this Agreement.

Upon the terms and conditions of this Agreement, the Commission hereby makes a loan to the Corporation in the principal amount of \$[Amount], the same being the aggregate principal amount of the Bonds. The Loan shall be deemed to have been made when the proceeds of the sale of the Bonds are delivered to the Bond Trustee. The proceeds of the Loan shall be used, together with other available funds, to (i) pay or reimburse the Corporation for paying all or a portion of the Cost of the 2021 Project; (ii) refund the Taxable Loan; (iii) pay a portion of the interest accruing on the Bonds to January 1, 2024; and (iv) pay certain expenses incurred in connection with the authorization and issuance of the Bonds. For the purposes of this Agreement, the amount of any underwriter's discount and original issue discount on the Bonds shall be deemed to have been loaned to the Corporation.

The Corporation hereby accepts the Loan and, as evidence of its direct, general and unconditional obligation to repay the same, shall deliver Obligation No. 1 to the Commission. The Corporation shall repay the Loan in accordance with the provisions of Obligation No. 1 and this Agreement. The Corporation acknowledges that the proceeds of the Loan will be delivered to the Bond Trustee and applied on behalf of the Corporation in accordance with this Agreement and the Trust Agreement.

Obligation No. 1 is issued under and secured by the Master Indenture, Supplement No. 1, the Corporation Deed of Trust and the Collateral Assignment of Contracts. The Master Indenture provides that the Obligated Group Members may issue additional Master Obligations secured pari passu with Obligation No. 1 under the terms and conditions described in the Master Indenture.

Section 3.02 Total Required Payments. The Corporation shall make the Total Required Payments under this Agreement when due.

The Corporation's obligation to make the Total Required Payments and to satisfy any other financial liabilities incurred under this Agreement shall be a direct, general and unconditional obligation of the Corporation.

The Corporation shall make Loan Repayments pursuant to **Section 3.03** directly to the Bond Trustee for deposit in the Bond Fund or the Redemption Fund, as the case may be. The Corporation shall make (1) Required Payments under the Agreement pursuant to **Section 3.04(a)** directly to the Persons entitled to such payments and (2) Required Payments under the Agreement pursuant to **Section 3.04(b)** directly to the United States of America.

Neither the Commission nor the Bond Trustee is required to give the Corporation notice of any date upon which any of the Total Required Payments is due, except notice of a declaration that

all Bonds then Outstanding are due and payable pursuant to **Section 8.02** of the Trust Agreement and a corresponding declaration that the entire unpaid aggregate amount of the Loan is due and payable pursuant to **Section 6.02**. Nothing in this Section shall require the Corporation to pay the fees and costs set forth in **Section 3.04(a)**, except fees and costs payable to the Bond Trustee, the Master Trustee, and the Commission, so long as the validity or the reasonableness thereof shall be contested in good faith.

If, after giving effect to the credits specified in Section 5.02 of the Trust Agreement, any installment of Total Required Payments should be insufficient to enable the Bond Trustee to make the deposits specified in Section 5.02 of the Trust Agreement, the Corporation shall increase each future installment of the Total Required Payments as may be necessary to make up any previous deficiency.

All of the Total Required Payments shall be made in lawful money of the United States of America at the time each of the Total Required Payments is made.

Section 3.03 Loan Repayments.

(a) The Corporation shall repay the Loan in installments as provided in this Agreement. Each installment shall be deemed to be a Loan Repayment and shall be paid, together with other required deposits and payments, at the times and in the amounts set forth below. Loan Repayments shall be sufficient in the aggregate to repay the Loan, together with interest thereon and to pay in full all Bonds issued under the Trust Agreement, together with the total interest and redemption premium, if any, thereon.

(b) The Loan Repayments shall be due and payable as follows:

(i) to the Bond Trustee, for deposit to the credit of the Interest Account, beginning on January 25, 2022 and continuing on the 25th day of each month thereafter, an amount equal to one-sixth (1/6) of the interest payable on the Bonds on the next ensuing Interest Payment Date;

(ii) to the Bond Trustee, for deposit to the credit of the Principal Account, beginning on January 25, 20[] and continuing on the 25th day of each month thereafter, an amount equal to one-twelfth (1/12) of the principal of the principal of all Serial Bonds due on the next ensuing January 1;

(iii) to the Bond Trustee, for deposit to the credit of the Sinking Fund Account, beginning on January 25, 20[] and continuing on the 25th day of each month thereafter, an amount equal to one-twelfth (1/12) of the amount required to retire the Term Bonds to be called pursuant to mandatory sinking fund redemption in accordance with the Sinking Fund Requirement therefor or to be paid at maturity on the next ensuing January 1; and

(iv) to the Bond Trustee, any amount that may from time to time be required to enable the Commission to pay the interest on and Redemption Price of Bonds as and when Bonds are called for redemption other than mandatory redemption in accordance with the Sinking Fund Requirement therefor, less any applicable credit under Section 5.02 of the Trust Agreement.

Each Loan Repayment as set forth in this subsection shall be equal to the sum of the amounts specified above in clauses (i) to (iv), inclusive.

(c) On the payment date following a date on which the Corporation shall have failed to pay to the Bond Trustee the amount due as a Loan Repayment or on which an investment loss shall have been charged to the Bond Fund or any account therein in accordance with Section 6.02 of the Trust Agreement, the Corporation shall pay, in addition to the Loan Repayment then due, an amount equal to the deficiency in payment or the amount of such loss, unless such deficiency or loss shall have been remedied. To the extent that the investment earnings are transferred or credited to the Bond Fund or any account therein in accordance with Articles V or VI of the Trust Agreement or amounts are transferred or credited to such Fund or accounts as a result of the application of Bond proceeds or a transfer from the Funded Interest Account pursuant to Section 4.02(b) of the Trust Agreement or a transfer of surplus funds from the Construction Fund or otherwise, future Loan Repayments shall be proportionately reduced by the amount so credited unless such transfer is made to cure deficiencies in the fund or account to which the transfer is made.

(d) The Corporation may satisfy all or a portion of its obligation to make the payments required by subsection (b) (ii) of this Section, on or before the 45th day next preceding any January 1 on which Bonds are to mature or be retired pursuant to the Sinking Fund Requirement, by delivering to the Bond Trustee Bonds maturing or required to be redeemed on such January 1 in any aggregate principal amount desired; provided that the price paid to purchase any such Bond shall not exceed the Redemption Price applicable to such Bonds on the next redemption date. Upon such delivery the Corporation will receive a credit against amounts required to be deposited into the Principal Account or the Sinking Fund Account, as the case may be, on account of such Bonds in the amount of 100% of the principal amount of any such Bonds so purchased and cancelled. Any principal amount of Bonds purchased by or on behalf of the Corporation or the Bond Trustee and cancelled in excess of the principal amount required to be redeemed on such January 1, shall be credited against and reduce the principal amount of future Sinking Fund Requirements in such manner as shall be specified in an Officer's Certificate of the Obligated Group Representative in substantially the form of the Officer's Certificate filed with the Bond Trustee pursuant to Section 5.04 of the Trust Agreement.

(e) If the Bond Trustee applies money on deposit in the Sinking Fund Account to the purchase of Bonds pursuant to Section 5.05 of the Trust Agreement and if the principal amount of Bonds purchased is in excess of the principal amount of Term Bonds to be redeemed on the next ensuing January 1, the Corporation shall deliver to the Bond Trustee and the Commission not later than the 10th day prior to such January 1 an Officer's Certificate setting forth, with respect to the amount of such excess, the Bond Years in which and the amount by which future Sinking Fund Requirements are to be reduced.

Section 3.04 Required Payments.

(a) The Corporation shall also pay, when due and payable, as Required Payments under the Agreement, certain fees and costs, exclusive of fees and costs payable from the proceeds of the Bonds, as follows:

- (i) the fees and other costs payable to the Master Trustee and the Bond Trustee;
- (ii) all costs incurred in connection with the purchase or redemption of Bonds to the extent money is not otherwise available therefor;
- (iii) the fees and other costs incurred for services of such attorneys, Management Consultants, Insurance Consultants and accountants as are employed to make examinations, provide services, render opinions or prepare reports required under this Agreement, the Master Indenture, the Corporation Deed of Trust or the Trust Agreement;
- (iv) reasonable fees and other costs that the Corporation is obligated to pay, not otherwise paid under this Agreement or the Trust Agreement, incurred by the Commission in connection with its administration and enforcement of, and compliance with, this Agreement, the Corporation Deed of Trust or the Trust Agreement, including, but not limited to, the administration fee presently imposed by the Commission, which the Corporation acknowledges may be increased from time to time, in an annual amount equal to .02% of the Bonds Outstanding on June 30 of each calendar year, which annual amount shall be a minimum of \$500 per annum, but shall not exceed \$10,000 per annum and is payable July 15 of each calendar year, commencing July 15, 2022, and reasonable attorneys' fees; provided, however, that the current formula and minimum and maximum amounts stated above are subject to change at any time by the Commission; and
- (v) fees and other costs incurred in connection with the issuance of the Bonds to the extent such fees and other costs are not paid from the proceeds of the Bonds; provided, however, that in no event shall the amount of such fees and other costs paid from proceeds of the Bonds exceed two percent of the proceeds of the Bonds (determined by deducting any original issue discount from the face amount of the Bonds), less the underwriter's discount.

(b) The Corporation shall also cause to be paid on or before the 60th day following each computation date as described in the Tax Certificate the Rebate Requirement to the United States of America. The Corporation shall pay all costs incurred by the Commission in connection with the filing of Internal Revenue Service Form 8038-T with respect to the Bonds. The obligation of the Corporation to make such payments shall survive the termination of this Agreement.

The Required Payments under the Agreement shall be equal to the amounts specified in subsections (a) and (b), inclusive, of this Section.

Section 3.05 Corporation's Payments as Trust Funds. All payments of the Total Required Payments under the Agreement made by or on behalf of the Corporation under this Agreement to the Bond Trustee shall be and constitute trust funds and shall continue to be impressed with a trust until such money is applied in the manner provided in the Trust Agreement.

The Corporation shall give to the Bond Trustee written directions respecting the investment of any money held in any of the funds or accounts established under the Trust Agreement, subject, however, to the provisions of Article VI of the Trust Agreement. The Bond Trustee may request, orally or in writing, further direction or authorization of the Corporation with respect to the proposed investment of money under the provisions of the Trust Agreement. Upon receipt of such

request, accompanied by a memorandum setting forth the details of any proposed investment, the Corporation shall either approve such proposed investment or shall give written directions to the Bond Trustee respecting the investment of such money.

Section 3.06 No Set-Off. The obligation of the Corporation to make the Loan Repayments, all Required Payments under the Agreement and all other payments under this Agreement and Obligation No. 1 and to perform and observe the other agreements contained in this Agreement shall be absolute and unconditional. The Corporation will pay without abatement, diminution or deduction (whether for taxes or otherwise) all such amounts regardless of any cause or circumstance whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim that the Corporation may have or assert against the Commission or the Bond Trustee or any other Person.

Section 3.07 Assignment to Bond Trustee. Simultaneously with the delivery of this Agreement, the Commission shall assign to the Bond Trustee as security for the Bonds all of the Commission's right, title and interest in and to Obligation No. 1 and all its rights under the Master Indenture and the Corporation Deed of Trust as the owner of Obligation No. 1, and all of the Corporation's right, title and interest in and to this Agreement (except for those certain rights under the Agreement that are set forth in the granting clauses of the Trust Agreement). The Corporation hereby (i) consents to such assignment, (ii) agrees that the Bond Trustee may enforce any and all rights, privileges and remedies of the Commission under or with respect to this Agreement, Obligation No. 1, the Master Indenture and the Corporation Deed of Trust as the owner of Obligation No. 1, including those rights reserved by the Commission and (iii) agrees that the Bond Trustee shall be entitled to enforce and to benefit from the terms and conditions of this Agreement that relate to it notwithstanding the fact that it is not a signatory hereto.

ARTICLE IV

THE 2021 PROJECT

Section 4.01 Agreement To Acquire, Construct and Equip 2021 Project. The Corporation shall cause the acquisition, construction and equipping of the 2021 Project.

The Corporation shall obtain all licenses or permits not already obtained necessary with respect to the construction, equipping, occupancy, or use, as the case may be, of the 2021 Project and all necessary approvals from any governmental bodies or agencies having jurisdiction in connection therewith before the time such licenses, permits or approvals are required to be obtained. The Corporation shall cause all governmental requirements and all restrictive covenants affecting the 2021 Project to be complied with promptly, and shall furnish to the Commission and the Bond Trustee, within a reasonable time after demand, evidence of such compliance. If the construction, use or occupancy of the 2021 Project shall, pursuant to any governmental requirement, restrictive covenant or otherwise, be permitted only so long as any special conditions or agreements shall be kept, the Corporation shall so advise the Commission and the Bond Trustee and shall cause all such conditions or agreements to be continuously fulfilled.

The Corporation shall not take any action or fail to take any action that would adversely affect the qualification of the 2021 Project under the Act or the exclusion of interest on the Bonds from Federal income taxation under Section 103 of the Code.

Section 4.02 Establishment of Completion Date and Disposition of Balance in Construction Fund. The Completion Date shall be evidenced to the Commission and the Bond Trustee by a certificate signed by the Obligated Group Representative stating (a) the total Cost of the 2021 Project and the total Cost of each of the primary individual components of the 2021 Project, (b) that the acquisition, construction and equipping of the 2021 Project has been completed and (c) that, except for amounts retained by the Bond Trustee for the Cost of the 2021 Project not then due and payable, the full Cost of the 2021 Project has been paid. Such certificate shall be submitted to the Commission and the Bond Trustee within approximately 150 days of the Completion Date and shall be substantially in the form attached hereto as **Exhibit B**. The Corporation shall direct the Bond Trustee in writing to transfer any moneys remaining in the Construction Fund after the Completion Date (except for amounts retained by the Bond Trustee for the Cost of the 2021 Project not then due and payable) to the Bond Fund to be used in accordance with Section 4.06 of the Trust Agreement. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties that exist at the date of such certificate or which may subsequently come into being. The certificate of the Obligated Group Representative shall be accompanied by a final accounting of all funds expended from the Construction Fund and the purposes for which such funds were expended.

Section 4.03 Corporation Required To Complete 2021 Project. If the proceeds derived from the sale of the Bonds issued for such purpose are not sufficient to pay in full the Cost of the 2021 Project, the Corporation shall pay so much of the cost thereof as may be in excess of the moneys available therefor or shall pay over to the Bond Trustee such moneys as are necessary to provide for payment of such Cost. If, after exhaustion of the proceeds derived from the sale of the Bonds, the Corporation pays any portion of the Cost of the 2021 Project pursuant to the provisions of this Section, the Corporation shall not be entitled to any reimbursement therefor from the Commission or the Bond Trustee nor shall it be entitled to any abatement, diminution or postponement of its payments hereunder.

Section 4.04 Plans and Specifications. The Corporation shall maintain a set of Plans and Specifications at the Corporation's offices, which shall be available to the Commission and the Bond Trustee for inspection and examination during the Corporation's regular business hours. The Corporation acknowledges its full familiarity with the 2021 Project and that the Commission has no responsibility for the Plans and Specifications and documents relating to the 2021 Project.

Section 4.05 Disclaimer of Warranties. The Corporation acknowledges that the obligation of the Commission hereunder to issue Bonds to finance the 2021 Project does not in any way constitute a representation, warranty, guaranty, advice or suggestion by the Commission as to the feasibility or viability of the 2021 Project, and may not be relied on as such by any investor, tenant, lender or other person, for any reason.

Section 4.06 Certificate of Occupancy. The Corporation shall file with the Commission and the Bond Trustee a copy of the certificate of occupancy for any residential facility comprising a part of the 2021 Project within ten (10) days following the receipt of such certificate.

Section 4.07 Revision of Project Documents. Subject to the prior written approval of the Commission, the Corporation may revise the description of the 2021 Project in Exhibit A hereto from time to time. In the case of any change that would render materially inaccurate the description of the 2021 Project in Exhibit A hereto, there shall be delivered to the Bond Trustee and the Commission a revised Exhibit A containing a description of the 2021 Project that reflects the change in the 2021 Project, the accuracy of which shall have been certified by the Obligated Group Representative. The Corporation shall not make (i) any material revision to Exhibit A or (ii) any revision to Exhibit A that would cause any representation of the Corporation set forth in the Tax Certificate to be untrue unless prior to the making of such revision, the Corporation shall deliver to the Commission and the Bond Trustee an opinion of Bond Counsel to the effect that such revision will not affect the exclusion of interest on the Bonds from the gross income of the owners thereof for purposes of federal income taxation.

Prior to effecting any change in or revision of the 2021 Project, the Corporation shall deliver or cause to be delivered to the Commission evidence of all governmental or regulatory approvals required therefor.

If any change in or revision of the Project Documents would cause a material change in the cost, scope, nature, or function of the 2021 Project or the services to be provided by the Corporation, the Corporation shall file with the Commission and the Bond Trustee a written opinion of a Management Consultant, stating that such changes or revisions will not reduce the estimate of debt service coverage set forth in the feasibility study submitted by the Corporation in connection with securing the approval of the Bonds by the Local Government Commission and the Commission.

Section 4.08 Disbursements from Construction Fund. The money in the Construction Fund shall be applied by the Bond Trustee, upon receipt of a requisition of the Obligated Group Representative satisfying the requirements of Section 4.04 of the Trust Agreement, to the payment of the Cost of the 2021 Project in accordance with Article IV of the Trust Agreement, and pending such application such money shall be invested and reinvested at the written direction of the Corporation in accordance with Article VI of the Trust Agreement. All requisition requests submitted to the Bond Trustee for sums to be paid from the Construction Account of the Construction Fund for Costs relating to the 2021 Project must be approved by the Construction Monitor and/or the Developer in accordance with Article 3 of the Disbursement Agreement.

ARTICLE V

PARTICULAR COVENANTS

Section 5.01 Compliance with Master Indenture. So long as the Bonds are Outstanding the Corporation shall comply with each and every covenant, condition and agreement set forth in the Master Indenture. Each such covenant, condition and agreement set forth in the Master Indenture is hereby incorporated by reference and made a part of this Agreement with the same effect intended as though the text of each such covenant, condition and agreement were set forth in this Agreement as express covenants, conditions and agreements of the Corporation.

Section 5.02 Merger, Sale and Transfer Permitted. So long as any Bonds are Outstanding, the Corporation shall not consolidate with or merge into another corporation that is not a Obligated Group Member, or permit one or more other corporations that are not Obligated Group Members to consolidate with or to merge into it, or sell or otherwise transfer to another entity that is not a Obligated Group Member all or substantially all of its assets as an entirety and thereafter dissolve without the prior written consent of the Commission.

Section 5.03 Examination of Books and Records. The Commission, the Local Government Commission and the Bond Trustee or their designees shall be permitted, during normal business hours and upon reasonable notice, (a) to examine the books and records (other than donor records, patient records, personnel records and records protected by attorney-client privilege) of the Obligated Group with respect to compliance with the obligations of the Obligated Group hereunder and under the Master Indenture and with respect to the financial operations of the Obligated Group, (b) to examine the Corporation's accountant's work papers and (c) to make copies of those portions of such books and records as the Commission, the Local Government Commission or the Bond Trustee may reasonably request. The right of the Commission to examine accountant's work papers shall remain in effect through the Fiscal Year in which the Bonds are defeased, redeemed or otherwise paid in whole. The Corporation shall give permission to and direct the accountants to share such work papers with the Commission, the Local Government Commission and the Bond Trustee, as applicable.

Section 5.04 Financial Statements and Other Information.

(a) The Corporation shall furnish to the Commission and the Local Government Commission the annual audited Financial Statements, certificate of no-default and other information that the Obligated Group has covenanted to furnish to the Master Trustee pursuant to Section 4.22(c) of the Master Indenture at the times and in the manner provided by Section 4.22(c) of the Master Indenture for such information to be furnished to the Master Trustee and the other Required Information Recipients. Simultaneously therewith, the Corporation shall cause to be filed with the Commission, the Local Government Commission and the Bond Trustee:

(i) a statement by an Accountant to the effect that the Corporation complied with the requirements of **Section 5.10** by filing the annual financial information and material event notifications, if any, required to be filed during the Fiscal Year of the Corporation covered by the most recent audit and relating to the Fiscal Year of the Corporation preceding the Fiscal Year of the Corporation covered by the most recent audit;

(ii) an Officer's Certificate and a report of an Accountant stating whether, to the best of the knowledge of the signers of such Officer's Certificate and report, the Corporation is or is not in compliance with any covenant contained in the Master Indenture, the Trust Agreement, or in this Agreement and, if so, specifying each failure to comply of which the signers may have knowledge and the steps that are being taken to cure such non-compliance, which Officer's Certificate and Accountants' report shall follow the format and content of the examples attached hereto as **Exhibits C and D**;

(iii) a report of an Accountant stating the Debt Service Coverage Ratio and the number of Day's Cash on Hand, as of the end of such Fiscal Year or such other period;

(iv) until the Completion Date, an Officer's Certificate setting forth an accounting of the proceeds of the Bonds (including any investment earnings) expended for the Cost of the 2021 Project, and the purposes for which such funds were expended, during the Fiscal Year to which filing relates; and

(iv) to the Commission only, a completed copy of the compliance checklist.

In the event an Accountant is unable to render a compliance report satisfying the requirements of this **Section 5.04(a)**, the Corporation may employ such other consultant as agreed upon by the Commission and the Obligated Group to render said compliance report. Notwithstanding anything herein to the contrary, any Accountant's report satisfactory to the Commission shall be deemed to be in compliance with the requirement in this subsection to deliver such a report.

(b) As soon as possible but in no event later than 150 days after the end of each Fiscal Year, the Corporation shall furnish to the Commission a copy of the most recent annual disclosure statement filed by the Corporation with the North Carolina Department of Insurance.

(c) Within 45 days following the end of each quarter of each Fiscal Year of the Corporation, commencing with the quarter ending December 31, 2021, the Corporation shall send by Electronic Means or mail first-class, postage prepaid, to the Commission and the Local Government Commission (if it so requests in writing):

(i) quarterly occupancy statistics for the Facilities for such fiscal quarter,

(ii) quarterly financial statements, including statements of cash flows, and a schedule of rates and charges in effect for the Facilities for such fiscal quarter,

(iii) an abbreviated narrative of the operating and financial environment of the Corporation for such fiscal quarter,

(iv) for the quarters ending on June 30 and December 31 only, the number of Days' Cash on Hand as of the end of such fiscal quarter, and

(v) computations of the Debt Service Coverage Ratio (calculated on a rolling four quarter basis or such other method proposed by the Corporation and consented to by the Commission Representative) as of the end of such fiscal quarter.

(d) The Corporation shall file a "Project Funds Status Report" for the 2021 Project with the Auditor for the Commission on a monthly basis until the Completion Date. The Project Fund Status Report for a particular month shall be due no later than forty-five (45) days after the end of each calendar month and shall reconcile budget, expenditures and Bond Trustee balances as of the end of the month with respect to which such report pertains. Such report shall follow the format of the Commission's Form 3039, which can be found on the Commission's website at www.ncdhhs.gov/dhsr/nmcc/#forms.

(e) The Corporation shall furnish copies of the monthly unaudited financial statements of the Obligated Group to the Commission and the Local Government Commission upon written request as soon as such statements are available or such written request is received, whichever is later.

(f) In addition, so long as any Bonds are Outstanding, the Corporation shall file with the Bond Trustee, the Commission and the Local Government Commission, within ten days following its receipt thereof, a copy of any report and recommendations submitted by management or any Management Consultant in accordance with the provisions of the Master Indenture, including without limitation Sections 4.12, 4.13 or 4.14 thereof.

(g) Not later than the first day prior to each Fiscal Year, the Corporation shall file with the Commission and the Local Government Commission a copy of the operating budget and capital budget of the Obligated Group for the ensuing Fiscal Year and any material amendments to such budgets approved by the Governing Body of the Corporation not later than 30 days after such material amendments are approved.

(h) The Corporation shall provide the Commission such reports and other information that the Commission may reasonably request in order for the Commission to execute its duties in administering the Act.

(i) If applicable, within 30 days after each computation date as described in the Tax Certificate, the Corporation shall supply to the Commission the calculations showing how the Rebate Requirement was determined.

(j) Within 10 days after the occurrence of such event, the Corporation shall notify (1) the Commission of any change in ownership, change in control or merger of any Member, any addition to the Obligated Group Members, or any withdrawal of a Member from the Obligated Group and (2) the MSRB of any change of control of any Obligated Group Member.

(k) At least annually, the Corporation shall complete a check of its post-issuance compliance policy with respect to the requirements for the federal tax exemption of interest on the Bonds, such completion to be noted on the compliance checklist that is required to be submitted to the Commission pursuant to Section 5.04(a). The Corporation will furnish any evidence of such post-issuance compliance policy procedures to the Commission upon its request.

(l) If the Corporation enters into a Derivative Agreement relating to the Bonds and subject to the Commission Swap Policy, the Corporation shall (i) notify the Commission and (ii) provide the Commission with the documents required under the Commission Swap Policy within thirty (30) days of entering into such Derivative Agreement.

(m) The Corporation shall give written notice of a change of Accountants by the Obligated Group to the Commission, the Master Trustee and the Bond Trustee within thirty (30) days of such change. The notice shall state (i) the effective date of such change; (ii) whether there were any unresolved disagreements with the former Accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which the Accountants claimed would have caused them to refer to the disagreement in a report on the

disputed matter, if it was not resolved to their satisfaction; and (iii) such additional information relating thereto as the Commission may reasonably request.

(n) Within thirty (30) days after any reduction in any rating assigned to the Bonds shall have occurred, the Corporation shall notify the Commission and the LGC of such reduction and the steps, if any, that the Corporation proposes to take in order to cause such rating to be upgraded.

Section 5.05 Further Assurances and Corrective Instruments. Subject to the provisions of Article XI of the Trust Agreement, the Commission and the Corporation agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements and amendments hereto and such further instruments as may reasonably be required for carrying out the intention of facilitating the performance of this Agreement.

Section 5.06 Inspections; Reports; Repairs. The Corporation shall cause the Commission, the Bond Trustee and the Holders of not less than 25% in aggregate principal amount of the Outstanding Bonds, through their respective officers, employees, consultants and other authorized representatives, to have free and unobstructed access, during normal business hours and upon reasonable notice, to make an inspection of any Property, Plant and Equipment for purposes of ascertaining whether the Obligated Group Members have complied with their agreements and obligations under this Agreement and under the Master Indenture. Upon the request from time to time of the Commission or the Bond Trustee, which request shall not be made unless any such inspection referred to above shall disclose that any Obligated Group Member may have violated any of its agreements under the provisions of this Agreement and under the Master Indenture, the Corporation shall cause an inspection of the Property, Plant and Equipment to be made by an architect or an engineer acceptable to the Commission who shall file with the Commission and the Bond Trustee immediately following each such inspection the report of such architect or engineer setting forth (a) findings as to whether the Property, Plant and Equipment have been maintained in good repair, working order and condition to the extent required under Section 4.06 of the Master Indenture and (b) recommendations as to the proper maintenance and repair of the Property, Plant and Equipment to the extent required under Section 4.06 of the Master Indenture during the remaining life of the Bonds then Outstanding. If such report concludes that the Property, Plant and Equipment have not been maintained in good repair, working order and condition to the extent required under Section 4.06 of the Master Indenture, the Bond Trustee shall notify the Master Trustee of such default and provide the Master Trustee with a copy of such report and the Corporation shall diligently pursue corrective action to restore, or cause to be restored, the Property, Plant and Equipment to the condition required under Section 4.06 of the Master Indenture.

Section 5.07 Investment of Funds. Subject to **Section 10.09**, the Corporation shall give written instructions to the Bond Trustee with respect to the investment of any funds required to be invested, pursuant to Section 6.02 of the Trust Agreement.

Section 5.08 Withdrawal from Obligated Group. So long as any Bonds are Outstanding, the Corporation shall not withdraw from the Obligated Group pursuant to the Master Indenture without the prior written consent of the Commission.

Section 5.09 Use and Operation of Facilities. The Corporation shall operate the Facilities exclusively as a nonprofit continuing care facility rendering residential and health care services to the general public without discrimination as to race, creed, color, sex or national origin for the public purpose of better providing for the present and prospective health, safety and general welfare of the people of the State. The Corporation shall not use any part of the Project primarily as a place of worship; provided, however, to the extent permitted by law, that the foregoing shall not be deemed to prohibit use of a portion of the Project as a chapel, meditation room or for a pastoral care program reasonably available to persons of different creeds and reasonably related to the providing of continuing care or other health care services. The Corporation shall maintain and operate the Facilities upon a revenue-producing basis in a manner consistent with the Corporation's obligations imposed under this Agreement and its status as an organization described in Section 501(c)(3) of the Code, as determined by the Internal Revenue Service of the United States. The Corporation shall provide free or below cost services to the extent required for the Corporation to maintain its tax-exempt status.

Section 5.10 Secondary Market Disclosure. The Corporation hereby undertakes, for the benefit of the beneficial owners of the Bonds, to provide to the MSRB:

(a) by not later than 150 days after the end of each Fiscal Year of the Obligated Group, commencing with the Fiscal Year ending December 31, 2021, the Financial Statements for such Fiscal Year certified by an Accountant, if available, or, if such Financial Statements certified by an Accountant are not available by 150 days after the end of such Fiscal Year, the Unaudited Financial Statements (defined below) for such Fiscal Year to be replaced subsequently by the Financial Statements certified by an Accountant to be delivered within 15 days after such Financial Statements become available for distribution;

(b) by not later than 150 days after the end of each Fiscal Year, commencing with the Fiscal Year ending December 31, 2021, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information in the tables (exclusive of footnotes) included under the headings "THE COMMUNITY – Entrance Fee Plan Types," "THE COMMUNITY – Rate Increases," "THE COMMUNITY – Occupancy," "THE COMMUNITY – Entrance Fee Turnover," "HEALTH CARE – The Davis Community," "HISTORICAL FINANCIAL PERFORMANCE – Selected Statement of Operations Sheet," "HISTORICAL FINANCIAL PERFORMANCE – Selected Balance Sheet Information," "HISTORICAL FINANCIAL PERFORMANCE – Days' Cash on Hand," and "HISTORICAL FINANCIAL PERFORMANCE – Debt Service Coverage Ratio" in Appendix A to the Official Statement of the Commission, dated November [], 2021, relating to the Bonds;

(c) by not later than 150 days after the end of each Fiscal Year, commencing with the Fiscal Year ending December 31, 2021, the Debt Service Coverage Ratio for such Fiscal Year and the number of Days' Cash on Hand as of the end of such Fiscal Year, to the extent such items are not included in the Financial Statements provided pursuant to clause (a) above;

(d) in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;

- (2) non-payment related defaults, if material;
- (3) unscheduled draws on any debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (7) modifications to the rights of the beneficial owners of the Bonds, if material;
- (8) bond calls (other than calls for mandatory sinking fund redemption), if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of any property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of any Obligated Group Member, which for the purposes of this event is considered to occur when any of the following occur; the appointment of a receiver, fiscal agent or similar officer for any Obligated Group Member in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of any Obligated Group Member, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of any Obligated Group Member;
- (13) the consummation of a merger, consolidation, or acquisition involving any Obligated Group Member or the sale of all or substantially all of the assets of any Obligated Group Member, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional Bond Trustee or the change of name of a Bond Trustee, if material;

(15) incurrence of a financial obligation (as defined below) of any Obligated Group Member, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of a Obligated Group Member, any of which affect the beneficial owners of the Bonds, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of any Obligated Group Member, any of which reflect financial difficulties; and

(e) in a timely manner, notice of a failure of the Corporation to provide required annual financial information described in (a), (b) or (c) above on or before the date specified.

The Corporation shall provide the documents referred to above to the MSRB in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. The Corporation may also discharge its undertaking described above by transmitting such information in any other manner subsequently authorized or required by the United States Securities and Exchange Commission.

For the purposes of this Section, “financial obligation” means a debt obligation, a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or a guarantee of either. The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 (as defined below).

For the purposes of this Section, “Unaudited Financial Statements” has the same meaning as Financial Statements, except that such financial statements have not been audited and reported upon by an Accountant (or, in the case of any Obligated Group Member which is not an Affiliate, the accounts of such Obligated Group Member to be added to unaudited combining financial statements described above are not extracted from audited financial statements of such Obligated Group Member and its Affiliates, if any).

If the Corporation fails to comply with the undertaking described above, the Bond Trustee (subject to Section 9.02 of the Trust Agreement) or any beneficial owner of the Bonds then Outstanding may, but shall not be required to, take action to protect and enforce the rights of beneficial owners with respect to such undertaking, including an action for specific performance. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

The Corporation reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Corporation, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Obligated Group;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 (“Rule

15c2-12”) as of the date of the Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the Corporation (such as Bond Counsel or the Bond Trustee), or by approving vote of the registered owners of not less than a majority in principal amount of the Bonds then Outstanding pursuant to the terms of the Trust Agreement, as it may be amended from time to time.

The Corporation agrees that any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

By not later than one hundred twenty (150) days after the end of each Fiscal Year, the Corporation shall cause to be filed with the Commission, the Local Government Commission and the Bond Trustee an Officer’s Certificate stating that the Corporation is in compliance with the provisions of this Section.

The provisions of this Section shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Bonds.

If any Obligated Group Member engages a dissemination agent to distribute any notices or other information required to be filed in accordance with Rule 15c2-12, the Corporation hereby agrees that it will not engage, nor permit any other Obligated Group Member to engage, the Bond Trustee or the Master Trustee or any affiliate of either to serve as such dissemination agent.

Section 5.11 Maintenance of 501(c)(3) Status; Prohibited Activities. The Corporation shall file all required reports and documents with the Internal Revenue Service so as to maintain its status as an organization described in Section 501(c)(3) of the Code and shall not operate the Facilities in any manner and shall not engage in any activities or take any action that might reasonably be expected to result in the Corporation ceasing to be a “501(c)(3) organization” within the meaning of Section 145 of the Code. The Corporation shall promptly notify the Bond Trustee and the Commission of any loss of its status as a “501(c)(3) organization” or of any investigation, audit, proceeding or ruling that might result in such loss of status.

Section 5.12 Limitations on Amendments to the Master Indenture and Changes in Master Trustee; Approval of Management Consultants. So long as any Bonds are Outstanding,

(1) the Master Indenture may not be amended in any manner that would require the consent of the Majority Holders of Master Obligations pursuant to Section 9.02 of the Master Indenture without the prior written consent of the Commission;

(2) the Corporation shall give notice to the Commission of any proposed removal of the Master Trustee pursuant to the provisions set forth in Section 8.09(c) of the Master Indenture;

(3) no successor Master Trustee may be appointed pursuant to Section 8.09(e) of the Master Indenture without the prior written consent of the Commission and the Secretary of the LGC; and

(4) pursuant to Section 4.16(a) of the Master Indenture, any Management Consultant and Marketing Consultant must be acceptable to the Commission, such acceptance to be indicated no later than five Business Days after the Commission receives notice from the Corporation of the engagement of a Management Consultant or Marketing Consultant, such acceptance not to be unreasonably withheld.

Section 5.13 E-Verify Covenant. The Corporation understands that (1) “E-Verify” is a federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law and (2) Article 2 of Chapter 64 of the General Statutes of North Carolina, as amended (the “E-Verify Statute”), requires employers (as defined in the E-Verify Statute) to verify the work authorization of an employee (as defined in the E-Verify Statute) hired to work in the United States through E-Verify. The Corporation and the Corporation’s subcontractors under this Agreement shall comply with the requirements of the E-Verify Statute.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.01 Events of Default Defined. The term “Event of Default” shall mean any one or more of the following events:

(a) The Corporation shall fail to pay, or cause to be paid, in full any payment required under this Agreement or under Obligation No. 1 when due, whether at maturity, redemption, acceleration or otherwise pursuant to the terms hereof or thereof;

(b) The Corporation shall fail duly to perform, observe or comply with any covenant, condition or agreement on its part under this Agreement (other than a failure to make any payment under subsection (a) of this Section), including any covenant, condition or agreement in the Master Indenture applicable to the Corporation and incorporated by reference in this Agreement pursuant to **Section 5.01**, and such failure continues for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Corporation by the Bond Trustee, or to the Corporation and the Bond Trustee by the Holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the Corporation shall commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion; or

(c) The Master Trustee shall have declared the aggregate principal amount of Obligation No. 1 and all interest due thereon immediately due and payable in accordance with Section 7.02 of the Master Indenture.

Section 6.02 Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Commission may take the following remedial steps:

(a) In the case of an Event of Default described in **Section 6.01(a)**, the Commission may take whatever action at law or in equity is necessary or desirable to collect the payments then due;

(b) In the case of an Event of Default described in **Section 6.01(b)**, the Commission may take whatever action at law or in equity may be necessary or desirable to enforce the performance, observance or compliance by the Corporation with any covenant, condition or agreement by the Corporation under this Agreement or under the Master Indenture; and

(c) In the case of an Event of Default described in **Section 6.01(c)**, the Commission shall take such action, or cease such action, as the Master Trustee shall direct, but only to the extent such directions are consistent with the provisions of the Master Indenture.

In the event the Bonds have been declared due and payable pursuant to Section 8.02 of the Trust Agreement, the Commission shall declare the entire unpaid aggregate amount of the Loan to be due and payable.

Section 6.03 Application of Amounts Realized in Enforcement of Remedies. Any amounts collected pursuant to action taken under **Section 6.02** shall be paid to the Bond Trustee for deposit in the Bond Fund and applied in accordance with the provisions of the Trust Agreement, or, if payment of the Bonds shall have been made, shall be applied according to the provisions of **Section 10.04**.

Section 6.04 No Remedy Exclusive. Subject to **Section 6.02**, no remedy herein conferred upon or reserved to the Commission is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 6.05 Agreement to Pay Attorneys' Fees, Costs and Expenses. In any Event of Default, if the Commission or the Bond Trustee employs attorneys or incurs other costs or expenses for the collection of amounts payable hereunder or the enforcement of the performance or observance of any covenants or agreements on the part of the Corporation herein contained, whether or not suit is commenced, the Corporation agrees that it will on demand therefor pay to the Commission or the Bond Trustee the reasonable fees, costs and expenses of such attorneys and such other reasonable costs and expenses so incurred by the Commission or the Bond Trustee.

Section 6.06 Commission and Corporation to Give Notice of Default. The Commission and the Corporation severally covenant that they will, at the expense of the Corporation, promptly

give to the Bond Trustee and the Local Government Commission written notice of any Event of Default under this Agreement of which they shall have actual knowledge or written notice, but the Commission shall not be liable for failing to give such notice.

Section 6.07 Correlative Waivers. If an Event of Default under Section 8.01 of the Trust Agreement shall be cured or waived and any remedial action by the Bond Trustee rescinded, any correlative default under this Agreement shall, ipso facto, be deemed to have been cured or waived.

ARTICLE VII

PREPAYMENTS

Section 7.01 Optional Prepayment.

(a) The Corporation is hereby granted, and shall have, the option to prepay, together with accrued interest to the date of prepayment, all or any portion of the unpaid aggregate principal amount of the Loan in accordance with the terms and provisions of Section 3.01(a) of the Trust Agreement. Said prepayment shall be made by the Corporation taking, or causing the Commission to take, the actions required (i) for payment of the Bonds, whether by redemption or purchase prior to maturity or by payment at maturity, or (ii) to effect the purchase, redemption or payment at maturity of less than all of the Outstanding Bonds according to their terms.

(b) To make a prepayment pursuant to this Section, the Obligated Group Representative shall give written notice to the Commission and the Bond Trustee, which shall specify therein (i) the date of the intended prepayment of the Loan, which shall not be less than forty (40) days (or such shorter period as agreed to by the Bond Trustee) from the date the notice is mailed, (ii) the source of the money that will be used by the Corporation to make such prepayment of the Loan and (iii) the aggregate principal amount and maturities of the Bonds to be purchased, redeemed or paid at maturity and the date or dates on which the purchase, redemption or payment is to occur.

Section 7.02 Extraordinary Prepayment.

(a) The Corporation shall have the option to prepay all or a portion of the unpaid aggregate principal amount of the Loan, together with accrued interest to the date of prepayment, from amounts received by any Obligated Group Member as insurance proceeds with respect to any casualty loss or failure of title or as condemnation awards, provided that such prepayment shall not be less than \$100,000, upon the occurrence of the following events: Damage or destruction of all or any part (if such damage or destruction causes the Facilities as a whole to be impracticable to operate, as evidenced by an Officer's Certificate filed with the Commission and the Bond Trustee) of the Facilities by fire or casualty, or loss of title to or use of all or any part (if such loss of title causes the Facilities as a whole to be impracticable to operate, as evidenced by an Officer's Certificate filed with the Commission and the Bond Trustee) of the Facilities as a result of the failure of title or as a result of Eminent Domain proceedings or proceedings in lieu thereof; provided, however, that in the event an amount greater than ten percent (10%) of the aggregate principal amount of Obligation No. 1 and all other Master Obligations is prepaid, the Corporation shall file with the Commission, the Local Government Commission and the Bond Trustee (i) an Officer's Certificate to the effect that the forecasted Debt Service Coverage Ratio

for the Fiscal Year next succeeding the Fiscal Year in which such prepayment is made will be not less than 1.30 or (ii) a report of a Management Consultant to the effect that the forecasted Debt Service Coverage Ratio for the Fiscal Year next succeeding the Fiscal Year in which such prepayment is made will be not less than 1.20.

(b) The Corporation shall have the option to prepay all of the unpaid aggregate principal amount of the Loan, together with accrued interest to the date of prepayment, upon the occurrence of the following events: Changes in the Constitution of the United States of America or of the State or legislation or administrative action or failure of administrative action by the United States of America or the State or any agency or political subdivision of either, or any judicial decision, to the extent that, in the opinion of the Board of Directors of the Corporation (expressed in a resolution) and in the opinion of a Management Consultant, both filed with the Commission and the Bond Trustee, (i) this Agreement is impossible to perform without unreasonable delay or (ii) unreasonable burdens or excessive liabilities not being imposed on the date hereof are imposed on the Corporation.

(c) To make a prepayment pursuant to this Section, the Obligated Group Representative shall give written notice to the Commission and the Bond Trustee, which shall specify therein (i) the date of the intended prepayment of the Loan, which shall be not less than forty (40) days (or such shorter period as agreed to by the Bond Trustee) from the date the notice is mailed, (ii) the source of the money that will be used by the Corporation to make such prepayment of the Loan, (iii) the aggregate principal amount of the Bonds to be purchased, redeemed or paid at maturity and the date or dates on which such purchase, redemption or payment is to occur, and (iv) the maturity or maturities of the Bonds to be purchased, redeemed or paid at maturity, and which shall include such certificates or opinions as are required by subsections (a) or (b) of this Section.

(d) This Section shall not be construed to prohibit the Corporation from applying insurance proceeds with respect to any casualty loss or condemnation awards or payments in lieu thereof to the optional prepayment in part of the Loan in accordance with the provisions of **Section 7.01**.

Section 7.03 Right of Revocation. The Corporation shall have the right to revoke any notice of prepayment given pursuant to **Section 7.01** or **7.02** in the same manner provided for redemption notices in Section 3.03(b) of the Trust Agreement. If a Conditional Redemption does not occur for either of the reasons permitted under Section 3.03(b) of the Trust Agreement, the corresponding notice of prepayment given pursuant to this Article shall be deemed to be revoked.

ARTICLE VIII

INDEMNIFICATION

Section 8.01 General. The Corporation shall and hereby does indemnify and hold harmless the Commission, the Master Trustee, the Bond Trustee, the Deed of Trust Trustee, the Local Government Commission and all members, officers, directors, agents, and employees thereof against all losses, costs, damages, expenses and liabilities (collectively referred to hereinafter as "Losses") of whatsoever nature (including but not limited to reasonable attorneys'

fees, costs and expenses, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of or related to one or more Claims, as hereinafter defined, excluding any such Loss or Claim that arises out of an act of gross negligence or willful misconduct of any member, officer, director, agent, or employee of the Commission, the Master Trustee, the Bond Trustee, the Deed of Trust Trustee or the Local Government Commission. The word "Claims" as used herein shall mean all claims, lawsuits, causes of action and other legal actions and proceedings of whatsoever nature, including but not limited to claims, lawsuits, causes of action and other legal actions and proceedings involving bodily or personal injury or death of any person or damage to any property (including but not limited to persons employed by the Commission, the Master Trustee, the Bond Trustee, the Deed of Trust Trustee, the Corporation, the Local Government Commission and any other person) brought against the Commission, the Master Trustee, the Bond Trustee, the Deed of Trust Trustee or the Local Government Commission or to which the Commission, the Master Trustee, the Bond Trustee, the Deed of Trust Trustee or the Local Government Commission is a party, that directly or indirectly result from, arise out of or relate to (a) the transfer, sale, operation, use, occupancy, maintenance or ownership of the Property, Plant and Equipment or Mortgaged Property or any part thereof, (b) the execution, delivery or performance of this Agreement, the Trust Agreement, the Master Indenture, the Corporation Deed of Trust, the Collateral Assignment of Contracts or any related instruments or documents or (c) the filing of Internal Revenue Service Form 8038-T by the Commission. The obligations of the Corporation under this Section shall apply to all Losses or Claims, or both, that result from, arise out of, or are related to any event, occurrence, condition or relationship prior to termination of this Agreement, whether such Losses or Claims, or both, are asserted prior to termination of this Agreement or thereafter. The Commission, the Master Trustee, the Bond Trustee, the Deed of Trust Trustee or the Local Government Commission, as the case may be, shall reimburse the Corporation for payments made by the Corporation pursuant to this Section to the extent of any proceeds, net of all expenses of collection, actually received by the Commission, the Master Trustee, the Bond Trustee, the Deed of Trust Trustee or the Local Government Commission from any insurance covering such Claims with respect to the Losses sustained. The Commission, the Master Trustee, the Bond Trustee, the Deed of Trust Trustee and the Local Government Commission shall have the duty to claim any such insurance proceeds and the Commission, the Master Trustee, the Bond Trustee, the Deed of Trust Trustee and the Local Government Commission shall assign their respective rights to such proceeds, to the extent of such required reimbursement, to the Corporation.

In case any action shall be brought against the Commission, the Master Trustee, the Bond Trustee, the Deed of Trust Trustee or the Local Government Commission in respect of which indemnity may be sought against the Corporation, then the Commission, the Master Trustee, the Bond Trustee, the Deed of Trust Trustee or the Local Government Commission, as the case may be, shall promptly notify the Corporation in writing. Failure to notify the Corporation shall not relieve it from any liability that it may have other than on account of this Agreement. The Corporation shall have the right to assume the investigation and defense thereof, including the employment of counsel, which counsel shall be satisfactory to the indemnified parties, and the payment of all expenses. The Commission and the Local Government Commission shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, and the reasonable fees and expenses of such counsel shall be paid by the Corporation. The Master Trustee and the Bond Trustee shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of

such counsel shall be paid by the Master Trustee and the Bond Trustee unless the employment of such counsel has been authorized by the Corporation or the Master Trustee or the Bond Trustee has reasonably objected to a joint defense by the Corporation on the ground that there may be legal defenses available to it that are different from or in addition to those available to the Corporation, in which case the Master Trustee or the Bond Trustee shall have the right to designate and retain separate counsel in such action and the reasonable fees and expenses of such counsel shall be paid by the Corporation. If no reasonable objection is made and the Corporation assumes the defense of such action, the Corporation shall not be liable for the fees and expenses of any counsel for the Master Trustee or the Bond Trustee incurred thereafter in connection with such action. In no event shall the Corporation be liable for the fees and expenses of more than one counsel for the Master Trustee or the Bond Trustee in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, unless the retaining of additional counsel has been specifically authorized by the Corporation.

Notwithstanding anything in this Section to the contrary, the Corporation shall not be liable for any Losses or Claims of the Master Trustee or the Bond Trustee resulting from the negligent act of, or negligent failure to take action by, the Master Trustee or the Bond Trustee. The indemnifications provided herein shall survive the termination of this Agreement and the payment of the Bonds in full or the sooner resignation or removal of the Bond Trustee and Master Trustee, respectively, and shall inure to the benefit of the Bond Trustee's and the Master Trustee's respective successors and assigns.

Section 8.02 Payment of Costs Upon Default. The Corporation shall pay, and shall indemnify the Commission, the Local Government Commission and the Bond Trustee against, all costs and charges, including reasonable counsel fees, costs and expenses, lawfully and reasonably incurred in enforcing any covenant or agreement of the Corporation contained in this Agreement.

ARTICLE IX

TERMINATION OF AGREEMENT

Section 9.01 Termination of Agreement. When the Bond Trustee has released the Trust Agreement in accordance with the provisions of Section 12.01 of the Trust Agreement, this Agreement, except for **Sections 3.04(b), 8.01 and 10.01**, which shall remain in effect, shall terminate, and the Bond Trustee shall contemporaneously cancel Obligation No. 1 and shall deliver the same to the Corporation.

ARTICLE X

MISCELLANEOUS

Section 10.01 Members, Officers and Employees of the Commission, the Corporation and the Local Government Commission Not Liable. Neither the members, officers and employees of the Commission or the Local Government Commission nor the members of the Board of Directors or the officers and employees of the Corporation shall be personally liable for any costs, losses, damages or liabilities caused or subsequently incurred by the Corporation or any officer, director or agent thereof in connection with or as a result of this Agreement.

Section 10.02 Amendment of Agreement. This Agreement may be amended, from time to time, without the consent of or notice to any of the Holders, as shall be consistent with the terms of the Trust Agreement and hereof and, in the opinion of the Bond Trustee, who may rely upon a written Opinion of Counsel, shall not materially and adversely affect the Holders, to:

- (a) cure any ambiguity or formal defect or omission in this Agreement or in any supplement thereto;
- (b) correct or supplement any provisions herein which may be inconsistent with any other provisions herein or make any other amendments with respect to matters or questions arising hereunder;
- (c) grant to or confer upon the Bond Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or the Bond Trustee; or
- (d) add conditions, limitations and restrictions on the Corporation to be observed thereafter.

Other than amendments referred to in the preceding paragraph of this Section and subject to the terms and provisions and limitations contained in Section 11.02 of the Trust Agreement and not otherwise, the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by the Corporation and the Commission of such supplements and amendments hereto as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; provided, however, nothing in this Section shall permit or be construed as permitting a supplement or amendment which would:

- (i) extend the stated maturity of or time for paying interest on Obligation No. 1 or reduce the principal amount of or the redemption premium or rate of interest payable on Obligation No. 1 without the consent of the Holders of all Bonds then Outstanding;
- (ii) except as expressly permitted at the time of execution of this Agreement, grant to any Person a security interest in Collateral or Mortgaged Property superior to that of the holders of Senior Obligations; or
- (iii) reduce the aggregate principal amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such supplement or amendment without the consent of the Holders of all Bonds then Outstanding.

Section 10.03 Redemption of Bonds. Upon the request of the Corporation made in accordance with this Agreement, the Commission shall take all steps that may be proper and necessary under the applicable redemption provisions of the Trust Agreement to redeem all or part of the then Outstanding Bonds in such principal amount and on such redemption date as the Corporation shall direct. All expenses of such redemption shall be paid from money in the hands of the Bond Trustee or by the Corporation and not from funds of the Commission.

Section 10.04 Surplus Funds. When all Bonds shall have been redeemed or retired and Obligation No. 1 and all other obligations, fees and expenses incurred or to be incurred by the Commission and the Bond Trustee under the Trust Agreement or this Agreement shall have been paid, or sufficient funds or Defeasance Obligations shall be held in trust pursuant to the Trust Agreement for the payment of all such obligations, any surplus funds remaining to the credit of any fund or account established under the Trust Agreement for the security of the Bonds shall be paid to the Corporation as an overpayment of the Total Required Payments.

Section 10.05 Limitation on the Commission's Liability. All obligations of the Commission under this Agreement shall be payable solely from the Total Required Payments and other revenues derived and to be derived from the Corporation. Neither the members, officers nor employees of the Commission shall be personally liable for the payment of any sum or for the performance of any obligation under this Agreement.

Section 10.06 Corporation's Remedies. In the event the Commission should fail to perform any of its obligations under this Agreement, the Corporation may institute such action against the Commission as the Corporation may deem necessary to compel performance; provided, however, that no such action shall seek to impose, or impose, any pecuniary liability upon the Commission, or any personal or pecuniary liability upon any member, officer or employee thereof, except in the case of willful misconduct.

Section 10.07 Consents and Approvals. Whenever the written consent or approval of the Commission, the Corporation or the Bond Trustee shall be required under the provisions of this Agreement, such consent or approval shall not be unreasonably withheld or delayed. Unless otherwise specified herein, consents of the Commission shall be executed and delivered on behalf of the Commission by the Commission Representative, consents of the Corporation shall be executed and delivered in an Officer's Certificate and consents of the Local Government Commission may be executed and delivered on behalf of the Local Government Commission by the LGC Representative.

Section 10.08 Extent of Covenants; Corporation Bound by Trust Agreement. All covenants, stipulations, obligations and agreements of the Commission and the Corporation contained in this Agreement shall be effective to the extent authorized and permitted by applicable law.

The Corporation agrees to perform all duties and obligations imposed upon it by the Trust Agreement in the same manner as if the Corporation was a party to the Trust Agreement.

Section 10.09 Arbitrage. The Commission and the Corporation shall take no action, and shall not approve any action of, or the making of any investment or use of the proceeds of the Bonds, by the Bond Trustee that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code as such may be applicable to the Bonds at the time of such action, investment or use.

Section 10.10 Exclusion From Gross Income Covenant. The Corporation covenants that it will not take any action which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the Holders for federal income tax

purposes pursuant to the provisions of the Code; provided, however, that the Commission shall have no obligation to pay any amounts necessary to comply with this covenant other than from money received by the Commission from the Corporation for such purposes. The Corporation agrees to perform, or cause to be performed, the covenants set forth in the Tax Certificate which covenants are incorporated herein by reference.

Section 10.11 Notices; Demands; Requests. All notices, demands and requests to be given to or made hereunder by the Corporation, the Commission, the Local Government Commission or the Bond Trustee shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

- (a) As to the Corporation--
Plantation Village, Inc.
1200 Porters Neck Road
Wilmington, North Carolina 28411
Attention: Executive Director
- (b) As to the Commission--
North Carolina Division of Health Service Regulation
North Carolina Medical Care Commission
809 Ruggles Drive
2701 Mail Service Center
Raleigh, North Carolina 27699-2701
Attention: Secretary
- (c) As to the Local Government Commission--
Local Government Commission
of North Carolina
3200 Atlantic Avenue
Raleigh, North Carolina 27604
Attention: Secretary
- (d) As to the Bond Trustee --
The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Corporate Trust Department

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by Electronic Means and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered or certified mail, postage prepaid, to the other parties by the party effecting the change.

Section 10.12 Attorney's Fees. Anything contained herein to the contrary notwithstanding, the obligation of the Corporation to pay attorneys' fees shall mean fees reasonable in light of the circumstances, taking into account the amount of time expended, the services provided and other appropriate criteria.

Section 10.13 Non-Business Days. When any action, including any payment due hereunder, is provided herein to be done on a day or within a time period named, and the day or the last day of the period falls on a day other than a Business Day, the action or payment may be done or made on the next ensuing Business Day with effect as though done or made on the day or within the time period named.

Section 10.14 Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original constituting but one and the same instrument.

Section 10.15 Severability. If any one or more of the covenants, agreements or provisions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, the invalidity of such covenants, agreements and provisions shall in no way affect the validity or effectiveness of the remainder of this Agreement, and this Agreement shall continue in force to the fullest extent permitted by law.

Section 10.16 State Law Controlling. This Agreement shall be governed by and construed in accordance with the laws of the State, without regard to conflict of law principles. To the extent permitted by applicable law, jurisdiction for the resolution of any conflict arising from this Agreement shall be exclusively with the General Court of Justice of the State of North Carolina, Wake County, or the United States District Court for the Eastern District of North Carolina, Western Division. Any attempt to contravene this Section shall be an express violation of the provision of this Agreement.

Section 10.17 Effective Date of this Agreement. Notwithstanding that this Agreement is dated as of December 1, 2021, this Agreement shall take effect when it is fully executed and has been delivered to the parties hereto contemporaneously with the delivery of and payment for the Bonds, and none of the Total Required Payments shall be payable prior to or for any period prior to the effective date of this Agreement.

[Signatures begin on the following page.]

IN WITNESS WHEREOF, the North Carolina Medical Care Commission has caused these presents to be signed in its name and on its behalf by its Vice Chairman, and Plantation Village, Inc. has caused these presents to be signed in its name and on its behalf by its [] all as of the 1st day of December, 2021.

NORTH CAROLINA MEDICAL CARE COMMISSION

By: _____
Vice Chairman

PLANTATION VILLAGE, INC.

By: _____
[Name]
[Title]

[Loan Agreement/Plantation Village Series 2021A Bonds]

EXHIBIT A

Description of the Project

2021 Project

The 2021 Project consists of the construction and equipping of an expansion and renovation to the Corporation’s existing continuing care retirement center located at 1200 Porters Neck Road, Wilmington, North Carolina 28411 (the “Community”), including, but not limited to, constructing and equipping approximately 44 new independent living apartments and related common areas, renovating various dining facilities and resident activity spaces, upgrading informational technology systems throughout the Community, relocating maintenance facilities and creating and improving outdoor spaces such as gardens and a dog park.

Prior Project

Proceeds of the Taxable Loan (as defined in the Trust Agreement) were used to pay for an expansion of the Community, including the addition of 27 independent living apartments, a new wellness center and indoor pool, a new auditorium, and renovation of the main common areas and dining room.

EXHIBIT B

FORM OF COMPLETION CERTIFICATE

_____, 20__

North Carolina Medical Care Commission
809 Ruggles Drive
Raleigh, North Carolina 27603
Attention: Secretary

The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Corporate Trust Department

Re: \$[Aggregate Amount] North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021A and Retirement Facilities First Mortgage Revenue Bonds (Plantation Village, Inc.) Series 2021B (collectively, the “Bonds”)

Ladies and Gentlemen:

The Bonds were issued pursuant to two separate Trust Agreements, each dated as of December 1, 2021 (collectively, the “Trust Agreements”), and each between the North Carolina Medical Care Commission (the “Commission”) and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Bond Trustee”). The Commission loaned the proceeds from the sale of the Bonds to Plantation Village, Inc. (the “Corporation”) pursuant to two separate Loan Agreements, each dated as of December 1, 2021 (collectively, the “Loan Agreements”), and each between the Commission and the Corporation. All capitalized terms used in this certificate that are not defined in this certificate shall have the meanings given such terms in the Trust Agreements and the Loan Agreements.

The undersigned hereby certifies pursuant to Section 4.02 of each of the Loan Agreements that the acquisition, construction and equipping of the 2021 Project was completed by _____, 20___. The total Cost of the 2021 Project was \$_____, and [except for amounts not yet due and payable, or the liability for the payment of which is being contested or disputed in good faith by the Corporation,] the Cost of the 2021 Project has been paid [or provision for such payment shall have been made by a surety bond or irrevocable bank letter of credit adequately securing such payment, and all costs and expenses incurred in connection therewith have been paid]. [Drafting note: use or delete bracketed language as applicable]. Each Construction Fund should be closed.

Notwithstanding the foregoing, this certificate is given without prejudice to any rights against third parties that exist at the date of this certificate or which may subsequently come into

being. A final accounting of all funds expended from the Construction Funds and the purposes for which such funds were expended is attached hereto.

This Completion Certificate is given as of the date set forth above.

PLANTATION VILLAGE, INC., as
Obligated Group Representative

Authorized Representative

EXHIBIT C

SAMPLE ANNUAL OFFICER'S COMPLIANCE CERTIFICATE

(Letterhead of ABC Healthcare Entity)

To: North Carolina Medical Care Commission

XYZ National Bank

This certificate is being delivered in accordance with the requirements of: (1) Section 4.22 (or other section cited here) of the Master Trust Indenture (MTI) dated as of _____, 20__ between ABC Healthcare Entity and XYZ National Bank and (2) the requirements of Section 5.04 (or other section cited here) of the Loan Agreement (LA) between ABC Healthcare Entity and The North Carolina Medical Care Commission, dated as of _____, 20__ (or Loan Agreements if more than one).

I (We) do hereby certify to the best of my (our) knowledge that for the Year Ended _____, 20__ ABC Healthcare Entity was not in violation of any of the covenants, terms, provisions or conditions of the MTI or LA (and any other agreement cited in the compliance section of the MTI or LA) except for those items of noncompliance (if any) set forth herein.

We have also provided to you a copy of the auditor's compliance report for the Year Ended _____, 20__ and addressed the issues (if any) set forth in its report dated ____20__

Our debt service coverage ratio, as defined in the MTI and/or LA, for FYE ____20__ was _____.
Our days' cash on hand, as defined in the MTI and/or LA, for FYE ____20__ was _____.

Signed

Name, title and date

EXHIBIT D

FORM OF ACCOUNTANT'S COMPLIANCE LETTER
(Accountants Letterhead)

Date: _____

To: Plantation Village, Inc.
North Carolina Medical Care Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Plantation Village, Inc. and affiliates (the "Entity"), which comprise the consolidated statement of financial position as of December 31, 20__ and the related consolidated statement of operations and changes in net assets and cash flows for the fiscal year then ended, and have issued our report thereon dated _____, 20__.

In connection with our audit, nothing came to our attention that caused us to believe that any Obligated Group Member is in default in the performance of any covenant contained in (1) the Master Trust Indenture, dated as of December 1, 2021 (as supplemented and amended from time to time, the "Master Indenture"), by and between Plantation Village, Inc. (the "Borrower") and The Bank of New York Mellon Trust Company, N.A., as master trustee and (2) each Loan Agreement, dated as of December 1, 2021 (collectively, the "Loan Agreement") between the Borrower and the North Carolina Medical Care Commission (the "Commission") [except for the following:] [If there are known defaults under the Master Indenture or the Loan Agreement, briefly describe nature of such default, whether such default has been corrected and, if not, the corrective action that is being, or will be, taken to correct such default.]

[THIS PAGE INTENTIONALLY LEFT BLANK]

Notwithstanding the foregoing, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the Master Indenture or Loan Agreement insofar as they relate to accounting matters.

Attached hereto are calculations of the Debt Service Coverage Ratio required by Section 4.12 of the Master Indenture and Days' Cash on Hand required by Section 4.13 of the Master Indenture for such fiscal year.

This report is intended solely for the information and use of the board of directors and Management of the Entity and organizations associated with the Master Trust Indenture and the Loan Agreement referenced above, including the Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Capitalized terms used herein and not otherwise defined have the meaning given such terms in the Master Indenture and the Loan Agreement.

[Signature of accountant]

STATE OF NORTH CAROLINA
NEW HANOVER COUNTY

DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT
AND FIXTURE FILING

(COLLATERAL IS OR INCLUDES FIXTURES)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this “Deed of Trust”), dated as of December 1, 2021, is made and entered into by **PLANTATION VILLAGE, INC.**, a nonprofit corporation organized and existing under and by virtue of the laws of North Carolina and having its principal place of business in Wilmington, North Carolina (the “Corporation”), to **ROBERT W. ALLEN**, Trustee, a resident of Mecklenburg County, North Carolina (the “Deed of Trust Trustee”), for the benefit of **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association duly organized and existing under the laws of the United States of America, as trustee under the Master Indenture, as hereinafter defined (the “Beneficiary”).

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT
AND FIXTURE FILING

Dated as of December 1, 2021

from

PLANTATION VILLAGE, INC., Grantor,

to

ROBERT W. ALLEN, Trustee

for the benefit of

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Master Trustee, Beneficiary

COLLATERAL IS OR INCLUDES FIXTURES

After filing, please return to:
Alice P. Adams, Esq.
Robinson, Bradshaw & Hinson, P.A.
101 North Tryon Street, Suite 1900
Charlotte, North Carolina 28246

This document was prepared by:
Alice P. Adams, Esq.
Robinson, Bradshaw & Hinson, P.A.
101 North Tryon Street, Suite 1900
Charlotte, North Carolina 28246

SECTION I

Recitals and Conveyance

1.1 The Corporation owns and operates a continuing care retirement facility and facilities ancillary thereto (together with the 2021 Project defined in the Commission Loan Agreements described below, the “Existing Facilities”) located on certain real property owned by the Corporation and described in Exhibit A attached hereto (the “Site”).

1.2 The Corporation is borrowing the principal amount of \$[2021A Amount] (the “2021A Loan”) from the Commission pursuant to the terms of a Loan Agreement, dated as of December 1, 2021 (as amended from time to time in accordance with its terms, the “2021A Commission Loan Agreement”), between the Commission and the Corporation.

1.3 The Commission is obtaining funds for the 2021A Loan through the issuance and sale of \$[2021A Amount] aggregate principal amount of North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series 2021A (the “Series 2021A Bonds”), being issued pursuant to a Trust Agreement, dated as of December 1, 2021 (as amended or supplemented from time to time in accordance with its terms, the “2021A Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “2021A Bond Trustee”).

1.4 The Corporation is borrowing the principal amount of up to \$[2021B Amount] (the “2021B Loan”) from the Commission pursuant to the terms of a Loan Agreement, dated as of December 1, 2021 (as amended from time to time in accordance with its terms, the “2021B Commission Loan Agreement” and, together with the 2021A Commission Loan Agreement, the “Commission Loan Agreements”), between the Commission and the Corporation.

1.5 The Commission is obtaining funds for the 2021B Loan through the issuance and sale of up to \$[2021B Amount] aggregate principal amount of North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Plantation Village, Inc.) Series

2021B, consisting of Series 2021B-1 and Series 2021B-2 (collectively, the “Series 2021B Bonds”), being issued pursuant to a Trust Agreement, dated as of December 1, 2021 (as amended or supplemented from time to time in accordance with its terms, the “2021B Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “2021B Bond Trustee”).

1.6 As evidence of its obligation to repay the 2021A Loan, the Corporation has executed and delivered to the Commission Obligation No. 1, dated the date of the Series 2021A Bonds (“Obligation No. 1”), issued pursuant to the Master Trust Indenture, dated as of December 1, 2021 (as amended or supplemented from time to time in accordance with its terms, the “Master Indenture”), between the Corporation and the Beneficiary. Obligation No. 1 has been assigned by the Commission to the 2021A Bond Trustee as security for the Series 2021A Bonds.

1.7 As evidence of its obligation to repay the 2021B Loan, the Corporation has executed and delivered to the Commission Obligation No. 2, dated the date of the Series 2021B Bonds (“Obligation No. 2”), issued pursuant to the Master Indenture. Obligation No. 2 has been assigned by the Commission to the 2021B Bond Trustee as security for the Series 2021B Bonds.

1.8 As evidence of its obligation to repay a certain taxable loan that First-Citizens Bank & Trust Company has agreed to make to the Corporation in certain circumstances relating to the Series 2021B Bonds, the Corporation has executed and delivered to First-Citizens Bank & Trust Company Obligation No. 3, dated the date of the Series 2021B Bonds (“Obligation No. 3,” and collectively with Obligation No. 1 and Obligation No. 2, the “Initial Obligations”), issued pursuant to the Master Indenture.

1.9 The Master Indenture provides that the Corporation and any other Obligated Group Member (as defined in the Master Indenture) may issue additional Master Obligations (as defined in the Master Indenture) which will be equally and ratably secured with the Initial Obligations by the Master Indenture.

1.10 To secure (a) the prompt payment of the principal of, redemption premium, if any, and the interest on all Master Obligations Outstanding (as defined in the Master Indenture), including the Initial Obligations, and any other payments, including the purchase or redemption price of Put Indebtedness (as defined in the Master Indenture), required to be made under the Supplemental Master Indentures (as defined in the Master Indenture) creating the Master Obligations and under the Master Obligations and (b) the performance by each Obligated Group Member of its other obligations under the Master Indenture, this Deed of Trust and any other Deed of Trust (as defined in the Master Indenture) and the Collateral Assignment of Contracts (as defined in the Master Indenture), the Corporation has granted to the Beneficiary a security interest in the Trust Estate (as defined in the Master Indenture), subject to Permitted Liens (as defined in the Master Indenture), and is executing and delivering this Deed of Trust on the Mortgaged Property as more fully described herein.

1.11 This Deed of Trust is executed to secure all present and future Master Obligations. The making of future advances, which advances shall be evidenced by additional Master Obligations, is subject to the terms and conditions of the Master Indenture and applicable law, including, but not limited to, N.C.G.S. § 45-68. The total amount, including present and future

Master Obligations, that may be secured by this Deed of Trust at any one time is Two Hundred Million Dollars (\$200,000,000). The period within which future Master Obligations may be incurred shall not extend more than thirty (30) years from December 1, 2021.

1.12 Capitalized terms used herein that are not defined herein shall have the meanings given such terms in the Master Indenture or the Commission Loan Agreements.

NOW, THEREFORE, in consideration of the premises and the indebtedness herein recited and for the sum of Ten Dollars (\$10.00) paid to the Corporation by the Deed of Trust Trustee, the receipt of which is hereby acknowledged, the Corporation has given, granted, bargained, sold and conveyed, and by these presents does give, grant, bargain, sell and convey to the Deed of Trust Trustee, its heirs, successors and assigns, in trust, with power of sale, the following real property, buildings, improvements and fixtures (herein collectively referred to as the “Mortgaged Property”):

(a) the Site (which consists of the tract of land described in Exhibit A hereto and made a part hereof), together with all buildings and improvements now or hereafter located in, on or about the Site, including but not limited to the Existing Facilities (such buildings and improvements being herein collectively referred to as the “Improvements”);

(b) all real property, buildings and improvements located in New Hanover County, North Carolina hereafter acquired or constructed by the Corporation (i) as an addition to or in replacement of or substitution for the Existing Facilities (real property, buildings and improvements being deemed to be an addition to the Existing Facilities if they comprise facilities that are functionally related to, and operated on an integrated basis with, the Existing Facilities), or (ii) for which a Master Obligation is issued pursuant to the Master Indenture to acquire or finance such real property, buildings or improvements (herein collectively referred to as the “After-Acquired Property”);

(c) all fixtures now or hereafter acquired and owned by the Corporation and attached to the Site or After-Acquired Property, including but not limited to all equipment, furniture, furnishings, apparatus, machinery, motors, elevators, fittings, refrigerators, awnings, shades, screens, blinds, carpeting, office equipment, medical devices, and all other furnishings and all plumbing, heating, lighting, electrical, laundry, ventilating, refrigerating, incinerating, air-conditioning, fire and theft protection and sprinkler equipment, including all renewals and replacements thereof and all additions thereto, and all articles in substitution thereof, and all proceeds of all the foregoing in whatever form (herein collectively referred to as the “Fixtures”);

(d) all leases, rents, issues, profits, royalties, income and other benefits (the “Rents”) derived from the Site, the Improvements and the After-Acquired Property, subject to the right, power and authority hereinafter given to the Corporation to collect and apply such Rents, and the proceeds from any insurance or any condemnation award relating to the Site, the Improvements or the After-Acquired Property;

(e) all easements, rights-of-way and rights used in connection with the Site, the Improvements or the After-Acquired Property or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto; and

(f) all proceeds, products, replacements, additions, substitutions, renewals and accessions of or to any of the foregoing.

SUBJECT, HOWEVER, to encumbrances and matters of title as set forth in the loan policy of title insurance covering the Site issued to the Beneficiary by Old Republic National Title Insurance Company (the "Title Policy") and to Permitted Liens (as defined in the Master Indenture) which may be created from time to time by the Corporation in accordance with the Master Indenture.

TO HAVE AND TO HOLD the Mortgaged Property to the Deed of Trust Trustee, its successors or assigns, in fee simple forever upon the trust and for the uses and purposes hereinafter set forth, subject to such exceptions and limitations to title as set forth in the Title Policy and as qualify as Permitted Liens.

THIS CONVEYANCE IS MADE UPON THIS SPECIAL TRUST, that if the Corporation shall pay the indebtedness evidenced by all Master Obligations issued pursuant to the Master Indenture and secured hereby, if any, to the persons entitled thereto in accordance with their terms, together with interest and redemption premiums, if any, thereon, at the times and places thereto specified for the payment of the same, and shall comply with all the covenants, terms and conditions of this Deed of Trust, the Master Indenture and any other document or instrument pursuant to which any Master Obligations are issued or secured, then this conveyance shall be null and void and shall be cancelled or released of record at the request and at the cost of the Corporation.

BUT IF DEFAULT should occur in the payment of any Master Obligations secured hereby, or in the terms, conditions or covenants contained in this Deed of Trust, the Master Indenture or any other document or instrument pursuant to which any Master Obligations are issued or secured, the Master Obligations shall, at the option of the Beneficiary, become at once due and payable, regardless of the respective maturity dates thereof, and it shall be lawful for, and upon the request of the Beneficiary it shall become the duty of, the Deed of Trust Trustee to advertise and sell under this Deed of Trust the Mortgaged Property in the manner hereinafter set forth.

SECTION II

Corporation's General Representations, Warranties, Covenants and Agreements

2.1 Title to Property. The Corporation warrants that it has good and marketable title to the Mortgaged Property and is lawfully seized and possessed of Mortgaged Property and every part thereof and has the right to convey the same; that the Mortgaged Property is unencumbered, except for such encumbrances and matters of title set forth in the Title Policy and any other Permitted Liens; and that the Corporation will forever warrant and defend the title to the Mortgaged Property of the Deed of Trust Trustee against the claims of all persons whomsoever.

2.2 Payment and Performance of Master Obligations, Master Indenture and Deed of Trust. The Corporation shall pay when due the principal of, redemption premium, if any, and the interest on all Outstanding Master Obligations and any other payments, including the purchase or redemption price of Put Indebtedness, required to be made under the Supplemental Master Indentures creating the Master Obligations and under the Master Obligations, and all other sums

required to be paid under this Deed of Trust, the Master Indenture, any other document or instrument pursuant to which any Master Obligations are issued or secured. The Corporation shall observe and perform all the covenants, provisions, terms and conditions of all Outstanding Master Obligations, the Master Indenture, any other document or instrument pursuant to which any Master Obligations are issued or secured and this Deed of Trust to be observed and performed by the Corporation. All of the covenants, terms, provisions, and conditions of all Outstanding Master Obligations and the Master Indenture are incorporated by reference in this Deed of Trust and are made a part of the same as if fully set forth herein.

2.3 Performance of Corporation's Master Obligations. If at any time the Corporation should neglect, refuse or fail to perform any of its obligations set forth in this Deed of Trust and the Beneficiary performs or causes to be performed such obligations, all expenditures incurred by the Beneficiary shall be part of the indebtedness secured by this Deed of Trust. All such payments made by the Beneficiary shall constitute payments for the protection and preservation of Beneficiary's security.

2.4 Further Instruments. The Corporation agrees that it will, upon closing the acquisition of or prior to construction of After-Acquired Property, register in the office of the Register of Deeds of New Hanover County, North Carolina, a notice of extension as specified in N.C.G.S. § 47-20.5 containing a description of the real property covered thereby and all other information required under N.C.G.S. § 47-20.5. Upon demand, the Corporation shall execute and deliver to the Beneficiary any further instrument or instruments, including, but not limited to, deeds of trust, security agreements, financing statements, assignments, notices of extension, or renewal or substitution obligations necessary to reaffirm, correct or perfect the evidence of the obligations hereby secured and the legal security title and lien of the Deed of Trust Trustee and the Beneficiary to all or any part of the Mortgaged Property intended to be given or conveyed under the Master Indenture whether now given or conveyed or acquired and conveyed subsequent to the date of this Deed of Trust.

2.5 Assignment of Rents. In order to further secure (a) the prompt payment of the principal of, redemption premium, if any, and the interest on all Outstanding Master Obligations, and any other payments, including the purchase or redemption price of Put Indebtedness, required to be made under the Supplemental Master Indentures creating the Master Obligations and under the Master Obligations, and all other sums required to be paid under this Deed of Trust, the Master Indenture, any other document or instrument pursuant to which any Master Obligations are issued or secured, and (b) the performance by the Corporation of all the covenants, provisions, terms and conditions of all Outstanding Master Obligations, the Master Indenture, any other document or instrument pursuant to which any Master Obligations are issued or secured and this Deed of Trust to be observed and performed by the Corporation, the Corporation hereby sells, assigns, transfers and sets over to the Beneficiary all of the Rents of, from or pertaining to the Mortgaged Property, including but not limited to all Residency Agreements (as defined in the Master Indenture). This assignment shall include any and all Residency Agreements, leases or rental agreements that may now be in effect, as well as any future or additional Residency Agreements, leases or rental agreements, any renewals or extensions of any Residency Agreements, leases or rental agreements, that may be entered into by the Corporation. The Corporation hereby agrees to execute and deliver such further assignments of said Residency Agreements, leases or rental agreements as the Beneficiary may from time to time request.

The Corporation will promptly and fully keep, perform and comply with all the terms and covenants imposed upon or assumed by the Corporation under the Residency Agreements and will not do, permit anything to be done, or omit or refrain from doing anything, the doing or omission of which will, except in the ordinary course of business, entitle any resident to terminate any of the Residency Agreements. The Corporation, if requested by the Beneficiary, shall furnish promptly to the Beneficiary executed copies of all Residency Agreements, now existing or hereafter created, and all renewals or extensions thereof. Except in the ordinary course of business, the Corporation will not, without the prior written consent of the Beneficiary, cancel, surrender or terminate any of the Residency Agreements, or exercise any option which might lead to such termination, or change, alter or modify any of the Residency Agreements, or consent to the release of any party liable thereunder, or consent to the assignment of any resident's interest therein.

This assignment is absolute and effective immediately and without possession. Notwithstanding the foregoing, the Corporation shall have a license to receive, collect and enjoy the Rents accruing from the Mortgaged Property until an Event of Default (as defined below) shall have occurred and be continuing. Upon the occurrence of an Event of Default, the license shall cease automatically, without need of notice, possession, foreclosure or any other act or procedure, and all Rents assigned hereby shall thereafter be payable to the Beneficiary. The Corporation covenants that, if an Event of Default shall have occurred and be continuing, it will, upon request of the Beneficiary, deliver or direct to be delivered to the Beneficiary all Rents from the Mortgaged Property thereafter received.

2.6 Security Interest in Fixtures. This Deed of Trust is intended to be a security agreement for the Fixtures (in addition to and not in lieu of the Master Indenture) pursuant to the North Carolina Uniform Commercial Code. In order to further secure (a) the payment when due of the principal of, redemption premium, if any, and the interest on all Outstanding Master Obligations and any other payments, including the purchase or redemption price of Put Indebtedness, required to be made under the Supplemental Master Indentures creating the Master Obligations and under the Master Obligations, and all other sums required to be paid under this Deed of Trust, the Master Indenture, any other document or instrument pursuant to which any Master Obligations are issued or secured, and (b) the performance by the Corporation of all the covenants, provisions, terms and conditions of all Outstanding Master Obligations, the Master Indenture, any other document or instrument pursuant to which any Master Obligations are issued or secured and this Deed of Trust to be observed and performed by the Corporation, the Corporation hereby grants to the Beneficiary and the Deed of Trust Trustee a security interest in the Fixtures. The Corporation agrees that the Beneficiary may file this Deed of Trust, or a reproduction thereof, as a financing statement for the Fixtures, and the security interest in the Fixtures granted in this paragraph 2.6 shall be in addition to, and not in lieu of, any lien upon and security title in the Fixtures acquired by real property law. The Corporation agrees to deliver and file, or cause to be filed, all financing statements in such form and in such offices as may be required to perfect the security interest hereunder. Upon the occurrence of an Event of Default, the Beneficiary or the Deed of Trust Trustee shall be entitled to exercise all rights and remedies of a secured party under the North Carolina Uniform Commercial Code and may proceed as to the Fixtures in the same manner as provided herein for the real property to the extent permitted by applicable law.

The name of the record owner of the real property and improvements is the Corporation, as grantor, identified on the first page of this Deed of Trust. The name and address of the Corporation, as debtor, is set forth in Section 8.2 of this Deed of Trust. The name and address of the Beneficiary, as secured party, and from whom information concerning the security interest created herein may be obtained, is set forth in Section 8.2 of this Deed of Trust. The provisions set forth in Section I of this Deed of Trust describe the types and items of the personal property affixed or to be affixed to the Mortgaged Property. The fixtures are related to the real estate described in Exhibit A attached hereto and incorporated herein by reference. The Corporation is a nonprofit corporation organized under the laws of the State of North Carolina. The organizational identification number of the Corporation, as debtor, is 0115295. This Deed of Trust shall remain in effect as a fixture filing until this Deed of Trust is released or satisfied of record.

2.7 Corporation and Lien Not Released. The Corporation agrees that its obligations to the Beneficiary will not be diminished, and the responsibility and liability of the Corporation (or any successor thereto) to the Beneficiary for the complete performance of each of the Corporation's obligations hereunder or under any Outstanding Master Obligation or any other documents submitted by the Corporation to the Beneficiary in connection with the Master Obligations secured hereby shall not be released, regardless of any (a) release by the Beneficiary of any of the Corporation's successors in title to all or any part of the Mortgaged Property from liability on any Outstanding Master Obligation or any other liability of the Corporation to the Beneficiary, (b) extension of time for payment of all or any part of the Master Obligations, (c) release by the Beneficiary of any portion of the Mortgaged Property, (d) subordination of lien, (e) forbearance on the part of the Beneficiary to collect on any Outstanding Master Obligations or other liability of the Corporation to the Beneficiary or any part thereof, (f) waiver of any right granted or remedy available to the Beneficiary or (g) action or omission by the Beneficiary.

2.8 Payment of Costs, Attorneys' Fees, Costs and Expenses. To the extent permitted by law, the Corporation shall pay any and all costs, attorneys' fees, costs and expenses and other expenses of whatever kind incurred by the Beneficiary and any other holder of Master Obligations, including any Related Bond Trustee, in connection with (a) obtaining possession of the Mortgaged Property, (b) the protection and preservation of the Mortgaged Property, (c) the collection of any sum or sums secured hereby, (d) any litigation involving the Mortgaged Property, this Deed of Trust, any benefit accruing by virtue of the provisions hereof, or the rights of the Beneficiary or any other holder of Master Obligations, including any Related Bond Trustee, (e) the presentation of any claim under any administrative law to be filed, (f) any additional examination of the title to the Mortgaged Property that may reasonably be required by the Beneficiary, or (g) taking any steps whatsoever in enforcing this Deed of Trust, claiming any benefit accruing by virtue of the provisions hereof, or exercising the rights of the Beneficiary hereunder. Nothing contained in this paragraph 2.8 shall be construed to limit the Corporation's obligation to pay costs, attorneys' fees, costs and expenses as provided in the Commission Loan Agreements.

Anything contained herein to the contrary notwithstanding, the obligation of the Corporation to pay attorneys' fees shall mean fees reasonable in light of the circumstances, taking into account the amount of time expended, the services provided and other appropriate criteria (and disregarding any statutory presumption regarding attorneys' fees).

SECTION III

Environmental Representations, Warranties and Covenants

3.1 The Corporation represents and warrants to the Beneficiary and the Deed of Trust Trustee that, except as disclosed in the Phase I Environmental Site Assessment Report, dated _____, 20__, by _____ (the "Environmental Report"), the Corporation has not at any time, and, to the Corporation's knowledge, after such inquiry by the Corporation as is reasonably prudent based upon the environmental-related information available to it at the time of the execution of this Deed of Trust, no other party has at any time, used, handled, buried, stored, treated, refined, transported, processed, manufactured, generated, produced, spilled, released, allowed to seep, leak, escape or leach, or pumped, poured, emitted, emptied, discharged, injected, dumped, transferred or otherwise disposed of or dealt with Hazardous Materials (as hereinafter defined) on, to or from the Mortgaged Property, and the Corporation does not intend to use the Mortgaged Property for the purpose of using, handling, burying, storing, treating, refining, transporting, processing, manufacturing, generating, producing, spilling, releasing, seeping, leaking, escaping, leaching, pumping, pouring, emitting, emptying, discharging, injecting, dumping, transferring or otherwise disposing of or dealing with Hazardous Materials, except for use of ordinary cleaning fluids, household pesticides and other substances customarily used and medical wastes customarily generated in the operation of a continuing care retirement community provided such use does not violate any legal requirement or give rise to liability under applicable laws or establish a basis for a lien against the Mortgaged Property.

3.2 The Corporation represents and warrants to the Beneficiary and the Deed of Trust Trustee that the Corporation has no knowledge of any presence, seepage, leak, escape, leach, discharge, injection, release, emission, spill, pumping, pouring, emptying or dumping of Hazardous Materials in or into the Mortgaged Property, waters on or adjacent to the Mortgaged Property or any other real property owned and/or occupied by the Corporation, or onto lands from which such Hazardous Materials might seep, flow or drain into any such areas.

3.3 The Corporation shall not permit any Hazardous Materials to be used, handled, buried, stored, treated, refined, transported, processed, manufactured, generated, produced, spilled, released, allowed to seep, leak, escape or leach, or to be pumped, poured, emitted, emptied, discharged, injected, dumped, transferred or otherwise disposed of or dealt with on, to or from the Mortgaged Property or any portion thereof at any time, except for use of ordinary cleaning fluids, household pesticides and other substances customarily used and medical wastes customarily generated in the operation of a continuing care retirement community, provided such use does not give rise to liability under or violate applicable laws or establish a basis for a lien against the Mortgaged Property. The Corporation shall immediately remediate and fully address in accordance with applicable legal requirements any Hazardous Material found in or on the Mortgaged Property.

3.4 The Corporation represents and warrants to the Beneficiary and the Deed of Trust Trustee that the Corporation has received no actual notice of, and has no knowledge of, any claim, suit, or liability, or occurrence or circumstance which with notice or passage of time or both would violate or give rise to a claim or liability under or pursuant to any Environmental Law (as hereinafter defined). The Corporation agrees to notify Beneficiary immediately of any such occurrence, and agrees to comply with all applicable Environmental Laws.

3.5 In the event that there shall be filed a lien against the Mortgaged Property pursuant to any Environmental Law, the Corporation shall, within ten (10) days from the date that the Corporation receives notice of such lien, either (a) pay the claim and remove the lien from the Mortgaged Property, or (b) furnish (i) a bond reasonably satisfactory to the Beneficiary in the amount of the claim out of which the lien arises, (ii) a cash deposit in the amount of the claim out of which the lien arises or (iii) other security reasonably satisfactory to the Beneficiary in an amount sufficient to discharge the claim out of which the lien arises.

3.6 The Corporation represents and warrants to the Beneficiary and the Deed of Trust Trustee that it has never sent wastes or materials to a site, and that neither the Mortgaged Property nor any other land owned by the Corporation is a site, included or proposed for inclusion on the National Priorities List issued pursuant to CERCLA (as hereinafter defined) by the United States Environmental Protection Agency (the "EPA") or on any other inventory of other potential "problem" sites issued by the EPA or other Governmental Authority, as defined below, identified by the EPA as a potential CERCLA site or included or, to the best of the Corporation's knowledge, proposed for inclusion on, any list or inventory issued pursuant to any Environmental Law, or issued by any Governmental Authority. The Corporation represents and warrants that the Corporation will comply with any applicable Environmental Law (as hereinafter defined) or any other federal, state or local environmental statute, regulation or common law.

3.7 The Corporation agrees to indemnify the Deed of Trust Trustee, the Beneficiary and any holder of a Master Obligation, including any Related Bond Trustee, for, and to defend and hold them harmless against, any loss, liability, costs, damages, claims and expenses, including, but not limited to, reasonable attorneys' fees, costs and expenses, resulting from, or arising out of or in connection with (a) any violation or breach of any representation, warranty or covenant contained in this Section III, (b) any failure on the part of the Corporation to perform any obligation to be performed by the Corporation with respect to the Mortgaged Property under this Section III, (c) any failure by the Corporation to comply fully with any Environmental Law, or (d) any presence, release, generation, treatment, storage, disposal or transport of any Hazardous Material on, into, from or about the Mortgaged Property. The indemnifications provided herein shall survive the discharge of this Deed of Trust or the sooner resignation or removal of the Beneficiary as Master Trustee under the Master Indenture and shall inure to the benefit of the successors and assigns of the Beneficiary.

3.8 For purposes of this Section III, "Hazardous Material" shall include without limitation, any material that is or contains flammable, explosive, radioactive, hazardous, hazardous waste, toxic, corrosive, asbestos, petroleum, urea formaldehyde foam insulation, lead, dielectric fluid containing polychlorinated biphenyls, and any other substance or material defined or designated as a hazardous substance, hazardous material, hazardous waste, pollutant, contaminant or toxic substance by any federal, state or local law, ordinance, rule, regulation or other legal requirement for the protection of health, safety or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.) ("CERCLA"), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601, et seq.) and in the regulations adopted and publications promulgated pursuant to each of the foregoing (herein collectively referred to as the

“Environmental Laws”) or by any federal, state or local governmental authority having or claiming jurisdiction over the Mortgaged Property (a “Governmental Authority”).

SECTION IV

Events of Default; Foreclosure

4.1 Events of Default. Each of the following events shall constitute an Event of Default under this Deed of Trust: (a) an Event of Default shall occur under the Master Indenture and (b) the Corporation shall fail duly to perform, observe or comply with any covenant or agreement on its part under this Deed of Trust for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Corporation by the Beneficiary; provided, however, that if said failure be such that it cannot be corrected within thirty (30) days after the receipt of such notice, it shall not constitute an Event of Default if corrective action is instituted within such thirty (30) day period and diligently pursued until the Event of Default is corrected.

4.2 Power of Sale. Upon the occurrence of an Event of Default, all Outstanding Master Obligations shall immediately become due and payable, after notice to the Corporation as provided in the Master Indenture, at the option of the Beneficiary, and, on application of the Beneficiary, it shall be lawful for and the duty of the Deed of Trust Trustee to foreclose on and exercise the power of sale with respect to all or any part or parts of the Mortgaged Property at public auction to the highest bidder for cash after first having given such notice as to commencement of foreclosure proceedings and having obtained such findings and leave of court as may then be required by law and upon such sale and any resale to convey title to the purchaser in fee simple.

4.3 Application of Proceeds. The Deed of Trust Trustee, having retained a reasonable and customary fee based upon normal hourly rates, not to exceed one-half of one percent (0.5%) of the gross proceeds of such sale, as a commission for its services and having retained also all advertising and other expenses incurred by it, including a reasonable attorneys’ fee for legal services actually performed, shall apply the residue first to the payment of any taxes or assessments that may be a lien against the Mortgaged Property superior to this Deed of Trust, unless the Deed of Trust Trustee advertised and sold the same subject to taxes or assessments; then to the sums secured by this Deed of Trust in accordance with the Master Indenture; then the balance, if any, to the Corporation.

4.4 Foreclosure Sale. At such sale, the Beneficiary may bid for and acquire all or any part or parts of the Mortgaged Property and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the sums due and payable under and secured by this Deed of Trust, the net sales price, which shall be the proceeds of sale after deducting therefrom the expenses, taxes and assessments referred to above. At any sale, the Deed of Trust Trustee may require the successful bidder immediately to deposit with the Deed of Trust Trustee cash or a certified check in an amount equal to five percent (5%) of the successful bid but in no case less than the first Seven Hundred Fifty Dollars (\$750.00), and notice of such requirement shall be included in the advertisement of the notice of such sale.

SECTION V

Additional Rights and Remedies of Beneficiary and Deed of Trust Trustee

5.1 Upon the occurrence of an Event of Default, the Beneficiary and the Deed of Trust Trustee shall be entitled to exercise all the rights and remedies provided in the Master Indenture and this Deed of Trust, all of the rights and remedies of a secured party under the North Carolina Uniform Commercial Code and all other rights and remedies provided by law. No remedy of the Beneficiary under this Deed of Trust is intended to be exclusive of any other remedy now or hereafter existing at law or in equity, by statute, or under this Deed of Trust or the Master Indenture. No delay or omission of the Deed of Trust Trustee or the Beneficiary to exercise any right or power accruing upon any Event of Default shall impair such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein. Every power or remedy given by this Deed of Trust to the Deed of Trust Trustee or the Beneficiary may be exercised from time to time as often as may be deemed expedient by the Deed of Trust Trustee or the Beneficiary. The Corporation hereby waives any and all rights to require marshalling of assets in connection with the exercise of any remedies provided herein or as permitted by law.

SECTION VI

Release of Land

6.1 So long as any Master Obligations remain outstanding or sufficient funds for their payment in full are not held in trust by the Beneficiary or a Related Bond Trustee (as defined in the Master Indenture), a parcel of or interest in land constituting part of the Mortgaged Property (and the Improvements and Fixtures located thereon) shall be released from the lien and security of this Deed of Trust upon request of the Corporation to the Deed of Trust Trustee when and if the following requirements have been fulfilled:

(a) The Corporation shall have delivered to the Deed of Trust Trustee, the Beneficiary and each Holder of a Master Obligation, including any Related Bond Trustee, a certified survey of the land to be released, a certified survey of the land to remain as the Mortgaged Property and a revised legal description of the land to remain as the Mortgaged Property;

(b) The Corporation shall have delivered to the Deed of Trust Trustee, the Beneficiary and each Holder of a Master Obligation, including any Related Bond Trustee, an architect’s or engineer’s certificate to the effect that the release of the land will not cause any damage to the structural soundness of the Mortgaged Property or impair ingress to or egress therefrom;

(c) The Corporation shall have delivered to the Deed of Trust Trustee, the Beneficiary and each Holder of a Master Obligation, including any Related Bond Trustee, evidence (which may include an Officer’s Certificate from the Corporation) satisfactory to them that such release does not violate any applicable land use restrictions;

(d) The Corporation shall represent in writing to the Deed of Trust Trustee, the Beneficiary and each Holder of a Master Obligation, including any Related Bond Trustee, that it will make no use, and will permit no use by others, of the land to be released that would create a nuisance or diminish materially, in the opinion of a consultant knowledgeable in the operation of facilities similar to the Facilities, the attractiveness of the Facilities to potential residents; and

(e) The Corporation shall either (i) acquire additional land or Equipment having a fair market value equal to the fair market value of the land to be released and grant the Beneficiary a first priority Lien (as defined in the Master Indenture), subject to Permitted Liens (as defined in the Master Indenture), thereon, or (ii) shall pay to the Beneficiary or any Related Bond Trustee, for the redemption of the Master Obligations and any Related Bonds pro rata, the fair market value of the land to be released, which value in each case shall be evidenced by an appraisal prepared by an appraiser acceptable to the Beneficiary; provided, however, if the fair market value of the Mortgaged Property remaining after such release, as evidenced by an appraisal prepared as of a date not earlier than seventy-five (75) days prior to the date of such proposed release by an appraiser acceptable to the Beneficiary, is not less than 120% of the principal amount of all Master Obligations then Outstanding, the release of such land shall be permitted without restriction; provided, further, that if the cost of obtaining (x) a certified survey and a revised legal description of the land to remain as the Mortgaged Property as required by Section 6.1(a) and (y) an appraisal of the portion of the Mortgaged Property to be released as required by this Section 6.1(e) exceeds the amount the Corporation will receive from the sale or other disposition of the portion of the Mortgaged Property the Corporation has requested to be released from the lien of this Deed of Trust and if such release will not materially adversely affect the Corporation's ability to operate the Facilities or the value of the remaining Mortgaged Property, as certified by the Corporation to the Deed of Trust Trustee and the Beneficiary, then such portion of the Mortgaged Property may be released without the Corporation's delivery of the items referenced in clauses (x) and (y) above.

(f) The Corporation shall cause to be delivered to the Beneficiary an opinion of counsel stating that the conditions precedent to such release have been satisfied.

SECTION VII

The Deed of Trust Trustee

7.1 The Deed of Trust Trustee shall be under no duty to take any action hereunder except as expressly required, or to perform any act that would involve it in expense or liability or to institute or defend any suit in respect hereof, unless properly indemnified to its satisfaction. All reasonable expenses, charges, counsel fees, costs and expenses and other disbursements incurred by the Deed of Trust Trustee in and about the administration and execution of the trusts hereby created and the performance of its duties and powers hereunder shall be paid by the Corporation on demand, shall be secured by this Deed of Trust and the indebtedness represented by Master Obligations, and shall bear interest at the rate of eight percent (8%) per annum. The Beneficiary shall have the irrevocable right to remove the Deed of Trust Trustee herein named at any time without notice or cause and to appoint its successor by an instrument in writing, by duly recording such written instrument in the Office of the Register of Deeds of New Hanover County, North Carolina, and in the event of the death or resignation of the Deed of Trust Trustee herein named, the Beneficiary shall have the right to appoint its successor by recordation of such written instrument, and any trustee so appointed shall be vested with the title to the Mortgaged Property and shall possess all the powers, duties and obligations herein conferred on the Deed of Trust Trustee in the same manner and to the same extent as though it were named herein as Deed of Trust Trustee.

SECTION VIII

Miscellaneous

8.1 Limitation of Liability of Officers of Corporation. No covenant, condition or agreement or obligation of a present or future officer, employee or agent of the Corporation in his individual capacity, and no officer thereof executing Master Obligations shall be liable personally on the Master Obligations or be subject to any personal liability or accountability by reason of the issuance thereof or by virtue of the execution and delivery of this Deed of Trust. No officer, employee or agent of the Corporation shall incur any personal liability with respect to any other action or failure to act pursuant to this Deed of Trust, provided such officer, employee or agent acts in good faith.

8.2 Notices. All notices, approvals, consents, requests and other communications hereunder shall be in writing and, unless otherwise provided herein, shall be deemed to have been given when delivered or mailed by first class registered or certified mail, postage prepaid, addressed (i) if to the Corporation, to Plantation Village, Inc., 1200 Porters Neck Road, Wilmington, North Carolina 28411, Attention: Executive Director, (ii) if to the Deed of Trust Trustee, to Robert W. Allen, c/o Robinson, Bradshaw & Hinson, P.A., 101 N. Tryon Street, Suite 1900 or (iii) if to the Beneficiary, to The Bank of New York Mellon Trust Company, N.A., 4655 Salisbury Road, Suite 300, Jacksonville, Florida 32256, Attention: Corporate Trust Department. Each party may by notice given hereunder designate any further or different addresses to which subsequent notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same shall be directed.

8.3 Successors and Assigns. This Deed of Trust shall be binding upon, inure to the benefit of, and be enforceable by the Corporation, the Deed of Trust Trustee, the Beneficiary, and any Holder of Master Obligations, including any Related Bond Trustee, and their respective successors and assigns.

8.4 Beneficiary. In connection with the exercise of rights or the taking of any action under this Deed of Trust, the Beneficiary shall be entitled to all of its right, protections, and immunities under the Master Indenture.

8.5 Amendment of Deed of Trust. This Deed of Trust may be amended from time to time, without the consent of or notice to any of the Holders of the Master Obligations, (i) to describe additional Master Obligations to be secured hereby and to increase the amount of the present obligations secured hereby, and (ii) if, in the opinion of the Beneficiary, who may rely upon an Opinion of Counsel (as defined in the Master Indenture), such amendment shall be consistent with the terms of the Master Indenture and hereof and shall not materially and adversely affect the Holders. The Holders of not less than a majority in aggregate principal amount of Master Obligations then Outstanding (as defined in the Master Indenture) shall have the right, from time to time, to consent to and approve the execution of any other amendment to this Deed of Trust in the manner provided in Section 6.02 of the Master Indenture.

8.6 Applicable Law. This Deed of Trust shall be governed by the laws of the State of North Carolina, without regard to conflict of law principles.

IN WITNESS WHEREOF, the Corporation has caused this Deed of Trust to be executed in its name and its seal to be affixed hereto by its duly authorized officers, all by authority duly given as of the first date written above.

CORPORATION:
PLANTATION VILLAGE, INC.

[To be inserted]

EXHIBIT A
DESCRIPTION OF THE SITE

[SEAL]

By: _____
[Name] [Title]

DEBTOR IS RECORD OWNER

Attest:

[Assistant] Secretary

STATE OF NORTH CAROLINA
COUNTY OF _____

This ___ day of _____, 2021, personally came before me, a Notary Public in and for the said County and State, _____, who, being by me duly sworn, says that [s]he is the [Assistant] Secretary of Plantation Village, Inc., a North Carolina nonprofit corporation acting through its Board of Directors, and by authority duly given and as the act of said corporation, the foregoing instrument was signed in its name by _____ as its [Title], sealed with its corporate seal, and attested by ___ self as its [Assistant] Secretary.

My Commission Expires: _____
Notary Public

[Notary Seal] Notary's printed or typed name

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]

December __, 2021

North Carolina Medical Care Commission
Raleigh, North Carolina

Re: \$_____ North Carolina Medical Care Commission Retirement Facilities First
Mortgage Revenue and Refunding Revenue Bonds (Plantation Village, Inc.) Series
2021A (the “Bonds”)

Ladies and Gentlemen:

We have acted as bond counsel to the North Carolina Medical Care Commission (the “Commission”) in connection with the issuance by the Commission of the referenced Bonds. In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Chapter 131A of the General Statutes of North Carolina, as amended, and a Trust Agreement dated as of December 1, 2021 (the “Trust Agreement”) between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Bond Trustee”). The Commission will lend the proceeds of the Bonds to Plantation Village, Inc. (the “Corporation”) under a Loan Agreement dated as of December 1, 2021 (the “Loan Agreement”) between the Commission and the Corporation. The Bonds are secured by, among other things, payments to be made by the Corporation on Master Obligation No. 1 dated as of the date of delivery of the Bonds (“Obligation No. 1”) issued by the Corporation to the Commission under the Master Trust Indenture dated as of December 1, 2021 (as supplemented, the “Master Indenture”) between the Corporation and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”), as evidence of the obligation of the Corporation to repay the loan of the proceeds of the Bonds and assigned by the Commission to the Bond Trustee as security for the payment of the Bonds.

As provided in the Master Indenture, each Obligated Group Member (as defined in the Master Indenture) is jointly and severally liable for Obligation No. 1 and all other Master Obligations (as defined in the Master Indenture) issued under the Master Indenture. As of the date hereof, the Corporation is the sole Obligated Group Member.

As security for all Master Obligations issued under the Master Indenture, the Corporation has granted to the Master Trustee a security interest in its Collateral, subject to Permitted Liens (both as defined in the Master Indenture). As additional security for all Master Obligations issued under the Master Indenture, the Corporation has, pursuant to a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of December 1, 2021 (the “Corporation Deed of Trust”), granted to a trustee for the benefit of the Master Trustee a lien on the Mortgaged Property (as defined in the Corporation Deed of Trust), subject to Permitted Liens and encumbrances and matters of title as set forth therein. The Corporation Deed of Trust has been recorded in the Office of the Register Deeds of New Hanover County, and a financing statement with respect to the security interest in the Collateral (except for fixtures) of the Corporation has been filed in the office of the Secretary of State of the State of North Carolina.

We have not examined title to the Mortgaged Property or any official records with respect to prior security interests in the Collateral of the Corporation. All statements made with regard to the title to, and the priority of the lien of the Corporation Deed of Trust on, the Mortgaged Property are based exclusively upon a mortgagee title insurance policy issued by Old Republic National Title Insurance Company to the Master Trustee.

Simultaneously with the issuance of the Bonds, the Commission is issuing its Retirement Facilities First Mortgage Revenue Bonds (Plantation Village, Inc.) Series 2021B (collectively with the Bonds, the “2021 Bonds”). For federal income tax purposes, the two series of 2021 Bonds will be treated as a single issue.

As to questions of fact material to our opinion, we have relied upon representations of the Commission and the Corporation contained in various documents, certified proceedings and other certifications of public officials furnished to us, and certifications furnished to us by and on behalf of the Corporation without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized and executed by the Commission and are valid and binding limited obligations of the Commission, payable in accordance with their terms from payments to be made by the Corporation or any other Obligated Group Member pursuant to Obligation No. 1 and the Loan Agreement, certain funds held by the Bond Trustee under the Trust Agreement and certain other sources.

2. The Trust Agreement has been duly authorized, executed, and delivered by the Commission and is a valid and binding obligation of the Commission, enforceable upon the Commission. The Trust Agreement creates a valid lien on the rights and property described in the granting clause thereof.

3. The Loan Agreement has been duly authorized, executed, and delivered by the Commission and the Corporation, and is a valid and binding obligation of the Commission and the Corporation, enforceable upon the Commission and the Corporation.

4. The Master Indenture has been duly authorized, executed, and delivered by the Corporation, and is a valid and binding obligation of the Corporation, enforceable upon the Corporation. Obligation No. 1 has been duly authorized, executed and issued by the Corporation and is a valid and binding obligation of the Corporation, enforceable upon the Corporation.

5. The Corporation Deed of Trust has been duly authorized, executed, and delivered by the Corporation and grants to the trustee thereunder for the benefit of the Master Trustee a lien on the Mortgaged Property, subject to Permitted Liens and encumbrances and matters of title as set forth therein.

6. The Master Indenture is effective to create in favor of the Master Trustee a security interest in the Collateral of the Corporation to the extent that a security interest in such assets may be created under North Carolina’s version of Article 9 of the Uniform Commercial Code (the “UCC”), which security interest has been perfected to the extent it could be perfected by the filing of financing statements under the UCC. Continuation statements meeting the requirements of the UCC must be filed as required

by law to continue the perfection of such security interest. The security interest in certain items constituting Collateral is subject to exceptions under the UCC and may be limited by the powers of the State of North Carolina and the federal government to restrict assignment of the right to payment from such entities.

7. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in this paragraph is subject to the condition that the Commission and the Corporation comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Commission and the Corporation have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. In rendering the opinion set forth in the first sentence of this paragraph, we have relied on the opinion of Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, counsel to the Obligated Group, that the Corporation is exempt from federal income taxation under Section 501(a) of the Code by virtue of being an organization described in Section 501(c)(3) of the Code and is not a “private foundation” as defined in Section 509(a) of the Code.

8. Interest on the Bonds is exempt from State of North Carolina income taxes.

The rights of the holders of the Bonds and the enforceability of the Bonds, the Trust Agreement, the Loan Agreement, the Master Indenture, Obligation No. 1 and the Corporation Deed of Trust are limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein (a) regarding the accuracy, adequacy or completeness of the Official Statement relating to the Bonds, or (b) except as stated above, regarding federal, state, or local tax consequences arising with respect to the Bonds.

In rendering this opinion, we have relied upon the opinion Parker Poe Adams & Bernstein LLP with respect to the due authorization, execution, delivery and issuance, as the case may be, by the Corporation of the Loan Agreement, the Master Indenture, Obligation No. 1 and the Corporation Deed of Trust.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

[To be signed “Robinson, Bradshaw & Hinson, P.A.”]

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

DTC'S BOOK-ENTRY-ONLY SYSTEM

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

DTC'S BOOK-ENTRY-ONLY SYSTEM

Beneficial ownership interests in the 2021A Bonds will be available only in a book-entry system. The actual purchasers of the 2021A Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the 2021A Bonds purchased. So long as The Depository Trust Company ("DTC"), New York, New York, or its nominee is the registered owner of the 2021A Bonds, references in this Official Statement to the Owners of the 2021A Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners. The Trust Agreement contains provisions applicable to periods when DTC or its nominee is not the registered owner.

THE FOLLOWING DESCRIPTION OF DTC, OF PROCEDURES AND RECORD KEEPING ON BENEFICIAL OWNERSHIP INTERESTS IN THE 2021A BONDS, PAYMENT OF INTEREST AND OTHER PAYMENTS WITH RESPECT TO THE 2021A BONDS TO DTC PARTICIPANTS OR TO BENEFICIAL OWNERS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE 2021A BONDS AND OF OTHER TRANSACTIONS BY AND BETWEEN DTC, DTC PARTICIPANTS AND BENEFICIAL OWNERS IS BASED ON INFORMATION FURNISHED BY DTC.

DTC will act as securities depository for the 2021A Bonds. The 2021A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate in the aggregate principal amount of each maturity of the 2021A Bonds will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2021A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2021A Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the

transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2021A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2021A Bonds, except in the event that the use of the book-entry system for the 2021A Bonds is discontinued.

To facilitate subsequent transfers, all 2021A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2021A Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2021A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2021A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2021A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2021A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Trust Agreement. For example, Beneficial Owners of the 2021A Bonds may wish to ascertain that the nominee holding the 2021A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2021A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2021A Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2021A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting and voting rights to those Direct Participants to whose accounts the 2021A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest with respect to the 2021A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Bond Trustee, the Commission or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Bond Trustee's responsibility, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. THE COMMISSION

AND THE CORPORATION CAN GIVE NO ASSURANCE THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

DTC may discontinue providing its services as depository with respect to the 2021A Bonds at any time by giving reasonable notice to the Commission and the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, the 2021A Bonds are required to be printed and delivered. The Commission and the Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the 2021A Bonds are required to be printed and delivered to DTC.

THE COMMISSION, THE CORPORATION AND THE BOND TRUSTEE HAVE NO RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, OR THE MAINTENANCE OF ANY RECORDS; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE 2021A BONDS, OR THE SENDING OF ANY TRANSACTION STATEMENTS; (3) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TRUST AGREEMENT OR THE 2021A BONDS INDENTURE TO BE GIVEN TO OWNERS; (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE 2021A BONDS, INCLUDING ANY ACTION TAKEN PURSUANT TO AN OMNIBUS PROXY; OR (5) THE ABILITY OF ANY BENEFICIAL OWNER OF 2021A BONDS TO SATISFACTORILY PROVE SUCH STATUS TO THE BOND TRUSTEE.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Commission and the Corporation believe to be reliable, but the Commission and the Corporation take no responsibility for the accuracy thereof.

[THIS PAGE INTENTIONALLY LEFT BLANK]



PLANTATION VILLAGE

Keep on loving life



Printed by: ImageMaster, LLC
www.imagemaster.com